

**AMALGAMATION DOCUMENT DATED 3 MARCH 2016**  
**THIS AMALGAMATION DOCUMENT AND THE ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.**

# AMALGAMATION DOCUMENT

*In relation to:*

- (1) **THE PROPOSED AMALGAMATION BETWEEN BIOSENSORS INTERNATIONAL GROUP, LTD. (THE “COMPANY”) AND CB MEDICAL HOLDINGS LIMITED (THE “AMALGAMATION”);**
- (2) **THE VOLUNTARY DELISTING OF THE COMPANY (THE “DELISTING”); AND**
- (3) **THE ISSUANCE OF SHARES UNDER THE EMPLOYEE SHARE OPTION SCHEME AND PERFORMANCE SHARE PLAN OF THE COMPANY**



**BIOSENSORS**  
INTERNATIONAL™

**BIOSENSORS INTERNATIONAL GROUP, LTD.**  
(Incorporated in Bermuda as an exempted company limited by shares)  
(Company Registration No.: 24983)

Financial Advisers to CB Medical Holdings Limited

**Morgan Stanley**  
MORGAN STANLEY ASIA  
(SINGAPORE) PTE.  
(Incorporated in Singapore)  
(Company Registration No.: 199206298Z)

 **DBS**  
DBS BANK LTD.  
(Incorporated in Singapore)  
(Company Registration No.: 196800306E)

**EVERCORE**  
EVERCORE ASIA (SINGAPORE) PTE. LTD.  
(Incorporated in Singapore)  
(Company Registration No.: 201321328D)

Cash Consideration  
**S\$0.84**  
for each Share

Independent Financial Adviser to the  
Independent Directors

**IF YOU ARE IN ANY DOUBT ON THE CONTENTS OF THIS DOCUMENT OR AS TO THE COURSE OF ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Amalgamation Document to the purchaser or transferee as arrangements will be made by CDP for a separate Amalgamation Document to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Amalgamation Document, together with the Notice of 2016 SGM (as defined herein) and the accompanying Proxy Form (as defined herein), 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.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the contents of this Amalgamation Document, including the correctness or accuracy of any of the statements made, reports contained or opinions expressed in this Amalgamation Document.

This Amalgamation Document (including the Appendices) should be read in conjunction with the Notice of 2016 SGM, the accompanying Proxy Form and the Amalgamation Agreement (as defined herein).

## IMPORTANT DATES AND TIMES

Last date and time for lodgement of  
Proxy Form  
**3 April 2016 at 10.00 a.m.**

Date and time of 2016 SGM  
**5 April 2016 at 10.00 a.m.**

Place of 2016 SGM  
**Genting Ballroom, Genting Hotel  
Jurong, Level 1, 2 Town Hall Link,  
Singapore 608516**

Final Election Date and time  
**7 April 2016 at 5.30 p.m.**

*The action to be taken by you is set out on page 7 of this Amalgamation Document.*

# HIGHLIGHTS OF THE TRANSACTION

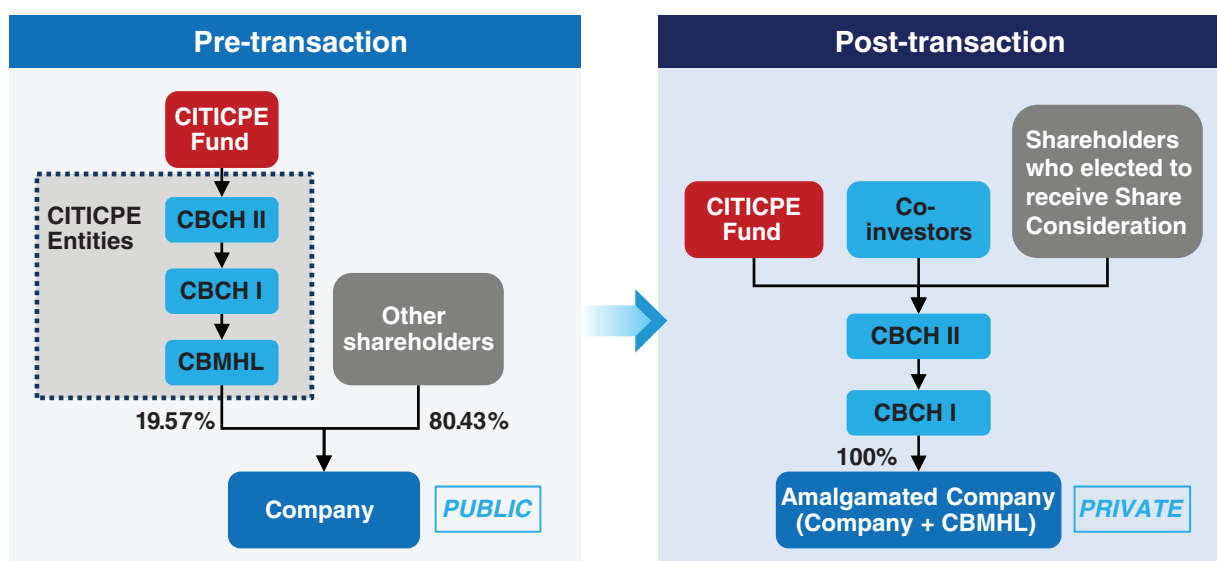
Unless otherwise stated, terms used but not defined in the highlights of the transaction (from pages i to xi) shall have the same meanings as defined in the Amalgamation Document.

## 1 What is the transaction about?

CB Medical Holdings Limited (“**CBMHL**”)<sup>(1)</sup>, a subsidiary indirectly owned by CITICPE Fund, wishes to take the Company private through the Amalgamation and the Delisting.

A Special General Meeting (“**2016 SGM**”)<sup>(2)</sup> will be held for shareholders<sup>(3)</sup> of the Company (“**Shareholders**”) to approve, *inter alia*, the Amalgamation and the Delisting.

Upon the Amalgamation becoming effective and binding, the Company will be delisted from the SGX-ST.



- (1) As at the Latest Practicable Date, CBMHL owns 19.57% of the total number of issued shares in the capital of the Company (“**Shares**”).
- (2) Please refer to section 6 on page iii for further details on the relevant voting thresholds.
- (3) Autumn Eagle Limited and Ace Elect Holdings Limited which own an aggregate of 11.80% of the total number of issued Shares as at the Latest Practicable Date have given irrevocable undertakings **TO VOTE FOR** the Amalgamation subject to the terms therein.

## 2 What do I get for my Shares?

You can elect<sup>(1)</sup> to receive:

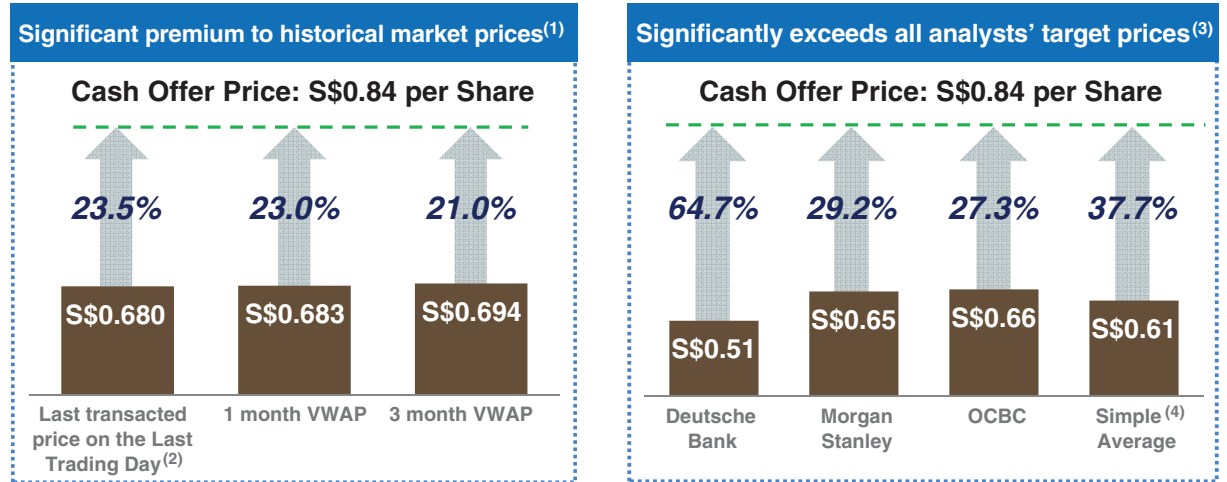
- A. Cash Consideration: S\$0.84 in cash per Share; or**
- B. Share Consideration: One (1) ordinary share in CBCH II**

**You shall have in relation to ALL your Shares, the right to elect to receive the Cash Consideration OR the Share Consideration, but NOT a combination of both.**

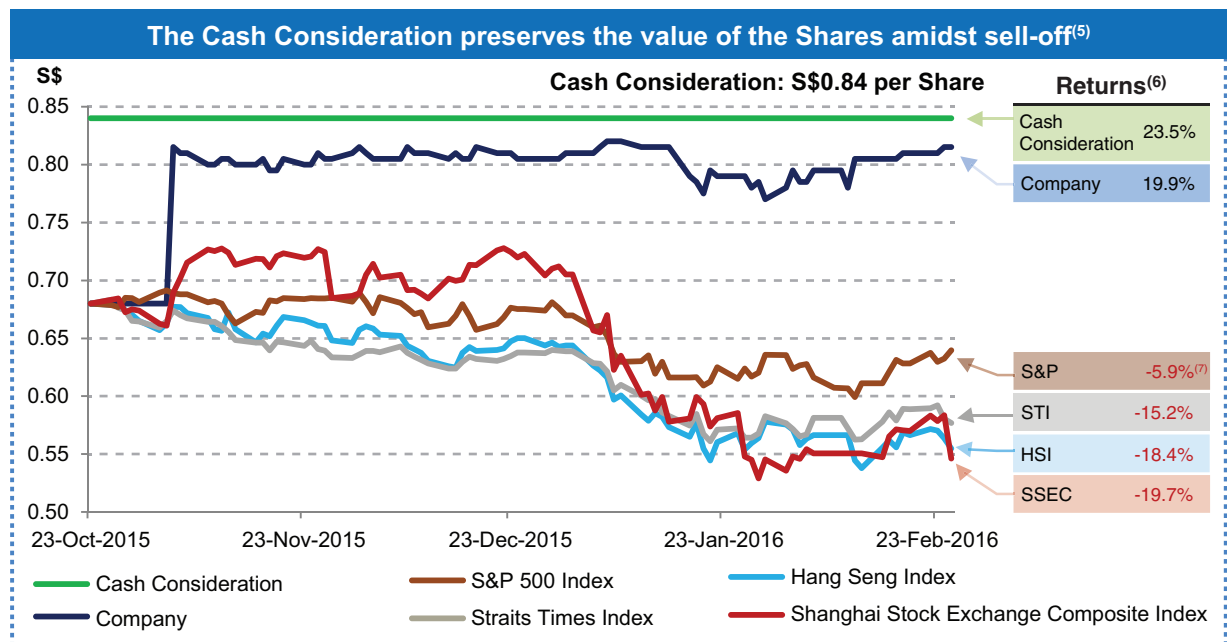
- (1) Please refer to paragraph 15 of, and Appendix II to, Appendix 4 to the Amalgamation Document for further details on the election.

## How does the Cash Consideration compare to historical prices and analysts' target prices?

If you elect to receive the Cash Consideration, you will have an opportunity to realise your investment in the Company for cash at significant premiums over the market prices and analysts' target prices prior to 4 November 2015 (the "**Initial Joint Announcement Date**").



Between the Last Trading Day and the Latest Practicable Date, Hang Seng Index ("**HSI**"), Shanghai Stock Exchange Composite Index ("**SSEC**"), Straits Times Index ("**STI**") and S&P 500 Index ("**S&P**") had suffered declines between 5.9% and 19.7% (please refer to the diagram below). However, during the same period, the Company's share price performance was well-supported by the Cash Consideration. **In addition, Shareholders will be offered the opportunity to exit at the Cash Consideration if the Amalgamation Resolution and the Delisting Resolution are approved at the 2016 SGM and the Amalgamation becomes effective and binding.**



Source: Bloomberg L.P.

- (1) Share prices are rounded to three (3) decimal places.
- (2) 23 October 2015 is the last full trading day (the "**Last Trading Day**") immediately prior to the Initial Joint Announcement Date.
- (3) Analysts' target prices are based on the latest analyst reports published in 2015 prior to the Initial Joint Announcement Date.
- (4) Computed based on the simple average of all analysts' target prices rounded to the nearest two (2) decimal places.
- (5) HSI, SSEC, STI and S&P have been rebased to the last transacted share price of the Company on the Last Trading Day.
- (6) Performance between the Last Trading Day and the Latest Practicable Date.
- (7) As at market close on 25 February 2016, U.S. Central Time.

## 4

## What is the advice of the Independent Financial Adviser (“IFA”) to the Independent Directors in relation to the Amalgamation and the Delisting?

An extract of the letter from the IFA is reproduced in *italics* below:

**“Share Consideration**

...

*Based upon, and subject to the foregoing, we are of the opinion as at the IFA Reference Date, that from a financial point of view, the Share Consideration is **not fair and not reasonable**.*

**Cash Consideration**

...

*Based upon, and subject to the foregoing, we are of the opinion that as at the IFA Reference Date and in the absence of a Superior Competing Offer, that from a financial point of view, the Cash Consideration **is fair and reasonable**. ...”*

The advice of the IFA to the Independent Directors on the Amalgamation and the Delisting is set out in paragraph 18 of the Letter to Shareholders in this Amalgamation Document. This extract is qualified by, and should be read in conjunction with, the letter from the IFA to the Independent Directors, which is set out in Appendix 3 to the Amalgamation Document. You may wish to consider the Independent Directors’ recommendation before taking any action in relation to the Amalgamation and the Delisting.

## 5

## What is the intention of the directors of the Company (“Directors”) in relation to the Amalgamation and the Delisting?

All Directors who have beneficial shareholdings in the Company will, to the extent that they are not required to abstain, **VOTE IN FAVOUR** of the Amalgamation and the Delisting.

The recommendation of the Independent Directors on the Amalgamation and the Delisting is set out in paragraph 19 of the Letter to Shareholders in this Amalgamation Document. You may wish to consider the Independent Directors’ recommendation before taking any action in relation to the Amalgamation and the Delisting.

## 6

## What are the voting thresholds of the resolutions to be passed to give effect to the Amalgamation and the Delisting?

**Resolution #1:**

**Approval of the proposed Amalgamation**

- a) Must be approved by  $\geq 75\%$  of the Shares held by Shareholders present and voting in person or by proxy at the 2016 SGM; and
- b) CBMHL or persons acting in concert with it or as may otherwise be prescribed by the SIC will abstain from voting.

**Resolution #2:**

**Approval for the Delisting**

- a) Must be approved by  $\geq 75\%$  of the Shares held by Shareholders (excluding treasury shares) present and voting in person or by proxy at the 2016 SGM;
- b) must not be voted against by  $\geq 10\%$  Shares held by Shareholders (excluding treasury shares) present and voting in person or by proxy at the 2016 SGM; and
- c) Directors and controlling shareholders of the Company (including CBMHL and persons acting in concert with it) need not abstain from voting.

**Resolutions #1 and #2 are inter-conditional.**

**Both resolutions must be passed in order for the Amalgamation and the Delisting to proceed.**

# WHAT CAN YOU DO NEXT?

What are the Resolutions to pass to give effect to the Amalgamation and the Delisting?

**Resolution #1: Approval of the Amalgamation**

**Resolution #2: Approval of the Delisting**

**Resolution #1 and #2 are inter-conditional**

How do I vote?

**A** Attend the 2016 SGM to vote in person.

Date	5 April 2016
Time	10.00 a.m.
Location	Genting Ballroom, Genting Hotel Jurong, Level 1, 2 Town Hall Link, Singapore 608516

OR

**B** Appoint a proxy to vote on your behalf by returning the duly signed Proxy Form (printed in WHITE) by

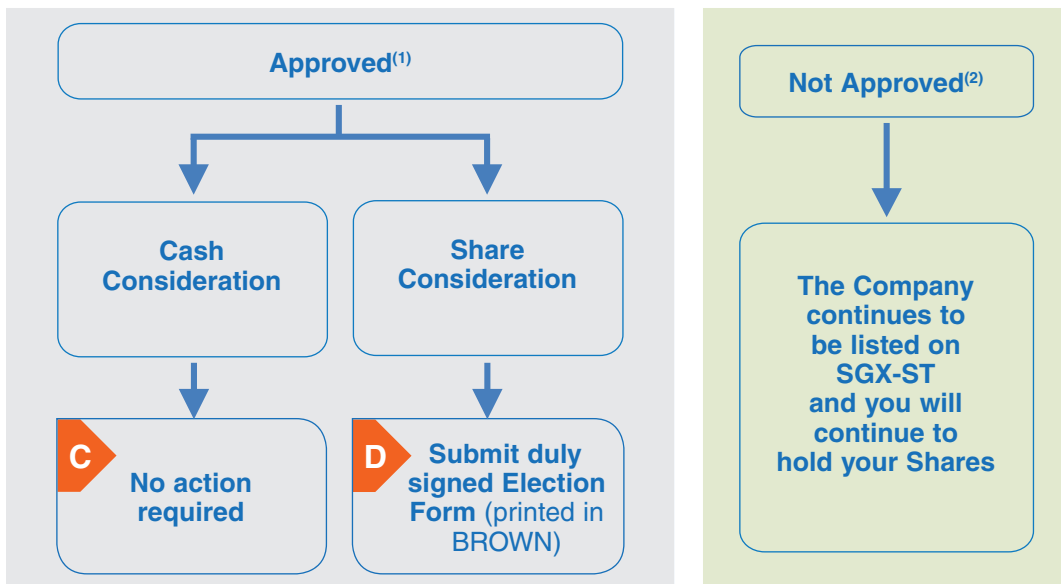
Date	3 April 2016
Time	10.00 a.m.

**Send to:**

M & C Services Private Limited,  
112 Robinson Road, #05-01,  
Singapore 068902

What are the possible voting outcomes?

What do I need to do to opt for Cash or Share Consideration?



Further instructions are available on pages v to viii

Further instructions are available on pages ix and x

(1) Both Resolution #1 and Resolution #2 must be approved by Shareholders. Please refer to section 6 of page iii for further details on the relevant voting thresholds.

(2) In the event that Resolution #1 and/or Resolution #2 are not approved at the 2016 SGM.

# VOTING METHODS

**A**

## Attend the 2016 SGM to vote in person.

Date	5 April 2016
Time	10.00 a.m.
Location	Genting Ballroom, Genting Hotel Jurong, Level 1, 2 Town Hall Link, Singapore 608516

**B1**

## Appoint a proxy to vote on your behalf

*(For Shareholders whose/which Shares are deposited with CDP)*

**1** *Locate the Proxy Form (printed in WHITE) in this package, or obtain it from:*

M & C Services Private Limited,  
112 Robinson Road, #05-01,  
Singapore 068902

(from 3 March 2016 to 10.00 a.m. on 3 April 2016)

**2** *Fill in your name and particulars*

**SPECIAL GENERAL MEETING – DEPOSITOR PROXY FORM**

We, The Central Depository (Pte) Limited, ("CDP") being a member of Biosensors International Group, Ltd. (the "Company"), pursuant to a proxy form lodged or to be lodged by us with the Company (the "CDP Proxy Form"), have appointed, or will be appointing the person whose name and particulars are set out in Part I below (the "Depositor(s)"), in respect of such number of shares (the "Depositor(s) Shares") set out against his/her/its name in the Depository Register maintained by CDP as at 2 April 2016 (the "Cut Off Date"), as our proxy to vote for us on our behalf at the Special General Meeting of the Company to be held at Genting Ballroom, Genting Hotel Jurong, Level 1, 2 Town Hall Link, Singapore 608516 on Tuesday, 5 April 2016 at 10.00 a.m. and at any adjournment thereof (the "Special General Meeting").

I.

SPECIMEN
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**3** *Fill in the details of your proxy/proxies*

Fill in the particulars of the appointed proxy/proxies and the proportionate shareholdings<sup>(1)</sup> allocated to the proxy/proxies for the vote.

	Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
				No. of Shares	%
(a)					
and/or (delete as appropriate)					
(b)					

(1) If no proportion of shareholdings is reflected, the proxy will vote in respect of the whole shareholding.

**4** Indicate your vote “For” or “Against” with a “X” within the box provided

SPECIAL RESOLUTION 1		For *	Against *
Resolution 1	<p><b>APPROVAL OF THE PROPOSED AMALGAMATION BETWEEN BIOSENSORS INTERNATIONAL GROUP, LTD. (“COMPANY”) AND CB MEDICAL HOLDINGS LIMITED (“CBMHL”)</b></p> <p>Please refer to the enclosed Proxy Form (printed in WHITE) for more details on Resolution 1.</p>		
RESOLUTION 2			
Resolution 2	<p><b>APPROVAL FOR THE VOLUNTARY DELISTING OF THE COMPANY</b></p> <p>Please refer to the enclosed Proxy Form (printed in WHITE) for more details on Resolution 2.</p>		
ORDINARY RESOLUTION 3			
Resolution 3	<p><b>AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE BIOSENSORS EMPLOYEE SHARE OPTION SCHEME 2004 APPROVED BY THE COMPANY ON 28 JANUARY 2005 AND EFFECTIVE ON 20 MAY 2005, AS AMENDED ON 23 JULY 2007 AND 15 JUNE 2011, THE DURATION OF WHICH SCHEME HAS BEEN EXTENDED UP TO 27 JANUARY 2025 (“ESOS”) AND THE BIOSENSORS PERFORMANCE SHARE PLAN OF THE COMPANY WHICH WAS APPROVED AT THE SPECIAL GENERAL MEETING OF THE COMPANY ON 27 MAY 2006, AND AS AMENDED ON 23 JULY 2007 (“PSP”)</b></p> <p>Please refer to the enclosed Proxy Form (printed in WHITE) for more details on Resolution 3.</p>		


**5** Sign off on the space provided in the Proxy Form (printed in WHITE)

Dated this 3rd day of March 2016.

IV. The Central Depository (Pte) Limited



Signature of Director


TO BE COMPLETED BY DEPOSITOR(S) IF HE/SHE/IT WISHES TO APPOINT A PROXY/PROXIES UNDER PART II		
For Individuals :	For Corporations :	
_____	_____	_____
Signature of Direct Account Holder	Signature of Director	Signature of Director/Secretary
		 Common Seal

**6** Return the completed Proxy Form (printed in WHITE) in the enclosed WHITE pre-addressed envelope

Please ensure that the Proxy Form arrives **NOT LATER THAN 10.00 a.m. (Singapore time) on 3 April 2016** (or such later date(s) as may be announced from time to time by or on behalf of the Company).

Postage will be paid by addressee. For posting in Singapore only.

BUSINESS REPLY SERVICE PERMIT NO. 04910



M & O Services Private Limited  
Singapore Share Registrar and Share Transfer Agent  
BIOSENSORS INTERNATIONAL GROUP, LTD.  
112 Robinson Road #05-01  
Singapore 068902  
Republic of Singapore

## Appoint a proxy to vote on your behalf

(For Shareholders whose/which Shares are not deposited with CDP)

### 1 Locate the Proxy Form (printed in WHITE) in this package, or obtain it from:

M & C Services Private Limited,  
112 Robinson Road, #05-01,  
Singapore 068902

(from 3 March 2016 to 10.00 a.m. on 3 April 2016)

### 2 Fill in your name and particulars

#### SPECIAL GENERAL MEETING – SHAREHOLDER PROXY FORM

I/We, \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

### 3 Fill in the details of your proxy/proxies

Fill in the particulars of the appointed proxy/proxies and the proportionate shareholdings<sup>(1)</sup> allocated to the proxy/proxies for the vote.

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

and / or (delete as appropriate)

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(1) If no proportion of shareholdings is reflected, the proxy will vote in respect of the whole shareholding.



**4** *Indicate your vote “For” or “Against” with a “X” within the box provided*

SPECIAL RESOLUTION 1		For *	Against *
Resolution 1	<p><b>APPROVAL OF THE PROPOSED AMALGAMATION BETWEEN BIOSENSORS INTERNATIONAL GROUP, LTD. (“COMPANY”) AND CB MEDICAL HOLDINGS LIMITED (“CBMHL”).</b></p> <p>Please refer to the enclosed Proxy Form (printed in WHITE) for more details on Resolution 1.</p>		
RESOLUTION 2			
Resolution 2	<p><b>APPROVAL FOR THE VOLUNTARY DELISTING OF THE COMPANY</b></p> <p>Please refer to the enclosed Proxy Form (printed in WHITE) for more details on Resolution 2.</p>		
ORDINARY RESOLUTION 3			
Resolution 3	<p><b>AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE BIOSENSORS EMPLOYEE SHARE OPTION SCHEME 2004 APPROVED BY THE COMPANY ON 28 JANUARY 2005 AND EFFECTIVE ON 20 MAY 2005, AS AMENDED ON 23 JULY 2007 AND 15 JUNE 2011, THE DURATION OF WHICH SCHEME HAS BEEN EXTENDED UP TO 27 JANUARY 2025 (“ESOS”) AND THE BIOSENSORS PERFORMANCE SHARE PLAN OF THE COMPANY WHICH WAS APPROVED AT THE SPECIAL GENERAL MEETING OF THE COMPANY ON 27 MAY 2006, AND AS AMENDED ON 23 JULY 2007 (“PSP”)</b></p> <p>Please refer to the enclosed Proxy Form (printed in WHITE) for more details on Resolution 3.</p>		

**5** *Fill in the applicable date and sign off on the space provided in the Proxy Form (printed in WHITE)*

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

\_\_\_\_\_  
Signature(s) of Shareholder(s) or  
Common Seal of Corporate Shareholder

SPECIMEN

No. of Shares Held

**6** *Return the completed Proxy Form (printed in WHITE) in the enclosed WHITE pre-addressed envelope.*

Please ensure that the Proxy Form arrives  
**NOT LATER THAN 10.00 a.m. (Singapore time) on 3 April 2016**  
(or such later date(s) as may be announced from time to time by or on behalf of the Company).

<div style="border: 1px solid black; width: 150px; margin: 0 auto; padding: 2px;">BUSINESS REPLY SERVICE PERMIT NO. 04910</div> <p style="font-size: 8px; margin: 0;">M &amp; C Services Private Limited Singapore Share Registrar and Share Transfer Agent BIOSENSORS INTERNATIONAL GROUP, LTD. 112 Robinson Road #05-01 Singapore 068902 Republic of Singapore</p>	Postage will be paid by addressee. For posting in Singapore only.
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# CONSIDERATION ELECTION

C

If you would like to receive the Cash Consideration of S\$0.84 in cash per Share

You do not need to submit the Election Form.

D1

If you would like to receive the Share Consideration  
(For Shareholders whose/which Shares are deposited with CDP)

- 1 **Locate the Election Form For Scripless Shares (printed in BROWN) in this package**
- 2 **Fill in your name, particulars and securities account number**  
Check your personal particulars and securities account number

NAME(S) AND ADDRESS OF DEPOSITOR(S)	SECURITIES ACCOUNT NUMBER
<b>SPECIMEN</b>	
<p><small>Last date and time for election of the Share Consideration: 5.30 p.m. (Singapore time) on 7 April 2016 or such later date(s) as may be announced from time to time by or on behalf of CBMHL (the "Final Election Date").</small></p>	<p><small>If your purchase of Shares was settled through your finance company or depository agent and you wish to elect for the Share Consideration, your election would have to be made through your finance company or depository agent. In such instances, you need not submit this Election Form For Scripless Shares to CDP.</small></p>

- 3 **Fill in the date and sign the Election Form For Scripless Shares**

Please fill in the applicable date and proceed to sign off on the bottom right hand corner of the Election Form For Scripless Shares.

TO BE COMPLETED AND SIGNED BY DEPOSITOR(S)	
<p>To: <b>CB MEDICAL HOLDINGS LIMITED</b> c/o The Central Depository (Pte) Limited</p>	
<p><small>I/We hereby irrevocably elect to receive the Share Consideration in respect of ALL my/our Shares standing to the credit of the "free balance" of my/our securities account as at 5.00 p.m. (Singapore time) on the Books Closure Date. My/Our completion, execution and submission of this Election Form For Scripless Shares to CDP shall constitute my/our irrevocable election of the Share Consideration in respect of ALL my/our Shares standing to the credit of the "free balance" of my/our securities account as at 5.00 p.m. (Singapore time) on the Books Closure Date, on the terms and conditions contained in the Amalgamation Document, the Letter and this Election Form For Scripless Shares.</small></p>	
<p>_____</p> <p>Date</p>	<p>_____</p> <p>Signature(s) of Depositor(s) / Joint Depositors</p> <p><small>For corporations, please sign as per your signing mandate and where appropriate, the Common Seal to be affixed in accordance with your memorandum and articles of association or relevant constitutive documents.</small></p>
<p><b>PLEASE SIGN HERE</b> ←</p>	

- 4 **Return the completed Election Form For Scripless Shares in the enclosed BROWN pre-addressed envelope**

Please ensure that the Election Form For Scripless Shares arrives **NOT LATER THAN 5.30 p.m. (Singapore time) on 7 April 2016** (or such later date(s) as may be announced from time to time by or on behalf of CBMHL).

<p><small>BUSINESS REPLY SERVICE PERMIT NO. 08893</small></p>  <p><small>CB MEDICAL HOLDINGS LIMITED c/o THE CENTRAL DEPOSITORY (PTE) LIMITED ROBINSON ROAD POST OFFICE P.O. BOX 1984 SINGAPORE 903934</small></p>	<p><small>Postage will be paid by addressee. For posting in Singapore only.</small></p>
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D2

## If you would like to receive the Share Consideration (For Shareholders whose/which Shares are not deposited with CDP)

1 Locate the Election Form For Scrip Shares (printed in BROWN) in this package

2 Fill in your share certificate number

Share Certificate No(s).	Share Consideration	For Official Use
	One (1) validly issued, fully paid and non-assessable ordinary share of par value US\$0.00001 in the share capital of CB Cardio Holdings II Limited (" <b>New CBCH II Share</b> ") for each Share.	

3 Fill in your name and particulars

I/We, \_\_\_\_\_ (Full name of Shareholder and joint Shareholder(s), if any) Passport/NRIC/Company Registration No.: \_\_\_\_\_  
of \_\_\_\_\_ (Address)  
Telephone No. (Office/Home): \_\_\_\_\_ (Mobile No.): \_\_\_\_\_  
E-mail: \_\_\_\_\_

4 Fill in the date and sign the Election Form For Scrip Shares

Please fill in the applicable date and proceed to sign off on the bottom right hand corner of the Election Form For Scrip Shares.

**TO BE COMPLETED AND SIGNED BY ENTITLED SHAREHOLDER(S)**

To: **CB MEDICAL HOLDINGS LIMITED**  
c/o M & C Services Private Limited

I/We hereby irrevocably elect to receive the Share Consideration in respect of **ALL** my/our Shares which appear on the Register as at 5.00 p.m. (Singapore time) on the Books Closure Date. My/Our completion, execution and submission of this Election Form For Scrip Shares to the Share Transfer Agent shall constitute my/our irrevocable election of the Share Consideration in respect of **ALL** my/our Shares which appear on the Register as at 5.00 p.m. (Singapore time) on the Books Closure Date, on the terms and conditions contained in the Amalgamation Document, the Letter and this Election Form For Scrip Shares.

\_\_\_\_\_ Date  
\_\_\_\_\_ Signature(s) of Entitled Shareholder(s) / Joint Entitled Shareholder(s)

**For corporations, please sign as per your signing mandate and where appropriate, the Common Seal to be affixed in accordance with your memorandum and articles of association or relevant constitutive documents.**

← PLEASE SIGN HERE

5 Return the completed Election Form For Scrip Shares in the enclosed BROWN pre-addressed envelope

Please ensure that the Election Form For Scrip Shares arrives **NOT LATER THAN 5.30 p.m. (Singapore time) on 7 April 2016** (or such later date(s) as may be announced from time to time by or on behalf of CBMHL).

TO AFFIX ADEQUATE POSTAGE HERE

CB MEDICAL HOLDINGS LIMITED  
c/o M & C SERVICES PRIVATE LIMITED  
112 ROBINSON ROAD #05-01  
SINGAPORE 068902

PLEASE NOTE THE FINAL ELECTION DATE SET OUT IN THE ELECTION FORM FOR SCRIP SHARES.

PROPOSED AMALGAMATION BETWEEN BIOSENSORS INTERNATIONAL GROUP LTD. (THE "COMPANY") AND CB MEDICAL HOLDINGS LIMITED AND VOLUNTARY DELISTING OF THE COMPANY

# IMPORTANT DATES AND TIMES

Date of 2016 SGM

**5 April 2016**

Expected Effective Date

**8 April 2016**

Expected Date of Payment for Cash Consideration /  
Issuance of Share Consideration

**Within seven (7) business days of the  
Effective Date**

## NEED HELP?

### Biosensors International Group, Ltd.

#### Media / Investor Relations

Tel: (65) 6213 5777

Email: [ir@biosensors.com](mailto:ir@biosensors.com)

### CB Medical Holdings Limited

**Morgan Stanley Asia  
(Singapore) Pte.**

Tel: (65) 6834 6676

**DBS Bank Ltd.**

Tel: (65) 6878 4293

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## IMPORTANT NOTICE

The information in this section is a summary of the Amalgamation Document and should be read in conjunction with, the full information contained in the rest of the Amalgamation Document and the accompanying documents. In the event of any inconsistency or conflict between highlights of the transaction (from pages i to xi) and the Amalgamation Document, the terms set out in the Amalgamation Document shall prevail.

Nothing in the highlights of the transaction is intended to be, or shall be taken as, advice, recommendation or solicitation to Shareholders or any other party. Morgan Stanley Asia (Singapore) Pte. and DBS Bank Ltd. are acting as financial advisers to and on behalf of CBMHL and do not purport to advise any Shareholder.

Shareholders are advised to exercise caution when dealing in their Shares and refrain from taking any action in relation to their Shares which may be prejudicial to their interests.

The advice of the IFA to the Independent Directors and the recommendation of the Independent Directors on the Amalgamation and the Delisting have been set out in paragraphs 18 and 19 of the Letter to Shareholders in this Amalgamation Document. The full advice of the IFA to the Independent Directors is set out in Appendix 3 to the Amalgamation Document. Shareholders may wish to consider the Independent Directors' recommendation before taking any action in relation to the Amalgamation and the Delisting.

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## DEFINITIONS

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In this Amalgamation Document (including all the appendices attached thereto), the following definitions apply throughout unless the context otherwise requires or otherwise stated:

- “2016 SGM”** : The SGM to be held at Genting Ballroom, Genting Hotel Jurong, Level 1, 2 Town Hall Link, Singapore 608516 at 10.00 a.m. on 5 April 2016 to consider and, if thought fit, approve, *inter alia*, the Amalgamation and to transact such other business as may properly come before the meeting and any valid adjournments thereof, notice of which is given on pages A8-1 to A8-3 of this Amalgamation Document.
- “2016 SGM Record Date”** : The record date for determining Shareholders which/who are entitled to receive the Notice of 2016 SGM being 10.00 a.m. (Singapore time) on 2 April 2016.
- “Amalgamated Company”** : The Bermuda exempted company resulting from the Amalgamation (which company will be named Biosensors International Group, Ltd.).
- “Amalgamation”** : The proposed amalgamation, pursuant to the Bermuda Companies Act, between the Company and CBMHL on the terms contained in the Amalgamation Agreement.
- “Amalgamation Agreement”** : The agreement dated 3 November 2015 entered into between the Company and the CITICPE Entities, and as amended and/or supplemented by the Supplemental Agreement, and as further amended and/or supplemented from time to time.
- “Amalgamation Conditions”** : The conditions precedent to the Amalgamation set out in the Amalgamation Agreement and reproduced in Part 1 of Appendix 1 to this Amalgamation Document and **“Amalgamation Condition”** means one or more of them as the context may require.
- “Amalgamation Consideration”** : Includes the Cash Consideration and Share Consideration.
- “Amalgamation Document”** : This Amalgamation Document dated 3 March 2016 issued by the Company to Shareholders
- “Amalgamation Resolution”** : The Special Resolution as defined in the Bye-laws, required by Bye-law 78, for the approval of the Amalgamation Agreement.
- “Available Company Cash”** : The cash of the Company in US Dollars in a US Dollar-denominated bank account of the Company opened with a bank outside the PRC, and cash of the Company in Renminbi in a RMB-denominated bank account of a subsidiary of the Company opened with a bank inside the PRC, in each case net of issued but uncleared cheques and drafts, available free of any liens at the Record Date for free use by CBCH I and CBMHL after the delisting of Shares without any restrictions.
- “Awards”** : Outstanding awards granted to subscribe for new Shares under the PSP.
- “Bermuda Companies Act”** : The Companies Act 1981 of Bermuda.
- “Biosensors” or “Company”** : Biosensors International Group, Ltd., an exempted company incorporated in Bermuda.

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## DEFINITIONS

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<b>“Board of Directors”</b>	:	The board of Directors of the Company, as at the date of this Amalgamation Document.
<b>“Books Closure Date”</b>	:	Means the date to be announced (before the Effective Date) by the Company on which the transfer books and the register of members of the Company will be closed in order to determine the entitlements of the Entitled Shareholders under the Amalgamation.
<b>“Business Day”</b>	:	Any day other than Saturday, Sunday or a day on which banking institutions in Singapore, New York, Hong Kong, Bermuda, the British Virgin Islands, the Cayman Islands or the PRC are authorised or obliged under applicable laws to be closed.
<b>“Bye-laws”</b>	:	The bye-laws of the Company, as amended, supplemented or modified from time to time.
<b>“Cash Consideration”</b>	:	S\$0.84 in cash per Share.
<b>“CBCH I”</b>	:	CB Cardio Holdings I Limited.
<b>“CBCH I Shares”</b>	:	Issued shares of any class in the share capital of CBCH I.
<b>“CBCH II”</b>	:	CB Cardio Holdings II Limited.
<b>“CBCH II Shares”</b>	:	Issued shares of any class in the share capital of CBCH II.
<b>“CBMHL”</b>	:	CB Medical Holdings Limited.
<b>“CBMHL Shares”</b>	:	Issued shares of any class in the share capital of CBMHL.
<b>“CBMI”</b>	:	CB Medical Investment Limited.
<b>“CBMI II”</b>	:	CB Medical Investment II Limited.
<b>“CDP”</b>	:	The Central Depository (Pte) Limited.
<b>“Certificate of Amalgamation”</b>	:	The certificate evidencing the Amalgamation and the registration of the Amalgamated Company to be issued by the Registrar of Companies pursuant to Section 108 of the Bermuda Companies Act.
<b>“CITICPE Entities”</b>	:	CBMHL, CBCH I and CBCH II.
<b>“Company Securities”</b>	:	(a) Shares; (b) Options; (c) Awards; (d) securities which carry voting rights in the Company; or (e) convertible securities, warrants, options or derivatives in respect of the Shares or securities which carry voting rights in the Company.
<b>“Court”</b>	:	The Supreme Court of Bermuda.
<b>“Delisting”</b>	:	The proposed voluntary delisting of the Company from the Official List of the SGX-ST under Chapter 13 of the Listing Manual in connection with the Amalgamation.
<b>“Delisting Resolution”</b>	:	Has the meaning ascribed to it in paragraph 1.3(a) of the Letter to Shareholders in this Amalgamation Document.

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## DEFINITIONS

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“ <b>Director</b> ”	:	A director of the Company as at the date of this Amalgamation Document and the term “ <b>Directors</b> ” shall be construed accordingly.
“ <b>Dissenting Shareholder</b> ”	:	A Shareholder who did not vote in favour of the Amalgamation and who makes a valid application to the Court pursuant to Section 106(6) of the Bermuda Companies Act.
“ <b>Dissenting Shares</b> ”	:	Shares that are held by a Dissenting Shareholder.
“ <b>Effective Date</b> ”	:	Means the date on which the Amalgamation becomes effective and binding in accordance with the Amalgamation Agreement and the Bermuda Companies Act, contained in the Certificate of Amalgamation issued by the Bermuda Registrar of Companies.
“ <b>Election Form</b> ”	:	The Election Form For Scripless Shares or the Election Form For Scrip Shares (as the case may be).
“ <b>Election Form For Scripless Shares</b> ”	:	The election form to be completed, signed and submitted by a Depositor whose/which Shares are deposited with the CDP and who/which wish to elect to receive the Share Consideration.
“ <b>Election Form For Scrip Shares</b> ”	:	The election form to be completed, signed and submitted by an Entitled Shareholder whose/which Shares are not deposited with the CDP and who/which wish to elect to receive the Share Consideration.
“ <b>Entitled Shareholder</b> ”	:	A Shareholder (including Depositor) whose/which entitlements under the Amalgamation are determined as at 5:00 p.m. on the Books Closure Date.
“ <b>ESOS</b> ” or “ <b>Biosensors Employee Share Option Scheme 2004</b> ”	:	The Biosensors Employee Share Option Scheme 2004 approved by the Company on 28 January 2005 and effective on 20 May 2005, as amended on 23 July 2007 and 15 June 2011. The duration of the ESOS has been extended up to 27 January 2025.
“ <b>Excluded Shares</b> ”	:	The Shares that are owned by CBCH I and CBMHL, and the 78,662,400 Shares held by the Company as treasury shares.
“ <b>FY2013</b> ”	:	The financial year of the Company ended 31 March 2013.
“ <b>FY2014</b> ”	:	The financial year of the Company ended 31 March 2014.
“ <b>FY2015</b> ”	:	The financial year of the Company ended 31 March 2015.
“ <b>9M2016</b> ”	:	The 9 month financial period of the Company ended 31 December 2015.
“ <b>Group</b> ”	:	The Company and its subsidiaries and “ <b>Group Company</b> ” means any one of them.
“ <b>Independent Directors</b> ”	:	Directors who are considered independent for the purpose of making a recommendation to Shareholders on the Amalgamation and the Delisting, namely Jose Calle Gordo, Adrian Chan Pengee, Xiuping Zhang, Jinsong Bian, Jean-Luc Butel and Bing Yuan.
“ <b>Independent Financial Advisers</b> ” or “ <b>IFA</b> ”	:	Evercore Asia (Singapore) Pte. Ltd.



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## DEFINITIONS

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<b>“Latest Practicable Date”</b>	:	25 February 2016, being the latest practicable date prior to the printing of this Amalgamation Document.
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST.
<b>“Listing Rules”</b>	:	The listing rules and guidelines of the SGX-ST as may be applicable to a company which shares are listed and quoted on the SGX-ST, including the Listing Manual.
<b>“Management Equity Arrangements”</b>	:	Means the arrangements described in paragraph 3.3 of the Letter to Shareholders and as defined therein.
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities.
<b>“Material Adverse Effect”</b>	:	Has the meaning ascribed to it under Section 1.1 of the Amalgamation Agreement and summarised in Part 1 of Appendix 1.
<b>“Memorandum”</b>	:	The memorandum of association of the Company as amended, supplemented or modified from time to time.
<b>“Notes”</b>	:	The notes issued by the Company pursuant to the S\$800,000,000 Multicurrency Medium Term Note Programme established by Biosensors Investment (Singapore) Pte. Ltd. and unconditionally and irrevocably guaranteed by the Company.
<b>“Noteholders”</b>	:	The holders of the Notes.
<b>“Notice of 2016 SGM”</b>	:	The notice of the 2016 SGM dated 3 March 2016 set out in pages A8-1 to A8-3 of this Amalgamation Document.
<b>“Offeror Securities”</b>	:	(a) CBMHL Shares, CBCH I Shares or CBCH II Shares; (b) securities which carry substantially the same rights as any shares in (a); and (c) convertible securities, warrants, options and derivatives in respect of (a) or (b).
<b>“Options”</b>	:	Outstanding options granted to subscribe for new Shares under the ESOS.
<b>“PRC”</b>	:	The People’s Republic of China and for the purposes of this Amalgamation Document, excludes Hong Kong, Macau and Taiwan.
<b>“PSP”</b>	:	The Biosensors Performance Share Plan of the Company which was approved at the SGM held on 27 May 2006, as amended on 23 July 2007.
<b>“Prescribed Occurrence”</b>	:	Means the events described in Part 2 of Appendix 1 to this Amalgamation Document and as defined therein.
<b>“Proxy Form”</b>	:	The proxy forms accompanying this Amalgamation Document for use in connection with the 2016 SGM by Shareholders.
<b>“Record Date”</b>	:	The date falling on the Business Day immediately preceding the Effective Date.
<b>“Registrar of Companies”</b>	:	The Registrar of Companies in Bermuda.

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## DEFINITIONS

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<b>“Required Available Cash Amount”</b>	:	With respect to the cash denominated in US Dollars, US\$80,000,000 and, with respect to the cash denominated in Renminbi, an amount in RMB that is no less than the equivalent of US\$156,800,000.
<b>“Requisite Approval”</b>	:	The approval of the Amalgamation Resolution by a majority vote of three-fourths of the votes cast at the 2016 SGM by Shareholders other than CBMHL or persons acting in concert with it or as otherwise may be prescribed by SIC, at which a quorum of two (2) persons holding or representing by proxy more than one-third of the issued Shares of the Company is present.
<b>“Senior Facility”</b>	:	Means the one or more loan facilities in an aggregate amount not to exceed US\$600,000,000 (or its SGD or euro equivalent) to be arranged by Bank of China Limited, Macau Branch and Bank of China Limited, Singapore Branch, as Arrangers, to CBMHL, as borrower, for the privatization of the Company.
<b>“Share Consideration”</b>	:	One (1) validly issued, fully paid and non-assessable ordinary share of par value US\$0.00001 in the share capital of CBCH II.
<b>“Share Registrars”</b>	:	The Singapore share registrar and transfer agent of the Company, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902, and the Bermuda share registrar of the Company, Codan Services Limited, at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
<b>“Shares”</b>	:	Ordinary shares of par value 1/150 US cent each in the capital of the Company.
<b>“SIC”</b>	:	The Securities Industry Council of Singapore.
<b>“Singapore Companies Act”</b>	:	The Companies Act (Chapter 50) of Singapore, as amended, supplemented or modified from time to time.
<b>“SGM”</b>	:	The special general meeting of the Company.
<b>“SGX-ST”</b>	:	The Singapore Exchange Securities Trading Limited.
<b>“Supplemental Agreement”</b>	:	The supplemental agreement to the Amalgamation Agreement dated 10 February 2016 entered into between the Company and the CITICPE Entities.
<b>“Take-over Code”</b>	:	The Singapore Code on Take-over and Mergers, as amended, supplemented or modified from time to time.
<b><u>Units and Currencies</u></b>		
<b>“Reminbi” or “RMB”</b>	:	Means the lawful currency of PRC.
<b>“Singapore Dollars” or “S\$” and “cents”</b>	:	Means the lawful currency of Singapore.
<b>“US Dollars” or “US\$” and “cents”</b>	:	Means the lawful currency of the United States of America.
<b>“per cent.” or “%”</b>	:	Per centum or percentage.

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## DEFINITIONS

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**Acting in Concert and Concert Parties.** The expression “**acting in concert**” and the term “**concert parties**” shall have the meanings ascribed to them respectively in the Take-over Code.

**Depositors and Depository Register.** The expressions “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.

**Expressions.** Words importing the singular shall, where applicable, include the plural and *vice versa* and words indicating a specific gender shall include, where applicable, the other genders (male, female or neuter). References to persons shall, where applicable, include corporations.

**Headings.** The headings in this Amalgamation Document are inserted for convenience only and shall be ignored in construing this Amalgamation Document.

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

**Shareholders.** References to “**you**”, “**your**” and “**yours**” in this Amalgamation Document are, as the context so determines, to registered holders of Shares in the Company (“**Shareholders**”) (and, where applicable, (a) Depositors who/which have Shares deposited with CDP, or (b) persons who/which have purchased Shares on the SGX-ST).

**Statutes.** Any reference in this Amalgamation Document to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined in the Singapore Companies Act, the Bermuda Companies Act, the Listing Manual or the Take-over Code or any modification thereof and used in this Amalgamation Document shall, where applicable, have the meaning assigned to it under the Singapore Companies Act, the Bermuda Companies Act, the Listing Manual or the Take-over Code or any such modification, as the case may be, unless the said word is defined herein or the context otherwise requires, provided that where a word is defined in the Bermuda Companies Act and another enactment, the definition in the Bermuda Companies Act shall prevail.

**Subsidiary, Related Corporations and Substantial Shareholder.** The expressions “**subsidiary**”, “**related corporations**” and “**substantial shareholder**” shall have the meanings ascribed to them respectively in Sections 5, 6 and 81 of the Singapore Companies Act.

**Time and Date.** Any reference to a time of day and date in this Amalgamation Document shall be a reference to Singapore time and date respectively, unless otherwise specified.

**Total Number of Shares.** In this Amalgamation Document, the total number of Shares in issue as at the Latest Practicable Date is 1,688,549,965 Shares (excluding 78,662,400 treasury shares).

**Forward-Looking Statements.** This Amalgamation Document contains forward-looking statements which include, without limitation, statements relating to the future plans of the Company following the Amalgamation and the expected benefits from the Amalgamation. These forward-looking statements are based on the current expectations of the management of the Company and CBMHL (as applicable) and are subject to risks and uncertainties that could cause actual results to differ materially from expectations. These forward-looking statements should not be relied upon as predictions of future events as we cannot assure you that the events or circumstances reflected in these statements will be achieved or will occur. In particular, we cannot assure you that the Amalgamation will be approved by Shareholders or that the Amalgamation Conditions will be satisfied or that the Amalgamation will occur. Neither the Company nor CBMHL undertakes any obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

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## ACTION TO BE TAKEN BY SHAREHOLDERS

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Shareholders who/which are unable to attend the 2016 SGM and wish to appoint a proxy to attend and vote on their behalf at the 2016 SGM should complete and submit the enclosed Proxy Form in accordance with the instructions printed thereon.

To be valid and effective, the Proxy Form (and any authority under which it is executed or a copy of the authority certified notarially) must be deposited (during normal business hours only) at the office of the Company's Singapore Share Registrar, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902 (in accordance with the instructions set out in the Proxy Form), as soon as possible but in any event not less than forty-eight (48) hours before the time appointed for holding the 2016 SGM or adjourned 2016 SGM (as the case may be), i.e. on or before 10.00 a.m. (Singapore time) on 3 April 2016.

The completion and lodgement of Proxy Forms will not prevent Shareholders from attending and voting in person at the 2016 SGM if they subsequently wish to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.

Depositors are not recognised under the Bermuda Companies Act and the Bye-laws as members of the Company entitled to attend the 2016 SGM and to speak and vote thereat. Depositors who/which wish to attend and vote at the 2016 SGM and whose/which names are shown in the records of CDP as at a time not earlier than seventy-two (72) hours prior to the time of the 2016 SGM, may attend and vote as CDP's proxies. Such Depositors which are not individuals and those who/which are unable to attend personally and wish to appoint a nominee to attend and vote on their behalf as CDP's proxies, will find attached to this Amalgamation Document a Depositor Proxy Form ("**Depositor Proxy Form**") which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event, so as to arrive at the office of the Company's Singapore Share Registrar, M&C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902 not less than forty-eight (48) hours before the time appointed for the holding of the 2016 SGM, or adjourned 2016 SGM (as the case may be). The completion and return of a Depositor Proxy Form by a Depositor who is an individual does not preclude him from attending and voting in person as CDP's proxy at the 2016 SGM in place of his nominee if he finds that he is able to do so.

**If Shareholders have any questions relating to this Amalgamation Document or the Proxy Form, they should call the Singapore Share Registrar / Company Secretary at +65-6228 0530 / +65-6213 5777. However, Shareholders should be aware that neither the Share Registrar(s) nor the Company Secretary can provide any legal, tax or financial advice in connection with the Amalgamation or advise how Shareholders should vote at the 2016 SGM.**

Entitled Shareholders shall have, in relation to all their Shares, the right to elect to receive the Cash Consideration or the Share Consideration, but not a combination of both.

If an Entitled Shareholder wishes to elect to receive the Cash Consideration, no action needs to be taken by such Entitled Shareholder in relation to such election.

If an Entitled Shareholder wishes to elect to receive the Share Consideration, such Entitled Shareholder should complete, sign and submit the relevant Election Form together with the documents set out in paragraphs 2.1 and 2.2 of the Letter from CBMHL to Shareholders in Appendix 4 to this Amalgamation Document. For more details on the procedures for election, please refer to Appendix II to the Letter from CBMHL to Shareholders in Appendix 4 to this Amalgamation Document.

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## INDICATIVE TIMETABLE

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<b>2016 SGM Record Date</b>	:	10.00 a.m. on 2 April 2016
<b>Latest time and date for lodgement of Proxy Form (or Depositor Proxy Form, as the case may be)<sup>(1)(2)</sup></b>	:	10.00 a.m. on 3 April 2016
<b>Latest time and date for lodgement of Election Forms</b>	:	5.30 p.m. on 7 April 2016
<b>Time and date of 2016 SGM</b>	:	10.00 a.m. on 5 April 2016
<b>Expected last day of trading in Shares</b>	:	4 April 2016
<b>Expected Books Closure Date</b>	:	5.00 p.m. on 7 April 2016
<b>Expected Record Date<sup>(3)</sup></b>	:	7 April 2016
<b>Expected Effective Date<sup>(4)</sup></b>	:	8 April 2016
<b>Expected date of payment of the Cash Consideration</b>	:	Within seven (7) business days after the Effective Date
<b>Expected date of Delisting</b>	:	After settlement of the Amalgamation Consideration

Notes:

- (1) Shareholders (or Depositors, as the case may be) are requested to lodge the Proxy Forms (or Depositor Proxy Forms, as the case may be) for the 2016 SGM in accordance with the instructions contained therein not less than forty-eight (48) hours before the time appointed for the 2016 SGM.
- (2) All duly completed Proxy Forms (or Depositor Proxy Forms, as the case may be) for the 2016 SGM must be deposited at the office of the Company's Singapore Share Registrar, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902. Completion and lodgement of a Proxy Form will not preclude a Shareholder (or Depositor, as the case may be) from attending and voting in person or as CDP's proxy, as the case may be at the 2016 SGM in place of his proxy (or nominee, as the case may be). In such an event, the relevant proxy forms will be deemed to be revoked.
- (3) Assuming that the Effective Date is on 8 April 2016.
- (4) The Amalgamation becoming effective and binding is dependent upon the satisfaction or waiver of all the Amalgamation Conditions on or prior to the Record Date.

**Shareholders should note that, save for the dates above not described as "expected", the above timetable is indicative only and may be subject to change. For the events listed above which are described as "expected", please refer to future announcement(s) by the Company for the exact dates and times of these events. In particular, Shareholders should regularly check the website of the SGX-ST at [www.sgx.com](http://www.sgx.com) respectively after the 2016 SGM to ensure that they receive timely information on the remaining dates.**

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## CORPORATE INFORMATION

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### THE COMPANY

<b>DIRECTORS</b>	:	Yoh-Chie Lu	Executive Chairman
		Jose Calle Gordo	Executive Director and Chief Executive Officer
		Adrian Chan Pengee	Lead Independent Director
		Xiuping Zhang	Non-Executive Independent Director
		Jinsong Bian	Non-Executive Independent Director
		Jean-Luc Butel	Non-Executive Independent Director
		Qiang Jiang	Non-Executive Non-Independent Director
		Bing Yuan	Non-Executive Non-Independent Director
		Dong Liu	Non-Executive Non-Independent Director
		Bin Wu	Non-Executive Non-Independent Director

**COMPANY SECRETARY** : Ronald H. Ede

**REGISTERED OFFICE** : Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

**BERMUDA SHARE REGISTRAR** : Codan Services Limited  
Clarendon House  
2 Church Street  
Hamilton HM 11, Bermuda

**SINGAPORE SHARE REGISTRAR  
AND SHARE TRANSFER AGENT** : M & C Services Private Limited  
112 Robinson Road, #05-01  
Singapore 068902

**SINGAPORE LEGAL ADVISER  
TO THE COMPANY IN RELATION  
TO THE AMALGAMATION AND  
DELISTING** : Lee & Lee  
50 Raffles Place  
#06-00 Singapore Land Tower  
Singapore 048623

**BERMUDA LEGAL ADVISER TO  
THE COMPANY IN RELATION  
TO THE AMALGAMATION AND  
DELISTING** : Conyers Dill & Pearman Pte. Ltd.  
9 Battery Road  
#20-01 Straits Trading Building  
Singapore 049910

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## CORPORATE INFORMATION

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**SINGAPORE LEGAL ADVISER TO CBMHL IN RELATION TO THE AMALGAMATION AND DELISTING** : WongPartnership LLP  
12 Marina Boulevard Level 28  
Marina Bay Financial Centre Tower 3  
Singapore 018982

**BERMUDA LEGAL ADVISER TO CBMHL IN RELATION TO THE AMALGAMATION AND DELISTING** : Conyers Dill & Pearman  
2901 One Exchange Square  
8 Connaught Place  
Central, Hong Kong

**FINANCIAL ADVISERS TO CBMHL** : Morgan Stanley Asia (Singapore) Pte.  
23 Church Street  
16-01 Capital Square  
Singapore 049481

DBS Bank Ltd.  
12 Marina Boulevard Level 46  
Marina Bay Financial Centre Tower 3  
Singapore 018982

**INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS** : Evercore Asia (Singapore) Pte. Ltd.  
12 Marina Boulevard, #33-01  
Marina Bay Financial Centre Tower 3  
Singapore 018982

**AUDITORS** : Ernst & Young LLP  
Public Accountants and Chartered Accountants  
One Raffles Quay North Tower  
Level 18 Singapore 048583

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## LETTER TO SHAREHOLDERS

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### BIOSENSORS INTERNATIONAL GROUP, LTD.

(Incorporated in Bermuda as an exempted company limited by shares)  
(Company Registration Number: 24983)

#### Board of Directors

Yoh-Chie Lu (Executive Chairman)  
Jose Calle Gordo (Executive Director and Chief Executive Officer)  
Adrian Chan Pengee (Lead Independent Director)  
Xiuping Zhang (Non-Executive Independent Director)  
Jinsong Bian (Non-Executive Independent Director)  
Jean-Luc Butel (Non-Executive Independent Director)  
Qiang Jiang (Non-Executive Non-Independent Director)  
Bing Yuan (Non-Executive Non-Independent Director)  
Dong Liu (Non-Executive Non-Independent Director)  
Bin Wu (Non-Executive Non-Independent Director)

#### Registered Office

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

Date: 3 March 2016

To: Shareholders of Biosensors International Group, Ltd.

Dear Sir/Madam

#### **PROPOSED AMALGAMATION BETWEEN BIOSENSORS INTERNATIONAL GROUP, LTD. AND CB MEDICAL HOLDINGS LIMITED, VOLUNTARY DELISTING OF BIOSENSORS INTERNATIONAL GROUP, LTD. AND ISSUANCE OF SHARES UNDER THE EMPLOYEE SHARE OPTION SCHEME 2004 AND PERFORMANCE SHARE PLAN OF BIOSENSORS INTERNATIONAL GROUP, LTD.**

#### **1. INTRODUCTION**

##### **1.1 Initial Announcement**

The respective boards of directors of the Company and CBMHL refer to the announcement of the Company dated 28 October 2015 on the offer from CITIC Private Equity Funds Management Co., Ltd. (“**CITIC**”) (on behalf of Beijing CITIC Investment Centre (Limited Partnership) (北京中信投资中心 (有限合伙)) (“**CITICPE Fund**”) and other co-investors) on 23 October 2015 for the Amalgamation between the Company and CBMHL, a substantial shareholder of the Company, under the laws of Bermuda (the “**Initial Announcement**”). In connection with the Amalgamation, CBMHL had originally valued each Share at S\$0.815 in cash per Share, and had thereafter raised the offer price for each Share to S\$0.825 in cash per Share. After significant deliberation and detailed evaluation by the Board of Directors of the Company, and lengthy discussions and negotiations with CBMHL, CBMHL had agreed to raise the offer price to (a) the Cash Consideration; or (b) the Share Consideration.

##### **1.2 Initial Joint Announcement on the Amalgamation**

On the basis of the revised offer price, the respective boards of directors of the Company, CBMHL, CBCH I and CBCH II have unanimously determined that the Amalgamation is in the best interests of their respective companies and approved it on the terms and subject to the Amalgamation Conditions. The Board of Directors of the Company considers it important to provide the Shareholders with the opportunity to decide on the Amalgamation on its merits. Accordingly, on 4 November 2015 (the “**Initial Joint Announcement Date**”), the Company and CBMHL made a joint announcement (the “**Initial Joint Announcement**”) in relation to the Amalgamation between the Company and CBMHL whereby CBMHL shall be amalgamated with and into the Company, and the amalgamated company shall continue as a Bermuda exempted company limited by shares (the “**Amalgamated Company**”), pursuant to Section 104 of the Bermuda Companies Act and the Take-over Code. CBCH II is the sole shareholder of CBCH I, which is, in turn, the sole shareholder of CBMHL. The Amalgamated Company shall, upon the Amalgamation taking effect, be a wholly-owned subsidiary of CBCH I. Extracts of the relevant provisions of the Bermuda Companies Act are set out in Appendix 2 to this Amalgamation Document.



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## LETTER TO SHAREHOLDERS

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In connection with the Amalgamation, the respective boards of directors of the Company, CBMHL, CBCH I and CBCH II and CBCH I as the sole shareholder of CBMHL have approved the terms of the Amalgamation pursuant to Section 104 of the Bermuda Companies Act. Accordingly, the Company, CBMHL, CBCH I and CBCH II have entered into the Amalgamation Agreement on 3 November 2015. The parties have also entered into a supplemental agreement to the Amalgamation Agreement on 10 February 2016 (the “**Supplemental Agreement**”) to amend the conditions of the Amalgamation.

### 1.3 Update Joint Announcement on Delisting and Extension of the Effective Date Deadline

On 10 February 2016, the Company and CBMHL released a joint announcement (“**Update Joint Announcement**”) to update Shareholders, *inter alia*, that:

- (a) the SGX-ST has ruled on 1 February 2016 that the Company must comply with Listing Rule 1307 of the Listing Manual. This will accordingly entail a separate resolution in respect of the Delisting (“**Delisting Resolution**”) to be approved by a majority of at least 75% of the total number of issued Shares held by Shareholders (excluding treasury shares) present and voting, either in person or by proxy at the 2016 SGM, and must not be voted against by 10% or more of the total number of issued Shares held by Shareholders (excluding treasury shares) present and voting, either in person or by proxy at the 2016 SGM (the Directors and controlling Shareholders of the Company need not abstain from voting on the Delisting Resolution); and
- (b) the SGX-ST has no objections to the proposal from CBMHL to have the Delisting Resolution being inter-conditional with the resolution approving the Amalgamation Agreement and the transactions contemplated in the Amalgamation Agreement (including the Amalgamation) as set out in paragraph 11.1 of the Initial Joint Announcement, which would need to be approved by Shareholders representing at least three-fourths of the Shares (A) held by holders other than CBMHL or persons acting in concert with it or as may otherwise be prescribed by the SIC; and (B) present and voting in person or by proxy as a single class at the 2016 SGM at which the requisite quorum is present. Accordingly, the Amalgamation will not proceed if the Delisting Resolution is not passed, and *vice versa*.

The Company and CBMHL had, in the Update Joint Announcement, further explained that from the Initial Joint Announcement Date, much time was needed for discussions between the SGX-ST, CBMHL and the Company on, *inter alia*, the applicability of Listing Rule 1307 of the Listing Manual to the Amalgamation. The process also entailed several representations and submissions on behalf of CBMHL to the SGX-ST given the novelty of the Amalgamation. As a result of these discussions, representations and submissions, the Amalgamation was not able to be effective by 10 February 2016 (being the 95<sup>th</sup> day after the Initial Joint Announcement Date (“**Original Effective Date Deadline**”)). An application was made to the SIC, and the SIC had on 10 February 2016 given its ruling to extend the Original Effective Date Deadline to 10 April 2016, subject to the Company making an announcement on the extended deadline by the Original Effective Date Deadline, including an explanation for not meeting the Original Effective Date Deadline. The Company and CBMHL had duly jointly released the Update Joint Announcement to update its Shareholders accordingly.

CBMHL had subsequently clarified with the SIC that since 10 April 2016 is a Sunday, the deadline for the Amalgamation to be effective shall be 11 April 2016.

The parties had amended the Amalgamation Agreement in view of the above rulings, through the execution of the Supplemental Agreement.

### 1.4 Purpose

This Amalgamation Document gives details of the Amalgamation and the Delisting, the effect of the Amalgamation and the Delisting on the Company and its Shareholders and convenes the 2016 SGM in accordance with the Notice of 2016 SGM so that Shareholders may consider and, if thought fit, approve the Amalgamation and Delisting.

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## LETTER TO SHAREHOLDERS

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### 1.5 Amalgamation Agreement

This Amalgamation Document contains a summary of the material terms of the Amalgamation Agreement which is to be read in conjunction with the complete text of the Amalgamation Agreement and the Supplemental Agreement, which are available for inspection at the office of the Company's subsidiary, Biosensors Interventional Technologies Pte. Ltd., at 36 Jalan Tukang, Singapore 619266 during normal business hours for three (3) months from the date of this Amalgamation Document or up until the Effective Date, whichever is the later.

## 2. INFORMATION ON PARTIES

### 2.1 Information on the Company

The Company was incorporated in Bermuda on 28 May 1998 and was listed on the Main Board of the SGX-ST on 20 May 2005.

The Company develops, manufactures and markets innovative medical devices, aiming at improving patients' lives through pioneering medical technology that pushes forward the boundaries of innovation. The Group currently operates through four (4) business units ("**BU**"): (a) the Cardiovascular BU, composing primarily of the Excel™ and BioMatrix™ families of drug-eluting stents and stent technologies such as BA9™; (b) the Cardiac Diagnostic BU, including Spectrum Dynamics products that offer advanced medical imaging and clinical solutions to help interventional cardiologists determine the most appropriate treatment for patients; (c) the Peripheral Intervention BU, which offers solutions for the treatment of patients with peripheral arterial disease; and (d) the Critical Care Products BU, which fosters the development of critical care catheters, hemodynamic monitoring, and related devices used during heart surgery procedures, vascular surgery procedures and intensive care treatments. The Group has operations worldwide and is headquartered in Singapore.

The Board of Directors of the Company comprises the following:

- (a) Yoh-Chie Lu (Executive Chairman);
- (b) Jose Calle Gordo (Executive Director and Chief Executive Officer);
- (c) Adrian Chan Pengee (Lead Independent Director);
- (d) Xiuping Zhang (Non-Executive Independent Director);
- (e) Jinsong Bian (Non-Executive Independent Director);
- (f) Jean-Luc Butel (Non-Executive Independent Director);
- (g) Qiang Jiang (Non-Executive Non-Independent Director);
- (h) Bing Yuan (Non-Executive Non-Independent Director);
- (i) Dong Liu (Non-Executive Non-Independent Director); and
- (j) Bin Wu (Non-Executive Non-Independent Director).

As at the Latest Practicable Date, the Company has an issued and paid-up capital of US\$117,823, comprising 1,688,549,965 Shares (excluding 78,662,400 treasury shares).

Further details relating to the Company are set out in Appendix 5 to this Amalgamation Document.

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## LETTER TO SHAREHOLDERS

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### 2.2 Information on CBMHL , CBCH I and CBCH II

**CBMHL.** CBMHL is an investment holding company incorporated in Bermuda as an exempted company on 3 October 2013 and is a subsidiary indirectly owned by CITICPE Fund. CITICPE Fund, a limited partnership organised under the laws of the PRC, is a China focused private equity fund managed by CITIC. As at the Latest Practicable Date, CBMHL does not have any other business save for its holding of 330,456,084 Shares and the financing arrangements entered into for the purpose of the Amalgamation.

The current members of the board of directors of CBMHL are Bin Wu and Dong Liu, both of whom are employees of the investment manager of CITICPE Fund. The sole shareholder of CBMHL is CBCH I.

**CBCH I.** CBCH I is a special purpose vehicle incorporated under the laws of the British Virgin Islands as a business company on 24 June 2015 in connection with the Amalgamation. It is a wholly-owned subsidiary of CBCH II. As at the Latest Practicable Date, CBCH I does not have any other business save for its holding of 100 ordinary shares in CBMHL and the financing arrangements entered into for the purpose of the Amalgamation.

The current members of the board of directors of CBCH I are Bin Wu and Dong Liu.

**CBCH II.** CBCH II is a special purpose vehicle incorporated under the laws of the Cayman Islands as an exempted company on 19 June 2015 in connection with the Amalgamation as a wholly-owned subsidiary of CBMI which is in turn a wholly-owned subsidiary of CBMI II. CBMI II is controlled by CITICPE Fund. Other than CITICPE Fund, the other shareholders of CBMI II each holds less than 20% of the shares of CBMI II. As at the Latest Practicable Date, CBCH II has 330,456,084 issued ordinary shares of par value US\$0.00001 each ("**CBCH II Shares**").

As at the Latest Practicable Date, CBCH II does not have any other business save for its holding of one (1) ordinary share in CBCH I and the financing arrangements entered into for the purpose of the Amalgamation.

As CBCH II was newly incorporated on 19 June 2015 in connection with the Amalgamation, no audited or unaudited financial statements of CBCH II have been prepared as at the Latest Practicable Date for inclusion in this Letter. Save as a result of the financing of the Amalgamation and the Amalgamation, there has been no known material change in the financial position or prospects of CBCH II since its incorporation.

The current members of the board of directors of CBCH II are Bin Wu and Dong Liu. Certain co-investors will be investing in CBCH II for the purposes of providing equity funding in respect of the Amalgamation. Such co-investors have entered into various share subscription agreements with CBCH II, further details of which are set out in paragraphs 3.2 and 3.3 of this Letter.

### 2.3 Third Party Proposals

From the Initial Joint Announcement Date up to the Latest Practicable Date, the Company has not received any alternative offers for the Shares from any third party.

## 3. THE AMALGAMATION AND DELISTING

### 3.1 Effect of Amalgamation

On the Effective Date, by virtue of the Amalgamation:

- 3.1.1 each issued and outstanding CBMHL Share as at the Books Closure Date shall be converted into one (1) fully paid and non-assessable share of par value US\$0.01 in the share capital of the Amalgamated Company;

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## LETTER TO SHAREHOLDERS

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- 3.1.2** each Excluded Share as at the Books Closure Date, shall be cancelled without any consideration or repayment of capital in respect thereof or any conversion thereof; and
- 3.1.3** each issued Share as at the Books Closure Date (other than Shares to be cancelled in accordance with paragraph 3.1.2 of this Letter), will be cancelled in exchange for the right to receive, at the election of the Entitled Shareholder, either the Cash Consideration or the Share Consideration (in respect of the Share Consideration only, by validly completing, signing and submitting the relevant Election Form in accordance with the provisions and instructions printed on the relevant Election Form):
- (a) S\$0.84 in cash per Share (the “**Cash Consideration**”). The Cash Consideration has been determined on the basis that no dividend, right or other distribution is declared, paid or made by the Company to Shareholders on or after the Initial Joint Announcement Date. If any dividend, right or other distribution is declared, paid or made by the Company to Shareholders on or after the Initial Joint Announcement Date, CBMHL reserves the right to reduce the Cash Consideration by the amount of such dividend, right or distribution.

The aggregate cash amount that is payable to any Entitled Shareholder as at the Books Closure Date in respect of the Shares held by such Entitled Shareholder will be rounded down to the nearest whole cent; or

- (b) one (1) validly issued, fully paid and non-assessable ordinary share of par value US\$0.00001 (the “**New CBCH II Shares**”) in the share capital of CBCH II (the “**Share Consideration**”), *provided* that such Entitled Shareholder shall not be a resident, as at the Books Closure Date, of (A) the PRC, (B) the United States of America, or (C) such other jurisdiction where the offering of, or the acceptance of, the Share Consideration would, in the opinion of the board of directors of CBCH I, be unduly onerous or would contravene the relevant laws of that jurisdiction or would result in the offering of the Share Consideration being deemed or treated as a public offering and prospectus filing, registration or similar actions in such jurisdiction becoming applicable to the offering of the Share Consideration (each, an “**Excluded Jurisdiction**”) and, *provided further*, that such Entitled Shareholder, where applicable, complies with the applicable know-your-client and anti-money laundering requirements under the laws of the Cayman Islands as set out in paragraph 2.2 of the Letter from CBMHL to Shareholders in Appendix 4 to this Amalgamation Document,

(the Cash Consideration and the Share Consideration collectively, the “**Amalgamation Consideration**”).

Any Entitled Shareholders who/which (i) fail to validly elect to receive the Share Consideration; (ii) are residents of the Excluded Jurisdictions; or (iii) where applicable, fail to meet the applicable know-your-client and anti-money laundering requirements under the laws of the Cayman Islands, shall be deemed to have elected to receive and shall receive the Cash Consideration in respect of all of their Shares. Further details of such requirements are set out in paragraph 2.2 of the Letter from CBMHL to Shareholders in Appendix 4 to this Amalgamation Document.

If, based on legal advice of counsel, CBCH II and CBCH I reasonably determine that any Entitled Shareholder who/which has elected to receive the Share Consideration is a resident of an Excluded Jurisdiction, CBCH II and CBCH I shall have the right to pay to such Entitled Shareholder the applicable aggregate Cash Consideration (in lieu of the Share Consideration that has been elected by such Entitled Shareholder).

The New CBCH II Shares shall, when issued, rank *pari passu* in all respects with one another as well as with the existing CBCH II Shares.

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### 3.2 Co-Investment Arrangements

**3.2.1 CBMI II Co-Investors.** In order to motivate and incentivise the senior management of the Company at the relevant time, each of Jack Wang, Yoh-Chie Lu, Qiang Jiang and David Chin (collectively, the “**CBMI II Co-Investors**”) had previously been offered the opportunity to subscribe for bonds convertible into shares in CB Medical Investment II Limited (“**CBMI II**”). CBMI II indirectly owns the entire issued share capital of CBMHL. Convertible bonds in the aggregate principal sum of US\$13,000,228.07 were issued to the CBMI II Co-Investors, which were subsequently converted into shares in CBMI II at an underlying conversion price of US\$1.00 per share. In order to govern their rights, duties and obligations as security holders in CBMI II, the CBMI II Co-Investors had entered into an investors rights agreement (the “**Investors Rights Agreement**”) with the other shareholders of CBMI II (including the CITICPE Fund).

The Investors Rights Agreement contains, among other things, provisions relating to (a) matters relating to the board of CBMI II and its subsidiaries, (b) reserved matters (c) restrictions on transfers of the shares in CBMI II by the shareholders of CBMI II, (d) drag-along rights of CITICPE Fund, and tag-along rights of the other shareholders of CBMI II in certain events where CITICPE Fund transfers any of its shares in CBMI II to a third party and (e) pre-emptive rights of the shareholders of CBMI II in relation to issuance of shares in CBMI II.

The CBMI II Co-Investors are persons acting in concert with CBMHL. All the CBMI II Co-Investors, to the extent that they hold Shares, will abstain from voting on the Amalgamation at the 2016 SGM.

**3.2.2 CBCH II Non-Management Co-Investors.** The following co-investors have entered into subscription agreements with CBCH II (collectively, the “**Subscription Agreements**”) to subscribe for CBCH II Shares for the purposes of providing equity funding in respect of the Amalgamation:

- (a) CB Cardio Holdings III Limited, which is controlled by CITICPE Fund (“**CBCH III**”);
- (b) Wealth Summit Ventures Limited (“**Wealth Summit**”);
- (c) Marine Trade Holdings Limited (“**Marine Trade**”);
- (d) Fu Mao Holdings Limited (“**Fu Mao**”); and
- (e) each of Jose Calle Gordo, Li Bing Yung (Simon Li), Yang Fan (Brian), Frederick Hrkac, David Chin, Qian Keqiang, Eizo Nishimura, Thomas Kenneth Graham, Seow Hock Siew (Bernie), Alexander Andrew Budiman, Wang Dan, Hans-Peter Stoll and Pascal Cabanel (collectively, the “**CBCH II Management Co-Investors**”).

Pursuant to the terms of the Subscription Agreements entered into between CBCH II and each of CBCH III, Wealth Summit, Marine Trade and Fu Mao (collectively, the “**CBCH II Non-Management Co-Investors**”), the CBCH II Non-Management Co-Investors will subscribe for CBCH II Shares at a consideration per CBCH II Share equal to the Cash Consideration, provided that CBCH II will not be required to issue and sell any CBCH II Shares if such issuance and sale will result in the dilution of the effective shareholding interests in the Company held by its Shareholders, if such Shareholders elect to receive the Share Consideration. Accordingly, the CBCH II Non-Management Co-Investors will only be issued and sold CBCH II Shares if equity contribution is required from them to pay Entitled Shareholders who/which elect to receive the Cash Consideration. The exact number of CBCH II Shares to be subscribed by each of the CBCH II Non-Management Co-Investors will only be determined after the number of Entitled Shareholders who/which elect to receive the Cash Consideration (or the Share Consideration) has been determined.

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**3.2.3 CBCH II Shareholders' Agreement.** The CBCH II Management Co-Investors, the CBCH II Non-Management Co-Investors, CBMI, the Undertaking Shareholders (as defined below) and CBCH II will enter into a shareholders' agreement (the "**CBCH II Shareholders' Agreement**") prior to the Effective Date to regulate their relationship *inter se* as shareholders of CBCH II and the conduct of the business and affairs of CBCH II. The relevant provisions of the CBCH II Shareholders' Agreement have been incorporated in the amended and restated memorandum and articles of association of CBCH II (the "**CBCH II Articles**"). An Entitled Shareholder who/which wishes to elect to receive the Share Consideration will not be required to enter into the CBCH II Shareholders' Agreement, but may choose to do so following the Effective Date. In any event, such Entitled Shareholders will be bound by the terms of the CBCH II Articles. Certain provisions of the CBCH II Articles in relation to the rights of the shareholders of CBCH II in respect of capital, dividends, voting and transfer of shares have been extracted and reproduced in Appendix I to the Letter from CBMHL to Shareholders in Appendix 4 to this Amalgamation Document.

### 3.3 Management Incentive Arrangements

**3.3.1 Management Equity Arrangements.** As CBMHL intends and desires that there is continuity of management and minimal interruption of the Group's business, CBCH II has prior to the Initial Joint Announcement Date entered into the following agreements with key members of the management team of the Group to encourage such management personnel to continue to render their services to the Group and to be involved with the development of the Group's business:

- (a) The CBCH II Management Co-Investors have entered into a subscription agreement (the "**Management Subscription Agreement**") to collectively subscribe for up to 18,000,000 CBCH II Shares at a consideration per CBCH II Share equal to the Cash Consideration.

In addition, the CBCH II Management Co-Investors shall (to the extent that they hold Shares) elect to receive the Share Consideration in respect of all the Shares held by such CBCH II Management Co-Investors (including any Shares which may be released, issued or allotted to such CBCH II Management Co-Investors pursuant to any release of Awards under the PSP).

The CBCH II Management Co-Investors are also required to either (i) elect to receive the Share Consideration in respect of all their Options (to the extent that such CBCH II Management Co-Investors have decided to exercise such Options) in respect of Shares; or (ii) exercise their Options in respect of Shares granted to such CBCH II Management Co-Investors and elect to receive the Cash Consideration in respect of such Shares, provided that such CBCH II Management Co-Investors shall elect to receive the Cash Consideration in respect of such Shares only to the extent of their portion of the subscription under the Management Subscription Agreement, and shall utilise all of the Cash Consideration in respect of such Shares to pay their portion of the subscription under the Management Subscription Agreement. The Management Subscription Agreement also sets out certain limited events pursuant to which CBCH III (which is controlled by CITICPE Fund) has agreed to purchase the CBCH II Shares held by a CBCH II Management Co-Investor, including (A) where an initial public offering of CBCH II or another intermediate holding entity has not taken place within four (4) years after the delisting of the Company, (B) where a CBCH II Management Co-Investor suffers a disability (being the death, permanent incapacity or inability to perform duties by the CBCH II Management Co-Investor under the CBCH Management Co-Investor's employment agreement with CBCH II for a period of at least 60 days in any period of 12 consecutive months) within four (4) years after the delisting of the Company or (C) where a CBCH II Management Co-Investor's employment is terminated without cause within four (4) years after the delisting of the Company;

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## LETTER TO SHAREHOLDERS

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- (b) all of the CBCH II Management Co-Investors have also entered into a restricted share subscription agreement (the “**Restricted Share Subscription Agreement**”) pursuant to which such CBCH II Management Co-Investors will collectively subscribe for up to 27,000,000 CBCH II Shares at par value;
- (c) all of the CBCH II Management Co-Investors have also entered into a share restriction agreement (the “**Share Restriction Agreement**”) which imposes certain restrictions on the CBCH II Shares subscribed for by such CBCH II Management Co-Investors pursuant to the Restricted Share Subscription Agreement (the “**Restricted Shares**”). The Share Restriction Agreement also sets out certain limited events where CBCH II shall have the right to repurchase up to all of the Restricted Shares held by a CBCH II Management Co-Investor and any securities received by such CBCH II Management Co-Investor as a result of ownership of his Restricted Shares that have not, as of the occurrence of the relevant event, been released from CBCH II's repurchase right under the Share Restriction Agreement, at par value or the minimum purchase price permitted by law. Such events include (i) where a CBCH II Management Co-Investor's employment is terminated without cause (provided that he has not exercised certain exit rights under the Management Subscription Agreement); (ii) where a CBCH II Management Co-Investor has voluntarily terminated his employment or his employment is terminated for cause or (iii) where a CBCH II Management Co-Investor suffers a disability (provided that he has not exercised certain exit rights under the Management Subscription Agreement); and
- (d) Yoh-Chie Lu has entered into a founder consultant retention agreement (the “**Founder Consultant Retention Agreement**”) with CBCH II pursuant to which he will be offered a position to serve as the founder consultant of CBCH II (“**Founder Consultant**”) for a period of two (2) years (the “**Term**”), commencing on 1 November 2016 (being the expiration date of his existing employment contract with the Company). As Founder Consultant, Yoh-Chie Lu's responsibilities would be to advise CBCH II concerning such matters that relate to financial and strategic matters of CBCH II and its subsidiaries including timing and venue of future initial public offering of CBCH II, business expansion in different geographic areas, potential acquisition targets, divestiture opportunities, strategic alliances with business partners, and products development (the “**Services**”). Yoh-Chie Lu would be entitled to an aggregate compensation of S\$2,000,000 from CBCH II for the Term as consideration for (i) the provision of the Services and (ii) his compliance with certain non-competition undertakings during the Term;

(collectively, the “**Management Equity Arrangements**”).

The CBCH II Management Co-Investors who decide to accept the Management Equity Arrangements will have to bear the risks associated with the business and financial performance of the Group going forward and will have to accept the restricted rights of minority shareholders holding illiquid shares in CBCH II (unless otherwise agreed to between the shareholders of CBCH II), being a privately held company incorporated in the Cayman Islands.

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**3.4 SIC Confirmation.** The SIC has confirmed that the Management Equity Arrangements (specifically those offered to Jose Calle Gordo, Li Bing Yung (Simon Li), Alexander Andrew Budiman, Wang Dan and the Founder Consultant Retention Agreement offered to Yoh-Chie Lu) will not be regarded as prohibited special deals for the purposes of Rule 10 of the Take-over Code, subject to disclosure of the relevant details of the Management Equity Arrangements (including the Founder Consultant Retention Agreement) in the Letter from CBMHL to Shareholders in Appendix 4 to this Amalgamation Document and the IFA stating publicly its opinion that the Management Equity Arrangements (including the Founder Consultant Retention Agreement) are fair and reasonable. As set out in paragraph 18.3 below, the IFA has confirmed that they are of the view that the Management Equity Arrangements in the context of Rule 10 of the Take-over Code are fair and reasonable, from a financial point of view after having regard to the considerations and qualifications set out in the IFA Letter, and based on the information available to the IFA as at 23 February 2016.

**3.5 Resultant Shareholding Structure of CBCH II if all Shareholders Elect for Share Consideration.** By way of illustration only, taking into account (a) the Management Equity Arrangements described in paragraph 3.3 of this Letter; and (b) the issuance of shares to CBCH II Non-Management Co-Investors (as defined in paragraph 3.2.2 of this Letter), and assuming that (i) all Shareholders elect for the Share Consideration; and (ii) the Amalgamation becomes effective, the resultant shareholding structure of CBCH II will be as follows:

Shareholder in CBCH II	Number of Shares held in the Company as at the Latest Practicable Date <sup>(1)</sup>	Shareholding Percentage in the Company as at the Latest Practicable Date <sup>(1)(2)</sup>	Number of Shares in CBCH II <sup>(2)(3)</sup>	Resultant Shareholding in CBCH II <sup>(2)(3)</sup>
CBMI (being the indirect sole shareholder of CBMHL)	330,456,084	19.57%	330,456,084	19.06%
CBCH II Management Co-Investors	1,751,000	0.10%	46,751,000 <sup>(4)</sup>	2.70%
CBCH II Non-Management Co-Investors	–	0.00%	– <sup>(5)</sup>	0.00%
Original shareholders of the Company who elect to receive Share Consideration (other than CBMHL)	1,356,342,881	80.33%	1,356,342,881	78.24%
<b>Total</b>	<b>1,688,549,965</b>	<b>100.00%</b>	<b>1,733,549,965</b>	<b>100.00%</b>

**Notes:**

- (1) Based on 1,688,549,965 Shares (excluding treasury shares) as at the Latest Practicable Date.
- (2) Percentages rounded to the nearest two (2) decimal places.
- (3) Based on (a) 1,688,549,965 Shares (excluding treasury shares) as at the Latest Practicable Date; and (b) assuming the issuance of 18,000,000 CBCH II Shares under the Management Subscription Agreement and 27,000,000 CBCH II Shares under the Restricted Share Subscription Agreement respectively. Excludes any exercise of the Options into Shares prior to the Effective Date.
- (4) The increase of 45,000,000 CBCH II Shares is a result of the issuance of 18,000,000 CBCH II Shares to the CBCH II Management Co-Investors under the Management Subscription Agreement and 27,000,000 CBCH II Shares to the CBCH II Management Co-Investors under the Restricted Share Subscription Agreement respectively.
- (5) Assuming no Shareholders elect for the Cash Consideration, no CBCH II Shares will be issued/sold to the CBCH II Non-Management Co-Investors



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### 3.6 Delisting

- 3.6.1** As set out in paragraph 1.3 of this Letter, the Amalgamation is subject to the requirements under Listing Rule 1307 of the Listing Manual. The Delisting Resolution is inter-conditional with the resolution approving the Amalgamation Agreement and the transactions contemplated in the Amalgamation Agreement (including the Amalgamation). Accordingly, the Amalgamation will not proceed if the Delisting Resolution is not passed, and *vice versa*.
- 3.6.2** Shareholders should note upon the approval of the (a) Delisting Resolution; and (b) the resolution approving the Amalgamation Agreement and the transactions contemplated in the Amalgamation Agreement (including the Amalgamation) as set out in paragraph 11.1 of the Initial Joint Announcement and upon the Amalgamation becoming effective and binding, the Company will be delisted from the Official List of the SGX-ST.
- 3.6.3** An application will be made by the Company to seek approval from the SGX-ST to delist the Company from the Official List of the SGX-ST subject to the Amalgamation becoming effective and binding in accordance with its terms.
- 3.6.4** Shareholders who are in doubt of their position should seek independent professional advice.

## 4. IRREVOCABLE UNDERTAKING

### 4.1 Deed of Undertaking

Each of Autumn Eagle Limited and Ace Elect Holdings Limited (which are Shareholders) (collectively, the “**Undertaking Shareholders**”) has given an irrevocable undertaking to CBMHL (each, a “**Deed of Undertaking**”) to, *inter alia*:

- 4.1.1** vote, or procure the voting of, all of its Shares (the “**Relevant Shares**”), in favour of the Amalgamation and any other matter proposed to implement the Amalgamation at any meeting of the Shareholders to approve the Amalgamation and at any adjournment thereof;
- 4.1.2** elect or procure the election to receive only the Share Consideration for all the Relevant Shares and to execute all documents and do all acts, which may be required by CBMHL, the Share Registrar or Company Secretary of the Company or CDP to give effect to the election; and
- 4.1.3** not accept any other offer from any other party for all or any of the Relevant Shares.

The Undertaking Shareholders have further, in their capacities as Shareholders, agreed to be bound by certain non-solicitation restrictions during the term of the Deeds of Undertaking.

### 4.2 Termination

The Deeds of Undertaking will terminate upon the earliest of any of the following dates:

- 4.2.1** the Effective Date;
- 4.2.2** in the event the Amalgamation lapses or is terminated in accordance with its terms without the Amalgamation becoming effective for any reason other than a breach by the Undertaking Shareholders of any of their obligations in the Deeds of Undertaking, the date of lapsing or termination of the Amalgamation Agreement;
- 4.2.3** in the event a competing general offer for the Company is announced by a party other than CBMHL at a consideration of not less than S\$1.20 in cash per Share at any time after the Initial Joint Announcement is issued, the date on which such offer is announced; and

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**4.2.4** the date falling six (6) months from the Initial Joint Announcement Date.

**4.3 No Other Irrevocable Undertakings.** As at the Latest Practicable Date, save for the Deeds of Undertaking, neither CBMHL nor any of its concert parties have received any irrevocable undertaking from any party to vote in favour of the Amalgamation. Details of the Shares held by the Undertaking Shareholders, the CBCH II Management Co-Investors and the CBMI II Co-Investors prior to the Initial Joint Announcement Date are set out in Part 3 of Appendix 1 to this Amalgamation Document.

**4.4 SIC Confirmation.** The SIC has confirmed that the CBCH II Management Co-Investors (specifically Jose Calle Gordo, Li Bing Yung (Simon Li), Alexander Andrew Budiman and Wang Dan, and other than David Chin) will be permitted to vote on the Amalgamation at the 2016 SGM.

## 5. RATIONALE FOR THE AMALGAMATION AND FUTURE PLANS FOR THE COMPANY

### 5.1 Rationale

The rationale for the Amalgamation and Delisting is as follows:

#### 5.1.1 Amalgamation represents a Unique Opportunity for the CITICPE Entities.

The Amalgamation represents a unique opportunity for CITICPE Fund to expand its investment in the Company. CITICPE Fund has a strong presence in the PRC and is uniquely placed to partner with the Company's management team to invest in and grow the business, particularly in the PRC.

#### 5.1.2 Opportunity for Shareholders to Realise their Investments.

(a) **The Cash Consideration represents significant premiums over historical market prices of the Shares.**

Entitled Shareholders who/which elect to receive the Cash Consideration will have an opportunity to realise their investments in the Company for cash at significant premiums over the historical market prices of the Shares prior to the Initial Joint Announcement Date.

The figures set out in this paragraph 5.1.2 are based on data extracted from Bloomberg L.P. as at 23 October 2015, being the last full trading day (the "**Last Trading Day**") immediately prior to the Initial Joint Announcement Date.

The implied premiums of the Cash Consideration over the relevant closing prices and volume weighted average prices ("**VWAP**") of the Company are as follows:

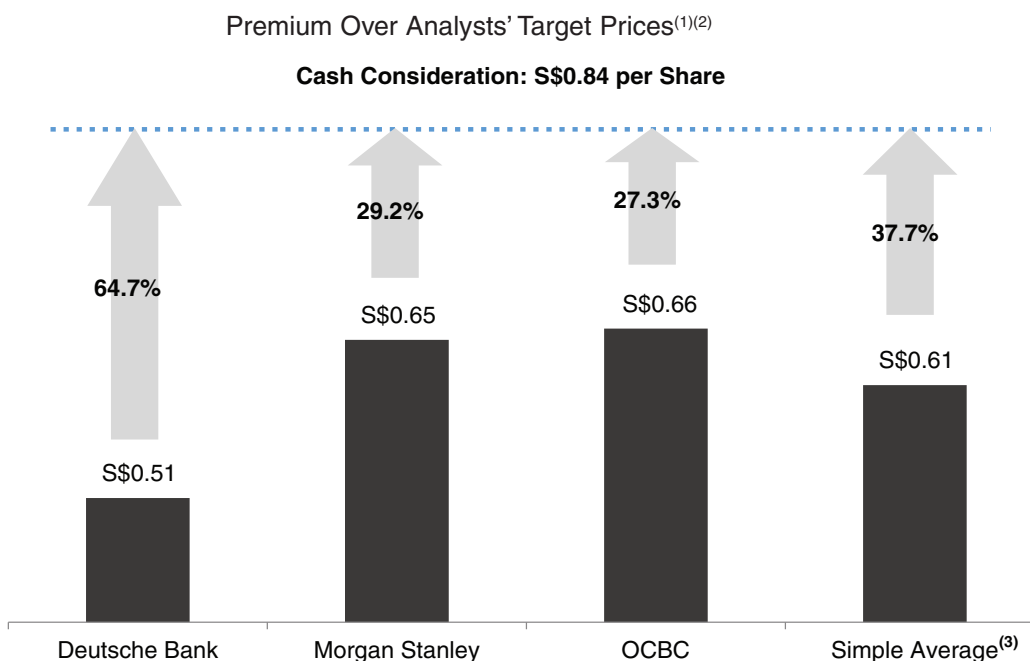
## LETTER TO SHAREHOLDERS

Premium over Historical Prices	Share Price <sup>(1)</sup> (S\$)	Premium to Share Price <sup>(2)</sup> (%)
(a) Last transacted price on the Last Trading Day	0.680	23.5%
(b) VWAP for the one (1)-month period prior to and including the Last Trading Day	0.683	23.0%
(c) VWAP for the three (3)-month period prior to and including the Last Trading Day	0.694	21.0%
(d) VWAP for the six (6)-month period prior to and including the Last Trading Day	0.744	12.9%
(e) VWAP for the 12-month period prior to and including the Last Trading Day	0.701	19.8%

**Notes:**

- (1) Share prices are rounded to three (3) decimal places.
- (2) Percentages rounded to the nearest one (1) decimal place.

**(b) The Cash Consideration significantly exceeds all analysts' target prices.**



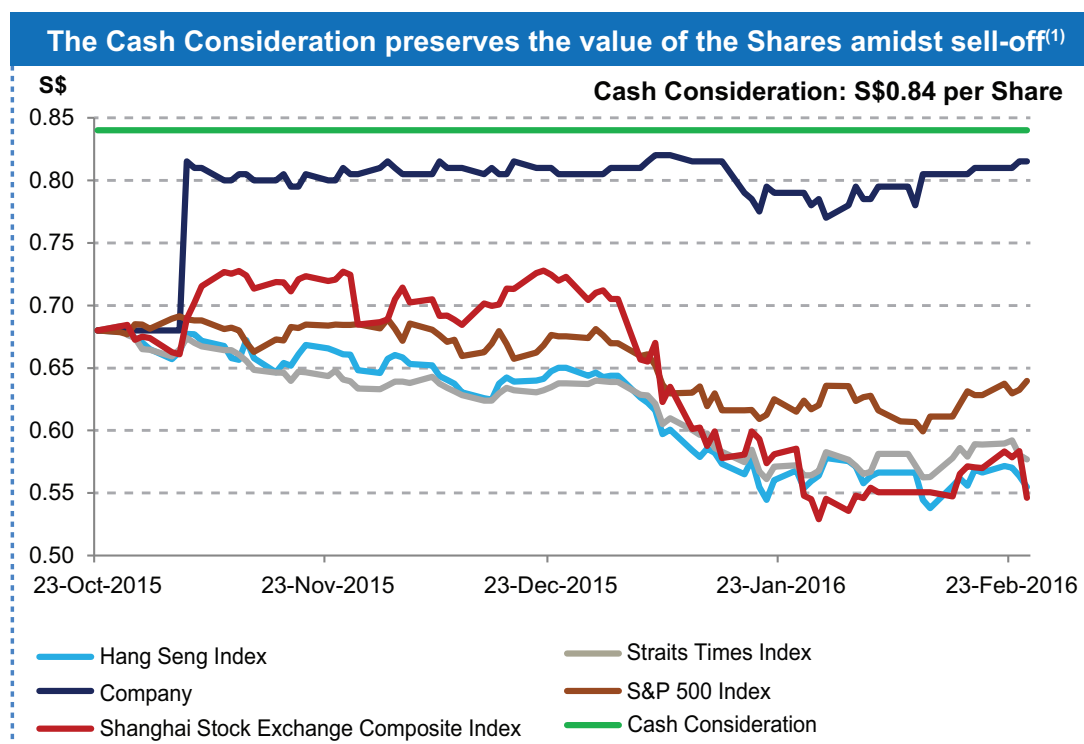
**Notes:**

- (1) Analysts' target prices are based on the latest analyst reports published in 2015 prior to the Initial Joint Announcement Date.
- (2) Percentages rounded to the nearest one (1) decimal place.
- (3) Computed based on the simple average of all analysts' target prices rounded to the nearest two (2) decimal places.

**(c) Despite the global equities sell-off, the Cash Consideration preserves the value of Shareholders' investment in the Shares.**

## LETTER TO SHAREHOLDERS

On the back of concerns over tumbling energy prices, lackluster growth outlook across major economies and the effectiveness of central bank policies, amongst others, there has been a steep sell-off in global equity markets in recent months, in particular since January 2016.



Between the Last Trading Day and the Latest Practicable Date, Hang Seng Index, Shanghai Stock Exchange Composite Index, Straits Times Index and S&P 500 Index had suffered declines of between 5.9% and 19.7% (please see the table below). However, during the same period, the Company's share price performance was well-supported by the Cash Consideration. **In addition, Shareholders will be offered the opportunity to exit at the Cash Consideration if the Amalgamation Resolution and the Delisting Resolution are approved at the 2016 SGM and the Amalgamation and the Delisting becomes effective and binding.**

Cash Consideration / Company / Index	Returns <sup>(2)</sup>
Cash Consideration	23.5%
Company	19.9%
S&P 500 Index <sup>(3)</sup>	-5.9% <sup>(3)</sup>
Straits Times Index	-15.2%
Hang Seng Index	-18.4%
Shanghai Stock Exchange Composite Index	-19.7%

**Notes:**

- (1) Hang Seng Index, Shanghai Stock Exchange Composite Index, Straits Times Index and S&P 500 Index have been rebased to the last transacted share price of the Company on the Last Trading Day.
- (2) Performance between the Last Trading Day and the Latest Practicable Date.
- (3) As at market close on 25 February 2016, U.S. Central Time.

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## LETTER TO SHAREHOLDERS

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### 5.2 Existing Business and Future Plans.

It is the intention of the CITICPE Entities for the Group to continue the development of its existing businesses (including the existing business of the Company, the details of which are set out in paragraph 2 of the Amalgamation Document). Following completion of the Amalgamation, the CITICPE Entities will conduct a strategic review of the Group with the aim of formulating and executing strategies to further develop the business and will consider all strategic options or opportunities available to it including pursuing investment opportunities and acquisitions, undertaking an initial public offering or developing new growth initiatives.

Save as set out in the foregoing, the CITICPE Entities currently have no intention of (a) making material changes to the existing businesses, (b) re-deploying the fixed assets, or (c) discontinuing the employment of the existing employees of the Group. The directors of the CITICPE Entities retain the flexibility at any time to consider any options and opportunities including the restructuring of their subsidiaries which may present themselves and which they may regard to be in the interests of the CITICPE Entities.

### 6. FINANCING FOR THE CASH CONSIDERATION

As at the Latest Practicable Date, CBMHL had entered into a commitment letter dated 9 October 2015, for the purpose of funding the Amalgamation, with Bank of China Limited, Macau Branch and Bank of China Limited, Singapore Branch (as mandated lead arrangers and underwriters) for the facilities of up to:

- (a) US\$80,000,000 (or equivalent) cash bridge loan facility ("**Facility A**");
- (b) US\$140,000,000 (or equivalent) term loan facility ("**Facility B**"); and
- (c) US\$380,000,000 (or equivalent) term loan facility ("**Facility C**", and together with Facility A and Facility B, the "**Facilities**"). The available amount of Facility C is the lower of (i) the amount equal to 60% of the total capitalisation of the Company calculated on the basis of the Cash Consideration per Share, less US\$220,000,000; and (ii) US\$380,000,000.

The interest rate on each of Facility A and Facility B for each interest period relating thereto is the percentage rate per annum which is the aggregate of (i) a margin of 2.25 per cent. per annum; and (ii) the London Interbank Offered Rate ("**LIBOR**") for such loan and such interest period (in the case of US dollar loan) or the Singapore Interbank Offered Rate ("**SIBOR**") for such loan and such interest period (in the case of Singapore dollar loan) or the Euro Interbank Offered Rate ("**EURIBOR**") for such loan and such interest period (in the case of euro loan). The interest rate on Facility C for each interest period relating thereto is the percentage rate per annum which is the aggregate of (A)(1) a margin of 3.50 per cent. per annum; and (2) LIBOR for such loan and such interest period (in the case of US dollar loan) or SIBOR for such loan and such interest period (in the case of Singapore dollar loan); or (B)(1) a margin of 3.20 per cent. per annum; and (2) EURIBOR for such loan and such interest period (in the case of euro loan).

The final maturity date of Facility A is one (1) year from the first utilisation date of such facility. The final maturity dates of Facility B and Facility C are three (3) years and five (5) years, respectively, each from the execution date of the relevant facility agreement.

The securities provided for the Facilities are customary securities for transactions of a similar nature which mainly include account charges, share charges, security assignment of intercompany loans, and security over material assets. The entire issued share capital in CBMHL, CBCH I and the Amalgamated Company will be charged and made subject to security in favour of Bank of China Limited, Singapore Branch (as security agent or trustee), and guarantees and security over assets (including without limitation share and equity interests in subsidiaries, and bank accounts) will be granted by one or more of the CITICPE Entities, the Amalgamated Company and their respective direct or indirect subsidiaries in favour of Bank of China Limited, Singapore

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## LETTER TO SHAREHOLDERS

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Branch (as security agent or trustee) and other finance parties and secured parties, (in each case) in connection with the financing. The obligations of CBMHL in respect of the financing will be assumed by and will be binding upon the Amalgamated Company upon the effectiveness of the Amalgamation.

### 7. MATERIAL TERMS OF AMALGAMATION

A summary of the key terms of the Amalgamation Agreement is set out in Appendix 1 to this Amalgamation Document.

#### 7.1 Amalgamation Conditions

**7.1.1 Amalgamation Conditions.** The Amalgamation is conditional upon the satisfaction or waiver (as the case may be) of a number of conditions precedent which are set out in Part 1 of Appendix 1 to this Amalgamation Document.

##### 7.1.2 Update on Amalgamation Conditions

- (a) **Consent of Noteholders.** On 7 January 2016, meetings of the Noteholders were held to obtain the consent of the relevant Noteholders for the matters set out in section (i) of Part 1 of Appendix 1 to this Amalgamation Document (each, a "**MTN Consent**"). As stated in the announcement released by the Company on 7 January 2016, the extraordinary resolutions in respect of the MTN Consent (each, a "**Noteholders' Resolution**") were unanimously passed without any amendments by the Noteholders who voted.

Pursuant to the passing of the Noteholders' Resolutions by the Noteholders, the Company, Biosensors Investment (Singapore) Pte. Ltd. (the "**Issuer**") and the Bank of New York Mellon, Singapore Branch, acting in its capacity as trustee for the Noteholders, will enter into a supplemental trust deed to provide for, *inter alia*, the inclusion, upon the Amalgamation becoming effective and binding in accordance with its terms, of an option (the "**Call Option**") granted to the Issuer which would allow the Issuer to redeem all (and not some only) of the Notes then outstanding (other than Notes which have already been accepted for purchase by the Issuer) by giving not less than five Business Days' notice, on any date falling within 60 days of the Effective Date.

The Issuer fully intends to exercise the Call Option so that all the Notes will be redeemed within 60 days of the Effective Date.

- (b) **SIC Confirmations.** The SIC has confirmed on 11 June 2015, 2 November 2015 and 10 February 2016, *inter alia*, that:
- (i) rules 20.1, 22, 28, 29 and Note (f) on the Definition of Offer of the Take-over Code will not apply to the Amalgamation, subject to the Amalgamation being effective by 5.30 p.m. on 10 April 2016; and
  - (ii) it has no objections to the Amalgamation Conditions.
- (c) The Company has fully repaid all amounts due and outstanding under the loan with Deutsche Bank AG, Singapore Branch, in relation to facility agreements dated 9 November 2012 and 14 November 2014, by and between Deutsche Bank AG, Singapore Branch, as lender, and the Company, as amended from time to time pursuant to the terms thereof.

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## LETTER TO SHAREHOLDERS

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- (d) The Company had on 29 January 2016 received the confirmation from United Overseas Bank that it has no objections to the Amalgamation subject to (i) any security granted in their favour and/or parties' rights under the facility letters with United Overseas Bank remaining otherwise unchanged (save for the previously agreed waiver of the financial covenants), and (ii) the Company keeping the United Overseas Bank informed of the date of completion of the Amalgamation.
- (e) Other than as set out in this paragraph 7.1.2, none of the other Amalgamation Conditions have, as at the Latest Practicable Date, been satisfied or waived.

**7.1.3 Interested Person Transaction.** The SGX-ST had on 29 December 2015 ruled that the Amalgamation is in essence a privatisation for a delisting exercise. As such, the Amalgamation does not have to comply with the interested person transaction rules under Chapter 9 of the Listing Manual.

### 7.2 Benefit of Amalgamation Conditions

**7.2.1 CBCH I's Benefit.** CBCH I alone may waive the Amalgamation Conditions in paragraph (c) (in relation to Prescribed Occurrences set out in Part 2 of Appendix 1 to this Amalgamation Document relating to the Company and its subsidiaries (collectively, the "**Group**" and each, a "**Group Company**")) and paragraphs (d) to (k) of Part 1 of Appendix 1 to this Amalgamation Document. Any breach or non-fulfilment of any such Amalgamation Conditions may be relied upon only by CBCH I. CBCH I may at any time and from time to time at its sole and absolute discretion waive any such breach or non-fulfilment.

**7.2.2 The Company's Benefit.** The Company alone may waive the Amalgamation Conditions in paragraph (c) (in relation to Prescribed Occurrences relating to the CITICPE Entities) of Part 1 of Appendix 1 to this Amalgamation Document and paragraphs (l) to (n) of Part 2 of Appendix 1 to this Amalgamation Document. Any breach or non-fulfilment of any such Amalgamation Conditions may be relied upon only by the Company. The Company may at any time and from time to time at its sole and absolute discretion waive any such breach or non-fulfilment.

**7.2.3 Non-Waiver.** The Amalgamation Conditions in paragraphs (a) and (b) of Part 1 of Appendix 1 to this Amalgamation Document are not capable of being waived by any party or all parties.

### 7.3 Termination

**7.3.1 Right to Terminate.** The Amalgamation Agreement provides that the Amalgamation Agreement may be terminated at any time prior to the Record Date notwithstanding any requisite adoption of the Amalgamation Agreement (*provided* that the party seeking termination does so only after it has had prior consultation with the SIC and the SIC gives its approval for, or states that it has no objection to, such termination):

- (a) **Non-fulfilment of Conditions Precedent:** by either CBCH I or the Company, if any Amalgamation Condition in Part 1 of Appendix 1 to the Amalgamation Document shall not have been satisfied or if the Effective Date shall not have occurred on or before nine (9) months from the date of the Amalgamation Agreement (or such later date as the parties may agree in writing); *provided however*, that the right to terminate the Amalgamation Agreement shall not be available to any party whose failure to fulfil any obligation under the Amalgamation Agreement shall have caused, or resulted in, the failure of the Effective Date to occur on or before such date;

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## LETTER TO SHAREHOLDERS

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- (b) **Regulatory Action:** by either CBCH I or the Company, if any cease and desist or other order, writ, judgment, injunction, consent or other decree, stipulation, determination or award by or with any governmental entity ("**Governmental Order**") preventing the consummation of the Amalgamation shall have been entered by any court of competent jurisdiction and shall have become final and non-appealable; *provided however*, that no party may terminate the Amalgamation Agreement unless that party first shall have used reasonable best efforts to prevent the entry of and to procure the removal, reversal, dissolution, setting aside or invalidation of such Governmental Order;
- (c) **Shareholders' Approval:** by either CBCH I or the Company, if the Amalgamation Agreement is brought to a vote and shall fail to receive the Requisite Approval for adoption at the 2016 SGM or any adjournment or postponement thereof;
- (d) **Company's Breach:** by CBCH I, either (i) immediately after the occurrence of a non-curable material breach of any representation, warranty, covenant or agreement of the Company set forth in the Amalgamation Agreement (other than a provision which is qualified by a materiality test, in which case any breach shall suffice) or (ii) 20 days after receipt by the Company of a written notice from CBCH I of the occurrence of a curable material breach of any representation, warranty, covenant or agreement on the part of the Company set forth in the Amalgamation Agreement that has not been cured in its entirety within such time period (other than a provision which is qualified by a materiality test, in which case any breach shall suffice); *provided however*, that CBCH I shall not have the right to terminate the Amalgamation Agreement if CBCH I is then in material breach of any of its covenants, agreements or representations and warranties contained in the Amalgamation Agreement; or
- (e) **CITICPE Entities' Breach:** by the Company, either (i) immediately after the occurrence of a non-curable material breach of any representation, warranty, covenant or agreement of any of the CITICPE Entities set forth in the Amalgamation Agreement (other than a provision which is qualified by a materiality test, in which case any breach shall suffice) or (ii) twenty (20) days after receipt by CBCH I of a written notice from the Company of the occurrence of a curable material breach of any representation, warranty, covenant or agreement on the part of any of the CITICPE Entities set forth in the Amalgamation Agreement that has not been cured in its entirety within such time period (other than a provision which is qualified by a materiality test, in which case any breach shall suffice); *provided however*, that the Company shall not have the right to terminate the Amalgamation Agreement if the Company is then in material breach of any of its covenants, agreements or representations and warranties contained in the Amalgamation Agreement.

**7.3.2 Effect of Termination of the Amalgamation Agreement.** In the event of termination of the Amalgamation Agreement pursuant to the terms of the Amalgamation Agreement, the Amalgamation Agreement shall forthwith become void, there shall be no liability under the Amalgamation Agreement on the part of any party thereto or any of its affiliates or any of its, or their officers, directors, employees, agents or advisers, and all rights and obligations of each party shall cease (except for certain surviving provisions such as those relating to confidentiality and governing law); *provided, however*, that nothing in the Amalgamation Agreement shall relieve any party thereto from liability for antecedent breaches.



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## LETTER TO SHAREHOLDERS

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### 8. SUMMARY OF THE EFFECT OF THE AMALGAMATION

#### 8.1 On Optionholders and Awardholders

##### 8.1.1 Optionholders

Pursuant to Rule 9.1 of the ESOS, and subject to Rule 9.5 of the ESOS, in the event of a take-over offer whether voluntary, mandatory or partial being made for the Shares or any event occurs which would result in a Change in Control (as defined in the ESOS), all Options which have not been vested shall vest immediately and a participant shall be entitled to exercise any Option held by him and as yet unexercised, in respect of such number of Shares comprised in that Option in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, or the occurrence of such event resulting in a Change in Control and ending on the earlier of: (a) the expiry of six (6) months thereafter, unless prior to the expiry of such six (6)-month period, at the recommendation of the officer and with the approvals of the Compensation Committee and the Stock Exchange (as defined in the ESOS), such expiry date is extended to a later date (in either case, being a date falling not later than the expiry of the exercise period relating thereto); or (b) the date of expiry of the exercise period relating thereto, whereupon the Option then remaining unexercised shall lapse, provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Bermuda Companies Act and, being entitled to do so, gives notice to the participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the participant until the expiry of such specified date or the expiry of the exercise period relating thereto, whichever is earlier. Any Option not so exercised shall lapse provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Option shall, notwithstanding Rule 8 of the ESOS, remain exercisable until the expiry of the Exercise Period relating thereto.

On the basis that the approval at the 2016 SGM will be the last outstanding condition precedent, the Compensation Committee has resolved, *inter alia*, that: the proposed Amalgamation should be treated as a "Change in Control" event and that consequently, (i) unvested Options should vest (and become exercisable) on the date of approval at the 2016 SGM, and (ii) the "Exercise Period" be defined as from the "date of vesting" till the "date of Amalgamation".

Optionholders who exercise their Options and receive Shares before the Books Closure Date shall have the same rights as Shareholders as set out in paragraph 8.2 of this Letter.

##### 8.1.2 Awardholders

Pursuant to Rule 6.3 of the PSP, if before the Vesting Date, a take-over offer for the Shares whether voluntary, mandatory or partial is made, or any event occurs which would result in a Change in Control (as defined in the PSP) of the Company, all Awards shall immediately be Released (as defined in the PSP) and Shares which are the subject of a Released Award shall be Vested (as defined in the PSP) to a participant on the Vesting Date which shall be a trading day falling immediately after the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, or the occurrence of such event resulting in a Change in Control. Where Awards are Released, the Compensation Committee will, as soon as practicable after the Awards have been Released, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7.

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## LETTER TO SHAREHOLDERS

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On the basis that the approval at the 2016 SGM will be the last outstanding condition precedent, the Compensation Committee has resolved, *inter alia*, that (i) the proposed Amalgamation should be treated as a “Change in Control” event, (ii) consequently, unvested Performance Shares should vest on the trading day after the date of approval at the 2016 SGM, and (iii) the “Transfer Date” for Performance Shares be defined as no later than 5 working days after the “Release Date”.

Holders of Awards who receive Shares before the Books Closure Date shall have the same rights as Shareholders as set out in paragraph 8.2 of this Letter.

### 8.2 On Shareholders

**8.2.1** On the Effective Date, each issued Share as at the Books Closure Date (other than an Excluded Share) will, by virtue of the Amalgamation, be cancelled in exchange for the right to receive, at the election of the holder of such Share (in respect of the Share Consideration only by validly completing, signing and returning the relevant Election Form) either:

- (a) the Cash Consideration, the aggregate amount of which is payable to that Entitled Shareholder as at the Books Closure Date and rounded down to the nearest whole cent (the Cash Consideration will be sent to the Entitled Shareholder within seven (7) business days of the Effective Date (A) in respect of an Entitled Shareholder holding Shares in scrip form, to such Entitled Shareholder (or his/its designated agent or, in the case of joint Shareholders who/which have not designated any agent, to the one first named in the register of members of the Company)) at his/its registered address as shown in the register of members of the Company, or (B) in respect of a Depositor holding Shares through the CDP, by the CDP as processing agent); or
- (b) the Share Consideration, such New CBCH II Share(s) to be allotted and issued within seven (7) business days of the Effective Date by entering the electing Entitled Shareholder's name in the register of members of CBCH II, provided that:
  - (i) such Entitled Shareholder shall not be a resident, as at the Books Closure Date, of an Excluded Jurisdiction; and
  - (ii) such Entitled Shareholder complies with the applicable know-your-client and anti-money laundering requirements under the laws of the Cayman Islands set out in paragraph 2.2 of the Letter from CBMHL to Shareholders in Appendix 4 to this Amalgamation Document.

**8.2.2** Any Entitled Shareholder who/which (i) fails to validly elect to receive the Cash Consideration or the Share Consideration, (ii) is a resident of an Excluded Jurisdiction; or (iii) fails to meet the applicable know-your-client and anti-money laundering requirements under the laws of the Cayman Islands, will be deemed to have elected to receive the Cash Consideration in respect of all of his/its Shares.

**8.2.3** If, based on legal advice of counsel, CBCH II and CBCH I reasonably determine that any Entitled Shareholder who/which has elected to receive the Share Consideration is a resident of an Excluded Jurisdiction, CBCH II and CBCH I shall have the right to pay to such Entitled Shareholder, the applicable aggregate Cash Consideration (in lieu of the Share Consideration that has been elected by such Entitled Shareholder).

**8.2.4 Options to Purchase Company Shares.** The Optionholders under the ESOS shall be entitled to exercise their Options to receive Shares, and the Awards Holders under the PSP shall be entitled to be issued Shares, as applicable, pursuant to the terms thereof upon the Requisite Approval being obtained.

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## LETTER TO SHAREHOLDERS

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### 8.3 On the Company and CBMHL

**8.3.1** On the Effective Date, each issued Excluded Share as at the Books Closure Date shall be cancelled without any consideration or repayment of capital in respect thereof or any conversion thereof. Each issued CBMHL Share as at the Books Closure Date will be converted into one (1) fully paid and non-assessable share of par value US\$0.01 in the capital of the Amalgamated Company. As a result of the Amalgamation, the memorandum of association and bye-laws of CBMHL shall and without any further action by the Company, be the memorandum of association and bye-laws of the Amalgamated Company, until amended in accordance with the provisions thereof and the Bermuda Companies Act. From and after the Effective Date, the directors of CBMHL immediately prior to the Effective Date, namely Bin Wu and Dong Liu, shall be the directors of the Amalgamated Company until their respective successors are duly elected or appointed and qualified or their earlier death, resignation or removal in accordance with the Amalgamated Company's memorandum of association and bye-laws.

**8.3.2** In accordance with the Bermuda Companies Act, on the date shown in the Certificate of Amalgamation:

- (a) the amalgamation of the Company and CBMHL and their continuance as one (1) company (being the Amalgamated Company) shall become effective;
- (b) the property of each of the Company and CBMHL shall become the property of the Amalgamated Company;
- (c) the Amalgamated Company will continue to be liable for the obligations of each of the Company and CBMHL;
- (d) an existing cause of action, claim or liability to prosecution of the Company or CBMHL will be unaffected;
- (e) a civil, criminal or administrative action or proceeding pending by or against the Company or CBMHL may be continued to be prosecuted by or against the Amalgamated Company;
- (f) a conviction against, or ruling, order or judgment in favour of, or against, the Company or CBMHL may be enforced by or against the Amalgamated Company; and
- (g) the Certificate of Amalgamation is deemed to be the certificate of incorporation of the Amalgamated Company (however, the respective dates of incorporation of the Company or CBMHL shall remain that of their original incorporation dates and shall not be altered by the Amalgamation).

### 9. APPROVAL OF THE AMALGAMATION AND DELISTING AT THE 2016 SGM

Bye-law 78 of the Bye-laws provides that for purposes of Section 106 of the Bermuda Companies Act, a Special Resolution (as defined in the Bye-laws) of the Company is required to approve the Amalgamation Agreement. "Special Resolution" is defined in the Bye-laws to mean a resolution "passed by a majority of not less than three-fourths of the votes cast by such shareholders as, being entitled so to do, vote in person or where a corporate representative is allowed, by duly authorised corporate representative or, where proxies are allowed, by proxy at a general meeting of which not less than twenty-one days' notice, specifying ... the intention to propose the resolution as a Special Resolution, has been duly given..."

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## LETTER TO SHAREHOLDERS

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Having regard to the foregoing, the Amalgamation Resolution must be approved by a majority vote of three-fourths of the votes cast at the 2016 SGM by Shareholders other than CBMHL or persons acting in concert with it or as otherwise may be prescribed by SIC, at which a quorum of two (2) persons holding or representing by proxy more than one-third of the issued Shares of the Company is present (the “**Requisite Approval**”).

Further to the SGX ruling on 1 February 2016 as described in paragraph 1.3 of this Letter, the Company will be required to pass by Special Resolution a separate Delisting Resolution, which will be inter-conditional with the Amalgamation Resolution. Such Delisting Resolution must be approved by a majority of at least 75% of the total number of issued Shares held by Shareholders (excluding treasury shares) present and voting, either in person or by proxy at the 2016 SGM. The Delisting Resolution must not be voted against by 10% or more of the total number of issued Shares held by Shareholders (excluding treasury shares) present and voting, in person or by proxy at the 2016 SGM. The Directors and controlling Shareholders of the Company (including CBMHL and its concert parties) need not abstain from voting on the Delisting Resolution. This Delisting Resolution is subject to and conditional on the Requisite Approval being obtained for the Amalgamation.

Subject to and conditional on the passing of the Amalgamation Resolution and the Delisting Resolution, to allow for the issuance of Shares under the ESOS and PSP in connection with the Amalgamation and Delisting, the approval of Shareholders by ordinary resolution (the “**ESOS and PSP Resolutions**”) is also required to grant the Directors the authority to allot and issue such number of Shares as may be required to be issued from time to time pursuant to the exercise of options granted under the ESOS and/or the vesting of awards under the PSP.

Accordingly, the Directors have convened the 2016 SGM for the purposes of considering and, if thought fit, approving the Amalgamation Resolution, the Delisting Resolution and the ESOS and PSP Resolutions. Notice of the 2016 SGM is set out in Appendix 8 to this Amalgamation Document. The Company would like to extend an invitation to Shareholders to attend the 2016 SGM to be held at Genting Ballroom, Genting Hotel Jurong, Level 1, 2 Town Hall Link, Singapore 608516 on 5 April 2016 at 10.00 a.m. (Singapore time).

All persons who/which are Shareholders as at seventy-two (72) hours prior to the 2016 SGM (or adjourned 2016 SGM) will be entitled to attend and vote at the 2016 SGM (or adjourned 2016 SGM). Shareholders do not have to attend the 2016 SGM personally in order to vote on the Amalgamation and can vote by proxy.

The appointment of a proxy does not preclude a Shareholder from voting in person at the 2016 SGM if the Shareholder subsequently finds that he is able to personally attend the 2016 SGM. A Shareholder may revoke his appointment of a proxy prior to its exercise by (a) delivering a fresh Proxy Form dated later than the initial Proxy Form at least forty-eight (48) hours prior to the 2016 SGM (or adjourned 2016 SGM, as the case may be) to the Company's Singapore Share Registrar, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902; (b) delivering a written revocation of the proxy so as to be received by the Company at the office of its Singapore Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902 at least two (2) hours before the commencement of the 2016 SGM (or adjourned 2016 SGM, as the case may be); or (c) attending the 2016 SGM in person and voting in person.

Please refer to the section of this Amalgamation Document, “**ACTION TO BE TAKEN**”, which explains the procedure for voting at the 2016 SGM.

Completion of the Amalgamation is conditional upon the satisfaction or waiver of the Amalgamation Conditions including approval of the Amalgamation by Shareholders. Subject to the satisfaction or waiver of all Amalgamation Conditions, the Amalgamation is currently anticipated to be effective no later than 8 April 2016.

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## LETTER TO SHAREHOLDERS

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### 10. APPRAISAL RIGHTS UNDER SECTION 106(6) OF THE BERMUDA COMPANIES ACT

- 10.1** Pursuant to Section 106(6) of the Bermuda Companies Act, any Shareholder who did not vote in favour of the Amalgamation and who is not satisfied that he/she has been offered fair value for his/her Shares may, within one (1) month of the giving of the Notice of 2016 SGM, apply to the Court to appraise the fair value of his/her Shares. For purposes of this paragraph 10, Shareholders who did not vote in favour of the Amalgamation and who make an application to the Court pursuant to section 106(6) of the Bermuda Companies Act and who comply with all the provisions of the Bermuda Companies Act concerning their appraisal rights are hereinafter referred to as the “**Dissenting Shareholders**” and the Shares held by such Dissenting Shareholders are hereinafter referred to as the “**Dissenting Shares**”. Notwithstanding anything in the Amalgamation Agreement to the contrary, all Shares (including all Dissenting Shares) outstanding as at the Books Closure Date shall be cancelled on the Effective Date (currently expected to be 8 April 2016). If a Dissenting Shareholder fails to perfect effectively, withdraws or waives or loses his statutory appraisal rights, such Dissenting Shareholder shall be entitled to receive the aggregate Cash Consideration in respect of the Dissenting Shares.

For the purposes of Section 106(2)(b) of the Bermuda Companies Act, the Cash Consideration of S\$0.84 in cash per Share has been determined as the fair value of the Shares by the directors of CBMHL and the Independent Directors. All Shareholders (including Dissenting Shareholders) are entitled to be paid the fair value of their Shares.

Shareholders should note that if they do not exercise their appraisal rights by making an application to the Court under the appropriate procedure within one (1) month of the giving of the Notice of 2016 SGM (i.e. by 3 April 2016), Shareholders will lose their appraisal rights.

Within one (1) month of the Court appraising the value of any Dissenting Shares, if the value of the Cash Consideration is less than the value of any Dissenting Shares appraised by the Court, the Amalgamation may, subject to paragraph 7.3 of this Letter, be terminated or, alternatively, CBMHL may pay the value of the Dissenting Shares as appraised by the Court to the Dissenting Shareholders.

Dissenting Shareholders should note that if they exercise their appraisal rights under Section 106(6) of the Bermuda Companies Act and the Amalgamation Agreement is not terminated, Dissenting Shareholders will be bound by the Amalgamation and their Shares will be cancelled in accordance with the terms of the Amalgamation Agreement. Such Dissenting Shareholders will not receive any consideration for their Dissenting Shares or shares in the Amalgamated Company until such time as the Court has appraised the value of their Dissenting Shares.

Dissenting Shareholders should note that no appeal shall lie from an appraisal by the Court, and the costs of an application to the Court shall be in the discretion of the Court.

- 10.2** Depositors and persons who/which do not hold Shares in their own name in the Company’s register of members but who/which may have an interest in Shares who/which are not satisfied that they have been offered fair value for their Shares, are to take note that they are not entitled to exercise any rights under Section 106(6) of the Bermuda Companies Act directly and must, without delay, make appropriate arrangements with the nominee who/which holds the legal title to their Shares (a) to not vote in favour of the Amalgamation at the 2016 SGM and (b) to exercise any appraisal rights. Alternatively, Depositors and persons who/which do not hold Shares in their own name must make all arrangements necessary to have their Shares registered in their own name in sufficient time prior to the 2016 SGM to exercise their appraisal rights themselves.

### 11. NO CASH OUTLAY

Subject to the Court’s decision on the costs of an application (if any) made to the Court for an appraisal pursuant to Section 106(6) of the Bermuda Companies Act, Shareholders should note that no cash outlay (including any stamp duties or brokerage expenses) will be required from the Shareholders under the Amalgamation.

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## LETTER TO SHAREHOLDERS

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### 12. WAIVER OF RIGHTS TO A GENERAL OFFER

Shareholders should note that by voting for the Amalgamation, Shareholders are agreeing to CBMHL and its concert parties acquiring or consolidating effective control of the Company without having to make a general offer for the Company.

### 13. FINANCIAL EVALUATION OF THE CASH CONSIDERATION

The figures set out in this paragraph are based on data extracted from Bloomberg as at 23 October 2015 being the last full trading day immediately prior to the date of the Initial Announcement. The implied premium of the Cash Consideration over the relevant closing prices and VWAP of the Company is as follows:

	Share Price <sup>(1)</sup> (S\$)	Premium to Share Price <sup>(2)</sup> (%)
Last transacted price on the Last Trading Day	0.680	23.5%
VWAP for the one (1)-month period prior to and including the Last Trading Day	0.683	23.0%
VWAP for the three (3)-month period prior to and including the Last Trading Day	0.694	21.0%
VWAP for the six (6)-month period prior to and including the Last Trading Day	0.744	12.9%
VWAP for the twelve (12)-month period prior to and including the Last Trading Day	0.701	19.8%

**Notes:**

(1) Share prices set out in the table above are rounded to three (3) decimal places.

(2) Percentages rounded to the nearest decimal place.

### 14. CLOSURE OF BOOKS

#### 14.1 Notice of Books Closure

Subject to the approval by Shareholders of the Amalgamation at the 2016 SGM, notice of the Books Closure Date will be given in due course for the purposes of determining the entitlements of the Entitled Shareholders to the Amalgamation Consideration under the Amalgamation.

The Books Closure Date is tentatively scheduled to be 7 April 2016 at 5.00 p.m.

#### 14.2 Books Closure

No transfer of the Shares where the certificates relating thereto are not deposited with CDP may be effected after the Books Closure Date.

#### 14.3 Trading in Shares on the SGX-ST

The Amalgamation is tentatively scheduled to become effective and binding on or about 8 April 2016 and accordingly (assuming the Amalgamation becomes effective and binding on 8 April 2016), the Shares are expected to be delisted and withdrawn from the Official List of the SGX-ST after payment of the Amalgamation Consideration. It is therefore expected that, subject to the approval of the SGX-ST, the Shares will cease to be traded on the SGX-ST on or about 4 April 2016 at 5.00 p.m., being three (3) Market Days before the expected Books Closure Date. Shareholders (not being Depositors) who/which wish to trade in their Shares on the SGX-ST are required to deposit with CDP their certificates relating to their Shares, together with the duly executed instruments of transfer in favour of CDP, fifteen (15) Market Days prior to the tentative last day for trading of the Shares.

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## LETTER TO SHAREHOLDERS

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### 15. SETTLEMENT AND REGISTRATION PROCEDURES

Subject to the Amalgamation becoming effective and binding, the settlement and registration procedures set out in the Letter from CBMHL to Shareholders in Appendix 4 to this Amalgamation Document will apply.

### 16. DELISTING

As set out above, upon the approval of the Delisting Resolution and the resolution approving the Amalgamation Agreement and the transactions contemplated in the Amalgamation Agreement (including the Amalgamation) as set out in paragraph 11.1 of the Initial Joint Announcement, and upon the Amalgamation becoming effective and binding, the Company will be delisted from the Official List of the SGX-ST.

### 17. CONFIRMATION OF FINANCIAL RESOURCES

As stated in paragraph 13.2 of the Letter from CBMHL to Shareholders in Appendix 4, Morgan Stanley Asia (Singapore) Pte. and DBS Bank Ltd., being the joint financial advisers to CBMHL in connection with the Amalgamation, confirm that sufficient financial resources are available to CBMHL to satisfy in full the aggregate Cash Consideration payable on the basis that all the Entitled Shareholders (excluding the Undertaking Shareholders and the CBCH II Management Co-Investors who have undertaken to elect to receive only the Share Consideration pursuant to the Deeds of Undertaking and the Management Subscription Agreement respectively) elect to receive the Cash Consideration.

### 18. INDEPENDENT FINANCIAL ADVISER TO THE DIRECTORS

#### 18.1 Appointment of IFA

Evercore Asia (Singapore) Pte. Ltd. has been appointed as the independent financial adviser to advise the Independent Directors in respect of the Amalgamation and the Delisting and to opine on the Management Equity Arrangements. Shareholders should consider carefully the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors before deciding whether or not to vote in favour of the Amalgamation and the Delisting. The advice of the IFA to the Independent Directors is set out in its letter dated 3 March 2016 (the "**IFA Letter**") as set out in Appendix 3 to this Amalgamation Document.

#### 18.2 IFA's Advice on the Amalgamation and the Delisting

After having regard to the considerations set out in the IFA Letter, and based on the information available to the IFA as at 23 February 2016, the IFA has made certain recommendations to the Independent Directors in respect of the Amalgamation and the Delisting, an extract of which is reproduced in italics below. All terms and expression used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated.

Shareholders should read the following in conjunction with, and in the context of, the IFA Letter in its entirety as set out in Appendix 3 to this Amalgamation Document.

The extracts on the IFA's considerations relating to the Share Consideration are as follows:

#### ***"Share Consideration***

*In arriving at our opinion on the terms of the Share Consideration, we have considered the financial and other information that have been made available to us, and have taken into consideration, inter alia, the following factors:*

- (i) the Share Consideration does not incorporate any control premium;*
- (ii) high levels of acceptance of the Cash Consideration may result in CBCH II becoming highly indebted, increasing the financial risks to Shareholders who accept the Share Consideration<sup>(1)</sup>;*

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## LETTER TO SHAREHOLDERS

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- (iii) *high levels of acceptance of the Cash Consideration may result in CBCH II's net tangible asset position becoming negative<sup>(1)</sup>;*
- (iv) *Shareholders who accept the Share Consideration will be exchanging shares in a publicly listed company traded on a regulated stock exchange for shares in an unlisted private company;*
- (v) *shares in unlisted private companies typically lack liquidity and marketability and as a consequence, ceteris paribus, are generally valued at a discount compared to publicly listed companies;*
- (vi) *in the absence of an IPO, shares in CBCH II are subject to a four (4) year "lock-up" which means that Shareholders who accept the Share Consideration will be further limited in relation to their ability to sell their shares<sup>(2)</sup>;*
- (vii) *the occurrence and timing for an eventual IPO or other liquidity event (including by way of trade sale) for Shareholders who accept the Share Consideration is uncertain;*
- (viii) *the disclosure and financial reporting for an unlisted private company such as CBCH II is not expected to be as comprehensive and frequent as that required of a company listed on the SGX-ST. In addition, certain shareholder protections that are typically available to shareholders of a publicly listed company (such as those accorded under the SGX-ST Listing Manual and the Code) will not be available in the case of holders of unlisted private shares; and*
- (ix) *Shareholders who accept the Share Consideration will be subject to drag-along rights and should CBMIL exercise these rights, Shareholders will have no further option to retain their shares in CBCH II should they wish to.<sup>(3)</sup>*

***Based upon, and subject to the foregoing, we are of the opinion as at the IFA Reference Date, that from a financial point of view, the Share Consideration is not fair and not reasonable.***

**Notes:**

In respect of the above considerations, Shareholders may wish to note the following:

- (1) In respect of considerations (ii) and (iii), higher levels of acceptance of the Cash Consideration may result in CBCH II becoming highly indebted and may result in CBCH II's net tangible asset position becoming negative as more cash/bank borrowings would be required to fund the acceptances of the Cash Consideration. In this regard, please refer to the detailed write-ups of the IFA in section 7.1 on "Shareholdings, Control and Financial Leverage" of the IFA Letter (pages A3-51 to A3-54).
- (2) In respect of consideration (vi), the "four-year lock-up period" is due to restrictions in Article 7A.1(d) of the CBCH II Articles, which restricts shareholders of CBCH II from transferring all or any part of its shares before the earlier of (i) the fourth anniversary of the date of Delisting and (ii) the completion of an initial public offering unless prior consent from CBMI is obtained. An extract of Article 7A.1(d) is reproduced in Appendix 1 to the Letter from CBMHL to Shareholders.
- (3) In respect of consideration (ix), the "drag-along rights" refer to the drag-along provisions contained in Article 50 of the CBCH II Articles which provides that CBMI shall have an option to drag along the other shareholders if it transfers all of its shares to a third party purchaser at a stipulated valuation or approve an acquisition of the group comprising CBCH II and its subsidiaries whether by way of merger, sale of assets or otherwise. An extract of Article 50 is reproduced in Appendix 1 to the Letter from CBMHL to Shareholders.

The extracts on the IFA's considerations relating to the Cash Consideration are as follows:

***"Cash Consideration***

*In arriving at our opinion on the terms of the Cash Consideration, we have considered the financial and other information that have been made available to us, and have taken into consideration, inter alia, the following factors:*



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## LETTER TO SHAREHOLDERS

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- (i) *the Shares have traded within a band of S\$0.485 and S\$0.85 over the 12 month period prior to and including the Unaffected Share Price date, with the Cash Consideration being at a premium/(discount) of approximately 73.2 per cent to (1.2) per cent to this range;*
- (ii) *the Cash Consideration represents a premium of approximately 23 and 21 per cent to the 1-month and 3-month VWAP of S\$0.683 and S\$0.694, per Share respectively;*
- (iii) *the Cash Consideration represents a premium of approximately 34 per cent to the median research analysts' target price;*
- (iv) *the implied EV/LTM EBITDA multiple of 11.8x represented by the Cash Consideration is at a premium of approximately 30 per cent and 27 per cent to the 2-year and 9-month median Biosensors EV/LTM EBITDA trading multiples of 9.1x and 9.3x, respectively, immediately prior to the Unaffected Share Price Date;*
- (v) *the implied EV/LTM EBITDA multiple of 11.8x represented by the Cash Consideration falls within the 25th and 75th percentile of the Selected Precedent Transaction multiples of 10.9x to 14.4x and is at a premium to the implied EV/LTM EBITDA multiple of 11.2x on CITICPE FM's initial purchase (through CBMHL) of its initial 21.7 per cent stake in Biosensors from Shandong Weigao on 21 November 2013;*
- (vi) *the implied EV/LTM EBITDA multiple of 11.8x represented by the Cash Consideration is at a slight discount to the adjusted median EV/LTM EBITDA trading multiple of 12.5x of the Selected Medical Device Companies, but falls within the low to high range of the adjusted EV/LTM EBITDA trading multiples of 11.4x to 14.1x;*
- (vii) *the Cash Consideration falls within Evercore's estimated fair market value range of S\$0.825 – S\$0.925 per Share, albeit at the lower end of this range;*
- (viii) *between the Joint Announcement Date and the IFA Reference Date, 461.9 million Shares have traded on the SGX-ST at prices ranging between S\$0.77 to S\$0.82 per Share based on the daily closing price (accounting for approximately 27 per cent of the issued capital of the Company), equivalent to a volume weighted average price per share of S\$0.804, representing a discount of approximately 4 per cent to the Cash Consideration;*
- (ix) *between the Joint Announcement Date and IFA Reference Date, the STI has declined by approximately 12 per cent, while the Company has announced a net loss in the third quarter ending 31 December 2015 of S\$1.1 million, with third quarter EBITDA and EBIT lower by approximately 46 per cent and 49 per cent year-on-year, respectively;*
- (x) *the Independent Directors have advised Evercore that no competing offers for the Shares have been received as of the IFA Reference Date;*
- (xi) *if the Amalgamation and the Delisting is not approved, it is considered, at least in the short term, that the Shares may decline in value and trade below the Cash Consideration; and*
- (xii) *the prospect of an alternative party making a higher competing offer to Shareholders is reduced, given that CITICPE Fund, its concert parties, certain senior management of the Company, and/or Hony Capital, through its wholly-owned subsidiaries, Autumn Eagle Limited and Ace Elect Holdings Limited: (i) account for 32.7 per cent of the Shares; (ii) make up six (6) out of the Company's 10 Directors; and (iii) have provided Irrevocable Undertakings or commitments in relation to the Amalgamation.*

**Based upon, and subject to the foregoing, we are of the opinion that as at the IFA Reference Date and in the absence of a superior competing offer, from a financial point of view, the Cash Consideration is fair and reasonable.”**

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## LETTER TO SHAREHOLDERS

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In connection with the above, the extracts on the IFA's recommendations to the Independent Directors on the Cash Consideration and Share Consideration in connection with the Amalgamation and the Delisting are as follows:

### **Recommendation**

*We provide the following advice to the Independent Directors, based on our opinions rendered in relation to the Cash Consideration and the Share Consideration.*

*In the absence of a superior competing offer being announced prior to the Shareholders Meeting, the Independent Directors may wish to consider advising Shareholders who:*

- (i) wish to realise their investment in the Company but are unable to sell their Shares in the open market at a price (after deducting all related expenses) higher than the Cash Consideration; and/or*
- (ii) do not wish to maintain an ongoing equity investment in the Company,*

*that such Shareholders may wish to vote in favour of the Amalgamation and the Delisting and accept the Cash Consideration.*

*The Independent Directors may wish to consider advising Shareholders who vote in favour of the Amalgamation and the Delisting, that they not accept the Share Consideration.*

*The Independent Directors may wish to consider advising Shareholders who do not wish to accept the Cash Consideration and/or wish to maintain an ongoing equity investment in the Company, to not vote in favour of the Amalgamation and the Delisting, and to carefully read Section 4.13 of this Letter, pertaining to "Appraisal Rights of Dissenting Shareholders under Section 106(6) of the Companies Act".*

### **18.3 IFA's Advice on the Management Equity Arrangements**

For the purposes of Rule 10 of the Take-over Code, as required by the SIC, the IFA is required to evaluate and opine on the terms of the Management Equity Arrangements (including the Founder Consultant Retention Agreement), from a financial point of view.

After having regard to the considerations set out in the IFA Letter, and based on the information available to the IFA as at 23 February 2016, the IFA has made certain recommendations to the Independent Directors in respect of the Management Equity Arrangements (including the Founder Consultant Retention Agreement), an extract of which is reproduced in italics below. All terms and expression 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 on the terms of the Management Equity Arrangements offered to the CBCH II Management Co-Investors and/or Yoh-Chie Lu, we have relied upon the following key considerations:*

- (i) the subscription price to be paid by the CBCH II Management Co-Investors for the shares in CBCH II is the same as the Cash Consideration per Share;*
- (ii) Shareholders who elect to accept the Share Consideration will receive the same class of shares as the CBCH II Management Co-Investors, with each share entitling the shareholder to one vote, as well as the same rights and preferences in terms of the right to receive dividends and liquidation proceeds. We advise the Independent Directors to highlight to Shareholders that different classes of shares, with different rights attached to each class, may be created in the future;*

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## LETTER TO SHAREHOLDERS

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- (iii) *shareholders of CBCH II, including Shareholders that accept the Share Consideration, will each bear a proportionate share of the transaction costs for the Amalgamation;*
- (iv) *the award of the Restricted Shares (typically free of payment, and in this case, at par value of US\$0.00001) with a pre-defined financial performance target set as a key vesting condition (US\$85,000,000 EBITDA for each of the three (3) years following the Amalgamation), is not dissimilar with management equity (share and share option) awards of other selected medical device companies and the existing Biosensors PSP practice of granting performance based restricted share awards to management so as to ensure long-term alignment of management and Shareholder interests;*
- (v) *Biosensors has, in three (3) instances since 2012, awarded performance based Shares (which vest over three (3) years) valued at between S\$2.9 million to S\$9.0 million, to its key senior management team members;*
- (vi) *although Shareholders will not get to vote on the implementation of the Restricted Share Subscription Agreement, the vesting terms of a Restricted Share in CBCH II are similar to that of the Biosensors PSP, which had been approved by Shareholders and adopted by Biosensors since 27 May 2006; and*
- (vii) *the amount that Yoh-Chie Lu will receive under the Founder Consultant Retention Agreement is comparable to the amount of compensation that he has received in the past five (5) years for his role as the Executive Chairman of Biosensors.*

*After having considered carefully the information available to us as at the IFA Reference Date and subject to the foregoing considerations, we are of the opinion that the terms of the Management Equity Arrangements in the context of Rule 10 of the Code are fair and reasonable, from a financial point of view.”*

### **18.4 Consent**

The IFA has given and has not withdrawn its written consent to the issue of this Amalgamation Document with the inclusion herein of its name, the IFA Letter as set out in Appendix 3 to this Amalgamation Document and all references to its name in the form and context in which it appears in this Amalgamation Document.

## **19. INDEPENDENT DIRECTORS' RECOMMENDATION**

### **19.1 Independence**

Save for Dong Liu, Bin Wu, Yoh-Chie Lu and Qiang Jiang, all of the Directors consider themselves to be independent for the purpose of making a recommendation to the Shareholders in respect of the Amalgamation and the Delisting.

### **19.2 Excluded Directors**

The SIC has confirmed that Dong Liu, Bin Wu, Yoh-Chie Lu and Qiang Jiang are exempted from the requirement to make a recommendation to the Shareholders in connection with the Amalgamation and the Delisting.

Each of Dong Liu, Bin Wu, Yoh-Chie Lu and Qiang Jiang has a conflict of interest in relation to the Amalgamation and the Delisting. Dong Liu and Bin Wu are directors of CBMHL and are parties acting in concert with CBMHL, while each of Yoh-Chie Lu and Qiang Jiang hold a minority shareholding interest in CBMI II and are parties to the Investors Rights Agreement.

Dong Liu, Bin Wu, Yoh-Chie Lu and Qiang Jiang will still assume responsibility for the accuracy of facts stated or opinions expressed in documents or announcements issued by, or on behalf of, the Company in connection with the Amalgamation and the Delisting.

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## LETTER TO SHAREHOLDERS

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### 19.3 Recommendation

Having considered the rationale and the terms of the Amalgamation and the Delisting together with the advice of the IFA to the Independent Directors, the Independent Directors **CONCUR** with the advice given by the IFA to the Independent Directors in respect of the Amalgamation and the Delisting. The advice of the IFA to the Independent Directors is set out in paragraph 18.2 of this Letter.

Accordingly, the Independent Directors recommend that in the absence of a higher competing offer being announced prior to the 2016 SGM, Shareholders who/which:

- (i) wish to realise their investment in the Company but are unable to sell their Shares in the open market at a price (after deducting all related expenses) higher than the Cash Consideration; and/or
- (ii) do not wish to maintain an ongoing equity investment in the Company,  
  
may wish to vote in favour of the Amalgamation and the Delisting and accept the Cash Consideration.

The Independent Directors also recommend to Shareholders who/which vote in favour of the Amalgamation and the Delisting that they do not accept the Share Consideration.

The Independent Directors also recommend to Shareholders who do not wish to accept the Cash Consideration and/or wish to maintain an ongoing equity investment in the Company, to not vote in favour of the Amalgamation and the Delisting and to carefully read Section 4.13 of the IFA Letter, pertaining to "Appraisal Rights of Dissenting Shareholders under Section 106(6) of the Companies Act".

As the ESOS and PSP Resolutions have been proposed for the purposes of facilitating issuance of shares in connection with the Amalgamation and Delisting, the Independent Directors also recommend that Shareholders vote in favour of the ESOS and PSP Resolutions.

Shareholders should note that by voting for the Amalgamation and the Delisting, Shareholders are agreeing to CBMHL and its concert parties acquiring or consolidating effective control of the Company without having to make a general offer for the Company.

Shareholders are reminded that the Amalgamation and the Delisting, when they become effective, will be binding on all Shareholders, whether or not they have attended or voted at the 2016 SGM, and if they have attended and voted at the 2016 SGM, whether or not they have voted in favour of the Amalgamation and the Delisting.

Shareholders should also be aware that there is currently no certainty that the Amalgamation and the Delisting will become effective and there is no assurance that the trading volumes and market prices of the Shares will be maintained at the current levels prevailing as at the Latest Practicable Date if the Amalgamation and the Delisting do not become effective for whatever reason. In the event the Amalgamation and the Delisting become effective, they will be binding on all Shareholders.

Shareholders should read and consider carefully this Amalgamation Document in its entirety, including the advice of the IFA to the Independent Directors as set out in Appendix 3 to this Amalgamation Document before deciding whether or not to vote in favour of the Amalgamation Resolution, the Delisting Resolution and the ESOS and PSP Resolution.

### 19.4 No Regard to Specific Objectives

The Independent Directors advise Shareholders, in deciding whether or not to vote in favour of the Amalgamation, to carefully consider the advice of the IFA to the Independent Directors and in particular, the various factors highlighted by the IFA to the Independent Directors in the IFA Letter.

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## LETTER TO SHAREHOLDERS

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In giving the above recommendation, the Independent Directors have not taken into consideration any general or specific investment objectives, financial situation, risk profile, tax position or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, the Independent Directors recommend that any individual Shareholder who/which may require specific advice in relation to his investment portfolio to consult his stockbroker, bank manager, solicitor, accountant, tax adviser, or other professional adviser immediately.

### 20. DIRECTORS' INTERESTS AND INTENTIONS

#### 20.1 Interests of Directors in Company Securities

Details of the Directors' direct and deemed interests in the Company Securities and Offeror Securities as at the Latest Practicable Date are set out in Appendix 5 to this Amalgamation Document.

#### 20.2 Directors' Intentions in relation to the Amalgamation

All Directors who have beneficial shareholdings in the Company will, to the extent that they are able to do so, vote in favour of the Amalgamation.

### 21. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter to Shareholders and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, information and opinions in this Letter to Shareholders relating to the Company (excluding information relating to CITIC, CITICPE Fund, CBMHL and/or the CITICPE Entities or any opinion expressed by CITIC, CITICPE Fund, CBMHL and/or the CITICPE Entities) have been arrived at after due and careful consideration and this Letter to Shareholders constitutes full and true disclosure of all material facts about the Amalgamation, the Delisting and the share issue under the ESOS and PSP, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter to Shareholders misleading.

Where information in the Letter to Shareholders 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 Letter to Shareholders in its proper form and context.

### 22. OVERSEAS SHAREHOLDERS AND GENERAL INFORMATION

#### 22.1 Overseas Shareholders

The applicability of the Amalgamation to Shareholders (or Depositors, as the case may be) whose/ which addresses are outside Singapore, as shown in the Register of Members or, as the case may be, in the Depository Register (each, an "**Overseas Shareholder**"), may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about, and observe, any applicable requirements in their own jurisdictions.

Where there are potential restrictions on sending this Amalgamation Document to any overseas jurisdiction, each of the Company and CBMHL reserves the right not to send such documents to the Shareholders in such overseas jurisdiction. For the avoidance of doubt, the Amalgamation is being proposed to all Shareholders (including the Overseas Shareholders), including those to whom this Amalgamation Document have not been, or will not be, sent, provided that this Amalgamation Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Amalgamation is not being proposed in any jurisdiction in which the introduction or implementation of the Amalgamation would not be in compliance with the laws of such jurisdiction.

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## LETTER TO SHAREHOLDERS

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### 22.2 Other General Information

Your attention is drawn to the further relevant information in the Appendices to this Amalgamation Document.

### 23. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company's subsidiary, Biosensors Interventional Technologies Pte. Ltd., at 36 Jalan Tukang, Singapore 619266 during normal business hours for three (3) months from the date of this Amalgamation Document or up until the Effective Date, whichever is the later:

- (a) the Memorandum and Bye-laws of the Company;
- (b) the annual reports of the Company for FY2013, FY2014 and FY2015, and the unaudited financial results announcement of the Group for 9M2016;
- (c) the Amalgamation Agreement and the Supplemental Agreement (including the memorandum of association and the bye-laws of CBMHL);
- (d) the Deeds of Undertaking;
- (e) the CBCH II Articles; and
- (f) the latest draft of the CBCH II Shareholders' Agreement.

Yours faithfully

For and on behalf of  
**BIOSENSORS INTERNATIONAL GROUP, LTD.**

Yoh-Chie Lu  
Executive Chairman

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## APPENDIX 1 – SUMMARY OF KEY TERMS OF AMALGAMATION AGREEMENT

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All capitalised terms used and not defined in this Appendix 1 to the Amalgamation Document shall have the same meanings given to them in the Amalgamation Agreement (as amended by the Supplemental Agreement), a copy of which is available for inspection at the office of the Company's subsidiary, Biosensors Interventional Technologies Pte. Ltd., at 36 Jalan Tukang, Singapore 619266 during normal business hours for three (3) months from the date of this Amalgamation Document or up until the Effective Date, whichever is the later.

This Appendix 1 provides information about certain provisions of the Amalgamation Agreement. The description below is only a summary and is to be read in conjunction with the complete text of the Amalgamation Agreement (as amended by the Supplemental Agreement).

### Part 1

The Amalgamation is conditional upon the following:

#### **Conditions to Each Party's Obligations to Consummate the Amalgamation**

- (a) Company Shareholder Approval. The Amalgamation Agreement shall have been duly adopted by the requisite vote of Shareholders in accordance with the Bermuda Companies Act and Section 7.3 of the Amalgamation Agreement prior to the Record Date;
- (b) Other Approvals. The receipt of all necessary and required governmental and regulatory approvals prior to the Record Date, and such approvals not being revoked or withdrawn on or before the Record Date including but not limited to the following:
  - (i) confirmation from the SIC that Rules 20.1, 22, 28 and 29 and Note (f) on the Definition of Offer of the Code will not apply to the Amalgamation, subject to the Amalgamation being effective by 10 April 2016;
  - (ii) confirmation from the SIC that it has no objections to the Amalgamation Conditions;
  - (iii) the approval-in-principle from the SGX-ST for the Amalgamation Document and for the proposed delisting of the Company; and
  - (iv) confirmation from the SIC that the Management Equity Arrangements will not be regarded as a prohibited special deal under the Take-over Code;
- (c) No Prescribed Occurrences. Between the date of the Amalgamation Agreement and the Record Date, no Prescribed Occurrence (as defined below) in relation to the Group or any CITICPE Entity as the case may be, occurs other than as required or permitted by the Amalgamation Agreement or the Amalgamation;
- (d) No Material Adverse Effect. Since the date of the Amalgamation Agreement, there shall not have occurred any effect, change, event or occurrence that has had or would have, individually or in the aggregate, a (i) diminution in the consolidated net tangible asset value of the Group to an amount below US\$350,000,000, as reflected in the later of (A) the latest publicly released consolidated unaudited financial statements of the Group prior to the Record Date, or (B) the consolidated unaudited management accounts (prepared in accordance with generally accepted accounting principles applicable and which shall be provided to CBCH II, CBCH I and CBMHL upon its request) as at the calendar month-end at least fifteen (15) business days prior to the Record Date (the "**Latest Accounts**"), *provided* that any diminution in value of the assets or increase in value of any item of the liabilities of the Group arising from currency translation shall not be taken into account; or (ii) a diminution in the consolidated EBITDA of the Group for the last four (4) financial quarters immediately prior to the Record Date (the "**Relevant 12-Month Period**"), to an amount below US\$40,000,000, to be determined by reference to: (A) the Latest Accounts, to the extent that any portion of the Relevant 12-Month Period is accounted for within the Latest Accounts; and (B) the latest publicly released consolidated unaudited financial statements of the Group prior to the

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## APPENDIX 1 – SUMMARY OF KEY TERMS OF AMALGAMATION AGREEMENT

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Record Date, in relation to such portion of the Relevant 12-Month Period which is not accounted for in the Latest Accounts. “**EBITDA**” means, in relation to the relevant period, the total consolidated profit of the Company for that period:

- (b) before taking into account interest expense, tax, any share of the profit of any associated company or undertaking and extraordinary and exceptional items;
- (c) after adjusting for any other non-operating non-cash items such as any employee share option schemes and/or performance share plans;
- (d) after adding back all amounts provided for depreciation and amortization for that period; and
- (e) excluding any amount attributable to minority interests.

### **Conditions to Obligations of CBCH I and CBMHL**

- (e) Company’s Representations and Warranties. Each of the representations and warranties of the Company in the Amalgamation Agreement shall be true, complete and correct on and as of the Record Date as if made on and as of the Record Date, other than representations and warranties which address matters only as of a certain date, which shall be true and correct as of such certain date;
- (f) Company’s Agreements and Covenants. The Company shall have performed or complied with in all material respects all obligations required to be performed or complied with by it under the Amalgamation Agreement on or prior to the Record Date;
- (g) Dissenting Shareholders. The number of Shares held by persons entered in the register of members of the Company who did not vote in favour of the Amalgamation and who make an application to the Court and comply with all of the provisions of the Bermuda Companies Act concerning the right of holders of the Shares to require appraisal of their Shares under the Bermuda Companies Act, shall not exceed five percent (5%) of the total outstanding Shares (excluding treasury shares) as of the date of the Amalgamation Agreement;
- (h) Available Company Cash. Taking into account the potential prepayment under paragraph (j) of this Part 1 below, the aggregate amount of the Available Company Cash shall be at least the Required Available Cash Amount as of the Record Date. For purposes of the Amalgamation Agreement, “**Available Company Cash**” means cash of the Company in US dollars in a US dollar-denominated bank account of the Company opened at a bank outside the PRC, and cash of the Company in Renminbi in a RMB-denominated bank account of a subsidiary of the Company opened at a bank inside the PRC, in each case net of issued but uncleared checks and drafts, available free of any liens at the Record Date for free use by CBCH I and CBMHL after the delisting of Shares without any restrictions, and “**Required Available Cash Amount**” means, with respect to the cash denominated in US dollars, US\$80,000,000 and, with respect to the cash denominated in Renminbi, an amount in RMB that is no less than the equivalent of US\$156,800,000;
- (i) Amendment of the MTN Conditions. The consent of the relevant holders (“**Noteholders**”) of the notes (the “**Notes**”) issued by Biosensors Investment (Singapore) Pte. Ltd. (“**Biosensors Investment**”) under the S\$800,000,000 Multicurrency Medium Term Note Programme established by Biosensors Investment and unconditionally and irrevocably guaranteed by the Company being obtained for the following:
  - (i) the waiver of the non-compliance and/or breach of the requirements, covenants and terms in, and/or any event of default under, the trust deed dated 4 January 2013 between Biosensors Investment, the Company and The Bank of New York Mellon, Singapore Branch (the “**Trustee**”) (the “**Trust Deed**”) and the terms and conditions of the Notes (the “**MTN Conditions**”) (including clauses 8.1, 8.2, 8.3, 16.25 and 16.28 of the Trust Deed and conditions 3(a), 3(b), 5(e)(ii), 5(e)(iii), 9(b) and 9(i) of the Notes) which will or may occur as a result of the Amalgamation, the incurrence of the proposed equity financing and/or the Senior Facility in connection with the Amalgamation as notified to the Company and/or the grant of any guarantees or security in connection thereto; and



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## APPENDIX 1 – SUMMARY OF KEY TERMS OF AMALGAMATION AGREEMENT

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(ii) the amendment of the MTN Conditions to provide that:

- (A) Biosensors Investment may, at its option (the “**Call Option**”), by giving not less than three (3) days’ notice to the Trustee and the Noteholders of the relevant series of Notes, redeem all (and not some only) of the Notes of such series at any time during the period of 60 days, commencing from the Effective Date (the “**Call Redemption Period**”); and
- (B) in the event of the Noteholders of any series exercising the option provided for in condition 5(e)(ii) or 5(e)(iii) of the Notes, the redemption date of the Notes of the relevant series which are the subject of the said option shall be deferred to the earlier of the date fixed for redemption pursuant to the exercise of the Call Option and the date on which the Call Redemption Period expires,

in respect of sub-paragraphs (i) and (ii) above, subject to the Amalgamation becoming effective;

- (j) JPM/DB/UOB Consent/Prepayment. The Company shall have received consents and/or waivers from (i) JPMORGAN Chase Bank, N.A., Singapore Branch, as lender, and the Company, as borrower, in relation to facility agreements dated 4 March 2013 and 2 March 2015, as amended from time to time pursuant to the terms thereof; (ii) Deutsche Bank AG, Singapore Branch, in relation to facility agreements dated 9 November 2012 and 14 November 2014, by and between Deutsche Bank AG, Singapore Branch, as lender, and the Company, as amended from time to time pursuant to the terms thereof; and (iii) United Overseas Bank in relation to a banking facility dated 14 August 2012 by and between United Overseas Bank and Biosensors Interventional Technologies Pte., Ltd., a subsidiary of the Company (as amended from time to time pursuant to the terms thereof) (each of (i), (ii) and (iii) being an “**Existing Facility**”), in each case in relation to the Amalgamation and related or subsequent arrangements (including the incurrence of the proposed equity financing and/or the Senior Facility in connection with the Amalgamation as has been notified to the Company and/or the grant of any guarantees or security in connection thereto as notified to the Company). If any of the aforementioned consents and/or waivers could not be obtained, the Company shall have repaid and discharged the relevant Existing Facility in full with its available cash and cancelled that Existing Facility;
- (k) Officer Certificate. The Company shall have delivered to CBCH I a certificate, dated the Record Date, signed by a director or officer of the Company, certifying as to the fulfilment of the conditions specified in paragraph (e) to paragraph (j) of this Part 1;

### **Conditions to Obligations of the Company**

- (l) CBMHL’s Representations and Warranties. Each of the representations and warranties of the CITICPE Entities in the Amalgamation Agreement shall be true, complete and correct on and as of the Record Date as if made on and as of the Record Date, other than representations and warranties which address matters only as of a certain date, which shall be true and correct as of such certain date;
- (m) CBMHL’s Agreements and Covenants. Each of the CITICPE Entities shall have performed or complied in all material respects with all obligations required to be performed or complied with by it under the Amalgamation Agreement on or prior to the Record Date; and
- (n) Officer Certificate. Each of the CITICPE Entities shall have delivered to the Company a certificate, dated the Record Date, signed by a director or officer of such CITICPE Entity, certifying as to the fulfilment of the conditions specified in paragraphs (l) and (m) of this Part 1.

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## APPENDIX 1 – SUMMARY OF KEY TERMS OF AMALGAMATION AGREEMENT

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### Part 2

#### PRESCRIBED OCCURRENCE

For the purposes of the Amalgamation Agreement, a “**Prescribed Occurrence**”, as referred to in paragraphs 7.2.1 and 7.2.2 the Letter to Shareholders in this Amalgamation Document and paragraph (c) of **Part 1 of Appendix 1** to this Amalgamation Document and defined in the Amalgamation Agreement, in relation to the Group or the CITICPE Entities, as the case may be, means any of the following:

- (a) Conversion of Shares. The Company and/or any CITICPE Entity converting all or any of its shares into a larger or smaller number of shares, other than in connection with or pursuant to the Amalgamation;
- (b) Share Buy-back. The Company and/or any CITICPE Entity entering into a share buy-back agreement or resolving to approve the terms of a share buy-back agreement under the Bermuda Companies Act or the equivalent companies or securities legislation, other than in connection with or pursuant to the Amalgamation;
- (c) Reduction of Share Capital. The Company and/or any CITICPE Entity resolving to reduce its share capital in any way, other than in connection with or pursuant to the Amalgamation;
- (d) Allotment of Shares. The Company and/or any CITICPE Entity making an allotment of, or granting an option to subscribe for, any shares or securities convertible into shares or agreeing to make such an allotment or to grant such an option or convertible security, or any subsidiary of the Company and/or any CITICPE Entity doing any of the foregoing with respect to its own securities, other than in connection with or pursuant to the Amalgamation;
- (e) Issuance of Debt Securities. Any Group Company and/or any CITICPE Entity issuing, or agreeing to issue, convertible notes or other debt securities, other than (in the case of a CITICPE Entity) in connection with or pursuant to the Amalgamation;
- (f) Dividends. The Company and/or any CITICPE Entity declaring, making or paying any dividends or any other form of distribution to the shareholders of the Company and/or any CITICPE Entity;
- (g) Injunctions or Restraints; Illegality. No order, statute, rule, regulation, executive order, stay, decree, writ, judgment or injunction shall have been enacted, entered, promulgated or enforced by any court of competent jurisdiction or any Singapore, Bermuda, the British Virgin Islands, the Cayman Islands, or other foreign national, state or municipal governmental, regulatory, judicial, legislative, executive, taxing, importing or administrative authority, agency, company registry, ministry, department, commission or other instrumentality, or any court, tribunal or arbitral body, including MOFCOM, the SIC, the SGX-ST and the Bermuda Monetary Authority which prohibits or prevents the Company or any CITICPE Entity from consummating the Amalgamation;
- (h) Resolution for Winding Up. (i) Any Group Company or (ii) CITICPE Entity resolving that it be wound up;
- (i) Appointment of Liquidator and Judicial Manager. The appointment of a liquidator, provisional liquidator, judicial manager, provisional judicial manager and/or other similar officer of (i) any Group Company or (ii) any CITICPE Entity;
- (j) Order of Court for Winding Up. The making of an order by a court of competent jurisdiction for the winding up of (i) any Group Company or (ii) any CITICPE Entity;
- (k) Composition. (i) Any Group Company or (ii) any CITICPE Entity entering into any arrangement or general assignment or composition for the benefit of its creditors generally;
- (l) Appointment of Receiver. The appointment of a receiver or a receiver and manager, in relation to the property or assets of (i) any Group Company or (ii) any CITICPE Entity;

## APPENDIX 1 – SUMMARY OF KEY TERMS OF AMALGAMATION AGREEMENT

- (m) **Insolvency.** (i) Any Group Company or (ii) any CITICPE Entity becoming or being deemed by law or a court of competent jurisdiction to be insolvent or stops or suspends or defaults on or threatens to stop or suspend or default on payment of its debts of a material amount as they fall due;
- (n) **Cessation of Business.** (i) Any Group Company or (ii) any CITICPE Entity ceases or threatens to cease for any reason to carry on any material business in the ordinary and usual course;
- (o) **Breach of the Amalgamation Agreement.** (i) Any Group Company or (ii) any CITICPE Entity being in material breach of any of the provisions of the Amalgamation Agreement;
- (p) **Investigations and Proceedings.** If (i) any Group Company or (ii) any CITICPE Entity or any of their respective directors is or will be the subject of any governmental, quasi-governmental, criminal, regulatory or stock exchange investigation and/or proceeding; or
- (q) **Analogous Event.** Any event occurs which, under the laws of any jurisdiction, has an analogous or equivalent effect to any of the foregoing event(s).

### Part 3

#### UNDERTAKING SHAREHOLDERS, CBCH II MANAGEMENT CO-INVESTORS AND CBMI II CO-INVESTORS

S/N	Name of Shareholder/ beneficial owner of Shares	Number of Shares Owned	Number of Shares Owned as a Percentage of the Total Number of Shares <sup>(1)</sup>
<b>UNDERTAKING SHAREHOLDERS</b>			
1.	Autumn Eagle Limited	159,656,100	9.46%
2.	Ace Elect Holdings Limited	39,543,916	2.34%
<b>CBMI II CO-INVESTORS</b>			
3.	Jack Wang	–	–
4.	Yoh-Chie Lu	19,600,000	1.16%
5.	Qiang Jiang	1,166,916	0.07%
6.	David Chin	–	–
<b>CBCH II MANAGEMENT CO-INVESTORS</b>			
7.	Jose Calle Gordo	1,080,000	0.06%
8.	Li Bing Yung (Simon Li)	530,000	0.03%
9.	Yang Fan (Brian)	–	–
10.	Frederick Hrkac	–	–
11.	David Chin	–	–
12.	Qian Keqiang	–	–
13.	Eizo Nishimura	–	–
14.	Thomas Kenneth Graham	–	–
15.	Seow Hock Siew (Bernie)	–	–
16.	Alexander Andrew Budiman	1,000	n.m. <sup>(2)</sup>
17.	Wang Dan	140,000	n.m. <sup>(2)</sup>
18.	Hans-Peter Stoll	–	–
19.	Pascal Cabanel	–	–

**Notes:**

- (1) All references to percentage shareholding of the issued share capital of the Company in this Part 3 are based on the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date. Percentages rounded to the nearest two (2) decimal places.
- (2) Not meaningful.

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## **APPENDIX 1 – SUMMARY OF KEY TERMS OF AMALGAMATION AGREEMENT**

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### **Part 4**

A summary of each of the following matters contained in the Amalgamation Agreement can be found in the following sections/pages of this Amalgamation Document:

**1. The memorandum and bye-laws of the Amalgamated Company**

The memorandum of association and the bye-laws of CBMHL shall, as a result of the Amalgamation and without any further action by the Company, be the memorandum of association and the bye-laws of the Amalgamated Company until amended in accordance with the provisions thereof and the Bermuda Companies Act. The memorandum of association and the bye-laws of CBMHL are appended to the Amalgamation Agreement. A copy of the Amalgamation Agreement and the Supplemental Agreement (including the memorandum of association and the bye-laws of CBMHL) is available for inspection at the office of the Company's subsidiary, Biosensors Interventional Technologies Pte. Ltd., at 36 Jalan Tukang, Singapore 619266 during normal business hours for three (3) months from the date of this Amalgamation Document or up until the Effective Date, whichever is the later.

**2. Names and addresses of each proposed director of the Amalgamated Company**

The names and addresses of each proposed director of the Amalgamated Company are set out in paragraph 8.3 of the Letter from CBMHL to Shareholders in Appendix 4 to this Amalgamation Document at page A4-15 of this Amalgamation Document.

**3. Details on the Amalgamation process**

A summary of the manner in which the shares of the Company and CBMHL are to be converted into shares of the Amalgamated Company or cancelled (as the case may be) and details on the Amalgamation Consideration to be received by Shareholders are set out in paragraphs 3.1 and 8.1 of the Letter to Shareholders at pages 14, 15 and 28 of this Amalgamation Document and in paragraph 2.1 of the Letter from CBMHL to Shareholders in Appendix 4 to this Amalgamation Document at page A4-3 of this Amalgamation Document.

**4. Details on the payment mechanisms**

A summary of the settlement of the Amalgamation Consideration is set out in paragraph 15.2 of the Letter from CBMHL to Shareholders in Appendix 4 to this Amalgamation Document at page A4-22 of this Amalgamation Document.

**5. Details of perfection and subsequent operations**

The Amalgamation Conditions are set out in Part I of this Appendix 1. Further, a summary of the arrangements necessary to perfect the Amalgamation and the Delisting and to provide for the subsequent management and operation of the Amalgamated Company is set out in paragraphs 8.2 and 16 of the Letter to Shareholders at pages 29 and 34 of this Letter to Shareholders of this Amalgamation Document.

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## APPENDIX 2 – SECTION 106(6) TO (6D) OF THE BERMUDA COMPANIES ACT

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### SECTION 106(6) TO (6D) OF THE BERMUDA COMPANIES ACT

The following sets out the text of Section 106(6) of the Bermuda Companies Act:

- “106 (6) Any shareholder who did not vote in favour of the amalgamation or merger and who is not satisfied that he has been offered fair value for his shares may within one month of the giving of the notice [convening the special general meeting of the company] apply to the Court to appraise the fair value of his shares.*
- 106 (6A) Subject to subsection (6B), within one month of the Court appraising the fair value of any shares under subsection (6), the company shall be entitled either:-*
- (a) to pay to the dissenting shareholder an amount equal to the value of his shares as appraised by the Court; or*
  - (b) to terminate the amalgamation in accordance with subsection (7).*
- 106 (6B) Where the Court has appraised any shares under subsection (6) and the amalgamation or merger has proceeded prior to the appraisal then, within one month of the Court appraising the value of the shares, if the amount paid to the dissenting shareholder for his shares is less than that appraised by the Court the amalgamated or surviving company shall pay to such shareholder the difference between the amount paid to him and the value appraised by the Court.*
- 106 (6C) No appeal shall lie from an appraisal by the Court under this section.*
- 106 (6D) The costs of any application to the Court under this section shall be in the discretion of the Court.”*

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## APPENDIX 3 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

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3 March 2016

The Independent Directors  
Biosensors International Group, Ltd.  
36 Jalan Tukang  
Singapore 619266

Dear Sir/Madam:

### PROPOSED AMALGAMATION BETWEEN BIOSENSORS INTERNATIONAL GROUP, LTD. AND CB MEDICAL HOLDINGS LIMITED

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meaning as defined in the amalgamation document dated 3 March 2016 issued by the Biosensors International Group, Ltd. (the “Company” or “Biosensors”) to the shareholders of the Company (the “Amalgamation Document”). For the purpose of this letter (this “Letter”), where applicable and unless otherwise stated, we have used the closing foreign exchange rate of US\$1:S\$1.4086 on 23 February 2016 (the “IFA Reference Date”). The above foreign exchange rate is extracted from published information from Capital IQ and is provided solely for information.*

#### 1 INTRODUCTION

Evercore Asia (Singapore) Pte Ltd (“**Evercore**”) refers to the joint announcement (the “**Joint Announcement**”) by Biosensors International Group, Ltd. (the “**Company**” or “**Biosensors**”) and CB Medical Holdings Limited (“**CBMHL**”), an investment holding company incorporated in Bermuda and a subsidiary indirectly owned by Beijing CITIC Investment Centre (Limited Partnership) (北京中信投资中心 (有限合伙)) (“**CITICPE Fund**”) which is managed by CITIC Private Equity Funds Management Co., Ltd. (“**CITIC PE**”), on the offer from CITIC PE (on behalf of CITICPE Fund and other co-investors) on 4 November 2015 (the “**Joint Announcement Date**”) for the proposed amalgamation between the Company and CBMHL under the Laws of Bermuda (the “**Amalgamation**”) and the Singapore Code on Take-over and Mergers (the “**Code**”) as well as the Amalgamation Document. By way of background, CITICPE Fund is a limited partnership and China focused private equity fund organised under the laws of the People’s Republic of China (“**PRC**”). CBMHL is a substantial shareholder of the Company.

In connection with the Amalgamation, the Company and CITICPE Fund had, on 3 November 2015, entered into an amalgamation agreement (the “**Amalgamation Agreement**”) setting out the terms and conditions on which the parties will implement the Amalgamation whereby CBMHL shall be amalgamated with and into the Company, and the amalgamated company shall continue as a Bermuda exempted company limited by shares (the “**Amalgamated Company**”), pursuant to Section 104 of the Companies Act 1981 of Bermuda (the “**Companies Act**”) and the Singapore Code on Take-overs and Mergers (the “**Code**”). The Amalgamated Company shall, upon the Amalgamation taking effect, be a wholly-owned subsidiary of CB Cardio Holdings I Limited (“**CBCH I**”) and will be named Biosensors International Group, Ltd.

On 10 February 2016, the parties to the Amalgamation Agreement entered into a Supplemental Agreement (the “**Supplemental Agreement**”) to amend the Amalgamation Agreement to take into account the following rulings by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the Securities Industry Council (“**SIC**”), as announced jointly by the Company and CBMHL on 10 February 2016 (the “**Update Joint**

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## APPENDIX 3 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

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**Announcement”):**

- (a) the Company must comply with listing rule 1307 of the listing manual of the SGX-ST (the “**Listing Manual**”). This will accordingly entail a separate resolution (“**Delisting Resolution**”) in respect of the proposed voluntary delisting of the Company from the Official List of the SGX-ST under Chapter 13 of the Listing Manual in connection with the Amalgamation (the “**Delisting**”) to be approved by a majority of at least 75% of the total number of issued Shares held by Shareholders present and voting, and which must not be voted against by 10% or more of the total number of issued Shares held by Shareholders present and voting at the Shareholders’ meeting to approve, *inter alia*, the Amalgamation (the “**Shareholders Meeting**”);
- (b) the SGX-ST has no objections to the proposal from CMBHL to the Delisting Resolution being inter-conditional with the resolution approving the Amalgamation Agreement and the transactions contemplated in the Amalgamation Agreement (including the Amalgamation) as set out in paragraph 11.1 of the Joint Announcement. Accordingly, the Amalgamation will not proceed if the Delisting Resolution is not passed, and vice versa; and
- (c) the original Effective Date of the Amalgamation (being the 95th day after the Joint Announcement Date) has been extended to 10 April 2016, subject to the Company making the Update Joint Announcement. The Company has duly released the Update Joint Announcement to update its shareholders accordingly. CBMHL has subsequently clarified with the SIC that since 10 April 2016 is a Sunday, the deadline for the Amalgamation to be effective shall be 11 April 2016.

Shareholders of the Company (the “**Shareholders**”) will have the opportunity to vote on the Amalgamation and the Delisting and, should they choose to vote in favour of the Amalgamation and the Delisting, can elect to receive either:

- (a) S\$0.84 in cash per Share in the capital of the Company<sup>1</sup> (“**Share**”) (the “**Cash Consideration**”); or
- (b) one validly issued, fully paid and non-assessable ordinary share in the share capital of CB Cardio Holdings II Limited (“**CBCH II**”) (the “**Share Consideration**”).

CBMHL had originally valued each Share at S\$0.815 in cash per Share but subsequently agreed to increase the consideration to S\$0.84 per Share. It is on the basis of the revised consideration that the respective board of directors of the Company (the “**Directors**”), CBMHL, CBCH I and CBCH II (collectively the “**CITICPE Entities**”) (each, a “**Party**” and collectively, the “**Parties**”) have unanimously determined that the Amalgamation is in the best interests of their respective companies and approved it on the terms and conditions set out in the Amalgamation Agreement as amended by the Supplemental Agreement (collectively the “**Amalgamation Agreement**”).

The Amalgamation is subject to various conditions precedent, including the approval by Shareholders representing at least three-fourths of the Shares at the Shareholders Meeting (which will be inter-conditional with the approval for the Delisting Resolution). In this regard, wholly-owned subsidiaries of Hony Capital Fund 2008 L.P. (“**Hony Capital**”), Autumn Eagle

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<sup>1</sup> CBMHL reserves the right to reduce the Cash Consideration by the amount of any dividend, right or other distribution declared, paid or made by the Company to the Shareholders on or after the Joint Announcement Date.

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## APPENDIX 3 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

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Limited and Ace Elect Holdings Limited who hold, in aggregate, 199,200,016 Shares, representing approximately 11.8 per cent of the issued Shares of the Company (excluding treasury shares) as at the Latest Practicable Date, have given their irrevocable undertakings to vote in favour of the Amalgamation (the “**Irrevocable Undertakings**”).

As CBMHL intends and desires that there be continuity of management and minimal interruption to the Group’s (as defined below) business, CBCH II had, prior to the Joint Announcement Date, entered into several arrangements with key members of the management team of the Group (collectively the “**Management Equity Arrangements**”), further details of which are set out in section 4.5 of this Letter.

CBMHL has obtained certain rulings from the SIC in relation to the Amalgamation, including, amongst others, that certain of the Management Equity Arrangements will not be regarded as a prohibited special deal for the purposes of Rule 10 of the Code, subject to disclosure of the relevant details of the Management Equity Arrangements in the Letter from CBMHL to Shareholders as set out in Appendix 4 of the Amalgamation Document, and the Independent Financial Advisor (the “**IFA**”) stating publicly its opinion that the Management Equity Arrangements (including the Founder Consultant Retention Agreement (as defined below)) are fair and reasonable. Further details on the SIC rulings are set out in section 4.9 of this Letter.

The Company has appointed Evercore as the IFA to prepare an opinion to the Directors who are considered independent for purposes of the Amalgamation and the Delisting (the “**Independent Directors**”) on the fairness of the Cash Consideration, the Share Consideration and on the terms of the Management Equity Arrangements, from a financial point of view, and to advise the Independent Directors for the purpose of them making a recommendation to Shareholders on the Amalgamation and the Delisting. The responsibility for providing a recommendation to the Shareholders in respect of the Amalgamation and Delisting rests with the Independent Directors.

The Directors have confirmed to Evercore that Jose Calle Gordo, Bing Yuan, Adrian Chan Pengee, Jean-Luc Butel, Xiuping Zhang and Jinsong Bian are the Independent Directors for the purposes of the Amalgamation and the Delisting and that there are no special circumstances or other arrangements which may affect the independence of the foregoing Directors.

This Letter is therefore addressed to the Independent Directors and sets out, *inter alia*, our views and evaluation of the Amalgamation and the Delisting and our recommendations thereon from a financial point of view. We also set out in this Letter our evaluation and opinion on the Management Equity Arrangements as required by the SIC in the context of Rule 10 of the Code, from a financial point of view. This Letter forms part of the Amalgamation Document which provides, *inter alia*, the details of the Amalgamation and the Delisting, our recommendations in respect of the Amalgamation and the Delisting to the Independent Directors and our opinion on the Management Equity Arrangements.



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## APPENDIX 3 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

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For ease of reference the remainder of our Letter is structured as follows:

<b>Section</b>	<b>Content</b>	<b>Page</b>
1	Introduction	A3-1
2	Terms of Reference	A3-5
3	Information on CBMHL and the CITICPE Entities	A3-9
4	The Amalgamation and the Delisting	A3-9
5	Evaluation of the Management Equity Arrangements	A3-34
6	Information on the Company	A3-40
7	Evaluation of the Share Consideration Under the Amalgamation and the Delisting	A3-51
8	Evaluation of the Cash Consideration Under the Amalgamation and the Delisting	A3-56
9	Other Considerations	A3-85
10	Recommendation to the Independent Directors on the Amalgamation and the Delisting	A3-86

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## APPENDIX 3 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

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### 2 TERMS OF REFERENCE

In the course of our evaluation of the Amalgamation and the Delisting, and opinion of the Management Equity Arrangements as required by the SIC in the context of Rule 10 of the Code, from a financial point of view, we have, amongst other things:

- reviewed certain publicly available financial statements and other information relating to the Company, as well as certain information provided and representations made to us by the Directors, senior executives of the Company, professional advisers and other authorised representatives of the Company;
- discussed the past and current operations and financial condition of the Company with senior executives and management of the Company, including the unaudited consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the nine (9)-month period ended 31 December 2015 (the “**Unaudited 9-Month Financials**”);
- reviewed and relied on certain internal financial analyses prepared by or at the direction of management of the Company relating to its business operations;
- reviewed and relied on certain analyses provided by the Company relating to ownership, financing and financial position of the Amalgamated Company;
- reviewed the reported prices, trading multiples and trading volumes for the Shares;
- compared the prices, trading multiples and trading volumes for the Shares and the shares of other selected publicly traded companies;
- compared the proposed financial terms of the Amalgamation with the publicly available financial terms of certain transactions involving companies and the consideration received by such companies;
- compared the financial and operating performance of the Company with publicly available information concerning certain other companies;
- participated in discussions with representatives of the Company with respect to the Amalgamation;
- reviewed the Letter to Shareholders from CBMHL;
- reviewed the Management Subscription Agreement, Restricted Share Subscription Agreement, Share Restriction Agreement, Founder Consultant Retention Agreement, CBCH II Shareholders’ Agreement in addition to the Amalgamation Document;
- reviewed research analyst reports and target prices published by certain research analysts covering the Company;
- reviewed compensation practices for senior management of the Company and of selected medical device companies; and
- performed such other analyses, reviewed such other information, and considered such other matters as we deemed appropriate.

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## APPENDIX 3 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

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We have relied upon and assumed, *inter alia*, the accuracy, adequacy and completeness of all information that was publicly available or was furnished to or discussed with us by the Company or otherwise reviewed by or for us, and we have not independently verified any such information, whether written or verbal, or its accuracy or completeness or adequacy, but have made such reasonable enquiries and used our judgement as we deemed necessary on the reasonable use of such information and have found no reason to doubt the accuracy and reliability of the information. We cannot and do not represent or warrant, expressly or impliedly, and do not accept or assume any responsibility for, the accuracy, completeness or adequacy of such information. We have not conducted any independent valuation or appraisal of any assets or liabilities, nor have we evaluated the solvency of the Company, the Group, CBMHL or the CBMHL group of companies (and parties acting in concert with them), or any other relevant party to the Amalgamation and the Delisting (including the Management Equity Arrangements) under any applicable laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses provided to us or derived therefrom, we have assumed, *inter alia*, that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management of the Company as to the financial condition of the Company to which such analyses relate. We express no view as to such analyses or the assumptions on which they are based. We are not legal, accounting, regulatory or tax experts. We are the financial advisers only and have relied on, without independent verification, the assessments made by advisors to the Company with respect to such issues. As a consequence, potentially significant differences from the conclusions set out in this Letter could result from any inaccuracies, errors or omissions in the data, documentation or information provided to us. In addition, we have assumed that, *inter alia*, the Amalgamation and the Delisting (including the Management Equity Arrangements) will be consummated in accordance with the terms set forth in the Amalgamation Document and agreements in relation to the Management Equity Arrangements without any waiver, amendment or delay of any terms or conditions and that no conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Amalgamation and the Delisting (including the Management Equity Arrangements). We have further assumed, *inter alia*, that all necessary governmental, regulatory or other approvals, consents, filings and registrations necessary for the consummation of the Amalgamation and the Delisting (including the Management Equity Arrangements) will be obtained and effected, and that no delays, limitations, conditions or restrictions will be imposed that would have any material adverse effect on the Company or on the contemplated benefits of the Amalgamation and the Delisting (including the Management Equity Arrangements).

This Letter (which for the avoidance of doubt, including the opinions expressed herein) is necessarily based on financial, economic, market, and other conditions in effect on, and the information made available to us as at the IFA Reference Date. The preparation of this Letter, our evaluation of the Amalgamation and the Delisting, and the Management Equity Arrangements, from a financial point of view, and our opinions expressed in this Letter are based solely upon financial, market, economic, industry, monetary, regulatory and other conditions in effect on, and the information made available to us at the IFA Reference Date. Events occurring after the IFA Reference Date may affect the contents of this Letter (which for the avoidance of doubt, includes the opinions expressed herein) and the assumptions used in preparing it. We assume no obligation or responsibility to update, revise, or reaffirm the contents of this Letter in light of any subsequent development after the IFA Reference Date that may affect this Letter. The Independent Directors may wish to alert Shareholders that market, economic, financial, industry, monetary, regulatory and other conditions may change over a relatively short period of time and that they may wish to take note of any announcements which may be released after the IFA Reference Date. Our opinion is limited

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## APPENDIX 3 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

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to the fairness, from a financial point of view, of the Amalgamation and the Delisting, and the Management Equity Arrangements. We were not requested to and did not provide advice concerning the structure, the specific amount of the consideration, or any other aspects of the Amalgamation and the Delisting, and the Management Equity Arrangements, or to provide services other than the delivery of this Letter. We have not been requested or authorised to solicit and we have not solicited any indications of interest from any third parties with respect to the Shares or the sale of all or any part of the Company or any other alternative transaction. We do not comment on the strategic, long term or otherwise, and/or commercial merits and/or risks of the Amalgamation and the Delisting (including the Management Equity Arrangements), or the listing status or the future prospects of the Company or the Group including without limitation, following the date on which the Amalgamation and the Delisting becomes effective. Our opinions do not address the relative merits and/or risks of the Amalgamation and the Delisting and Management Equity Arrangements as compared to any alternative transaction or arrangements (as the case may be), or other alternatives, or whether or not such alternatives could be achieved or are available. Any evaluation of and/or comment on the strategic or commercial merits and/or risks of the Amalgamation and the Delisting (including the Management Equity Arrangements) or on the future prospects of the Company or the Group, including without limitation, following the date on which the Amalgamation and the Delisting becomes effective, remains the sole responsibility of the Directors. We also did not participate in discussions and negotiations with respect to the terms of the Amalgamation and the Delisting, and the Management Equity Arrangements (including the transactional structure and the related commercial terms).

The Directors have confirmed to us, to the best of their knowledge and belief, all material information in connection with the Company, the Group, the Amalgamation and the Delisting, the Management Equity Arrangements and the Amalgamation Document has been disclosed to us, that such information is true, complete and accurate in all material respects and that there are no omissions which may cause any information given to us to be incomplete, inaccurate or misleading in any respect. The Directors have jointly and severally accepted the responsibility for the accuracy, correctness and completeness of such information. We have relied upon such confirmation by the Directors and the accuracy, correctness and completeness of all information given to us and have not independently verified such information, whether written or verbal, and accordingly cannot and do not represent or warrant, expressly or implicitly, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have relied upon the assurances of the Directors that the Amalgamation Document has been duly approved by the Directors (including any who may have delegated detailed supervision of the Amalgamation Document) who have taken all reasonable care to ensure that the facts stated and all opinions expressed (excluding those expressed in this Letter) in the Amalgamation Document are fair and accurate, as well as not misleading in any respect, and that no material facts have been omitted from the Amalgamation Document. The Directors jointly and severally accept full responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the announcements by the Company in relation to the Amalgamation and the Delisting, and Management Equity Arrangements), the sole responsibility of Evercore has been to ensure through reasonable enquiries that such information is accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this Letter. For the purposes of providing this Letter and our evaluation, from a financial point of view, of the Amalgamation and the Delisting, and Management Equity Arrangements, we have not received or relied upon any financial projections or forecasts in respect of the Company, the Group, CBCH II or the Amalgamated

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## APPENDIX 3 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

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Company. Our terms of reference do not require us to express, and we do not express, an opinion on the future growth prospects of the Company or the Group, including without limitation, following the date on which the Amalgamation and the Delisting becomes effective. We are therefore not expressing any opinion herein as to the price at which the Shares may trade, trading liquidity levels of the Shares, expiry, withdrawal, or rejection of the Amalgamation and the Delisting or on the future financial performance of the Company, the Group, CBCH II or the Amalgamated Company including without limitation, following the date on which the Amalgamation and the Delisting becomes effective.

In rendering our opinion, we have not had regard to any general or specific investment objectives, financial situations, risk profiles, tax status or positions or particular needs or constraints or other particular circumstances of any Shareholder and do not assume any responsibility for, nor hold ourselves out as advisers to, any person other than the Independent Directors. As different Shareholders would have different investment profiles and objectives, the Independent Directors may wish to advise any Shareholder who may require specific advice in relation to his investment portfolio to consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Amalgamation Document (other than this Letter). We have had no role or involvement and have not and will not provide any advice (financial or otherwise) whatsoever in the preparation, review and verification of the Amalgamation Document (other than this Letter annexed as Appendix 3 of the Amalgamation Document. Accordingly we take no responsibility for (other than for Appendix 3 of the Amalgamation Document, and express no views, whether expressly or implicitly, on the contents of the Amalgamation Document (except for this Letter).

We have acted as IFA to the Independent Directors for the purpose of the Amalgamation and the Delisting (including the Management Equity Arrangements) and will receive a fee for our services in connection with the issuance of this Letter. In addition, the Company has agreed to indemnify us for certain liabilities arising out of our engagement. In the ordinary course of our trading, brokerage, asset management, financing and financial services businesses, we or our affiliates may actively trade the Shares or derivatives in relation to the Shares, or financial instruments of the Company and their respective affiliates via businesses that are segregated from our advisory business in accordance with law and regulation, for their own account and/or for the accounts of customers, and accordingly, may at any time hold a long or short position in such securities or instruments. We or our affiliates may also seek to provide services to the Company, CITIC PE, CITICPE Fund, CBMHL and parties acting in concert with each of the Company and CBMHL in the future and expect to receive fees for rendering such services.

This Letter is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual Shareholders. Accordingly, the Independent Directors may wish to advise Shareholders that before acting in relation to their investment, the Shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. This Letter should be read together with the rest of the Amalgamation Document including the recommendations of the Independent Directors. As different Shareholders would have different investment profiles and objectives, the Independent Directors may wish to advise any Shareholder who may require specific advice in relation to his investment in the Company to consult his professional adviser immediately.

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## APPENDIX 3 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

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This Letter, including the opinions and advice expressed herein, is addressed to the Independent Directors to assist them in formulating appropriate recommendations to Shareholders in relation to the Amalgamation and the Delisting. The responsibility for providing a recommendation to the Shareholders in respect of the Amalgamation and Delisting rests with the Independent Directors.

The opinions expressed herein have been approved by a committee of Evercore employees in accordance with our customary practice. This Letter (which for the avoidance of doubt, including the opinions expressed herein) is solely for the information of the Independent Directors in connection with and for the sole purpose of their consideration of the Amalgamation and the Delisting, and the Management Equity Arrangements and other than for inclusion in the Amalgamation Document as Appendix 3, may not be disclosed, quoted, referred to or communicated (in whole or in part) to any third party, including, without limitation, employees, creditors or shareholders of the Company, for any purpose whatsoever except with our prior written approval.

Our opinion is addressed to the Independent Directors for their benefit and solely for their deliberation on the Amalgamation and the Delisting, and Management Equity Arrangements. The recommendations made to the Shareholders in relation to the Amalgamation and the Delisting shall remain the responsibility of the Independent Directors. Our opinion on the Management Equity Arrangements is addressed to the Independent Directors for their benefit and solely in the context of Rule 10 of the Code. Our recommendation to the Independent Directors in relation to the Amalgamation and the Delisting, and our opinion on the Management Equity Arrangements should be considered in the context of the entirety of this Letter and the Amalgamation Document.

### 3 INFORMATION ON CBMHL AND THE CITICPE ENTITIES

Information relating to CBMHL and the CITICPE Entities are set out in paragraph 2.2 of the Amalgamation Document.

### 4 THE AMALGAMATION AND THE DELISTING

Under the Amalgamation between the Company and CBMHL, CBMHL shall be amalgamated with and into the Company, and the Amalgamated Company shall continue as a Bermuda exempted company, pursuant to Section 104 of the Companies Act and the Code. The Amalgamated Company shall, upon the Amalgamation taking effect, be a wholly-owned subsidiary of CBCH I.

#### 4.1 Entities involved in the Amalgamation

**CBMHL.** CBMHL, a substantial shareholder of the Company, is an investment holding company incorporated in Bermuda as an exempted company on 3 October 2013 and a subsidiary indirectly owned by CITICPE Fund and other co-investors. As at the Latest Practicable Date, CBMHL does not have any other business save for its holding of 330,456,084 Shares, representing approximately 19.57 per cent of the issued Shares of the Company (excluding treasury shares) and the financing arrangements entered into for the purpose of the Amalgamation. CBMHL is a wholly-owned subsidiary of CBCH I.

**CBCH I.** CBCH I is a special purpose vehicle incorporated under the laws of the British Virgin Islands as a business company on 24 June 2015 in connection with the

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## APPENDIX 3 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

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Amalgamation as a wholly-owned subsidiary of CBCH II. As at the Latest Practicable Date, CBCH I does not have any other business save for its holding of 100 ordinary shares in CMBHL and the financing arrangements entered into for the purpose of the Amalgamation.

**CBCH II.** CBCH II is a special purpose vehicle incorporated under the laws of the Cayman Islands as an exempted company on 19 June 2015 in connection with the Amalgamation as a wholly-owned subsidiary of CB Medical Investment Limited which is in turn is a wholly-owned subsidiary of CB Medical Investment II Limited (“**CBMI II**”), which is controlled by CITICPE Fund. Other than CITICPE Fund, the other shareholders of CBMI II each hold less than 20% of the shares of CBMI II. As at the Latest Practicable Date, CBCH II has 330,456,084 issued ordinary shares of par value US\$0.00001 each.

As at the Latest Practicable Date, CBCH II does not have any other business save for its holding of one (1) ordinary share in CBCH I and the financing arrangements entered into for the purpose of the Amalgamation.

As CBCH II was newly incorporated on 19 June 2015 in connection with the Amalgamation, no audited or unaudited financial statements of CBCH II have been prepared as at the Latest Practicable Date for inclusion in Amalgamation Document. Save as a result of the financing of the Amalgamation and the Amalgamation, there has been no known material change in the financial position or prospects of CBCH II since its incorporation.

**CITICPE Fund.** CITICPE Fund, a limited partnership, organised under the laws of the PRC, is a China focused private equity fund managed by CITIC PE.

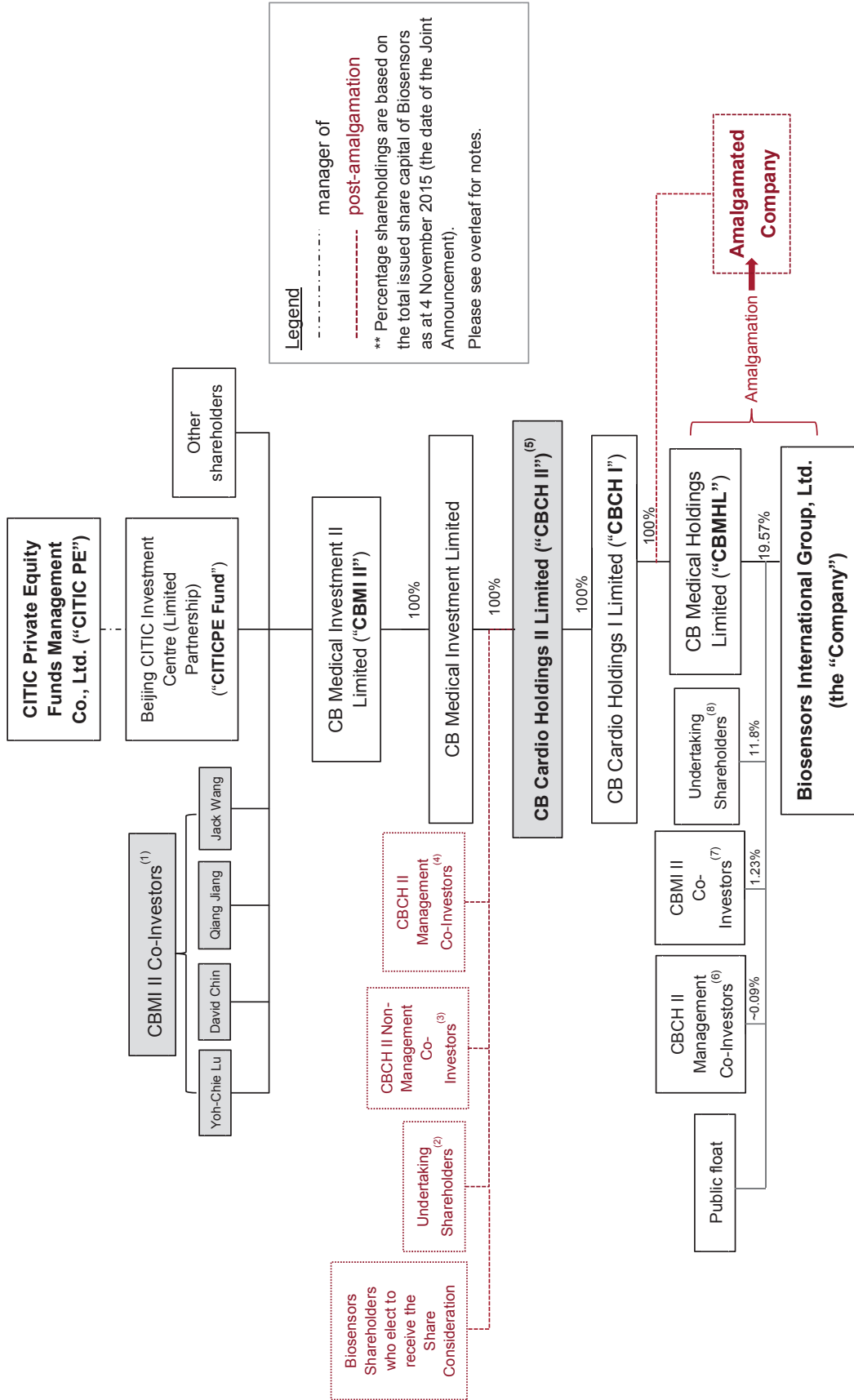
**Undertaking Shareholders.** The Undertaking Shareholders are Shareholders who collectively hold, in aggregate, 199,200,016 Shares, representing approximately 11.8 per cent of the issued Shares of the Company (excluding treasury shares) as at the Latest Practicable Date. Pursuant to the Deeds of Undertaking (as described in section 4.8(a) of this Letter), each of the Undertaking Shareholders has given an irrevocable undertaking to CMBHL to, amongst others, elect to only receive the Share Consideration.

**CBCH II Non-Management Co-Investors.** Certain co-investors who are not in the management of the Company have, pursuant to the Subscription Agreements with CBCH II (as described in section 4.6(b) of this Letter), agreed to subscribe for CBCH II shares only if equity contribution is required from them to pay Biosensors’ Shareholders who elect to receive Cash Consideration.

**CBCH II Management Co-Investors.** Certain members of management of the Company, namely Li Bing Yung (Simon Li), Jose Calle Gordo, Yang Fan (Brian), Frederick Hrkac, David Chin, Qian Keqiang, Eizo Nishimura, Thomas Kenneth Graham, Seow Hock Siew (Bernie), Alexander Andrew Budiman, Wang Dan, Hans-Peter Stoll and Pascal Cabanal (collectively, the “**CBCH II Management Co-Investors**”), have entered into the Management Equity Arrangements, as detailed in section 4.5 of this Letter below.

A diagrammatic representation of the Amalgamation, and the relationships between the various entities involved in the Amalgamation, is set out below. Further details on the above entities are set out in paragraphs 2.2 and 3.2 of the Amalgamation Document.

Chart 1: Shareholding Structure





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### Notes to Chart 1

- (1) Pursuant to the conversion of convertible bonds in CBMI II offered to the senior management of the Company. Yoh-Chie Lu is the Executive Chairman of the Company; Qiang Jiang is the Executive Director and Chief Operating Officer of the Company; David Chin is the Human Resources Officer of the Company; and Jack Wang is the former Chief Technology Officer and Chief Executive Officer of the Company.
- (2) Pursuant to the Deeds of Undertaking, each of the Undertaking Shareholders has given an irrevocable undertaking to CBMHL to elect to only receive the Share Consideration.
- (3) (A) Pursuant to the Subscription Agreements with CBCH II, the CBCH II Non-Management Co-Investors will subscribe for CBCH II shares only if equity contribution is required from them to pay Shareholders who elect to receive Cash Consideration; and (B) pursuant to the Management Subscription Agreement, CBCH III may subscribe for CBCH II shares held by a CBCH II Management Co-Investor under certain circumstances.
- (4) (A) Pursuant to the Management Subscription Agreement, the CBCH II Management Co-Investors (namely, Li Bing Yung (Simon Li), Jose Calle Gordo, Yang Fan (Brian), Frederick Hrkac, David Chin, Qian Keqiang, Eizo Nishimura, Thomas Kenneth Graham, Seow Hock Siew (Bernie), Alexander Andrew Budiman, Wang Dan, Hans-Peter Stoll and Pascal Cabanel) have agreed to (i) subscribe for up to 18,000,000 CBCH II shares; (ii) receive the Share Consideration in respect of their Biosensors Shares; and (iii) elect to receive the Share Consideration or the Cash Consideration in respect of their exercised share options under the Biosensors ESOS, subject to the conditions in the Management Subscription Agreement; and (B) pursuant to the Restricted Share Subscription Agreement, the CBCH II Management Co-Investors will subscribe for up to 27,000,000 CBCH II shares.
- (5) Shareholders will receive shares in this entity, CBCH II, should they elect to receive the Share Consideration.**
- (6) The CBCH II Management Co-Investors who currently own Shares are Li Bing Yung (Simon Li), Jose Calle Gordo, Alexander Andrew Budiman and Wang Dan.
- (7) The CBMI II Co-Investors who currently own Shares are Yoh-Chie Lu and Qiang Jiang.
- (8) The Undertaking Shareholders are Autumn Eagle Limited and Ace Elect Holdings Limited, both wholly-owned subsidiaries of Hony Capital.

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### 4.2 Terms of the Amalgamation

Details of the Amalgamation and effect of the Amalgamation are set out in paragraphs 3 to 8 of the Amalgamation Document. Shareholders are advised to refer to the Amalgamation Document for more details on the Amalgamation.

A summary of the salient terms of the Amalgamation is set out below.

- (a) **Amalgamation Agreement.** The Parties have on 3 November 2015 entered into the Amalgamation Agreement setting out the terms and conditions on which the parties to the Amalgamation Agreement will implement the Amalgamation.
- (b) **Supplemental Agreement.** The Parties have on 10 February 2016 entered into the Supplemental Agreement to amend the Amalgamation Agreement in view of the following rulings by the SGX-ST and the SIC, as announced jointly by the Company and CMBHL in the Update Joint Announcement:
  - (i) the Company must comply with listing rule 1307 of the Listing Manual. This will accordingly entail a separate Delisting Resolution to be approved by a majority of at least 75 per cent of the total number of issued Shares held by Shareholders (excluding treasury shares) present and voting, either in person or by proxy at the Shareholders' Meeting, and must not be voted against by 10 per cent or more of the total number of issued Shares held by Shareholders (excluding treasury shares) present and voting, either in person or by proxy at the Shareholders' Meeting (the Directors and controlling Shareholders (including CBMHL and its concert parties) of the Company need not abstain from voting on the Delisting Resolution);
  - (ii) the SGX-ST has no objections to the proposal from CBMHL to the Delisting Resolution being inter-conditional with the resolution approving the Amalgamation Agreement and the transactions contemplated in the Amalgamation Agreement (including the Amalgamation) as set out in paragraph 11.1 of the Joint Announcement, which would need to be approved by Shareholders representing at least three-fourths (3/4) of the Shares (A) held by holders other than CBMHL or persons acting in concert with it or as may otherwise be prescribed by the SIC; and (B) present and voting in person or by proxy as a single class at the Shareholders' Meeting at which the requisite quorum is present. Accordingly, the Amalgamation will not proceed if the Delisting Resolution is not passed, and vice versa; and
  - (iii) the original Effective Date of the Amalgamation (being the 95th day after the Joint Announcement Date) has been extended to 10 April 2016, subject to the Company making the Update Joint Announcement. The Company has duly released the Update Joint Announcement to update its Shareholders accordingly. CBMHL had subsequently clarified with the SIC that since 10 April 2016 is a Sunday, the deadline for the Amalgamation to be effective shall be 11 April 2016.
- (c) **Cash or Share Consideration.** Subject to the terms and conditions of the Amalgamation Agreement, Shareholders can elect to receive either the Cash Consideration or Share Consideration. The Cash Consideration has been determined on the basis that no dividend, right or other distribution is declared, paid

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or made by the Company to the Shareholders on or after the Joint Announcement Date. If any dividend, right or other distribution is declared, paid or made by the Company to the Shareholders on or after the Joint Announcement Date, CBMHL reserves the right to reduce the Cash Consideration by the amount of such dividend, right or distribution.

(d) **Effect of Amalgamation on Shareholders, the Company and CBMHL.** In summary, on the date on which the Amalgamation becomes effective in accordance with the Amalgamation Agreement and the Companies Act (the “**Effective Date**”):

- (i) each issued Share as at the Books Closure Date (other than Shares to be cancelled in accordance with section 4.2(d)(iv) of this Letter below) will be cancelled in exchange for the right to receive, at the election of the holder of such Share either (a) the Cash Consideration, the aggregate amount of which is payable to that Shareholder as at the Books Closure Date, rounded down to the nearest whole cent and will be sent to the Shareholder within seven (7) business days of the Effective Date; or (b) the Share Consideration, such new CBCH II shares to be allotted and issued within seven (7) days of the Effective Date, subject to the terms of the Amalgamation Agreement;
- (ii) each issued and outstanding share of any class in the share capital of CBMHL as at a books closure date to be announced by the Company (the “**Books Closure Date**”) shall be converted into one (1) fully paid and non-assessable share of par value US\$0.01 in the share capital of the Amalgamated Company;
- (iii) the option holders under the Biosensors ESOS (as defined below) and the award holders under the Biosensors PSP (as defined below) shall each be entitled to exercise the options to receive Shares, and the award holders under the Biosensors PSP shall be entitled to be issued Shares, as applicable, pursuant to the terms thereof upon the receipt of Shareholders’ approval;
- (iv) each Share owned by CBCH I or CBMHL or the Company as at the Books Closure Date, shall be cancelled without any consideration or repayment of capital in respect thereof or any conversion thereof; and
- (v) in accordance with the Companies Act, on the date shown in the Certificate of Amalgamation is issued:
  - (1) the amalgamation of the Company and CBMHL and their continuance as one company (being the Amalgamated Company) shall become effective;
  - (2) the property of each of the Company and CBMHL as at the Effective Date will continue to be the property of the Amalgamated Company;
  - (3) the Amalgamated Company will continue to be liable for the existing obligations of each of the Company and CBMHL;
  - (4) an existing cause of action, claim or liability to prosecution of the Company or CBMHL will be unaffected;

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- (5) a civil, criminal or administrative action or proceeding pending by or against the Company or CBMHL may be continued to be prosecuted by or against the Amalgamated Company;
- (6) a conviction against, or ruling, order or judgment in favour of, or against, the Company or CBMHL may be enforced by or against the Amalgamated Company; and
- (7) the Certificate of Amalgamation is deemed to be the certificate of incorporation of the Amalgamated Company (however, the respective dates of incorporation of the Company or CBMHL shall remain that of their original incorporation dates and shall not be altered by the Amalgamation).

**(e) Effect on Optionholders and Awardholders.**

- (i) All unvested options under the Biosensors ESOS (as defined below) shall vest immediately on the date of approval at the Shareholders Meeting up to the date of the Amalgamation whereupon the options remaining unexercised shall lapse. Optionholders who exercise their options and receive Shares before the Books Closure Date shall have the same rights as Shareholders as set out in paragraph 8.2 of the Amalgamation Document.
- (ii) All awards shall be released, and performance shares which are the subject of a released award under the Biosensors PSP (as defined below) shall be vested, on the trading date falling immediately after the date of approval at the Shareholders Meeting and such performance shares shall be allotted or transferred to the participant no later than five working days after such release date. Holders of awards under the Biosensors PSP (as defined below) who receive Shares before the Books Closure Date shall have the same rights as Shareholders as set out in paragraph 8.2 of the Amalgamation Document.

- (f) Waiver of Rights to a General Offer.** We advise the Independent Directors to highlight to Shareholders that by voting for the Amalgamation and the Delisting, Shareholders are agreeing to CBMHL and its concert parties acquiring or consolidating effective control of the Company without having to make a general offer for the Company.

### 4.3 Conditions to the Amalgamation

The Amalgamation is conditional upon the satisfaction or waiver (as the case may be) of, amongst others, the following conditions precedent (the “**Amalgamation Conditions**”).

**(a) Shareholders’ Approval**

Approval of the Amalgamation Agreement and the transactions contemplated in the Amalgamation Agreement (including the Amalgamation) by a majority of the Shareholders representing at least three-fourths (3/4) of the Shares held by Shareholders other than CBMHL or persons acting in concert with it or as may otherwise be prescribed by the SIC present and voting in person or by proxy at the Shareholders Meeting at which a quorum of two (2) shareholders are present in person or by proxy, holding more than one-third (1/3) of the issued shares of the

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Company.

### (b) Other Approvals

The receipt of all necessary and required governmental and regulatory approvals prior to the business day immediately preceding the Effective Date (the “**Record Date**”), and such approvals not being revoked or withdrawn on or before the Record Date including, but not limited to, the following:

- (i) confirmation from the SIC that Rules 20.1, 22, 28 and 29 and Note (f) on the Definition of Offer of the Code will not apply to the Amalgamation, subject to the Amalgamation being effective by 5.30 p.m. on 10 April 2016;
- (ii) confirmation from the SIC that it has no objections to the Amalgamation Conditions;
- (iii) the approval-in-principle from the SGX-ST for the Amalgamation Document and for the proposed delisting of the Company; and
- (iv) confirmation from the SIC that the Management Equity Arrangements will not be regarded as a prohibited special deal under the Code.

The SIC has confirmed on 11 June 2015, 2 November 2015 and 10 February 2016, *inter alia*, that:

- (i) Rules 20.1, 22, 28 and 20 and Note (f) on the Definition of offer of the Code will not apply to the Amalgamation, subject to the Amalgamation being effective by 5.30 p.m. on 10 April 2016; and
- (ii) it has no objections to the Amalgamation Conditions.

### (c) No Material Adverse Effect

No event or circumstance shall have occurred since the date of the Amalgamation Agreement that would result in:

- (i) diminution in the consolidated net tangible asset value of the Company and its subsidiaries (collectively, the “**Group**”) to below US\$350,000,000, as reflected in the later of the latest publicly released consolidated unaudited financial statements of the Group prior to the Record Date, or the consolidated unaudited management accounts as at the calendar month-end at least 15 business days prior to the Record Date (the “**Latest Accounts**”), excluding currency translation effects; or

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- (ii) diminution in the consolidated EBITDA<sup>2</sup> of the Group for the last four (4) financial quarters immediately prior to the Record Date (the “**Relevant 12-Month Period**”) to an amount below US\$40,000,000 to the extent captured in the Latest Accounts and the latest publicly released consolidated unaudited financial statements of the Group prior to the Record Date.

**(d) Dissenting Shareholders**

Shareholders who did not vote in favour of the Amalgamation and who make an application to the Court and comply with all provisions of the Companies Act to require appraisal of their Shares under the Companies Act, as of the date of the Amalgamation Agreement, shall not exceed 5 per cent of the total outstanding Shares (excluding treasury shares).

**(e) Available Company Cash**

Taking into account the potential prepayment as a consequence of the consents set out in section 4.3(g) of this Letter below not being obtained, the Available Company Cash shall be at least the Required Available Cash Amount as of the Record Date.

For the purposes of this section:

- (i) “**Available Company Cash**” means (i) cash of the Company in United States (“**U.S.**”) dollars in a U.S. dollar-denominated bank account of the Company opened at a bank outside the PRC; and (ii) cash of the Company in Renminbi (“**RMB**”) in a RMB-denominated bank account of a subsidiary of the Company opened at a bank inside the PRC; and
- (ii) “**Required Available Cash Amount**” means (i) US\$80,000,000, in the case of cash denominated in U.S. dollars or (ii) an amount in RMB that is no less than the equivalent of US\$156,800,000, in the case of cash denominated in RMB.

**(f) Amendment of the conditions of the notes issued under Biosensors Investment (Singapore) Pte. Ltd.’s (“Biosensors Investment”) US\$800,000,000 multicurrency medium term note programme (the “MTN Programme”), unconditionally and irrevocably guaranteed by the Company**

The consent of noteholders of the notes (“**Notes**”) issued under the MTN Programme (the “**Noteholders**”) being obtained for, amongst others, the following:

- (i) waiver for the non-compliance and/or breach of certain terms and conditions of the notes (the “**MTN Conditions**”), and terms under the trust deed executed in connection with the MTN Programme, which may occur as a result of the

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<sup>2</sup> “EBITDA” in this section means, in relation to the relevant period, the total consolidated profit of the Company for that period:

- (i) before taking into account interest expense, tax, any share of the profit of any associated company or undertaking and extraordinary and exceptional items;
- (ii) after adjusting for any other non-operating non-cash items such as any employee share option schemes and/or performance share plans;
- (iii) after adding back all amounts provided for depreciation and amortisation for that period; and
- (iv) excluding any amount attributable to minority interests.

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Amalgamation; and

- (ii) amendment of the MTN Conditions in relation to Biosensors Investment's call option to redeem the notes, and the redemption date of the notes, subject to the Amalgamation becoming effective.

On 7 January 2016, meetings of the Noteholders were held to obtain the consent of the relevant Noteholders for the matters set out in section (i) of Part 1 of Appendix 1 to the Amalgamation Document (each, a "**MTN Consent**"). As stated in the announcement released by the Company on 7 January 2016, the extraordinary resolutions in respect of the MTN Consent (each, a "**Noteholders' Resolution**") were unanimously passed without any amendments by the Noteholders who voted.

Pursuant to the passing of the Noteholders' Resolutions by the Noteholders, the Company, Biosensors Investment (as Issuer) and the Bank of New York Mellon, Singapore Branch, acting in its capacity as trustee for the Noteholders, will enter into a supplemental trust deed to provide for, *inter alia*, the inclusion, upon the Amalgamation becoming effective and binding in accordance with its terms, of an option (the "**Call Option**") granted to Biosensors Investment which would allow Biosensors Investment to redeem all (and not some only) of the Notes then outstanding (other than Notes which have already been accepted for purchase by the Issuer) by giving not less than five business days' notice, on any date falling within 60 days of the Effective Date.

Biosensors Investment fully intends to exercise the Call Option so that all the Notes will be redeemed within 60 days of the Effective Date.

### (g) **Lender Consents**

The Company shall have received consents and/or waivers from its lenders in relation to the Amalgamation, namely (i) JP Morgan Chase Bank, N.A., Singapore Branch; (ii) Deutsche Bank AG, Singapore Branch; and (iii) United Overseas Bank Limited.

As at the Latest Practicable Date, the Company has fully repaid all amounts due and outstanding under the loan with Deutsche Bank AG, Singapore Branch, in relation to facility agreements dated 9 November 2012 and 14 November 2014, by and between Deutsche Bank AG, Singapore Branch, as lender, and the Company, as amended from time to time pursuant to the terms thereof.

The Company had on 29 January 2016 received the confirmation from United Overseas Bank that it has no objections to the Amalgamation subject to (i) any security granted in their favour and/or parties' rights under the facility letters with United Overseas Bank remaining otherwise unchanged (save for the previously agreed waiver of the financial covenants), and (ii) the Company keeping the United Overseas Bank informed of the date of completion of the Amalgamation.

Please refer to paragraph 7 and Part 1 of Appendix 1 of the Amalgamation Document for the full list and further details of the Amalgamation Conditions.

CBCB I alone may waive the Amalgamation Conditions in relation to Prescribed Occurrences (as defined in the Amalgamation Agreement) relating to the Group as set out

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in Part 2 of Appendix 1 of the Amalgamation Document, and the Amalgamation Conditions set out in section 4.3(c) to (g) of this Letter above (further details of which are set out at in paragraphs (d) to (k) of Part 1 of Appendix 1 of the Amalgamation Document). Any breach or non-fulfilment of any such Amalgamation Conditions may be relied upon only by CBCH I. CBCH I may at any time and from time to time at its sole and absolute discretion waive any such breach or non-fulfilment.

The Company alone may waive the Amalgamation Conditions in relation to Prescribed Occurrences relating to the CITICPE Entities as set out in paragraph (c) of Part 1 of Appendix 1 of the Amalgamation Document, and paragraphs (l) to (n) of Part 2 of Appendix 1 of the Amalgamation Document. Any breach or non-fulfilment of any such Amalgamation Conditions may be relied upon only by the Company. The Company may at any time and from time to time at its sole and absolute discretion waive any such breach or non-fulfilment.

The Amalgamation Conditions in relation to Shareholders' approval at the Shareholders Meeting and other approvals as set out in section 4.3(a) and (b) of this Letter above (further details of which are set out at in paragraphs (a) and (b) of Part 1 of Appendix 1 of the Amalgamation Document), are not capable of being waived by any Party or all Parties.

### 4.4 Termination of the Amalgamation Agreement

The Amalgamation Agreement provides that the Amalgamation Agreement may (subject to prior consultation with and approval of the SIC) be terminated at any time prior to the Record Date, by any of the parties in the following situations, amongst others:

#### (a) Non-fulfilment of Amalgamation Conditions

CBCH I or the Company may terminate the Amalgamation Agreement if any Amalgamation Condition (as set out in Part 1 of Appendix 1 to the Amalgamation Document) shall not have been satisfied or if the Effective Date shall not have occurred on or before nine months from the date of the Amalgamation Agreement (or such later date as the Parties may agree in writing).

#### (b) Regulatory Action

CBCH I or the Company may terminate the Amalgamation Agreement if any cease and desist or other order, writ, judgment, injunction, consent or other decree, stipulation, determination or award by or with any governmental entity ("**Governmental Order**") preventing the consummation of the Amalgamation shall have been entered by any court of competent jurisdiction and shall have become final and non-appealable.

#### (c) Shareholders' Approval

CBCH I or the Company may terminate the Amalgamation Agreement if the requisite approval for adoption at the Shareholders Meeting is not obtained.

#### (d) Company's Breach

CBCH I may terminate the Amalgamation Agreement upon the occurrence of a non-curable or curable material breach by the Company of any representation, warranty,



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covenant or agreement of the Company set forth in the Amalgamation Agreement.

**(e) CITICPE Entities' Breach**

The Company may terminate the Amalgamation Agreement upon the occurrence of a non-curable or curable material breach by any of the CITICPE Entities of any representation, warranty, covenant or agreement of any of the CITICPE Entities set forth in the Amalgamation Agreement.

In the event of termination of the Amalgamation Agreement pursuant to the terms of the Amalgamation Agreement, the Amalgamation Agreement shall forthwith become void, there shall be no liability under the Amalgamation Agreement on the part of any Party or any of its affiliates or any of its, or their officers, directors, employees, agents or advisors, and all rights and obligations of each Party shall cease (except for certain surviving provisions such as those relating to confidentiality and governing law); provided, however, that nothing in the Amalgamation Agreement shall relieve any Party from liability for antecedent breaches.

Please refer to paragraph 7.3 of the Amalgamation Document for further details on termination of the Amalgamation Agreement.

### 4.5 Management Equity Arrangements

As CBMHL intends and desires that there is continuity of management and minimal interruption of the Group's business, CBCH II had prior to the Joint Announcement Date entered into the following Management Equity Arrangements with key members of the management team of the Group to encourage such management personnel to continue to render their services to the Group and to be involved with the development of the Group's business.

A summary of the Management Equity Arrangements is set out below. Please refer to paragraph 3.3 of the Amalgamation Document for further details on the Management Equity Arrangements.

**(a) Management Subscription Agreement**

The CBCH II Management Co-Investors have entered into a subscription agreement (the "**Management Subscription Agreement**") to collectively subscribe for up to 18,000,000 CBCH II shares at a consideration per CBCH II share equal to the Cash Consideration. In addition, the CBCH II Management Co-Investors who are Shareholders shall elect to receive the Share Consideration in respect of all their Shares (including any Shares received pursuant to the release of Share awards under the Biosensors PSP<sup>3</sup>).

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<sup>3</sup> The Biosensors PSP was approved at the special general meeting of the Company held on 27 May 2006, as amended on 23 July 2007. Under the terms of the Biosensors PSP, awards of fully paid-up shares will be granted, free of payment, to selected senior executives and key management of the Company and its subsidiaries, including executive directors with performance targets to be set over a performance period (typically a three-year period). Subject to the achievement of the prescribed performance targets and upon expiry of the prescribed performance period, fully paid Shares free of payment will be allotted and issued.

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A summary of the salient terms of the Management Subscription Agreements is set out below:

- (i) **Undertakings of the CBCH II Management Co-Investors.** CBCH II Management Co-Investors who decide to exercise their Share options under the Biosensors Employee Share Option Scheme<sup>4</sup> (the “**Biosensors ESOS**”), are also required to either elect to receive the Share Consideration or the Cash Consideration, provided that such CBCH II Management Co-Investors shall receive the Cash Consideration only in respect of their portion of the subscription under the Management Subscription Agreement, and shall utilise all of the Cash Consideration received to pay their portion of the subscription under the Management Subscription Agreement. As at the Latest Practicable Date, there are outstanding options under the Biosensors ESOS entitling holders thereof to subscribe for a total of 32,419,193 Shares, the details of which are set out in section 3.4 of Appendix 5 of the Amalgamation Document.
  
- (ii) **Undertakings of CBCH III.** Under the terms of the Management Subscription Agreement, CB Cardio Holdings III Limited (“**CBCH III**”) (which is controlled by CITICPE Fund) has agreed to purchase all the CBCH II shares held by a CBCH II Management Co-Investor (including all Restricted Shares issued and vested pursuant to the Restricted Share Subscription Agreement and Share Restriction Agreement, as elaborated in paragraphs 4.5(b) and (c) below) at an exit price calculated in accordance with the Management Subscription Agreement, upon the occurrence of the following events:
  - (A) where an initial public offering of CBCH II or another intermediate holding entity has not taken place within four years after the delisting of the Company (“**IPO**”);
  - (B) where a CBCH II Management Co-Investor suffers a disability (being the death, permanent incapacity or inability to perform duties by the CBCH II Management Co-Investor under the CBCH II Management Co-Investor’s employment agreement with CBCH II for a period of at least 60 days in any period of 12 consecutive months) within four years after the delisting of the Company; or
  - (C) where a CBCH II Management Co-Investor’s employment is terminated without cause within four years after the delisting of the Company.

### (b) **Restricted Share Subscription Agreement**

All of the CBCH II Management Co-Investors have also entered into a restricted share subscription agreement (the “**Restricted Share Subscription Agreement**”)

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<sup>4</sup> The Biosensors ESOS was approved at the special general meeting of the Company on 28 January 2005 and took effect on 20 May 2005. The duration of the Biosensors ESOS has been extended up to 27 January 2025. Under the terms of the Biosensors ESOS, options granted with the exercise price set at market price shall only be exercisable after the first anniversary of the date of grant and expiring on the tenth anniversary of its date of grant or such earlier date as may be determined by the Committee. In the case of an option set at a discount to the market price, the option shall only be exercisable after the second anniversary of the date of grant of that option or such later date as may be determined by the Committee.

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pursuant to which such CBCH II Management Co-Investors will collectively subscribe for up to 27,000,000 CBCH II shares at par value of US\$0.00001 per share.

A summary of the salient terms of the Restricted Share Subscription Agreement is set out below:

- (i) **Standstill undertakings prior to completion of the Amalgamation.** Each of the CBCH II Management Co-Investors undertakes not to acquire or dispose of their securities in the Company; or enter into an agreement or arrangement which imposes obligations or restrictions with respect to the exercise of voting rights attached to the securities in the Company, prior to the date of completion of the Amalgamation; and
- (ii) **Undertakings in respect of the Amalgamation.** Where any of the CBCH II Management Co-Investors acquires Shares after the date of the Restricted Share Subscription Agreement, he/she undertakes to elect to receive the Share Consideration, subject to certain conditions.

The CBCH II shares subscribed by the CBCH II Management Co-Investors are subject to certain restrictions as set out in the Share Restriction Agreement, as elaborated below.

### (c) **Share Restriction Agreement**

All of the CBCH II Management Co-Investors have also entered into a share restriction agreement (the “**Share Restriction Agreement**”) which imposes certain restrictions on the CBCH II shares subscribed for by such CBCH II Management Co-Investors pursuant to the Restricted Share Subscription Agreement (the “**Restricted Shares**”).

**CBCH II’s repurchase right.** The Share Restriction Agreement sets out certain limited events where CBCH II shall have the right to repurchase (the “**Repurchase Right**”) up to all of the Restricted Shares held by a CBCH II Management Co-Investor and any securities received by such CBCH II Management Co-Investor as a result of ownership of his Restricted Shares that have not been vested and thus released from CBCH II’s Repurchase Right under the Share Restriction Agreement, at par value or the minimum purchase price permitted by law. Such events include:

- (i) where a CBCH II Management Co-Investor’s employment is terminated without cause (provided that he has not exercised certain exit rights under the Management Subscription Agreement);
- (ii) where a CBCH II Management Co-Investor has voluntarily terminated his employment or his employment is terminated for cause; or
- (iii) where a CBCH II Management Co-Investor suffers a disability (provided that he has not exercised certain exit rights under the Management Subscription Agreement).

The Repurchase Right may be exercised by CBCH II within 90 days after the occurrence of the above events.

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**Vesting terms.** All of the Restricted Shares shall initially be unvested and are thus subject to the Repurchase Right. The Restricted Shares shall be vested and thus released from the Repurchase Rights in accordance with the following schedule and terms:

- (i) one-third of the Restricted Shares shall be vested and released from the Repurchase Right every year, on the first, second and third financial years immediately after the year where the Restricted Shares are issued, provided that:
  - (A) the EBITDA<sup>5</sup> for the period covered by the audited annual report of the relevant financial year shall be no less than US\$85,000,000; and
  - (B) the CBCH II Management Co-Investor remains employed by the relevant group company.

In the event of an IPO, a Change of Control event or sale of substantially all of CBCH II group's assets, all the Restricted Shares shall vest immediately.

In this section a “**Change of Control**” event is defined as (1) a change of control in CBCH II, whereby CITICPE Fund ceases to own a 30 per cent interest in CBCH II; (2) CBCH II ceasing to own a 100 per cent interest in CBCH I; and (3) CBCH I ceasing to own a 100 per cent interest in the Company.

**Assignment of the Repurchase Right.** CBCH II may not assign any Repurchase Right or the Restricted Shares to any party without the prior consent of the holders holding at least 50 per cent of the outstanding shares in CBCH II. If CBCH II is unable to repurchase the Restricted Shares by exercising its Repurchase Right for any reason, the other CBCH II shareholders shall have the right to purchase the Restricted Shares on the same terms and price as CBCH II's Repurchase Right, provided that the percentage shareholding of Restricted Shares owned by such CBCH II Management Co-Investor is the same as if CBCH II had itself fully exercised the Repurchase Right.

**Transfer restrictions.** Once the Restricted Shares have been vested and are thus no longer subject to the Repurchase Right, they may be transferred only in accordance with the memorandum and articles of association of the CBCH II and the CBCH II Shareholders' Agreement (as defined in section 4.6(c)).

**Voting rights and rights to receive dividends.** Notwithstanding the placing of the Restricted Shares in escrow, the CBCH II Management Co-Investors will have the

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<sup>5</sup> “EBITDA” as defined in the Share Restriction Agreement, means, as of any determination date, on a consolidated basis for CBCH II and as shown in its audit report, income before income taxes for the last financial year prior to such determination date, before (without duplication) interest expense and interest income (net of capitalised interest expense) to the extent included in the determination of such income before income taxes, plus (without duplication) depreciation expense to the extent included in the determination of such income before income taxes, plus (without duplication) amortisation expense to the extent included in the determination of such income before income taxes, plus (without duplication) non-cash stock compensation expense such as but not limited to expenses related to share based compensation to the extent included in the determination of such income before income taxes, and adjusted by extraordinary income and expenses such as but not limited to non-recurring and one-off items, and the effects of the write-off of deferred and intangible assets.

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rights to (1) receive dividends and distributions in respect of their Restricted Shares; and (2) exercise any voting rights attached to their Restricted Shares.

### (d) Founder Consultant Retention Agreement

Yoh-Chie Lu (Executive Chairman of the Company) has entered into the Founder Consultant Retention Agreement with CBCH II pursuant to which he will be offered a position to serve as the founder consultant of CBCH II (“**Founder Consultant**”) for a period of two (2) years (the “**Term**”), commencing on 1 November 2016 (being the expiration date of his existing employment contract with the Company).

As Founder Consultant, Yoh-Chie Lu’s responsibilities would be to advise CBCH II concerning such matters that relate to financial and strategic matters of CBCH II and its subsidiaries including timing and venue of future initial public offering of CBCH II, business expansion in different geographic areas, potential acquisition targets, divestiture opportunities, strategic alliances with business partners, and products development (the “**Services**”). Yoh-Chie Lu would be entitled to a total compensation of S\$2,000,000 from CBCH II for the Term as consideration for (i) the provision of the Services and (ii) his compliance with certain non-competition undertakings during the Term.

## 4.6 Co-Investment Arrangements

A summary of the co-investment arrangements is set out below. Please refer to paragraph 3.2 of the Amalgamation Document for further details on the co-investment arrangements.

### (a) CBMI II Co-Investors

In order to motivate and incentivise the senior management of the Company at the relevant time, each of Yoh-Chie Lu (Executive Chairman of the Company), Qiang Jiang (Executive Director and Chief Operating Officer of the Company), David Chin (Human Resources Officer) and Jack Wang (former Chief Technology Officer and Chief Executive Officer of the Company) (collectively, the “**CBMI II Co-Investors**”) had previously been offered the opportunity to subscribe for bonds convertible into shares in CB Medical Investment II Limited (“**CBMI II**”). Convertible bonds in the aggregate principal sum of US\$13,000,228.07 were issued to the CBMI II Co-Investors, which were subsequently converted into shares in CBMI II at an underlying conversion price of US\$1.00 per share. CBMI II indirectly owns the entire issued share capital of CBMHL.

In order to govern their rights, duties and obligations as security holders in CBMI II, the CBMI II Co-Investors had entered into an investors rights agreement with the other shareholders of CBMI II (including, CITICPE Fund) (the “**Investors Rights Agreement**”).

The Investors Rights Agreement contains, among other things, provisions relating to (i) matters relating to the board of CBMI II and its subsidiaries, (ii) reserved matters, (iii) restrictions on transfers of the shares in CBMI II by the shareholders of CBMI II, (iv) drag-along rights of CITICPE Fund, and tag-along rights of the other shareholders of CBMI II in certain events where CITICPE Fund transfers any of its shares in CBMI II to a third party and (v) pre-emptive rights of the shareholders of CBMI II in relation to issuance of shares in CBMI II.

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The CBMI II Co-Investors are persons acting in concert with CBMHL. All the CBMI II Co-Investors, to the extent that they hold Shares, will abstain from voting on the Amalgamation at the Shareholders' Meeting.

**(b) CBCH II Non-Management Co-Investors**

The following co-investors have entered into subscription agreements with CBCH II (collectively, the "**Subscription Agreements**") to subscribe for CBCH II shares for the purposes of providing equity funding in respect of the Amalgamation:

- (i) CBCH III (which is controlled by CITICPE Fund);
- (ii) Wealth Summit Ventures Limited ("**Wealth Summit**");
- (iii) Marine Trade Holdings Limited ("**Marine Trade**");
- (iv) Fu Mao Holdings Limited ("**Fu Mao**"); and
- (v) each of the CBCH II Management Co-Investors (as defined above).

Under the terms of the Subscription Agreements entered into between CBCH II and each of CBCH III, Wealth Summit, Marine Trade and Fu Mao (collectively, the "**CBCH II Non-Management Co-Investors**"), the CBCH II Non-Management Co-Investors will subscribe for CBCH II shares at a consideration per CBCH II share equal to the Cash Consideration, unless such issuance will result in the dilution of the effective shareholding interests in the Company held by Shareholders who elect to receive the Share Consideration. Accordingly, the CBCH II Non-Management Co-Investors will only subscribe for CBCH II shares if equity contribution is required from them to pay Shareholders who elect to receive the Cash Consideration.

The exact number of CBCH II shares to be subscribed by each of the CBCH II Non-Management Co-Investors will only be determined after the number of Shareholders who elect to receive the Cash Consideration (or the Share Consideration) has been determined.

**(c) CBCH II Shareholders' Agreement**

The CBCH II Management Co-Investors, the CBCH II Non-Management Co-Investors, CB Medical Investment Limited ("**CBMIL**"), the Undertaking Shareholders and CBCH II will enter into a shareholders' agreement (the "**CBCH II Shareholders' Agreement**") prior to the Effective Date to regulate their relationship as eventual shareholders of CBCH II and the conduct of the business and affairs of CBCH II. The relevant provisions of the CBCH II Shareholders' Agreement have been incorporated in the amended and restated memorandum and articles of association of CBCH II (the "**CBCH II Articles**"). A Shareholder who wishes to elect to receive the Share Consideration will not be required to enter into the CBCH II Shareholders' Agreement, but may choose to do so following the Effective Date. In any event, Shareholders will be bound by the terms of the CBCH II Articles.

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A summary of the salient terms of the CBCH II Shareholders' Agreement is set out below:

- (ii) **Board of Directors.** After the delisting of the Company, CBCH II's board shall consist of seven (7) directors. Each CBCH II shareholder shall be entitled to nominate such number of directors that is most closely proportional to its pro rata shareholding, provided that:
  - (A) the largest new Shareholder who has committed to investment no less than US\$60,000,000 in the Company, shall be entitled to nominate one (1) director to the board; and
  - (B) the members of management shall collectively be entitled to nominate one (1) director to the board.

The CBCH II shareholders also undertake to vote in favour of such board composition.

- (iii) **Matters requiring super majority approval of CBCH II shareholders.** The following actions shall require approval of CBCH II shareholders holding at least 85 per cent of the issued share capital of CBCH II:
  - (A) entry into any material agreements in relation to CBCH II's interests in the Company, save in respect of certain banking facilities; and
  - (B) any repurchase or redemption of the issued shares of CBCH II, other than pursuant to co-investment arrangements relating to the Amalgamation or the Share Restriction Agreement, amongst others.
- (iv) **Pre-emptive rights.** Where CBCH II proposes to issue new shares, each CBCH II shareholder has the right to subscribe for his/her pro rata percentage of new shares upon the same terms and conditions.
- (v) **Employee stock option plan.** CBCH II intends to establish an employee stock option plan ("ESOP") which substantially mirrors the Biosensors ESOS, pursuant to which CBCH II shares, representing a percentage (to be determined) of the total share capital of the CBCH II immediately following completion of the Amalgamation shall be reserved for issuance to eligible personnel prescribed in the ESOP at the discretion of the board.
- (vi) **Transfer restrictions.** None of the CBCH II shareholders may transfer all or any part of its CBCH II shares before the earlier of (i) the fourth anniversary of the date of delisting of the Company; and (ii) the completion of an initial public offering (such earlier date, the "**Split Date**"), unless such CBCH II shareholder has obtained the prior written consent from CBMIL.

The CBCH II shareholders may freely transfer their shares to any party upon the earliest to occur of (1) the Split Date; (2) the date that is 60 days after a substantive legal, regulatory or financial obstacle for an IPO as identified by CBCH II's board of directors, subject to certain conditions, and (3) the date that is after the consolidated revenue and the consolidated normalised net profit of the Group have each decreased for six (6) consecutive financial

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quarters.

CBMIL and CBCH III may freely transfer CBCH II shares provided that, immediately after such transfer, the CBCH II shares directly held by CBMIL and CBCH III shall in the aggregate be no less than 30 per cent of the total issued and outstanding share capital of the Company.

- (vii) **Rights of first refusal.** When a CBCH II shareholder wishes to sell his/her CBCH II shares prior to the Split Date (the “**Transferor**”), each of the other CBCH II shareholders has the option to purchase all or any portion of the Transferor’s CBCH II shares.
- (viii) **Co-Sale rights.** In respect of a CBCH II shareholder who did not exercise his/her right of first refusal as to the securities proposed to be sold, such CBCH II shareholder has the right to participate in such transfer to the prospective transferee in respect of the Transferor’s CBCH II shares not purchased pursuant to the rights of first refusal. The total number of CBCH II shares such co-selling CBCH II shareholder may elect to sell is up to the same proportion of the CBCH II shares that the Transferor is proposing to sell.
- (ix) **Drag-along rights.** If CBMIL proposes to sell all of its shares in CBCH II, or approve an acquisition of the CBCH II group, as a whole by merger, sale of all assets of the CBCH II group, it is entitled to require all the other CBCH II shareholders to transfer all of their shares, or approve the acquisition (as the case may be), provided the following conditions are met:
  - (A) consideration per CBCH II share of an amount would yield a compounded annual return of at least 15 per cent of the Cash Consideration (as defined in the Amalgamation Agreement); and
  - (B) CBMIL shall only be entitled to require CBCH III to transfer all of its shares or to approve the acquisition of the CBCH II group in the event that the consideration or dividend distribution to be actually received by CBCH III is sufficient for CBCH III to pay all amounts payable under its mezzanine debt financing facility.
- (x) **Information and inspection rights.** CBCH II shareholders are granted access to the following, amongst others:
  - (A) CBCH II’s board meeting minutes, including written material provided in relation thereto;
  - (B) contracts in connection with an initial public offering by CBCH II or its intermediate holding entity of its securities on an international recognised stock exchange;
  - (C) facilities, properties, records and management of each of the CBCH II group companies; and
  - (D) monthly management accounts of CBCH II where a material adverse change or development in the business, operations, financial position or prospects of the CBCH II group is suspected.



### (d) CBCH II Memorandum and Articles of Association

The Memorandum and Articles of Association of CBCH II contains provisions similar to those highlighted in sub-sections 4.6(c)(i) to (ix) above, save that it does not contain the information and inspection rights mentioned in sub-sections 4.6(c)(x) above.

Please refer to Appendix I to the Letter from CMBHL to Shareholders in Appendix 4 of the Amalgamation Document for the relevant extracts of the CBCH II Articles and further details.

### 4.7 Financing for the Cash Consideration

As at the Latest Practicable Date, for the purpose of funding the Amalgamation, CBMHL has entered into a commitment letter dated 9 October 2015 with Bank of China Limited, Macau Branch and Bank of China Limited, Singapore Branch (as mandated lead arrangers and underwriters), for the following facilities:

- (i) US\$80,000,000 (or equivalent) cash bridge loan facility (“**Facility A**”);
- (ii) US\$140,000,000 (or equivalent) term loan facility (“**Facility B**”); and
- (iii) US\$380,000,000 (or equivalent) term loan facility (“**Facility C**”, and together with Facility A and Facility B, the “**Facilities**”). The available amount of Facility C is the lower of (i) the amount equal to 60 per cent of the total capitalization of the Company calculated on the basis of the Cash Consideration per Share, less US\$220,000,000; and (ii) US\$380,000,000.

The interest rate on each of Facility A and Facility B for each interest period relating thereto is the percentage rate per annum which is the aggregate of (i) a margin of 2.25 per cent. per annum; and (ii) the London Interbank Offered Rate (“**LIBOR**”) for such loan and such interest period (in the case of US dollar loan) or the Singapore Interbank Offered Rate (“**SIBOR**”) for such loan and such interest period (in the case of Singapore dollar loan) or the Euro Interbank Offered Rate (“**EURIBOR**”) for such loan and such interest period (in the case of Euro loan). The interest rate on Facility C for each interest period relating thereto is the percentage rate per annum which is the aggregate of (A)(1) a margin of 3.50 per cent per annum; and (2) LIBOR for such loan and such interest period (in the case of US dollar loan) or SIBOR for such loan and such interest period (in the case of Singapore dollar loan); B(1) a margin of 3.20 per cent per annum; and (2) EURIBOR for such loan and such interest period (in the case of Euro loan).

The final maturity date of Facility A is one (1) year from the first utilisation date of such facility. The final maturity dates of Facility B and Facility C are three (3) years and five (5) years, respectively, each from the execution date of the relevant facility agreement.

The securities provided for the Facilities are customary securities for transactions of a similar nature which mainly include account charges, share charges, security assignment of intercompany loans, and security over material assets. The entire issued share capital in CBMHL, CBCH I and the Amalgamated Company will be charged and made subject to security in favour of Bank of China Limited, Singapore Branch (as security agent or trustee), and guarantees and security over assets (including without limitation share and equity interests in subsidiaries, and bank accounts) will be granted by one or more of the

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CITICPE Entities, the Amalgamated Company and their respective direct or indirect subsidiaries in favour of Bank of China Limited, Singapore Branch (as security agent or trustee) and other finance parties and secured parties, (in each case) in connection with the financing. The obligations of CBMHL in respect of the financing will be assumed by and will be binding upon the Amalgamated Company upon the effectiveness of the Amalgamation.

Please refer to paragraph 6 of the Amalgamation Document for more details on the Facilities.

### 4.8 Irrevocable Undertakings

#### (a) Deeds of Undertaking

Each of the Shareholders, Autumn Eagle Limited and Ace Elect Holdings Limited, both wholly-owned subsidiaries of Hony Capital, (collectively, the “**Undertaking Shareholders**”) has given an irrevocable undertaking to CBMHL (each, a “**Deed of Undertaking**”) to, amongst others:

- (i) vote, or procure the voting of, all of its Shares (the “**Relevant Shares**”), in favour of the Amalgamation and any other matter proposed to implement the Amalgamation;
- (ii) elect or procure the election to receive only the Share Consideration for all the Relevant Shares and shall execute all documents and do all acts, which may be required to give effect to the election; and
- (iii) not accept any other offer from any other party for all or any of the Relevant Shares.

The Undertaking Shareholders have further, in their capacities as Shareholders, agreed to be bound by certain non-solicitation restrictions during the term of the Deeds of Undertaking.

Details of the Shares held by the Undertaking Shareholders as at the Latest Practicable Date, are set out below:

<b>Undertaking Shareholder</b>	<b>Shares</b>	<b>% Ownership<sup>(1)</sup></b>
Autumn Eagle Limited	159,656,100	9.46%
Ace Elect Holdings Limited	39,543,916	2.34%
<b>Total</b>	<b>199,200,016</b>	<b>11.80%</b>

- (1) Based on 1,688,549,965 Shares (excluding treasury shares) as at the Latest Practicable Date. Percentages rounded to the nearest two (2) decimal places.

#### (b) Termination of the Deeds of Undertakings

The Deeds of Undertaking will terminate upon the earliest of any of the following dates:

- (i) the Effective Date;
- (ii) in the event the Amalgamation lapses or is terminated in accordance with its

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terms without the Amalgamation becoming effective for any reason other than a breach by the Undertaking Shareholders of any of their obligations in the Deeds of Undertaking, the date of lapsing or termination of the Amalgamation Agreement;

- (iii) in the event a competing general offer for the Company is announced by a party other than CBMHL at a consideration of not less than S\$1.20 in cash per Share at any time after the Joint Announcement is issued, the date such offer is announced; and
- (iv) the date falling six (6) months from the Joint Announcement Date.

### (c) No other Irrevocable Undertakings

As at the Latest Practicable Date, save for the Deeds of Undertaking, neither CBMHL nor any of CBMHL, the directors of CBMHL or the joint financial advisers of CBMHL has received any irrevocable undertaking from any party to vote in favour of the Amalgamation. Details of the Shares held by the Undertaking Shareholders, the CBCH II Management Co-Investors and the CBMI II Co-Investors as at the Latest Practicable Date are set out in Part 3 of Appendix 1 of the Amalgamation Document.

Please refer to paragraph 4 of the Amalgamation Document for further details on the Undertaking Shareholders and the Deeds of Undertaking.

## 4.9 SIC Rulings

CBMHL has obtained the following rulings from the SIC in relation to the Amalgamation:

- (i) the Management Equity Arrangements (specifically those offered to Jose Calle Gordo, Li Bing Yung (Simon Li), Alexander Andrew Budiman, Wang Dan and the Founder Consultant Retention Agreement offered to Yoh-Chie Lu) will not be regarded as a prohibited special deals for the purposes of Rule 10 of the Code, subject to disclosure of the relevant details of the Management Equity Arrangements (including the Founder Consultant Retention Agreement) in the Letter from CBMHL to Shareholders as set out in Appendix 4 of the Amalgamation Document and the IFA stating publicly its opinion that the Management Equity Arrangements (including the Founder Consultant Retention Agreement) are fair and reasonable;
- (ii) the CBCH II Management Co-Investors (specifically Jose Calle Gordo, Li Bing Yung (Simon Li), Alexander Andrew Budiman and Wang Dan, and other than David Chin), will be permitted to vote on the Amalgamation at the Shareholders Meeting;
- (iii) rules 20.1, 22, 28, 29 and Note (f) on the Definition of Offer of the Code will not apply to the Amalgamation, subject to the Amalgamation being effective by 5.30 p.m. on 10 April 2016; and
- (iv) the SIC has no objections to the Amalgamation Conditions.

Please refer to paragraphs 1.3, 3.4, 4.4, 7.1.2(b) of the Amalgamation Document for further details on the SIC rulings.

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### 4.10 Interested Person Transaction

As set out in paragraph 7.1.3 of the Amalgamation Document, the SGX-ST had on 29 December 2015 ruled that the Amalgamation is in essence a privatisation for a delisting exercise. As such, the Amalgamation does not have to comply with the interested person transaction rules under Chapter 9 of the Listing Manual of the SGX-ST.

### 4.11 Delisting

As set out in paragraph 1.3 of the Amalgamation Document, the Amalgamation is subject to the requirements under listing rule 1307 of the Listing Manual. The Delisting Resolution is inter-conditional with the resolution approving the Amalgamation Agreement and the transactions contemplated in the Amalgamation Agreement (including the Amalgamation). Accordingly, the Amalgamation will not proceed if the Delisting Resolution is not passed, and vice versa.

**We advise the Independent Directors to draw Shareholder's attention that upon the approval of the Delisting Resolutions and the resolution approving the Amalgamation Agreement and the transactions contemplated in the Amalgamation Agreement (including the Amalgamation) as set out in paragraph 11.1 of the Initial Joint Announcement and upon the Amalgamation becoming effective, subject to the approval of the SGX-ST, the Company will be delisted from the Official List of the SGX-ST.**

An application will be made by the Company to seek approval from the SGX-ST to delist the Company from the Official List of the SGX-ST upon the Amalgamation becoming effective and binding in accordance with its terms.

Please refer to paragraphs 3.6 and 16 of the Amalgamation Document for further details on delisting of the Company from the Official List of the SGX-ST.

### 4.12 Rationale for the Amalgamation and the Delisting, and Future Plans for the Company

#### (a) Unique opportunity for CITICPE Fund

As set out in paragraph 5.1.1 of the Amalgamation Document, the board of directors of CBMHL and the Company believe that the Amalgamation represents a unique opportunity for CITICPE Fund to expand its investment in the Company. CITICPE Fund has a strong presence in the PRC and is uniquely placed to partner with the Company's management team to invest in and grow the business, particularly in the PRC.

#### (b) Opportunity for Shareholders to realise their investment

As set out in paragraph 5.1.2 of the Amalgamation Document, for Shareholders who elect to receive the Cash Consideration, they will have an opportunity to realise their investments in the Company for cash at significant premiums over the historical market prices of the Shares prior to the Joint Announcement Date.

#### (c) Future plans

As set out in paragraph 5.2 of the Amalgamation Document, it is the intention of the

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CITICPE Entities for the Group to continue the development of its existing businesses (including the existing business of the Company, the details of which are set out in paragraph 2 of the Amalgamation Document). Following completion of the Amalgamation, the CITICPE Entities will conduct a strategic review of the Group with the aim of formulating and executing strategies to further develop the business and will consider all strategic options or opportunities available to it including pursuing investment opportunities and acquisitions, and undertaking an initial public offering or developing new growth initiatives.

Save as set out in the foregoing, the CITICPE Entities currently have no intention of (a) making material changes to the existing businesses, (b) re-deploying the fixed assets, or (c) discontinuing the employment of the existing employees of the Group. The directors of the CITICPE Entities retain the flexibility at any time to consider any options and opportunities including the restructuring of their subsidiaries which may present themselves and which they may regard to be in the interests of the CITICPE Entities.

Please refer to paragraph 5 of the Amalgamation Document for further details on the rationale for the Amalgamation and future plans for the Company.

### 4.13 Appraisal Rights of Dissenting Shareholders under Section 106(6) of the Companies Act

Pursuant to Section 106(6) of the Companies Act, any Shareholder who did not vote in favour of the Amalgamation and who is not satisfied that he/she has been offered fair value for his/her Shares may, within one (1) month of the date of the notice of the Shareholders Meeting, apply to the Court to appraise the fair value of his/her Shares. Within one month of the Court's appraisal, the Company must pay the Dissenting Shareholder (as defined below) an amount equal to the fair value of his Shares (as appraised by the court) or terminate the Amalgamation. The Company is also required to pay the Dissenting Shareholder (as defined below) any difference between the value already paid for his/her Shares and the value as appraised by the Court.

**We advise the Independent Directors to draw to Shareholders' attention that in the event the Dissenting Shares (as defined below) exceed 5 per cent of the total outstanding Shares (excluding treasury shares), either CBCH I or the Company may terminate the Amalgamation Agreement.** Please refer to section 4.3 of this Letter above, in relation to the Amalgamation Conditions and paragraph (g) of Part I of Appendix 1 of the Amalgamation Document for further details.

For purposes of this section 4.13, Shareholders who did not vote in favour of the Amalgamation and who make an application to the Supreme Court of Bermuda pursuant to Section 106 of the Companies Act and comply with all the provisions of the Companies Act concerning their appraisal rights are hereinafter referred to as the "**Dissenting Shareholders**" and the Shares held by the Dissenting Shareholders are hereinafter referred to as the "**Dissenting Shares**". Notwithstanding anything in the Amalgamation Agreement to the contrary, all Shares (including all Dissenting Shares) outstanding as at the Books Closure Date shall be cancelled on the Effective Date (currently expected to be 8 April 2016). If a Dissenting Shareholder fails to perfect effectively, withdraws or waives or loses his statutory appraisal rights, such Dissenting Shareholder shall be entitled to receive the aggregate Cash Consideration in respect of the Dissenting Shares.

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We advise the Independent Directors to highlight to Shareholders that if they do not exercise their appraisal rights by making an application to the Court under the appropriate procedure within one (1) month of the giving of the notice of the Shareholders Meeting, Shareholders will lose their appraisal rights, but remain entitled to receive the Cash (i.e. by 3 April 2016) Consideration of S\$0.84 in cash per share.

Within one (1) month of the Court appraising the value of any Dissenting Shares, if the value of the Cash Consideration is less than the value of any Dissenting Shares appraised by the Court, the Amalgamation may, subject to paragraph 7.3 of the Amalgamation Document, be terminated or, alternatively, CBMHL may pay the value of the Dissenting Shares as appraised by the Court to the Dissenting Shareholders.

We advise the Independent Directors to highlight to Shareholders that if they become Dissenting Shareholders and seek to exercise their appraisal rights under Section 106(6) of the Companies Act and the Amalgamation Agreement is not terminated, Dissenting Shareholders will be bound by the Amalgamation and their Shares will be cancelled in accordance with the terms of the Amalgamation Agreement. Such Dissenting Shareholders will not receive any consideration for their Shares or shares in the Amalgamated Company until such time as the Court has appraised the value of their Dissenting Shares.

We advise the Independent Directors to highlight to Shareholders who become Dissenting Shareholders that no appeal shall lie from an appraisal by the Court, and the costs of an application to the Court shall be in the discretion of the Court.

Depositors and persons who do not hold Shares in their own name in the Company's register of members but who may have an interest in Shares, are to take note that they are not entitled to exercise any rights under Section 106(6) of the Bermuda Companies Act directly and must, without delay, make appropriate arrangements with the nominee who holds the legal title to the Dissenting Shares to not vote in favour of the Amalgamation at the Shareholders Meeting and to exercise any appraisal rights. Alternatively, Depositors and persons who do not hold Shares in their own name must have their Shares registered in their own name in sufficient time prior to the Shareholders Meeting to exercise their appraisal rights themselves.

Please refer to paragraph 10 of the Amalgamation Document for further details on appraisal rights of the Dissenting Shareholders. Please also refer to Appendix 2 of the Amalgamation Document for extracts of the relevant Companies Act provisions.

**5 EVALUATION OF THE MANAGEMENT EQUITY ARRANGEMENTS**

For the purposes of Rule 10 of the Code, as required by the SIC, Evercore is required to evaluate and opine on the terms of the Management Equity Arrangements (including the Founder Consultant Retention Agreement), from a financial point of view.

As set out in section 4.5 of this Letter, the purpose of the Management Equity Arrangements is to encourage certain members of management of the Company to continue to render their services to the Company, so that there is continuity of management and minimal disruption to the Company's business following the completion of the Amalgamation and the Delisting.

The Management Equity Arrangements comprise the following: (a) the Management Subscription Agreement for the CBCH II Management Co-Investors; (b) the Restricted Share Subscription Agreement and Share Restriction Agreement for the CBCH II Management Co-Investors; and (c) the Founder Consultant Retention Agreement for Yoh-Chie Lu (Executive Chairman of the Company), the salient terms of which are set out in section 4.5 and 5 of this Letter.

The CBCH II Management Co-Investors consist of certain members of management of the Company, namely Li Bing Yung (Simon Li), Jose Calle Gordo, Yang Fan (Brian), Frederick Hrkac, David Chin, Qian Keqiang, Eizo Nishimura, Thomas Kenneth Graham, Seow Hock Siew (Bernie), Alexander Andrew Budiman, Wang Dan, Hans-Peter Stoll and Pascal Cabanel.

The Independent Directors may wish to advise Shareholders to carefully read the relevant sections of the Amalgamation Document relating to the Management Subscription Agreement, the Restricted Share Subscription Agreement, the Share Restriction Agreement and the Founder Consultant Retention Agreement.

We did not take part, nor were we requested to take part, in any discussion in connection with the negotiations on and preparation of the terms of the Management Equity Arrangements. It is not within our terms of reference to assess the rationale for, commercial merits and/or commercial risks of the Management Equity Arrangements, nor are we required to express, and we do not express, a view on the future prospects of the Company in connection with the Management Equity Arrangements. No financial or profit forecasts, business plans or management accounts of the Company have been specifically prepared for the purpose of our evaluation of the Management Equity Arrangements.

It is also not within our terms of reference to compare the relative merits and/or risks of the Management Equity Arrangements vis-à-vis any alternative agreements, or whether or not alternative agreements could be obtained or are available. We have confined our evaluation and analysis of the Management Equity Arrangements to the financial terms thereof, and our advice to the Independent Directors on the Management Equity Arrangements are based upon our evaluation, from a financial point of view, of the proposed arrangements under the Management Equity Arrangements.

Our evaluation of the Management Equity Arrangements is set out below.

**5.1 Review of Management Subscription Agreement**

As set out in paragraph 3.3.1(a) of the Amalgamation Document, the CBCH II Management Co-Investors have entered into the Management Subscription Agreement whereby:

- (i) the CBCH II Management Co-Investors have a subscription right for up to 18,000,000 CBCH II shares at a consideration equal to the Cash Consideration;

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- (ii) the CBCH II Management Co-Investors who are existing Shareholders, shall elect to receive the Share Consideration for all the existing Shares held<sup>6</sup>;
- (iii) the CBCH II Management Co-Investors who decide to exercise their existing Share options<sup>7</sup> are also required to either elect to receive:
  - (A) the Share Consideration; or
  - (B) the Cash Consideration<sup>8</sup>.

The subscription price to be paid by the CBCH II Management Co-Investors for the shares in CBCH II is the same as the Cash Consideration of S\$0.84 per share. In addition, according to the Memorandum and Articles of Association of CBCH II, CBCH II currently has one (1) class of ordinary shares, with each share entitling the shareholder to one (1) vote, as well as the same rights and preferences in terms of the right to receive dividends and liquidation proceeds.

The Management Subscription Agreement also sets out certain limited events pursuant to which CBCH III has agreed to purchase the CBCH II shares held by a CBCH II Management Co-Investor, in certain limited events including:

- (i) where an IPO of CBCH II or another intermediate holding entity has not taken place within four (4) years after the delisting of the Company;
- (ii) where a CBCH II Management Co-Investor suffers a disability (being the death, permanent incapacity or inability to perform duties by the CBCH II Management Co-Investor under the CBCH II Management Co-Investor's employment agreement with CBCH II for a period of at least 60 days in any period of 12 consecutive months) within four (4) years after the delisting of the Company; or
- (iii) where a CBCH II Management Co-Investor's employment is terminated without cause within four (4) years after the delisting of the Company.

The Amalgamation is likely to be funded by a combination of equity and borrowings (as set out in paragraph 6 of the Amalgamation Document). CBCH II has entered into a commitment letter with the Bank of China Limited, Macau Branch, and Bank of China Limited, Singapore Branch, for loan facilities of up to US\$600,000,000 for the purpose of funding the Amalgamation. We advise the Independent Directors to highlight to Shareholders that this may result in a high level of financial risk, depending on the level of acceptances for the Share Consideration, and compared to the Company's current net cash position. Transaction costs in respect of the Amalgamation and borrowings raised to fund the Amalgamation will also be incurred by CBCH II. As shareholders of CBCH II, the CBCH II Management Co-Investors will bear their respective proportionate share of the CBCH II's transaction costs and bear the financial risks attendant with the higher expected financial leverage position in respect of the Amalgamation.

CBCH II's board of directors will consist of seven (7) directors. Each Shareholder shall be entitled to nominate such number of directors that is most closely proportional to its pro-rata shareholding in CBCH II. Management members of CBCH II, which are to be comprised of

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<sup>6</sup> Including any Shares which may be released, issued or allotted to such CBCH II Management Co-Investor pursuant to any release of share awards pursuant to the Biosensors PSP which was approved at the special general meeting of the Company held on 27 May 2006.

<sup>7</sup> Under the Biosensors ESOS.

<sup>8</sup> Provided that such CBCH II Management Co-Investor shall receive the Cash Consideration only in respect of his portion of subscription under the Management Subscription Agreement, and shall utilise all of the Cash Consideration received to pay his portion of the subscription under the Management Subscription Agreement.



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the CBCH II Management Co-Investors, will be allowed to appoint one (1) board director to CBCH II's board of seven (7) directors<sup>9</sup>.

### 5.2 Review of Restricted Share Subscription Agreement

As set out in paragraph 3.3.1(b) of the Amalgamation Document, all of the CBCH II Management Co-Investors have also entered into the Restricted Share Subscription Agreement pursuant to which such CBCH II Management Co-Investors will collectively subscribe for up to 27,000,000 CBCH II shares at par value of US\$0.00001 per share, previously defined in section 4.5(c) of this Letter as the Restricted Shares.

The Restricted Shares are subject to the terms of the Share Restriction Agreement which state that the Restricted Shares are subject to certain Repurchase Rights by CBCH II at par value, as set out in section 4.5(c) of this Letter. In addition, the Restricted Shares are subject to the following vesting terms:

- (i) one hundred percent (100 per cent) of the Restricted Shares shall initially be unvested and subject to the Repurchase Right; and
- (ii) one third (1/3) of the Restricted Shares shall vest and be released from the Repurchase Right on each of the first, second and third financial year post-Amalgamation Closing, provided that, (i) the EBITDA<sup>10,11</sup> for the period covered by such audited annual report shall be no less than US\$85,000,000 and (ii) on such date, such CBCH II Management Co-Investor is still employed by the Company.

We have reviewed the practice of non-cash management equity (share and option) awards in selected medical device companies<sup>12</sup>, and have made observations that the typical type of equity incentives granted to ensure long-term alignment of management and shareholder interests are:

- (i) performance based restricted share awards, issued for free and which vest over time, upon achievement of specific operational or financial targets; and
- (ii) share options, which are issued at a price close to or at a modest discount to where the share price is trading at the time of option issue.

The issue of Restricted Shares, with specific financial performance targets and vesting conditions, to the CBCH II Management Co-Investors, is not inconsistent with selected medical device companies' practice of issuing non-cash equity awards.

We have also reviewed instances in the past where Biosensors has awarded Shares or granted Share options to its key management team, pursuant to the Biosensors PSP and

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<sup>9</sup> The largest new equity co-investor in CBCH II who has committed to invest no less than US\$60,000,000 shall also be entitled to nominate one (1) director if and to the extent that CBCH II will accept all of such committed investment.

<sup>10</sup> EBITDA as defined in the Share Restriction Agreement: Income before income taxes, before interest expense and interest income (net of capitalised interest expense), plus depreciation expense, plus amortisation expense, plus non-cash stock compensation expense such as but not limited to expenses related to share based compensation, and adjusted by extraordinary income and expenses such as but not limited to non-recurring and one-off items, and the effects of the write-off of deferred and intangible assets.

<sup>11</sup> If non-cash share compensation expense is to be included into Biosensors' historical EBITDA calculation, Biosensors' EBITDA for FY2014 and FY2015 would be US\$86.8 million and US\$69.0 million respectively, with share based expenses of US\$7.1 million and US\$3.1 million in each of FY2014 and FY2015, respectively.

<sup>12</sup> Including, but not limited to Medtronic, Abbott, Boston Scientific, St Jude and Edwards Lifesciences.

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Biosensors ESOS, most recently:

- (i) **6 May 2015:** Grant of 12,246,000 Share options, of which 3,750,000 were awarded to CEO Jose Calle Gordo and 216,000 were awarded to various non-executive directors. These Share options had an exercise price of US\$0.62 (average of last five (5) days closing Share price prior to Share option grant was S\$0.82 per Share, equivalent to US\$0.62 per Share).
- (ii) **5 September 2014:** Award of 4,000,000 Shares to then incoming CEO Jose Calle Gordo (closing Share price on 5 September 2014 of S\$0.72 per Share). Upon vesting over a three (3) year period ending at each financial year end of the Company, these Shares would be issued free of payment.
- (iii) **6 June 2014:** (i) Grant of 4,975,000 Share options, of which 2,000,000 Share options were awarded to COO and Executive Director Jiang Qiang. The Share options had an exercise price of US\$0.74 (average of last 5 days closing Share price prior to Share option grant was S\$0.93 per Share, equivalent to US\$0.74 per Share). (ii) Award of 4,000,000 Shares, of which 2,000,000 Shares were allotted to COO and Executive Director Jiang Qiang (closing Share price on 6 June 2012 of S\$0.93 per Share). Upon vesting over a three (3) year period from the date of award, these Shares would be issued for free of payment.
- (iv) **10 June 2013:** Grant of 216,000 Share options to various non-executive directors. The Share options had an exercise price of US\$0.93 (average of last five (5) days closing Share price prior to share option grant was S\$1.145 per Share, equivalent to US\$0.92 per Share).
- (v) **19 June 2012:** Award of 8,000,000 Shares to previous CEO Jack Wang (upon his promotion from co-CEO to CEO) (closing Share price on 19 June 2012 of S\$1.13 per Share). Upon vesting over a three (3) year period from date of award, these Shares would be issued for free of payment.

As per the above, Biosensors has, in three (3) instances since 2012, awarded performance based Shares (which vest over three (3) years) valued at between S\$2.9 million to S\$9.0 million, to its key senior management team members.

Under the existing terms of the Biosensors PSP<sup>13</sup>, awards of fully paid-up Shares are granted, free of payment, to selected senior executives and key management of the Company (including executive directors), with performance targets to be set over a performance period (typically a three (3) year period). Subject to the achievement of the prescribed performance targets and upon expiry of the prescribed performance period, fully paid Shares are allotted and issued free of payment. Under the terms of the Biosensors ESOS, there are no apparent performance targets to be met.

The issue of Restricted Shares, with specific financial performance targets and vesting conditions, to the CBCH II Management Co-Investors, is not inconsistent with Biosensors' previous practice of awarding Shares under the Biosensors PSP (which had been approved by Shareholders, and has been adopted since 27 May 2006).

We advise the Independent Directors to highlight to shareholders who elect to receive the Share Consideration that their interests in CBCH II will be diluted when the CBCH II shares under the Restricted Share Subscription Agreement vest and are issued. In addition, the proceeds raised from the Restricted Share subscription will be a de minimis sum, as they will be issued at a par value of US\$0.00001 per share.

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Source: Biosensors 2015 Annual Report.

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### 5.3 Review of Founder Consultant Retention Agreement

As set out in paragraph 3.3.1(d) of the Amalgamation Agreement, Yoh-Chie Lu (Executive Chairman of the Company) entered into the Founder Consultant Retention Agreement with CBCH II, where he will be offered a position to serve as the Founder Consultant for a period of two (2) years, commencing on 1 November 2016 (being the expiration date of his existing employment contract with the Company).

As Founder Consultant, Yoh-Chie Lu's responsibilities would be to advise CBCH II concerning such matters that relate to financial and strategic matters of CBCH II and its subsidiaries including timing and venue of future initial public offering of CBCH II, business expansion in different geographic areas, potential acquisition targets, divestiture opportunities, strategic alliances with business partners, and product development. Yoh-Chie Lu would be entitled to a total compensation of S\$2,000,000 from CBCH II for the two (2) year period as consideration for (i) the provision of the above services; and (ii) his compliance with certain non-competition undertakings during the two (2) year period.

We have also reviewed Yoh-Chie Lu's remuneration<sup>14</sup> from Biosensors from 2011 to 2015, at which time he has served as Executive Chairman<sup>15</sup>, and they are as follows:

- (i) FY2015: S\$1,508,000.
- (ii) FY2014: S\$1,784,000.
- (iii) FY2013: Between S\$1,400,000 – S\$1,600,000.
- (iv) FY2012: Between S\$3,250,000 – S\$3,500,000.
- (v) FY2011: Between S\$1,000,000 – S\$1,250,000.

The S\$2,000,000 compensation Yoh-Chie Lu is entitled to receive as Founder Consultant over the two year period (average of S\$1,000,000 per year) is comparable to Yoh-Chie Lu's past remuneration in his position as Executive Chairman of the Company.

### 5.4 Management Equity Arrangements Conclusion

In arriving at our opinion on the terms of the Management Equity Arrangements offered to the CBCH II Management Co-Investors and/or Yoh-Chie Lu, we have relied upon the following key considerations:

- (i) the subscription price to be paid by the CBCH II Management Co-Investors for the shares in CBCH II is the same as the Cash Consideration per Share;
- (ii) Shareholders who elect to accept the Share Consideration will receive the same class of shares as the CBCH II Management Co-Investors, with each share entitling the shareholder to one vote, as well as the same rights and preferences in terms of the right to receive dividends and liquidation proceeds. We advise the Independent Directors to highlight to Shareholders that different classes of shares, with different rights attached to each class, may be created in the future;
- (iii) shareholders of CBCH II, including Shareholders that accept the Share Consideration, will each bear a proportionate share of the transaction costs for the Amalgamation;

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<sup>14</sup> Total compensation, including salary, variable bonus and allowances and benefits-in-kind, excluding share options.

<sup>15</sup> Yoh-Chie Lu has served as Biosensors' Executive Chairman exclusively since January 2008. From 2001 – 2008, Yoh-Chie Lu served as both Executive Chairman and CEO of Biosensors.

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- (iv) the award of the Restricted Shares (typically free of payment, and in this case, at par value of US\$0.00001) with a pre-defined financial performance target set as a key vesting condition (US\$85,000,000 EBITDA<sup>16,17</sup> for each of the three (3) years following the Amalgamation), is not dissimilar with management equity (share and share option) awards of other selected medical device companies and the existing Biosensors PSP practice of granting performance based restricted share awards to management so as to ensure long-term alignment of management and Shareholder interests;
- (v) Biosensors has, in three (3) instances since 2012, awarded performance based Shares (which vest over three (3) years) valued at between S\$2.9 million to S\$9.0 million, to its key senior management team members;
- (vi) although Shareholders will not get to vote on the implementation of the Restricted Share Subscription Agreement, the vesting terms of a Restricted Share in CBCH II are similar to that of the Biosensors PSP, which had been approved by Shareholders and adopted by Biosensors since 27 May 2006; and
- (vii) the amount that Yoh-Chie Lu will receive under the Founder Consultant Retention Agreement is comparable to the amount of compensation that he has received in the past five (5) years for his role as the Executive Chairman of Biosensors.

After having considered carefully the information available to us as at the IFA Reference Date and subject to the foregoing considerations, we are of the opinion that the terms of the Management Equity Arrangements in the context of Rule 10 of the Code are fair and reasonable, from a financial point of view.

**As required by the SIC in the context of Rule 10 of the Code, our opinion on the Management Equity Arrangements is addressed to the Independent Directors solely to assist them in formulating appropriate recommendations to Shareholders in relation to the Amalgamation and the Delisting and may not be relied upon for any other any other purpose. The responsibility for providing a recommendation to the Shareholders in respect of the Amalgamation and the Delisting rests with the Independent Directors. In addition, it is not within our terms of reference to advise, and we do not express any opinion, whether explicitly or implied, as to whether the CBCH II Management Co-Investors and/or Yoh-Chie Lu should accept the Management Equity Arrangements or as to how the Management Equity Arrangements are to be implemented.**

**In providing our opinion on the Management Equity Arrangements, the Independent Directors should note that we did not have regard to nor took into account any general or specific investment objectives, financial situation, risk profiles, tax position or particular needs and constraints of any Shareholder or the Shareholders as a whole. As each Shareholder would have different investment objectives and profiles, the Independent Directors may wish to advise any Shareholder who may**

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<sup>16</sup> EBITDA as defined by Share Restriction Agreement: Income before income taxes, before interest expense and interest income (net of capitalised interest expense), plus depreciation expense, plus amortisation expense, plus non-cash stock compensation expense such as but not limited to expenses related to share based compensation, and adjusted by extraordinary income and expenses such as but not limited to non-recurring and one-off items, and the effects of the write-off of deferred and intangible assets.

<sup>17</sup> If non-cash share compensation expense is to be included into Biosensors' historical EBITDA calculation, Biosensors' EBITDA for FY2014 and FY2015 would be US\$86.8 million and US\$69.0 million respectively, with share based expenses of US\$7.1 million and US\$3.1 million in each of FY2014 and FY2015, respectively.

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require specific advice in relation to his investment objectives or portfolio to consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.

### 6 INFORMATION ON THE COMPANY

Information on the Company has been sourced from the Amalgamation Document, publicly available information and/or information provided by management of the Company, and is set out below.

#### 6.1 Business of the Company

##### (a) Business Units

The Company was incorporated in Bermuda on 28 May 1998 and was listed on the Main Board of the SGX-ST on 20 May 2005. The Company develops, manufactures and markets medical devices, aimed at improving patients' lives through pioneering medical technology. The Group currently operates through four (4) business units:

- (i) **Cardiovascular Business Unit ("Cardiovascular")**: Cardiovascular is composed of the BioMatrix™ family of drug-eluting stents ("**DES**") and the BioFreedom™ Drug-Coated Stent ("**DCS**"), both benefitting from Biosensors' proprietary Biolimus A9™ ("**BA9™**") technology. BA9™ is a highly lipophilic anti-restenotic drug developed by Biosensors specifically for use with stents. BioFreedom is the only widely available polymer-free stent technology in the world today. For the financial year ended 31 March 2015, Cardiovascular contributed 79.6 per cent of the Company's total revenue. Licensing revenue, which relates to milestone payments and royalties associated with the licensing of DES technology and intellectual property in Japan and other countries, accounted for 8.7 per cent of the Company's total revenue in the same period.
- (ii) **Cardiac Diagnostic Business Unit ("Cardiac Diagnostics")**: Cardiac Diagnostics, including Spectrum Dynamics™ products, offers advanced medical imaging and clinical solutions to help interventional cardiologists determine the most appropriate treatment for patients. For the financial year ended 31 March 2015, Cardiac Diagnostics contributed 6.5 per cent of the Company's total revenue.
- (iii) **Critical Care Products Business Unit ("Critical Care")**: Critical Care fosters the development of critical care catheters, hemodynamic monitoring, and related devices used during heart surgery procedures, vascular surgery procedures and intensive care treatments. For the financial year ended 31 March 2015, Critical Care contributed 5.2 per cent of the Company's total revenue.
- (iv) **Peripheral Intervention Business Unit ("Peripheral Intervention")**: Peripheral Intervention offers solutions for the treatment of patients with peripheral arterial disease, offering stenting and ballooning solutions for Superficial Femoral Artery and Below the Knee interventions. Revenue from this business unit are insignificant to Biosensors' overall revenue and are reported under the Cardiovascular segment.

##### (b) Key Competitors

The Company's main competitors in the global DES market include Abbott Laboratories ("**Abbott**"), Boston Scientific Corporation ("**Boston Scientific**"), Medtronic plc ("**Medtronic**"), Terumo Corporation ("**Terumo**"), Microport Scientific Corporation

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(“**Microport**”) and Lepu Medical Technology (Beijing) Co Ltd (“**Lepu**”).

The Company is a player in the global DES market, accounting for an estimated overall market share of less than 5 per cent<sup>18</sup>. The Company’s largest single geographic market is China, which accounted for 26.8 per cent of the Company’s total revenue for the financial year ended 31 March 2015. In China, Biosensors has an estimated market share of approximately 26 per cent<sup>19</sup>. The Company’s main competitors in China are Microport and Lepu, which both hold similar market share positions to Biosensors.

After China, the Company’s next largest single market is Japan, which accounted for 16.9 per cent of the Company’s total revenue for the financial year ended 31 March 2015. In the Japanese market, Terumo has been an important partner of the Company since 2003. On 2 April 2014, the Company and Terumo announced an extension of their existing licensing agreements and an expansion of their sales collaboration in Japan, with regard to Terumo’s Nobori<sup>®</sup> DES, whereby Terumo would continue to incorporate Biosensors’ BioMatrix<sup>™</sup> technology in the production, marketing and sales of Nobori<sup>®</sup> DES in markets outside of Japan, excluding the United States, until December 2016. In the Japanese market, Terumo also agreed to supply Biosensors with a private label version of Nobori<sup>®</sup> which Biosensors could market directly to customers using its own sales force. On 29 September 2015, Biosensors announced that it would commercialise its BMX-J DES system in Japan starting 1 October 2015. BMX-J is an OEM version of the Nobori<sup>®</sup> DES, which consists of Biosensors’ unique DES that incorporates a biodegradable polymer and the Company’s proprietary drug, BA9<sup>™</sup>.

As a consequence of its agreement with Terumo and the restructuring of its business in Japan, Biosensors’ licensing and royalty revenue from Terumo have been decreasing while the Company transitions to a direct sales model. Management of the Company has advised that it expects profitability in Japan in the short term to remain under pressure due to the phasing out of the Terumo royalty stream, Biosensors’ switch from Nobori<sup>®</sup> DES sales to the BMX-J branded stent through a direct sales channel, and future competition from Terumo’s new competing Ultimaster<sup>™</sup> DES product.

### (c) **BioFreedom<sup>™</sup>**

BioFreedom<sup>™</sup> represents the latest development in the Company’s stent technology, featuring a unique micro-structured abluminal surface which permits the controlled release of BA9<sup>™</sup> using neither a polymer nor a carrier.

DES are proven to reduce the risk of restenosis and improve outcomes for patients with more complex coronary disease. However, in certain patients where there is a requirement to avoid prolonged Dual Anti-Platelet Therapy (“**DAPT**”), Bare Metal Stents (“**BMS**”) may be preferred. BioFreedom<sup>™</sup>, as a DCS, combines the advantages of both DES and BMS. It delivers an effective anti-restenotic therapy with BA9<sup>™</sup> with a short, one month DAPT regime.

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<sup>18</sup> Based on Bloomberg data.

<sup>19</sup> Based on Bank of America Merrill Lynch’s research report on Biosensors dated 22 April 2013.

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On 14 October 2015, the Company announced that the LEADERS FREE<sup>20</sup> clinical trial demonstrated superior safety and efficacy for BioFreedom<sup>™</sup> compared with a BMS. Biosensors' CEO, Jose Calle Gordo, was quoted as saying that *“Interventional cardiologists around the world have been asking for a better solution to treat patients at high bleeding risk. The evidence provided by LEADERS FREE suggests that BioFreedom<sup>™</sup> is a breakthrough technology that offers an optimal option these patients deserve.”*

In discussions with senior management of the Company, the following points were made in relation to the outlook for the Company in the following regions:

### European Union (“EU”)

- The Company received CE Mark approval for BioFreedom<sup>™</sup> in January 2013, except in Belgium and France, where additional filings are required.
- Management of the Company expects BioFreedom<sup>™</sup> revenue in the EU to grow steadily, although the overall EU market is experiencing price declines against volume growth.

### Japan

- The Company is currently conducting clinical trials in Japan for BioFreedom<sup>™</sup> (LEADERS FREE JAPAN) and will subsequently file for approval with the Pharmaceuticals and Medical Devices Agency (“PMDA”). While the approval for BioFreedom<sup>™</sup> in Japan is anticipated by the Company, management has advised that timing is uncertain.

### China

- The Company has submitted China Food and Drug Administration (“CFDA”) approvals for BioFreedom<sup>™</sup>. Management has advised that the timeline for approval of BioFreedom<sup>™</sup> in China is uncertain. Management of the Company noted that Biosensors was working with CFDA to see if it is possible to expedite the approval process.

### South East Asia

- In various South East Asian countries where the Company generally has existing strong market positions, management advised that the Company's strategy with BioFreedom<sup>™</sup> will be focused on trying to maintain existing DES market shares.

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<sup>20</sup>

LEADERS FREE is the world's first prospective, double-blind, randomised trial exclusively focusing on patients at high bleeding risk. The trial randomised a total of 2,466 patients at 68 sites across Europe, Asia, Australia and Canada, with a follow-up phase for two years. In both arms of the study, patients were prescribed only one month of DAPT, while taking a single anti-platelet drug indefinitely. The trial was double-blinded using identical generic stent packaging making the stents undistinguishable for the implanting physicians and all participants in the trial.

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### U.S.

- The Company has received conditional Investigational Device Exemption (“IDE”) approval to conduct a U.S. based clinical trial of BioFreedom™ designed to collect additional safety and effectiveness data. Management advised that approval of BioFreedom™ in the U.S. is expected to be costly and time consuming over some years and there was no guarantee that the product would be profitable in this market given strong competition from large incumbent players including Abbott, Boston Scientific and Medtronic. Management advised that the Company may ultimately require a partner in the U.S. given its lack of distribution capabilities, if it were to be successful with BioFreedom™.

Management advised that BioFreedom™ accounted for approximately 2.3 per cent and 6.3 per cent of the Company’s total revenue for the financial year ended 31 March 2015 and for the nine months ended 31 December 2015, respectively, indicating that this product is experiencing attractive revenue growth, albeit from a low base.

### 6.2 5-Year Historical Financial Performance

Table 1 sets out the financial performance of Biosensors for the five (5) years ended 31 March 2015 and the nine (9) month periods ended 31 December 2014 and 31 December 2015.

**Table 1: Biosensors’ Historical Financial Performance**

(US\$ million)	Year Ended 31 March					9 Months Ended	
	FY2011	FY2012	FY2013	FY2014	FY2015	31 Dec 14	31 Dec 15
Product Revenue	139.4	211.4	278.5	280.0	281.5	211.0	179.4
Licensing and Royalties Revenue	17.2	80.8	57.7	43.8	26.9	21.5	11.3
<b>Total Revenue</b>	<b>156.6</b>	<b>292.1</b>	<b>336.2</b>	<b>323.8</b>	<b>308.4</b>	<b>232.5</b>	<b>190.7</b>
EBITDA <sup>(1)</sup>	47.3	117.9	134.2	79.7	65.9	47.2	40.5
Depreciation	(2.6)	(4.7)	(6.6)	(6.8)	(7.3)	(5.5)	(4.2)
<b>EBIT<sup>(2)</sup></b>	<b>44.7</b>	<b>113.3</b>	<b>127.5</b>	<b>72.9</b>	<b>58.6</b>	<b>41.7</b>	<b>36.2</b>
Financial Income	0.1	2.2	4.8	6.7	7.7	5.7	5.7
Financial Expenses	(5.3)	(6.0)	(6.9)	(13.4)	(13.6)	(10.3)	(9.9)
Other Income/(Expenses), net	0.1	(6.3)	(1.6)	2.8	(0.5)	(0.9)	2.3
Share of Results of a Joint-Venture Company	19.3	8.0	-	-	-	-	-
Amortisation Expense	(0.4)	(8.6)	(16.9)	(18.7)	(19.6)	(14.7)	(15.0)
Significant and Non-Recurring Items <sup>(3)</sup>	(9.5)	263.1 <sup>(7)</sup>	2.2	(5.3)	(259.8) <sup>(8)</sup>	(1.9) <sup>(9)</sup>	(4.4) <sup>(9)</sup>
<b>Operating Profit Before Tax</b>	<b>49.1</b>	<b>365.6</b>	<b>109.2</b>	<b>45.1</b>	<b>(227.1)</b>	<b>19.6</b>	<b>15.0</b>
Income Tax <sup>(4)</sup>	(5.8)	(1.4)	6.4	(4.5)	2.3	2.7	(2.6)
<b>Net Profit After Tax<sup>(5)</sup></b>	<b>43.3</b>	<b>364.3</b>	<b>115.5</b>	<b>40.6</b>	<b>(224.8)</b>	<b>22.2</b>	<b>12.3</b>
Basic Earnings Per Share (US\$ cents) <sup>(6)</sup>	4.0	24.1	6.7	2.4	(13.3)	1.3	0.7
Dividend Per Share (US\$)	-	-	0.02	-	-	-	-
Dividend Payout Ratio	-	-	29.8%	-	-	-	-
Revenue Growth	-	86.6%	15.1%	(3.7%)	(4.8%)	-	(18.0%)
EBITDA Growth	-	149.5%	13.8%	(40.6%)	(17.3%)	-	(14.3%)
EBIT Growth	-	153.3%	12.6%	(42.8%)	(19.6%)	-	(13.2%)
EBITDA Margin	30.2%	40.4%	39.9%	24.6%	21.4%	20.3%	21.2%
EBIT Margin	28.5%	38.8%	37.9%	22.5%	19.0%	17.9%	19.0%

Note: Financials may not add due to rounding.

- (1) Earnings before interest, tax, depreciation and amortisation expense.
- (2) Earnings before interest, tax and amortisation expense.
- (3) Includes restructuring of operations, fair value adjustment of derivatives, loss on disposal of subsidiary, realisation of translation difference of investment in joint-venture company, realisation of translation difference

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on liquidation of a subsidiary, professional fee for special projects, impairment of goodwill and others, reclassification of remeasurement losses on defined benefit plan and expenses in relation to the amalgamation exercise.

- (4) Based on reported income tax.
- (5) Excludes exchange differences on translation of financial statements of foreign subsidiaries.
- (6) Based on weighted average Shares outstanding.
- (7) Includes US\$263 million realisation of translation difference of investment in joint venture company.
- (8) Includes US\$256 million of goodwill impairment arising from the acquisition of the remaining 50 per cent equity interest in JW Medical Systems from Shandong Weigao Group Medical Polymer Company Ltd ("**Shandong Weigao**") in October 2011.
- (9) Includes impairment of property, plant and equipment of US\$(66,000) and US\$58,000 in the 9 month period ended 31 December 2014 and 31 December 2015 respectively.

The Company has suffered declining revenue and profitability in recent years as the global DES market has been characterised by intense price competition and downward pressure on average selling prices, notwithstanding growth in unit sales. In order to stabilise profitability over the last 12 months, the Company has had to focus its efforts on cost reduction initiatives. While management remains positive about the revenue potential for BioFreedom™, particularly in light of the positive results from the recently announced LEADERS FREE clinical trial, and the potential for obtaining approval in further markets including Japan, China, France, Belgium and possibly the U.S., the Company nonetheless continues to face strong global competition in its core markets and uncertainty regarding the timing for approval of BioFreedom™ in these markets.

For the nine months ended 31 December 2015, the Company generated EBITDA of US\$40.5 million (down 14 per cent year-on-year) and EBIT of US\$36.2 million (down 13 per cent year-on-year) on revenue of US\$190.7 million (down 18 per cent year-on-year). We note that the Company's earnings deteriorated in the third quarter ending 31 December 2015 with EBITDA and EBIT down by 46 per cent and 49 per cent year-on-year, respectively, impacted by a 75 per cent decline in licensing and royalty revenue and lower product revenue.

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### 6.3 Company Financial Position

Table 2 summarises the financial position of Biosensors as of 30 September 2015 and 31 December 2015.

**Table 2: Biosensors' Financial Position as of 30 September 2015 and 31 December 2015**

(US\$ million)	As of 30 Sep 15	As of 31 Dec 15
Debtors and Prepayments <sup>(1)</sup>	84.6	81.5
Inventories	45.8	44.4
Creditors, Accruals and Employee Provisions <sup>(2)</sup>	(52.7)	(46.4)
<b>Net Working Capital</b>	<b>77.7</b>	<b>79.4</b>
Property, Plant and Equipment	81.2	80.1
Intangible Assets <sup>(3)</sup>	549.8	537.2
Other Investments <sup>(4)</sup>	30.8	36.4
Deferred Tax Assets (Net)	(13.4)	(12.7)
Other Assets (Net) <sup>(5)</sup>	(10.9)	(10.0)
<b>Total Funds Employed</b>	<b>715.2</b>	<b>710.5</b>
Cash and Cash Equivalents	523.7	520.1
Deposits/Other <sup>(6)</sup>	47.6	25.3
Loans and Borrowings	(285.0)	(271.9)
Other Financial Liabilities <sup>(7)</sup>	(2.5)	(0.1)
<b>Net Cash</b>	<b>283.8</b>	<b>273.3</b>
<b>Net Assets</b>	<b>999.0</b>	<b>983.9</b>
<b>Net Tangible Assets<sup>(8)</sup></b>	<b>449.2</b>	<b>446.6</b>
Shares Outstanding (millions) <sup>(9)</sup>	1,688.5	1,688.5
Net Assets Per Share (S\$) <sup>(10)</sup>	0.84	0.83
Net Tangible Assets Per Share (S\$) <sup>(10)</sup>	0.38	0.375
Net Cash Per Share (S\$) <sup>(10)</sup>	0.24	0.23

(1) Includes trade receivables, other receivables and prepayments.

(2) Includes trade payables, other payables, accruals, provisions and deferred revenue (current).

(3) Includes intangibles and goodwill.

(4) Includes available-for-sale unquoted shares and unquoted convertible bonds, and held for trading unquoted equity warrants.

(5) Includes deferred revenue (non-current), provision for income tax, pensions funds and other payables (non-current).

(6) Includes deposits (recorded under deposits and prepayments), deposits pledged for bank loans, and short term and long term loan to a third party.

(7) Includes finance lease liabilities and contingent consideration.

(8) Calculated as net assets less goodwill and intangible assets.

(9) Basic shares outstanding as of 31 December 2015. This excludes 7.102 million options that are currently at or in-the-money (exercise price below the Cash Consideration).

(10) Based on a foreign exchange rate of US\$1 = S\$1.4228 as of 30 September 2015 and US\$1 = S\$1.4172 as of 31 December 2015 for the respective balance sheet data.

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The following should be noted in relation to Biosensors' financial position as of 31 December 2015:

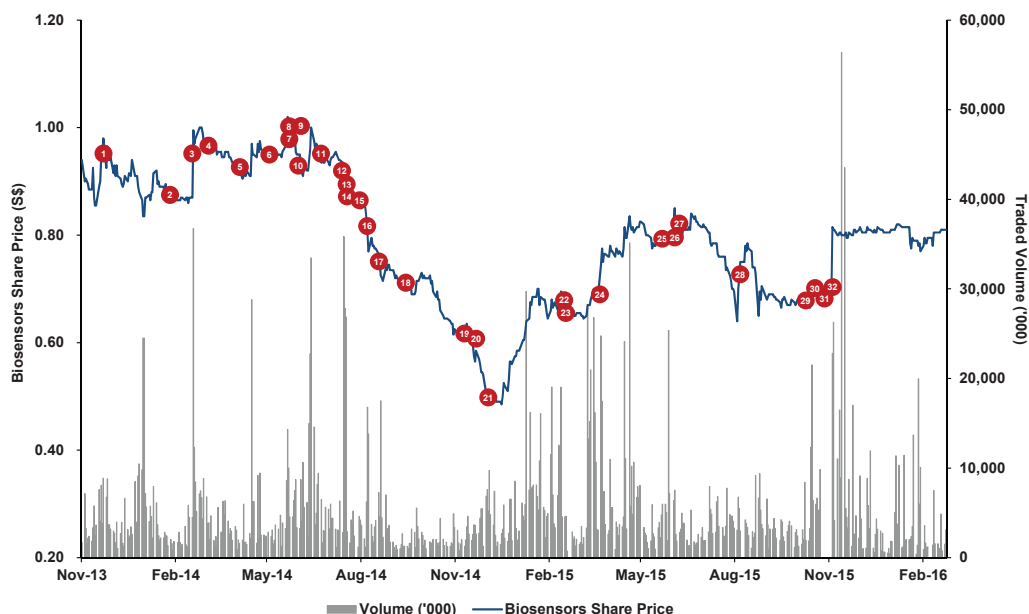
- (i) Biosensors has net assets of approximately US\$984 million, representing net assets of S\$0.83 per Share (inclusive of intangible assets and goodwill of US\$537 million or S\$0.45 per Share).
- (ii) Biosensors has net tangible assets (net assets less intangible assets and goodwill) of approximately US\$447 million, representing S\$0.375 per Share.
- (iii) Biosensors has a significant net cash balance of approximately US\$273 million, representing net cash of S\$0.23 per Share.
- (iv) Other investments totaling approximately US\$36 million refer to Biosensors' minority investments in Molecular Dynamics and Renal Dynamics through unquoted shares, convertible bonds and equity warrants. These investments were initially made in the quarter ended 31 December 2013. In subsequent quarters, additional investments were made in Renal Dynamics following the achievement of certain milestones. Renal Dynamics develops and manufactures renal denervation products while Molecular Dynamics is currently in the process of filing for CE Mark approval for its product and intends to conduct clinical trials in the near term. As of the IFA Reference Date, management has indicated that it believes there are no reasons to impair or make adjustments to the book value of these investments. For the purposes of this Letter, Evercore has adopted the current book value of other investments.

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### 6.4 Key Company Announcements

Chart 2 summarises the key announcements made by the Company from 1 November 2013 to the IFA Reference Date.

**Chart 2: Historical Share Price Performance and Key Company Announcements**



**Key events based on the Company's announcements, press releases and announcements extracted from the SGX-ST:**

- (1) **21 November 2013: Acquisition of a 21.7 per cent stake in Biosensors by CBMHL**  
CBMHL, which was then an indirect subsidiary of CITIC PE Funds Management Limited ("CITICPE FM") held through CBMIL, acquired a 21.7 per cent stake in Biosensors from Wellford Capital Ltd, an indirect wholly-owned subsidiary of Shandong Weigao, for US\$313 million at S\$1.05 per Share.
- (2) **29 January 2014: Appointment of Mr. Qiang Jiang as Chief Operating Officer / Executive Director, and Mr. Dong Liu and Mr. Bin Wu as Non-Executive Non-Independent Directors**  
Biosensors announced the appointment of Mr. Qiang Jiang, formerly a Non-Executive Non-Independent Director, as Chief Operating Officer and Executive Director. Mr. Dong Liu and Mr. Bin Wu, the Managing Director and Director of the Investment Management Department of CITIC PE respectively, were also appointed Non-Executive Non-Independent Directors of the Company.
- (3) **19 February 2014: Response to SGX-ST Query the Company's Trading Activity**  
On 18 February 2014, the SGX-ST queried Biosensors regarding the unusual price movement in its shares. On 19 February 2014, Biosensors responded and attributed the spike in trading activity to the Bloomberg article titled "CITIC Private Equity Said to Consider Biosensors Acquisition" dated 18 February 2014. The Company confirmed to the SGX-ST that CITIC PE "has had very preliminary discussions with certain external parties" to explore such an option, but no decision to pursue any such option had been made.
- (4) **4 March 2014: CITICPE Fund entered into Sale and Purchase Agreement with CITICPE FM and CBMI II**  
CITICPE Fund disclosed that it had agreed to acquire the entire issued share capital of CBMI II and as at the date of the announcement had a deemed interest of 21.8 per cent in Biosensors.

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- (5) **2 April 2014: Extension of licensing agreements with Terumo for Nobori® DES**  
Biosensors announced an extension of their licensing agreements and an expansion of their sales collaboration in Japan with regard to Teumo's Nobori® DES.
- (6) **5 May 2014: Receipt of IDE approval for BioFreedom™**  
Biosensors announced that the U.S. Food and Drug Administration had granted conditional IDE approval for a U.S.-based clinical trial of BioFreedom™ Polymer-free DCS system.
- (7) **20 May 2014: CITIC PE continues to explore options for Biosensors**  
The Company announced that CITIC PE informed the Company that it was still considering the options available to it to enhance the value of its investment in the Company, and no decision to pursue any options had been made as at the date of the announcement.
- (8) **21 May 2014: Completion of enrollment for LEADERS FREE study**  
The Company announced that it had completed enrollment for its LEADERS FREE study and baseline patient population data from the LEADERS FREE study was also presented for the first time at EuroPCR<sup>21</sup> 2014.
- (9) **28 May 2014: Announcement of appointment of new CEO**  
The Company announced the appointment of Mr. Jose Calle Gordo as the Company's new CEO.
- (10) **6 June 2014: Grant of options and share awards to employees, including Mr. Qiang Jiang, Chief Operating Officer**  
The Company granted 4,975,000 options with an exercise price of S\$0.74 and 4,000,000 Shares in accordance with the Biosensors PSP and Biosensors ESOS, of which 2,000,000 options and 2,000,000 Shares were granted to Mr. Qiang Jiang.
- (11) **20 June 2014: CITIC PE continues to explore options for Biosensors**  
The Company announced that CITIC PE informed the Company that it is still considering the options available to it to enhance the value of its investment in the Company, although no decision to pursue any options has been made.
- (12) **14 July 2014: Disposal of Biosensors shares by CBMHL**  
CBMHL sold a 2.3 per cent stake in the Company for S\$33.2 million at S\$0.84 per Share via an off-market trade. Post disposal, CBMHL held a 19.46 per cent stake in Biosensors.
- (13) **15 July 2014: Transfer of shares by Hony Capital**  
Hony Capital transferred a block of shares (6.5 per cent stake) worth approximately US\$81.9 million to third parties as repayment for loans. Post transfer, Hony Capital held a 9.4 per cent stake in Biosensors. The implied price per share of this transaction was S\$0.75 versus the closing share price of S\$0.87.
- (14) **17 July 2014: Acquisition of Biosensors shares by FIL Ltd**  
FIL Ltd acquired 6,235,000 Shares (0.37 per cent stake) in the Company via a market transaction, increasing its stake to 5.07 per cent (86,066,000 Shares).
- (15) **21 July 2014: CITIC PE announces restructuring of shareholding in Biosensors**  
CITIC PE informed the Company that it has undertaken certain steps to restructure its shareholding interest in the Company and is still considering the options available to it to enhance the value of its investment in the Company.
- (16) **6 August 2014: Announcement of first quarter earnings for the three months ended 30 June 2014**  
The Company announced profit from operations of US\$14.8 million (down 21 per cent year-on-year) on revenue of US\$80.2 million (up 5 per cent year-on-year). The earnings release stated: *"For the fiscal year ending 31 March 2015 ("FY15"), the management expects challenging market conditions such as increased competition and price erosion to continue in the global DES market"*.

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<sup>21</sup>

EuroPCR is the official annual meeting of the European Association of Percutaneous Cardiovascular Interventions and the world-leading course in interventional medicine.

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- (17) **19 August 2014: CITIC PE decides not to proceed with Biosensors takeover**  
The Company announced that CITIC PE had informed the Company that it had decided not to proceed with any takeover transactions involving the shares in the Company at that point of time.
- (18) **5 September 2014: Grant of award of ordinary shares to the Company's CEO**  
Mr. Jose Calle Gordo was granted 4,000,000 Shares at S\$0.74 per Share with a 3-year vesting period at the end of each financial year of the Company in accordance with the Biosensors PSP.
- (19) **30 October 2014: Disposal of the Company's shares by FIL Ltd**  
FIL Ltd disposed of 451,000 shares (0.02 per cent stake) in Biosensors via a market transaction. Post disposal, FIL Ltd held a 4.98 per cent stake in Biosensors (84,613,000) and ceased to be a substantial Shareholder of the Company.
- (20) **12 November 2014: Announcement of second quarter earnings for the three months ended 30 September 2014**  
The company announced profit from operations of US\$10.1 million (down 48 per cent year-on-year) on revenue of US\$74.8 million (down 10 per cent year-on-year). The earnings release stated: *"In the first half of FY2015, the Company experienced sustained softness in its overall business that was more severe than was expected. With the transition of the Company under the leadership of its new CEO, the Company is now heavily focused on improving its operational efficiency and enhancing the effectiveness of its execution. The Company believes that achieving an efficient operational structure is the foundation to enhancing its overall profitability"*.
- (21) **2 December 2014: Transfer of shares by CITICPE FM**  
CITICPE FM transferred the entire issued share capital of CBMI II to CITICPE Fund.
- (22) **9 February 2015: Completion of patient enrollment for LEADERS FREE Japan trial**  
The Company announced the completion of patient enrollment for LEADERS Free Japan, a trial involving BioFreedom™.
- (23) **12 February 2015: Announcement of third quarter earnings for the three months ended 31 December 2014**  
The Company announced profit from operations of US\$15.7 million (up 4 per cent year-on-year) on revenue of US\$77.5 million (down 6 per cent year-on-year). The earnings release stated: *"Looking ahead, the management maintains a cautious stance on the Group's core DES franchise as management expects competition and pricing pressure to stay as headwinds... This past quarter, the Company saw the starting point of the turnaround of its operating income. Over the longer term, the Company will continue to strengthen its position in the cardiovascular market and expand its geographical reach"*.
- (24) **11 March 2015: Completion of patient enrollment for CREDIT II Stent Trial**  
The Company announced that JW Medical Systems, a wholly-owned subsidiary of the Company, completed patient enrollment for CREDIT II, the first randomised controlled trial involving the EXCEL II coronary stent.
- (25) **20 May 2015: Early healing profile established for BioFreedom™**  
The Company announced that the first study to demonstrate rapid strut coverage for BioFreedom™ was presented at EuroPCR 2015, suggesting an early healing profile for patients using BioFreedom™.
- (26) **21 May 2015: Large international registry confirmed long-term safety and efficacy of the BioMatrix™ DES family**  
The Company announced that the final long-term results of the e-BioMatrix™ registry presented at EuroPCR 2015 by Dr. David Hildick-Smith confirmed that the BioMatrix™ DES family is safe and efficacious over a 3-year period in a "real-world" population of 5,470 patients.
- (27) **27 May 2015: Announcement of full year results for the financial year ended 31 March 2015 ("FY2015")**  
The Company announced its FY2015 full year revenue was down 4.8 per cent to US\$308.4 million from the previous fiscal year, primarily due to lower licensing and royalty revenue, as well as unfavourable foreign exchange rates. The Company also reported a net loss of US\$224.8 million, primarily due to goodwill impairment arising from the acquisition of the remaining 50 per cent equity interest in JW Medical Systems from Shandong Weigao in October 2011.
- (28) **3 August 2015: Announcement of first quarter earnings for the three months ended 30 June 2015**

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The Company announced profit from operations of US\$18.3 million (up 21 per cent year-on-year) on revenue of US\$67.0 million (down 16 per cent year-on-year). The earnings release stated: “Looking ahead, the Company still targets to achieve revenue growth for the fiscal year, as the Company had anticipated a slow start for FY16 under the backdrop of lower licensing and royalty revenue and adverse foreign exchange impact”.

**(29) 29 September 2015: Announcement of commercialisation of BMX-J in Japan**

The Company announced the commercialisation of BMX-J drug-eluting stent system in Japan starting 1 October 2015 and the establishment of a direct sales distribution channel to selected customers in Japan.

**(30) 14 October 2015: Release of positive LEADERS FREE clinical trial results**

The Company announced that the LEADERS FREE clinical trial demonstrated superior safety and efficacy for BioFreedom™ over BMS. The Company also announced that BioFreedom™ complies with essential requirements of the relevant European health, safety and environmental protection legislation and has received CE Mark approval.

**(31) 26 October 2015: Holding announcement on the Amalgamation**

The Company requested for a trading halt and subsequently issued a holding announcement on 28 October 2015, stating that it was currently reviewing an offer from CITIC PE on a proposed amalgamation.

**(32) 4 November 2015: Joint announcement regarding the Amalgamation between the Company and CBMHL**

CBMHL, an indirect subsidiary of CITICPE Fund, and the Company jointly announced the Amalgamation. The trading suspension which had been imposed on 29 October 2015 was subsequently lifted.

### 6.5 Key Shareholders

Based on the Company’s substantial shareholder notifications on SGX-ST as at the Latest Practicable Date, the top five (5) shareholders of the Company are as follows:

Top 5 Shareholders	Shares	% Ownership <sup>(4)</sup>	Filing Date	Source
CITICPE Fund <sup>(1)</sup>	330,456,084	19.570%	4 Nov 15	Joint Announcement <sup>(5)</sup>
Snow Lake Capital <sup>(2)</sup>	200,000,000	11.844%	15 Jan 16	Stock Exchange Filing
Hony Capital <sup>(3)</sup>	199,200,016	11.797%	4 Nov 15	Joint Announcement <sup>(5)</sup>
UBS Group AG	101,491,987	6.011%	29 Jan 16	Stock Exchange Filing
Credit Suisse Group AG	101,568,443	6.015%	16 Feb 16	Stock Exchange Filing

Please refer to section 5.4 of Appendix 5 of the Amalgamation Document for further details on the Company’s Substantial Shareholders.

- (1) CITICPE Fund’s shares are held by CBMHL.
- (2) Snow Lake Capital Limited is the investment manager of Snow Lake China Master Fund, Ltd and Snow Lake China Master Long Fund, Ltd.
- (3) Hony Capital is deemed interested in the Shares held by its wholly-owned subsidiaries, Autumn Eagle Limited (9.5 per cent) and Ace Elect Holdings Limited (2.3 per cent).
- (4) Based on ordinary shares in the capital of the Company of 1,688.5 million as of 31 December 2015.
- (5) Based on the joint announcement made regarding the Amalgamation between Biosensors and CBMHL on 4 November 2015.

### 6.6 Board of Directors

The board of directors of the Company comprises the following:

- (i) Yoh-Chie Lu (Executive Chairman);
- (ii) Jose Calle Gordo (Executive Director and Chief Executive Officer);

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- (iii) Adrian Chan Pengee (Lead Independent Director);
- (iv) Xiuping Zhang (Non-Executive Independent Director);
- (v) Jinsong Bian (Non-Executive Independent Director);
- (vi) Jean-Luc Butel (Non-Executive Independent Director);
- (vii) Qiang Jiang (Non-Executive Non-Independent Director);
- (viii) Bing Yuan (Non-Executive Non-Independent Director);
- (ix) Dong Liu (Non-Executive Non-Independent Director); and
- (x) Bin Wu (Non-Executive Non-Independent Director).

### 6.7 Issued and Paid-Up Capital

As at the Latest Practicable Date, the Company has an issued and paid-up capital of US\$117,823, comprising 1,688,549,965 Shares (excluding 78,662,400 treasury shares).

### 6.8 Further Details

Further details relating to the Company are set out in paragraph 2.1 and Appendix 5 of the Amalgamation Document.

## 7 EVALUATION OF THE SHARE CONSIDERATION UNDER THE AMALGAMATION AND THE DELISTING

Pursuant to the Amalgamation and the Delisting, Shareholders will have the opportunity to vote on the Amalgamation and the Delisting and, should the Amalgamation and the Delisting be approved, can elect to receive either:

- (i) the Cash Consideration; or
- (ii) the Share Consideration.

We note that if the Amalgamation and Delisting is approved by Shareholders at the Shareholders Meeting, Shareholders who elect to accept the Share Consideration will own shares of CBCH II, an unlisted private company.

In this section of our Letter, we address what we consider to be pertinent matters in relation to the Share Consideration.

### 7.1 Shareholdings, Control and Financial Leverage

Pursuant to the Irrevocable Undertakings, we note that each of the Undertaking Shareholders (Autumn Eagle Limited and Ace Elect Holdings Limited, each a wholly-owned subsidiary of Hony Capital, and holding a combined approximate 11.8 per cent share in the Company as at the IFA Reference Date) will elect to receive the Share Consideration, that is, each of the Shares by the Undertaking Shareholders will be exchanged for one (1) new CBCH II share.

Arising from the Irrevocable Undertakings, CBMHL (an indirect subsidiary of CITICPE



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Fund), Hony Capital and the CBCH II Non-Management Co-Investors<sup>22</sup> will in aggregate own the largest shareholding block in CBCH II.

In Table 3, we set out the current shareholding (by number of Shares and as a percentage of outstanding shares) in Biosensors, and compared this with the various shareholdings of interested parties in CBCH II post-Amalgamation. We have analysed four (4) scenarios of possible Shareholder take-up of the Share Consideration, being: 0 per cent, 20 per cent, 50 per cent and 100 per cent.

**Table 3: Shareholding Analysis**<sup>23</sup>

		CBCH II - Immediately Post-Closing of Amalgamation			
Shareholding Structure (No. of Shares)	Biosensors (current)	0% of Remaining Shareholders	20% of Remaining Shareholders	50% of Remaining Shareholders	100% of Remaining Shareholders
		Electing for Shares Consideration	Electing for Shares Consideration	Electing for Shares Consideration	Electing for Shares Consideration
CBMHL / CBMIL	330,456,084	330,456,084	330,456,084	330,456,084	330,456,084
Undertaking Shareholders - Hony Capital	199,200,016	199,200,016	199,200,016	199,200,016	199,200,016
Autumn Eagle Limited	159,656,100	159,656,100	159,656,100	159,656,100	159,656,100
Ace Elect Holdings Limited	39,543,916	39,543,916	39,543,916	39,543,916	39,543,916
CBCH II Management Co-Investors	1,751,000	46,751,000	46,751,000	46,751,000	46,751,000
Management Subscription <sup>(1)</sup>	N.A.	18,000,000	18,000,000	18,000,000	18,000,000
Restricted Share Subscription <sup>(2)</sup>	N.A.	27,000,000	27,000,000	27,000,000	27,000,000
CBCH II Non-Management Co-Investors	N.A.	189,112,211	125,317,531	125,317,531	-
Remaining Shareholders <sup>(3)</sup>	1,157,142,865	-	231,428,573	578,571,433	1,157,142,865
<b>Total</b>	<b>1,688,549,965</b>	<b>765,519,311</b>	<b>933,153,204</b>	<b>1,280,296,064</b>	<b>1,733,549,965</b>

		CBCH II - Immediately Post-Closing of Amalgamation			
% Shareholding	Biosensors (current)	0% of Remaining Shareholders	20% of Remaining Shareholders	50% of Remaining Shareholders	100% of Remaining Shareholders
		Electing for Shares Consideration	Electing for Shares Consideration	Electing for Shares Consideration	Electing for Shares Consideration
CBMHL / CBMIL	19.6%	43.2%	35.4%	25.8%	19.1%
Undertaking Shareholders - Hony Capital	11.8%	26.0%	21.3%	15.6%	11.5%
Autumn Eagle Limited	9.5%	20.9%	17.1%	12.5%	9.2%
Ace Elect Holdings Limited	2.3%	5.2%	4.2%	3.1%	2.3%
CBCH II Management Co-Investors	0.1%	6.1%	5.0%	3.7%	2.7%
Management Subscription <sup>(1)</sup>	N.A.	2.4%	1.9%	1.4%	1.0%
Restricted Share Subscription <sup>(2)</sup>	N.A.	3.5%	2.9%	2.1%	1.6%
CBCH II Non-Management Co-Investors	N.A.	24.7%	13.4%	9.8%	0.0%
Remaining Shareholders <sup>(3)</sup>	68.5%	0.0%	24.8% <sup>(4)</sup>	45.2% <sup>(5)</sup>	66.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Note: Pro-forma shareholding information used to compile Table 3 was provided by the Directors to the IFA.

- (1) According to page 8 of the Joint Amalgamation Announcement, note 7.1. (a).
- (2) According to page 9 of the Joint Amalgamation Announcement, note 7.1. (b).
- (3) "Remaining Shareholders" refer to Shareholders that are entitled to vote on the Amalgamation.
- (4) The 20 per cent of Remaining Shareholders which can vote for the Share Consideration own 13.7 per cent of Biosensors currently, compared to 24.8 per cent of CBCH II that they would own if they accept the Share Consideration due to increased financial leverage in CBCH II.
- (5) The 50 per cent of Remaining Shareholders which can vote for the Share Consideration own 34.3 per cent of Biosensors currently, compared to 45.2 per cent of CBCH II that they would own if they accept the Share Consideration due to increased financial leverage in CBCH II.

<sup>22</sup> The CBCH II Non-Management Co-Investors are CBCH III, Wealth Summit, Marine Trade, Fu Mao and the CBCH II Management Co-Investors.

<sup>23</sup> Pro-forma shareholding information used to compile Table 3 was provided by the Independent Directors to the IFA.

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Assuming 100 per cent of the Shareholders take up the Share Consideration, and no debt is required to be raised by CBCH II<sup>24</sup> to fund the Share Consideration, we have calculated that minority shareholders are estimated to receive a combined 66.7 per cent of the shares in CBCH II, versus their current combined shareholding in the Company of about 68.5 per cent. The Independent Directors may wish to advise Shareholders that no premium is being offered under the Share Consideration.

The Independent Directors may also wish to advise Shareholders who elect to receive the Share Consideration, that there is expected to be some level of ownership dilution as a consequence of the Amalgamation and the Delisting. This dilution effect arises from new CBCH II shares being issued to the CBCH II Management Co-Investors under the Management Subscription Agreements and Restricted Share Subscription Agreements.

In the scenarios where Remaining Shareholders (as a group) take up 20 per cent or 50 per cent of the Share Consideration, the above analysis indicates that Shareholders who elect to receive the Share Consideration will own a larger proportion of CBCH II than they would otherwise have in Biosensors. The reason for this is due to the effects of CBCH II<sup>24</sup> funding the Cash Consideration with principally bank borrowings (i.e. debt replacing equity). The effects of CBCH II<sup>24</sup> borrowings to fund the Cash Consideration are illustrated in Table 4, where based on higher levels of acceptance of the Cash Consideration:

- (i) net cash per share eventually reduces and becomes negative (net debt);
- (ii) the projected level of indebtedness of CBCH II<sup>24</sup> becomes high as shown by the net debt/LTM EBITDA multiples; and
- (iii) net tangible asset backing per share eventually becomes negative.

**Table 4: Selected Pro-Forma Financial Metrics<sup>25</sup>**

Financial metrics	Biosensors (31 Dec 2015) <sup>(5)</sup>	CBCH II - Immediately Post-Closing of Amalgamation <sup>(6)</sup>			
		0% of Remaining Shareholders Electing for Shares Consideration	20% of Remaining Shareholders Electing for Shares Consideration	50% of Remaining Shareholders Electing for Shares Consideration	100% of Remaining Shareholders Electing for Shares Consideration
		Net Cash / (Debt) per Share (S\$) <sup>(1)</sup>	0.23	(0.59)	(0.32)
<i>Change from Biosensors original</i>	-	N.A.	N.A.	N.A.	1.9%
Net Tangible Assets per Share (S\$) <sup>(2)</sup>	0.375	(0.21)	(0.02)	0.21	0.38
<i>Change from Biosensors original</i>	-	N.A.	N.A.	(43.4%)	0.4%
Net (Cash) / Debt to LTM EBITDA Multiple <sup>(3),(4)</sup>	(4.62x)	5.33x	3.59x	0.01x	(4.80x)
<i>Change from Biosensors original</i>	-	N.A.	N.A.	N.A.	3.9%

Note: Pro-forma information used to compile Table 4 was provided by the Directors to the IFA.

- (1) Cash includes cash and cash equivalents, deposits (recorded under deposits and prepayments), deposits pledged for bank loans, and short term and long term loan to a third party. Debt includes loans and borrowings, finance lease liabilities and contingent considerations.
- (2) Net tangible assets is defined as net assets less goodwill and intangible assets.
- (3) Based on LTM EBITDA of US\$59.2 million as of 31 December 2015.
- (4) Negative Net (Cash) / Debt to LTM EBITDA multiple indicates that Biosensors has a net cash position and a positive Net (Cash) / Debt to LTM EBITDA multiple indicates that Biosensors has a net debt position.
- (5) A US\$/S\$ foreign exchange rate of 1.4172 was applied to Biosensors' 31 December 2015 net cash, net tangible assets and LTM EBITDA.

<sup>24</sup> Post-Amalgamation and upon consolidation, debt raised at CBMHL will be consolidated into the financial statements of CBCH II.

<sup>25</sup> Pro-forma information used to compile Table 4 was provided by the Independent Directors to the IFA.

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(6) A US\$/S\$ foreign exchange rate of 1.4086 as of the IFA Reference Date was applied to CBCH II net cash / (debt), net tangible assets and Biosensors' LTM EBITDA immediately post-closing of the Amalgamation.

As a consequence, the Independent Directors may wish to advise Shareholders who elect to receive the Share Consideration that potential high levels of acceptance of the Cash Consideration by other Shareholders (such levels of acceptances which are inherently uncertain) will result in CBCH II<sup>26</sup> becoming progressively more indebted, with possible resultant negative net tangible asset backing. In general terms, the higher the level of acceptance of the Cash Consideration by Shareholders (in the absence of increased levels of equity funding in CBCH II's<sup>26</sup> capital structure), the higher the riskiness of the resultant investment in CBCH II for Shareholders electing to receive the Share Consideration. We do not express any view on the optimal or sustainable level of borrowing in CBCH II's<sup>26</sup> capital structure, whether CBCH II will be able to service or refinance its borrowings in the future, nor are we in a position to opine on CBCH II's future prospects or returns.

### 7.2 Lack of Liquidity and Marketability (of an Unlisted Private Company)

CBCH II, the vehicle that Shareholders are being offered shares in, is a privately held investment holding company and is not listed on any regulated stock exchange. As a consequence, it may be difficult for CBCH II shareholders to sell their shares in the absence of a public market. In addition, the Independent Directors may wish to advise shareholders that, *ceteris paribus*, shares of unlisted companies (including CBCH II) are generally valued at a discount to the shares of selected publicly listed companies as a result of the lack of liquidity and marketability.

Paragraph 6.3 of Appendix 4 of the Amalgamation Document states that CITICPE Fund intends to consider undertaking an IPO of CBCH II in the future, subject to (i) future performance of the business and (ii) then prevailing market conditions. The Independent Directors may wish to advise Shareholders that the occurrence and timing of a future IPO event for CBCH II, and hence opportunity for future liquidity, is uncertain.

### 7.3 Transfer Restrictions

The terms of the CBCH II Shareholders' Agreement and the Memorandum and Articles of Association of CBCH II state that the CBCH II shareholders may not transfer all or any part of their CBCH II shares before the earlier of (i) the fourth anniversary of the date of delisting of the Company; and (ii) the completion of an IPO, unless such CBCH II shareholder has obtained the prior written consent from CBMIL. The Independent Directors may wish to advise Shareholders who accept the Share Consideration, that they may have no ability to achieve liquidity on their shares in CBCH II for a period that may be at least four (4) years after the completion of the Amalgamation.

Furthermore, we note that any transfer or sale of the CBCH II shares, which are represented by share certificates, may be subject to stamp duty.

### 7.4 Information Rights

As an unlisted private company, CBCH II will not be obliged to comply with the listing

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Post-Amalgamation and upon consolidation, debt raised at CBMHL will be consolidated into the financial statements of CBCH II.

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requirements of the SGX-ST (or other stock exchanges), in particular the continuing corporate disclosure requirements under Chapter 7 and Appendices 7.1 to 7.4.2 of the Listing Manual which are applicable to the Company (if the Company remained listed on the Official List of the SGX-ST).

We note that the terms of the CBCH II Shareholders' Agreement provide for certain information rights for CBCH II Shareholders which include:

- (i) CBCH II's board meeting minutes, including written material provided in relation thereto;
- (ii) contracts in connection with an IPO by CBCH II or its intermediate holding entity of its securities on an internationally recognised stock exchange (if and when this occurs);
- (iii) facilities, properties, records and management of each of the CBCH II group companies; and
- (iv) monthly management accounts of CBCH II where a material adverse change or development in the business, operations, financial position or prospects of the CBCH II group is suspected to occur.

In order to enjoy these information rights, CBCH II shareholders will need to accede to the terms of the CBCH II Shareholders' Agreement.

The Independent Directors may wish to advise Shareholders who accept the Share Consideration that they may not have the same level of disclosure, quarterly and annual financial reporting and the opportunity to vote on the various matters that they are currently entitled to with Biosensors as a publicly listed company under the listing rules of the SGX-ST.

### 7.5 Voting Rights

According to the Memorandum and Articles of Association of CBCH II, CBCH II currently has one (1) class of ordinary shares, with each share entitling the shareholder to one (1) vote, as well as the same rights and preferences in terms of the right to receive dividends and liquidation proceeds.

### 7.6 Drag-along Rights

We note that under the terms of the CBCH II Shareholders' Agreement, if CBMIL proposes to sell all of its shares in CBCH II, or approve an acquisition of the CBCH II group, as a whole by, *inter alia*, merger or sale of all assets of the CBCH II group, CBMIL will be entitled to require all other CBCH II shareholders to transfer all of their shares, or approve the acquisition (as the case may be), if (i) the consideration per CBCH II share is of an amount which will yield a compounded annual return of at least 15 per cent of the Cash Consideration, and (ii) CBMIL shall only be entitled to require CBCH III to transfer all of its shares or to approve the acquisition of the CBCH II group in the event that the consideration or dividend distribution to be actually received by CBCH III is sufficient for CBCH III to pay all amounts payable under CBCH III's mezzanine debt financing facility.

The Independent Directors may wish to advise Shareholders who accept the Share Consideration that in the event that CBMIL becomes entitled to exercise its drag-along rights and chooses to do so, a dissenting shareholder of CBCH II will have no option to retain their shares in CBCH II.

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### 7.7 Lack of Future Research Coverage

The Independent Directors may wish to advise Shareholders who accept the Share Consideration, that as investors in a private unlisted entity, they will no longer have the benefit of access to research analyst reports (as they may have had in the past) which contain commentary, analysis and projections on the financial and operational outlook of the Company that research analysts publish based on their periodic interactions with the Company's management.

## 8 EVALUATION OF THE CASH CONSIDERATION UNDER THE AMALGAMATION AND THE DELISTING

### 8.1 Valuation Methodology

We have confined our evaluation to the financial terms of the Cash Consideration. In evaluating the fairness of the Cash Consideration, from a financial point of view, we have performed the following analyses based upon market, economic, industry, monetary and other conditions in effect on the IFA Reference Date and upon publicly available information and information made available to us by the Company as at the IFA Reference Date:

- (i) **Liquidity Analysis** to assess whether the historical share price provides meaningful reference for comparison against the Cash Consideration;
- (ii) **Historical Share Price Trading Analysis** to assess how the Cash Consideration compares to the historical share price of the Company over different observation periods;
- (iii) **Historical Multiples Analysis** to assess how the valuation multiples implied by the Cash Consideration compares to the historical valuation multiples of the Company and trading multiples of selected companies, including Biosensors' competitors;
- (iv) **Precedent Transaction Analysis** to assess how the valuation multiples implied by the Cash Consideration compares to the valuation multiples of selected transactions;
- (v) **Precedent General Offer Analysis** to assess how the premium/(discount) implied by the Cash Consideration over the historical share price of the Company compares to the premium/(discount) on selected general offer transactions in Singapore; and
- (vi) **Research Analyst Target Prices** to assess how the Cash Consideration compares to research analyst target prices.

### 8.2 General Bases and Assumptions

The underlying financial data used in our analyses in this Letter has been extracted from, amongst others, Bloomberg, FactSet, Capital IQ, SGX-ST filings, and relevant public documents of those respective companies as at the IFA Reference Date. We have not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and make no representations or warranties, express or implied, on the accuracy or completeness or adequacy of such information. We note that the generally accepted accounting principles ("GAAP") used by the respective selected companies reviewed in this Letter may be different. The differences between Singapore GAAP used by the Company and the respective GAAP

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used by the selected companies may therefore render comparisons between these companies less useful than if they all used the same GAAP. In addition, we point out that the selected companies are not exactly identical to Biosensors in terms of, *inter alia*, market capitalisation, capital structure, business mix, size of operations, geographical operations, financial performance, risk profile, growth profile, future prospects, accounting policies and other relevant criteria. Any conclusions drawn from comparisons made may therefore not necessarily reflect the possible or potential market valuation for the Company.

In the course of our analysis, we have relied on the basis that the outstanding share capital of the Company as of the IFA Reference Date comprises 1,688,549,965 Shares excluding treasury shares of 78,662,400. We have also relied on the basis that as of the IFA Reference Date, there are 32,419,193 outstanding options under the Biosensors ESOS and 4,390,000 outstanding performance shares under the Biosensors PSP. For the purpose of our analyses, we have considered the fully diluted share capital comprising 1,695,651,908 Shares<sup>27</sup>, which includes Shares to be issued assuming all the outstanding options (that are “in-the-money”) are exercised under the Biosensors ESOS but excludes the performance Shares comprised in the Biosensors PSP.

### 8.3 Valuation Multiples

We have applied the following valuation multiples in our analysis:

Valuation	Description
EV/EBITDA	“EV” or “enterprise value” is the sum of a company’s market capitalisation, preferred equity, minority interests, short and long term debt less its cash and cash equivalents and other investments. “EBITDA” stands for historical earnings before interest, tax, depreciation and amortisation expenses, but excludes exceptional items. The EV/EBITDA multiple typically illustrates the market value of a company’s business relative to its historical pre-tax operating cash flow performance, without regard to the company’s capital structure.
EV/EBIT	“EV” or “enterprise value” is the sum of a company’s market capitalisation, preferred equity, minority interests, short and long term debt less its cash and cash equivalents and other investments. “EBIT” stands for historical earnings before interest, tax and amortisation expenses attributed to intangible assets but excludes exceptional items. The EV/EBIT multiple typically illustrates the market value of company’s business relative to its historical pre-tax operating profit performance, without regard to the company’s capital structure.
EV/Revenue	“EV” or “enterprise value” is the sum of a company’s market capitalisation, preferred equity, minority interests, short and long term debt less its cash and cash equivalents and other investments. The EV/Revenue multiple typically illustrates the market value of a company’s business relative to its historical revenue performance, without regard to the company’s capital structure.

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Diluted shares outstanding include 7.102 million in-the-money options, with an exercise price below the Cash Consideration, which have been assumed to be exercised prior to the closing of the Amalgamation.

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P/E	“P/E” or “price-to-earnings” multiple typically illustrates the multiple of the market capitalisation of a company’s shares relative to its earnings attributable to common shareholders before exceptional items. Market capitalisation is calculated based on share price multiplied by total ordinary shares outstanding. The P/E multiple may be affected by, <i>inter alia</i> , the capital structure of a company (eg. high net cash position), its tax position as well as its accounting policies relating to revenue recognition, depreciation and intangible assets.
P/NTA	“P/NTA” or “price-to-net tangible assets” multiple typically illustrates the ratio of market capitalisation of a company’s shares relative to its net tangible assets. Market capitalisation is calculated based on share price multiplied by total ordinary shares outstanding. Net tangible assets is based on total assets (excluding intangible assets) less total liabilities. The P/NTA multiple may be affected by, <i>inter alia</i> , the differences in accounting policies relating to depreciation and asset valuation.

### 8.4 Liquidity Analysis

In general, share prices may be affected by various factors including free float, relative liquidity and investor interest or market sentiment at a given point in time. In evaluating the Cash Consideration relative to the Company’s historical Share price, we have considered the relative liquidity of the Company in comparison with companies that make up the top 12 constituents of the Straits Times Index (“STI”) traded on the SGX-ST in Singapore based on market capitalisation (the “**Top-12 STI Companies**”). This analysis is to determine whether historical trading prices provide a meaningful reference point for comparison against the Cash Consideration.

**Table 5: Liquidity of Top-12 STI Companies by Market Capitalisation<sup>(1)</sup>**

<b>Company</b>	<b>Market Cap (S\$ mm)</b>	<b>Free Float<sup>(2)</sup></b>	<b>12M Avg. Daily Trading Volume/Free Float<sup>(3)</sup></b>	<b>12M Avg. Daily Trading Value/Market Cap<sup>(4)</sup></b>
Singapore Telecommunications Ltd	59,309	48.7%	0.30%	0.16%
DBS Group Holdings Ltd	34,296	70.0%	0.30%	0.27%
Oversea-Chinese Banking Corp Ltd	33,239	79.9%	0.18%	0.16%
United Overseas Bank Ltd	27,854	93.3%	0.19%	0.21%
Hongkong Land Holdings Ltd	19,587	49.8%	0.24%	0.11%
Wilmar International Ltd	19,845	31.4%	0.37%	0.11%
Thai Beverage PCL	17,577	77.5%	0.06%	0.05%
Jardine Cycle & Carriage Ltd	15,035	20.4%	0.37%	0.07%
CapitalLand Ltd	12,404	60.4%	0.49%	0.33%
Singapore Airlines Ltd	13,335	43.4%	0.27%	0.11%
Keppel Corp Ltd	9,545	78.5%	0.40%	0.42%
Singapore Technologies Engineering Ltd	8,868	51.5%	0.20%	0.11%
<b>Mean</b>	<b>22,574</b>	<b>58.7%</b>	<b>0.28%</b>	<b>0.17%</b>
<b>Median</b>	<b>18,582</b>	<b>55.9%</b>	<b>0.28%</b>	<b>0.13%</b>
<b>Maximum</b>	<b>59,309</b>	<b>93.3%</b>	<b>0.49%</b>	<b>0.42%</b>
<b>Minimum</b>	<b>8,868</b>	<b>20.4%</b>	<b>0.06%</b>	<b>0.05%</b>
<b>Biosensors<sup>(5)</sup></b>	<b>1,373</b>	<b>68.8%</b>	<b>0.45%</b>	<b>0.27%</b>

Source: Bloomberg, Capital IQ.

- (1) All figures are as at the IFA Reference Date.
- (2) Free float percentages are as reported by Bloomberg.
- (3) Calculated as 12-month average daily trading volume over free float number of shares. Shares outstanding are as reported by Capital IQ.

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- (4) Calculated as 12-month average daily trading value over market capitalisation.
- (5) As at the Unaffected Share Price Date (as defined below).

In the 12 months leading up to the IFA Reference Date, we note that the Company's average daily trading volume to free float of 0.45 per cent is within the minimum and maximum range and above both the mean and median of 0.28 per cent for the Top-12 STI Companies for the same 12-month period leading up to the IFA Reference Date.

In addition, we note that the Company's average daily trading value to market capitalisation of 0.27 per cent is within the minimum and maximum range and above the mean and median of 0.17 per cent and 0.13 per cent respectively for the Top-12 STI Companies for the same 12-month period leading up to the IFA Reference Date. The analysis indicates that the Shares do not suffer from illiquid trading conditions.

We set out the average daily trading value and volume of the Shares for the 1-week, 1-month, 3-month, 6-month and 12-month periods prior to 23 October 2015 (the "Unaffected Share Price Date") and the IFA Reference Date to analyse the liquidity of the Shares.

**Table 6: Historical Trading Volume**

Reference Period	Total Volume Traded ('000)	Avg. Daily Trading Value (S\$'000)	Avg. Daily Trading Volume ('000)	Avg. Daily Trading Volume/Free Float
<b>As of Unaffected Share Price Date<sup>(1)</sup></b>				
1 Week Before Unaffected Share Price Date	32,156	4,478	6,431	0.55%
1 Month Before Unaffected Share Price Date	108,754	3,536	5,179	0.44%
3 Months Before Unaffected Share Price Date	269,936	3,029	4,354	0.37%
6 Months Before Unaffected Share Price Date	520,676	3,134	4,199	0.36%
12 Months Before Unaffected Share Price Date	1,309,560	3,702	5,259	0.45%

Source: Capital IQ.

- (1) Periods analysed are as follows – 1 week up to the Unaffected Share Price Date (inclusive): 17 October 2015 to 23 October 2015; 1 month up to the Unaffected Share Price Date (inclusive): 24 September 2015 to 23 October 2015; 3 months up to the Unaffected Share Price Date (inclusive): 24 July 2015 to 23 October 2015; 6 months up to the Unaffected Share Price Date (inclusive): 24 April 2015 to 23 October 2015; and 12 months up to the Unaffected Share Price Date (inclusive): 24 October 2014 to 23 October 2015.

Based on our analysis of the historical trading volumes of the Shares and the average daily trading volume and value relative to the Top-12 STI Companies by market capitalisation, it appears that there is reasonable liquidity in the Shares. *Ceteris paribus*, this suggests that the market prices of the Shares should generally reflect the fundamental, market-based value of the Shares.

**We note that there is no assurance that the price of the Shares will remain at current levels in the event that the Amalgamation Agreement is terminated. We also wish to highlight that the historical trading performance of the Shares serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the Shares, which will be governed by amongst other factors, the performance and prospects of the Company, prevailing economic conditions, economic outlook, stock market conditions and sentiment.**



8.5 Historical Share Price and Volume Trading Analysis

In evaluating the fairness of the Cash Consideration, we have compared the Cash Consideration to the historical market performance of the Shares over the five (5) year period from 24 February 2011 to 23 February 2016, with our primary emphasis on the period commencing November 2013 to the IFA reference date, which coincides with the initial investment in the Company by CITICPE FM (through CBMHL). For contextual purposes, we show the longer term Share price performance.

Chart 3: Historical Share Price Performance



Source: Capital IQ, Company Announcements, Press Releases.

Between 14 November 2013 and the IFA Reference Date, the Shares traded between S\$0.485 to S\$1.02 per Share based on the daily closing price.

On 21 November 2013, CBMHL (an indirect subsidiary of CITICPE FM), acquired a 21.7 per cent stake in Biosensors from Shandong Weigao in a private transaction for US\$313 million or S\$1.05 per Share, after the release of the Company’s 2Q FY2014 interim earnings announced on 12 November 2013. On 18 February 2014, CITIC PE was reported by Bloomberg to be considering a privatisation of Biosensors, causing the Share price to increase by 14.4 per cent from S\$0.87 to S\$0.995 per Share (on heavy share trading volumes) triggering an SGX-ST query on trading activity in the Company which was duly responded to on 19 February 2014 by the Company.

On 20 May 2014, and again on 20 June 2014, the Company announced that CITIC PE advised that it continued to “*explore options available to it to enhance the value of its investment in the Company, although no decision to pursue any options had been made*”. On 14 July 2014, the Company announced that CBMHL disposed of a 2.3 per cent stake in Biosensors for S\$33.2 million at S\$0.84 per Share via an off-market trade. On 15 July 2014, the Company announced that Autumn Eagle, a wholly-owned subsidiary of Hony Capital, transferred an approximate 6.5 percent stake of Shares worth approximately US\$81.9 million (which equated to a price of S\$0.75 per Share versus the closing price of S\$0.865 per Share) to third parties in an off-market transaction as payment for loans. On 21 July

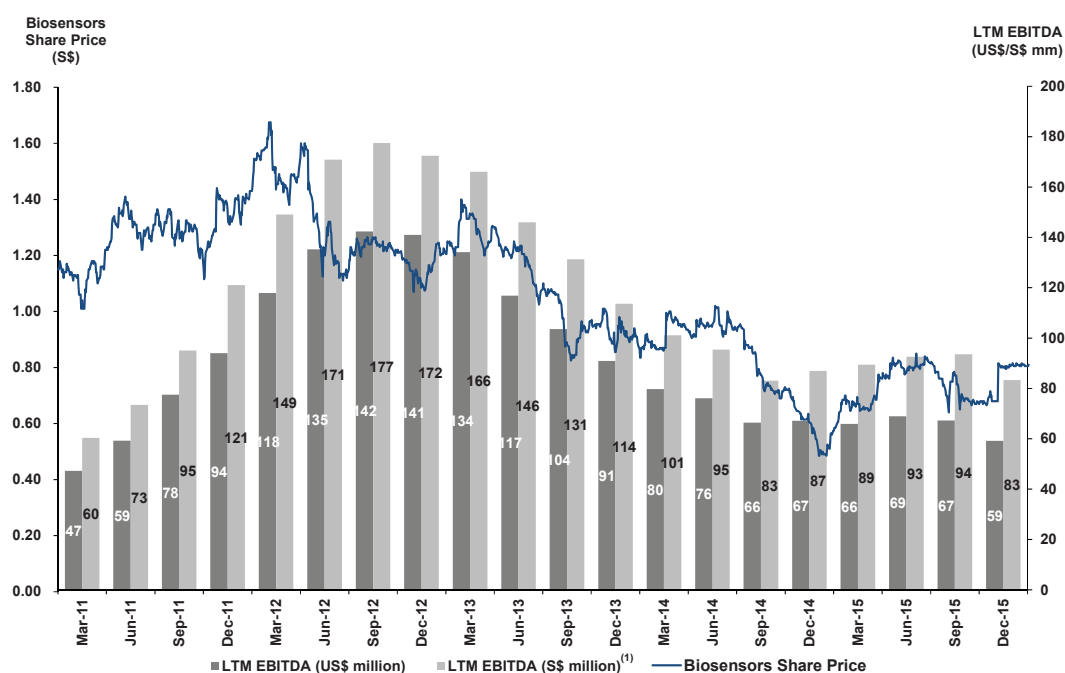
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2014, the Company announced that CITIC PE had informed the Company that it had “taken certain steps to restructure its shareholding interest in the Company and is still considering the options available to it to enhance the value of its investment in the Company and that no decision to pursue any options has been made by it at this juncture”.

On 19 August 2014, the Company announced that CITIC PE had “informed the Company that it has decided not to proceed with any take-over transactions involving the shares in the Company at this point in time”. Over the six (6) month period from the release of the Bloomberg article on 18 February 2014 to 19 August 2014, the Share price decreased by 24.6 per cent from S\$0.995 to S\$0.75 per Share. Subsequent to the Company’s announcement on 19 August 2014, the Shares of the Company traded down to as low as S\$0.485 on 2 December 2014 before recovering to generally trade within a band of S\$0.68 to S\$0.85 per Share between 13 March 2015 and 14 September 2015. The volume-weighted average price (“VWAP”) over this six (6) month period was S\$0.762 per Share.

We set out the Share price performance of the Company from 1 January 2011 to the IFA Reference Date compared to the prior 12-months EBITDA of the Company on a rolling quarter-by-quarter basis, commonly known as Last 12 Months (“LTM”) EBITDA over the last 20 quarters.

**Chart 4: Historical Share Price and EBITDA Performance**



Source: Company Filings, Capital IQ.

Note: EBITDA has been adjusted for impairment of property, plant and equipment and negative goodwill on consolidation. Items such as gain/losses on disposal of property, plant and equipment and inventories written off which are deemed to be recurring and incurred in the ordinary course of business by the Company’s management have not been adjusted for.

(1) Applied an average US\$/S\$ foreign exchange rate in each respective LTM period.

Chart 4 shows that the Share price has broadly tracked its underlying earnings performance over the longer term, rising to a high of S\$1.675 per Share on 3 February 2012 in line with its earnings growth, which the Company achieved and falling as earnings trended lower.

We note that the Share price appears to have been negatively impacted during the second

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half of 2014, coinciding with the end of discussions with CITIC PE that took place between February and August 2014, plus the release of weaker earnings in the quarters ended June 2014 and September 2014, and again in the quarter ended 30 September 2015 in relation to the stock market correction in China.

We note that the Share price over the last 12 months immediately preceding the Joint Announcement Date has ranged from a low of S\$0.485 per Share on 2 December 2014 to a high of S\$0.85 per Share on 3 June 2015. The Cash Consideration represents a discount of 1.2 per cent to the high Share price on 3 June 2015 and a premium of 73.2 per cent to the low Share price on 2 December 2014.

The last traded Share price as at the Unaffected Share Price Date was S\$0.68. On 4 November 2015 (being the Joint Announcement Date), the Share price rose 19.9 per cent from the previous closing price to close at S\$0.815. An aggregate volume of approximately 22.8 million Shares traded, representing approximately 1.4 per cent of the total outstanding Shares. The Cash Consideration represents a premium of 23.5 per cent to the Unaffected Share Price of S\$0.68 per Share.

Between the Joint Announcement Date and the IFA Reference Date, 461.9 million Shares (representing approximately 27 per cent of the issued capital of the Company) traded on the SGX-ST at prices ranging between S\$0.77 to S\$0.82 per Share based on the daily closing price. The volume weighted average price over this period was S\$0.804 per Share.

**We note that there is no assurance that the price of the Shares will remain at current levels in the event that the Amalgamation Agreement is terminated. We also wish to highlight that the historical trading performance of the Shares serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the Shares, which will be governed by amongst other factors, the performance and prospects of the Company, prevailing economic conditions, economic outlook, stock market conditions and sentiment.**

**We further wish to highlight that underlying financial data used in our analysis has been extracted from announcements released by Biosensors on the SGX-ST and various press releases as at the IFA Reference Date. The IFA makes no representations or warranties, express or implied, on the accuracy or completeness of such information.**

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### 8.6 VWAP Analysis

We set out in Table 7 the premium/(discount) implied by the Cash Consideration over the VWAP of the Shares for the 1-day, 1-week, 1-month, 3-month, 6-month, and 12-month periods on the last trading day prior to the Unaffected Share Price Date.

**Table 7: VWAP Analysis**

<b>Reference Period</b>	<b>VWAP (S\$)</b>	<b>Premium/(Discount)</b>
Cash Consideration	0.84	
<b>As of Unaffected Share Price Date<sup>(1)</sup></b>		
Last Transacted Price	0.680	23.5%
1 Week Before Unaffected Share Price Date	0.701	19.8%
1 Month Before Unaffected Share Price Date	0.683	23.0%
3 Months Before Unaffected Share Price Date	0.694	21.0%
6 Months Before Unaffected Share Price Date	0.744	12.9%
12 Months Before Unaffected Share Price Date	0.701	19.8%

*Source: Capital IQ, Joint Announcement.*

- (1) Periods analysed are as follows – 1 week up to Unaffected Share Price Date (inclusive): 17 October 2015 to 23 October 2015; 1 month up to the Unaffected Share Price Date (inclusive): 24 September 2015 to 23 October 2015; 3 months up to the Unaffected Share Price Date (inclusive): 24 July 2015 to 23 October 2015; 6 months up to the Unaffected Share Price Date (inclusive): 24 April 2015 to 23 October 2015; and 12 months up to the Unaffected Share Price Date (inclusive): 24 October 2014 to 23 October 2015.

Based on Table 7, we note that the Cash Consideration represents a premium of approximately 20 per cent, 23 per cent, 21 per cent, 13 per cent, and 20 per cent over the VWAP of the Shares in the aforesaid 1-week, 1-month, 3-month, 6-month and 12-month periods prior to and including the Unaffected Share Price Date respectively.

**We note that there is no assurance that the price of the Shares will remain at current levels in the event that the Amalgamation Agreement is terminated. We also wish to highlight that the historical trading performance of the Shares serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the Shares, which will be governed by amongst other factors, the performance and prospects of the Company, prevailing economic conditions, economic outlook, stock market conditions and sentiment.**

8.7 Historical Trading Multiples Analysis

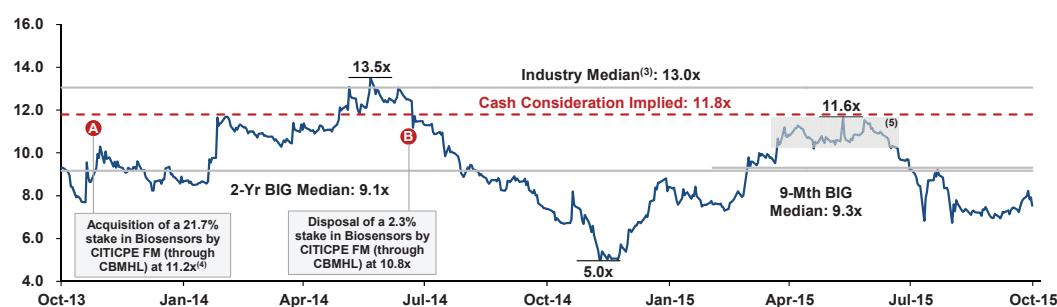
We have analysed the historical trading multiples of the Company over time, relative to the trading multiples implied by the Cash Consideration. Historical trading multiples are commonly used valuation metrics that reflect the market’s perception of the Company and subject to market efficiency and rationality, reflect available information relevant to a company such as its business plans, financial performance, future prospects and growth potential. Historical trading multiples are susceptible to, *inter alia*, investor sentiment and market speculation.

We set out in Charts 5 and 6 the Company’s EV/EBITDA and EV/EBIT (the “Trading Multiples”)<sup>28</sup> based on the Company’s LTM earnings over the two (2) year period prior to the Unaffected Share Price Date.

We compare the aforementioned implied Trading Multiples as represented by the Cash Consideration against:

- (i) Biosensors’ median Trading Multiples (the “BIG Median”);
- (ii) Trading Multiples of transactions conducted in the Company’s shares by CBMHL, which is currently an indirect subsidiary of CITICPE Fund prior to the Joint Announcement Date; and
- (iii) The median Trading Multiples of a composite of selected medical device companies (the “Industry Median”).

Chart 5: Biosensors’ 2-Year Historical EV/LTM EBITDA Multiple<sup>(1)</sup>

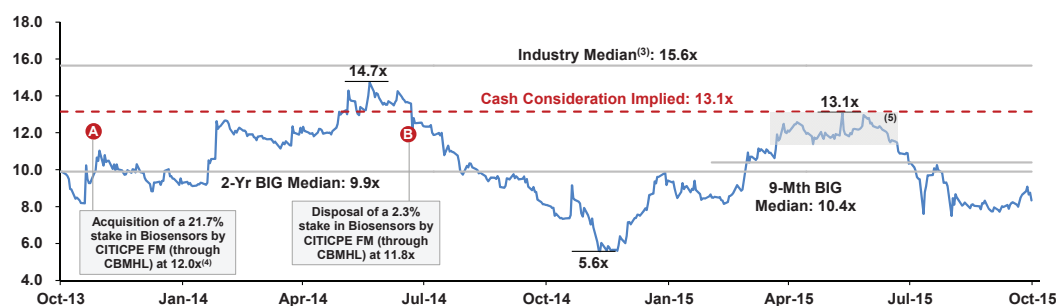


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We note that in the current low interest rate environment, the Company’s substantial cash holdings in excess of US\$500 million has the effect of artificially increasing the Company’s “Price to Earnings multiple” relative to other companies making comparison against selected medical device companies (with more traditional capital structures) not meaningful. EV/EBITDA and EV/EBIT valuation metrics standardise for capital structure assisting in reducing possible distortions in any comparison.

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Chart 6: Biosensors' 2-Year Historical EV/LTM EBIT Multiple<sup>(2)</sup>



Source: Company Filings, Capital IQ.

- (1) Based on fully diluted shares outstanding. EBITDA is calculated on a rolling 12-month basis. The median is calculated based on the historical EV/LTM EBITDA over the last 2 years or 9 months, excluding the period post the Unaffected Share Price Date.
  - (2) Based on fully diluted shares outstanding. EBIT is calculated on a rolling 12-month basis. The median is calculated based on the historical EV/LTM EBIT over the last 2 years or 9 months, excluding the period post the Unaffected Share Price Date.
  - (3) The composite of selected medical device companies includes Trading Multiples of Medtronic, Abbott, Boston Scientific, St. Jude Medical, Edwards Lifesciences, CR Bard, Terumo and Getinge. Please refer to the Appendix of this Letter for more detail. Refer to Charts 8 and 9 in the Appendix.
  - (4) CBMHL acquired 370,000,000 Shares for S\$1.05 per Share on 21 November 2013. On 12 November 2013, the Company announced its interim financial statements for the period ended 30 September 2013. As of 30 September 2013, the Company had a net cash balance of US\$280.8 million, and LTM EBITDA and EBIT of US\$103.6 million and US\$96.6 million respectively.
  - (5) Over the three (3) month period from 15 April 2015 to 14 July 2015, immediately prior to the Company's share price being impacted by broad negative market sentiment emanating from the stock market correction in China, the Company's EV/LTM EBITDA and EV/LTM EBIT multiple traded between 10.2x to 11.6x and 11.4x to 13.1x respectively, compared to the EV/LTM EBITDA and EV/LTM EBIT multiples implied by the Cash Consideration of 11.8x and 13.1x respectively.
- A. CITICPE FM (through CBMHL) acquired a 21.7 per cent stake in Biosensors from Shandong Weigao in a privately negotiated off-market transaction for US\$313 million at S\$1.05 per Share (versus market price of S\$0.94) on 21 November 2013, representing an EV/LTM EBITDA multiple of 11.2x and an EV/LTM EBIT multiple of 12.0x.
  - B. CITICPE FM (through CBMHL) sold a 2.3 per cent stake in Biosensors for S\$33.2 million at S\$0.84 per Share via an off-market trade on 14 July 2014, representing an EV/EBITDA multiple of 10.8x and an EV/LTM EBIT multiple of 11.8x.

Based on Chart 5, we note that the EV/LTM EBITDA multiple of 11.8x implied by the Cash Consideration represents:

- (i) a premium of approximately 30 per cent and 27 per cent to the 2-year and 9-month median Biosensors EV/LTM EBITDA trading multiples of 9.1x and 9.3x respectively, immediately prior to the Unaffected Share Price Date;
- (ii) a discount of approximately 9 per cent to the Industry Median EV/LTM EBITDA trading multiple of 13.0x; and
- (iii) a premium of approximately 5 per cent to the EV/LTM EBITDA multiple of 11.2x on CITICPE FM's initial purchase (through CBMHL) of a 21.7 per cent stake in Biosensors from Shandong Weigao on 21 November 2013.

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Based on Chart 6, we note that the EV/LTM EBIT multiple of 13.1x implied by the Cash Consideration represents:

- (i) a premium of approximately 32 per cent and 26 per cent to the 2-year and 9-month median Biosensors EV/LTM EBIT multiples of 9.9x and 10.4x respectively, immediately prior to the Unaffected Share Price Date;
- (ii) a discount of approximately 16 per cent to the Industry Median EV/LTM EBIT trading multiple of 15.6x; and
- (iii) a premium of approximately 9 per cent to the EV/LTM EBIT multiple of 12.0x on CITICPE FM's initial purchase (through CBMHL) of a 21.7 per cent stake in Biosensors from Shandong Weigao on 21 November 2013.

**We note that there is no assurance that the trading multiples of the Shares will remain at current levels in the event that the Amalgamation Agreement is terminated. We also wish to highlight that the historical trading performance of the Shares serves only as an illustrative guide and should not be relied upon as an indication of the future trading pattern of the Shares or performance which will be governed by, *inter alia*, the performance and prospects of the Company, prevailing economic conditions, economic outlook, stock market conditions and sentiment.**

### 8.8 Trading Multiples Analysis

We have examined selected medical devices companies (the “**Selected Medical Devices Companies**”) in certain markets including, United States, Sweden, Japan and China as part of our Trading Multiples analysis.

We have considered the following trading multiples for the Selected Medical Devices Companies with respect to multiples implied by the Cash Consideration:

- Enterprise Value/Earnings before interest, tax, depreciation and amortisation (EV/EBITDA);
- Enterprise Value/Earnings before interest and tax (EV/EBIT);
- Enterprise Value/Revenue (EV/Revenue);
- Price/Earnings (P/E); and
- Price/Net Tangible Assets (P/NTA).

The summary description of the Selected Medical Devices Companies we have reviewed for our analysis is set out in the following table.

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### Brief Description of the Selected Medical Device Companies

Company	Company Description	Market Cap. (US\$ million)
<b>Global Selected Medical Devices Companies</b>		
Medtronic	<ul style="list-style-type: none"> <li>Listed on the New York Stock Exchange and headquartered in Dublin, Ireland.</li> <li>Global leader in medical technology and currently services hospitals, physicians, clinicians and patients across 160 countries worldwide.</li> <li>Operates in 4 main business segments: Cardiac and Vascular, Minimally Invasive Technologies, Restorative Therapies and Diabetes.</li> <li>Cardiac and Vascular represented 46.2 per cent of revenue in 2015.</li> </ul>	107,984
Abbott	<ul style="list-style-type: none"> <li>Listed on the New York Stock Exchange and headquartered in Abbott Park, Illinois.</li> <li>Manufactures and sells health care products globally across 4 main business segments: Established Pharmaceutical Products, Diagnostic Products, Nutritional Products and Vascular Products.</li> <li>Vascular Products represented 16.8 per cent of revenue in 2014.</li> </ul>	56,817
Boston Scientific	<ul style="list-style-type: none"> <li>Listed on the New York Stock Exchange and headquartered in Marlborough, Massachusetts.</li> <li>Developer, manufacturer and marketer of medical devices used in a broad range of interventional medical specialties.</li> <li>Operates in 3 main business segments: Cardiovascular, Rhythm Management, and MedSurg.</li> <li>Cardiovascular and Rhythm Management represented 40.0 per cent and 29.1 per cent of revenue in 2014 respectively.</li> </ul>	23,463
St. Jude Medical	<ul style="list-style-type: none"> <li>Listed on the New York Stock Exchange and headquartered in St. Paul, Minnesota.</li> <li>Develops, manufactures and distributes cardiovascular, interventional pain therapy and neurostimulation devices across 6 main business segments.</li> <li>ICD Systems, Pacemaker Systems, Atrial Fibrillation Products, Vascular Products, Structural Heart Products represented 92.2 per cent of revenue in 2014.</li> </ul>	15,409
Edwards Lifesciences	<ul style="list-style-type: none"> <li>Listed on the New York Stock Exchange and headquartered in Irvine, California.</li> <li>World's leading manufacturer of heart valve systems and repair products used to replace or repair a patient's diseased or defective heart valve, global leader in hemodynamic monitoring systems used to measure a patient's cardiovascular function in the hospital setting and produces pericardial valves from biologically inert animal tissue sewn onto proprietary wireform stents.</li> </ul>	19,173
CR Bard	<ul style="list-style-type: none"> <li>Listed on the New York Stock Exchange and headquartered in Murray Hill, New Jersey.</li> <li>Designs, manufactures, packages, distributes and sells medical, surgical, diagnostic and patient care devices.</li> <li>Operates in 4 main product groups: Vascular, Urology, Oncology and Surgical Specialties.</li> <li>Vascular represented 28.0 per cent of revenue in 2014.</li> </ul>	14,382



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Company	Company Description	Market Cap. (US\$ million)
Getinge	<ul style="list-style-type: none"> <li>Listed on the Stockholm Stock Exchange and headquartered in Gothenburg.</li> <li>Global provider of products and services for operating rooms, intensive-care units, hospital wards, sterilisation departments, elderly care and for life science companies.</li> <li>Operates in 3 main business segments: Medical Systems, Extended Care and Infection Control.</li> <li>Medical Systems offer surgical workstation systems and products for cardiac surgery and intensive care and contributes to 52.9 per cent of revenue in 2014.</li> </ul>	5,254
<b>Asia Pacific Selected Medical Devices Companies</b>		
Terumo	<ul style="list-style-type: none"> <li>Listed on the Tokyo Stock Exchange and headquartered in Tokyo, Japan.</li> <li>Manufactures and sells medical products and equipment globally.</li> <li>Operates in 3 main business segments: Cardiac and Vascular, General Hospital and Blood Management.</li> <li>Cardiac and Vascular represented 47.0 per cent of revenue in 2014.</li> </ul>	13,158
Lepu	<ul style="list-style-type: none"> <li>Listed on the Shenzhen Stock Exchange and headquartered in Beijing, China.</li> <li>Development, production and sales of medical devices focused on cardiac therapy, with products including interventional cardiology, occlusion devices, prosthetic heart valves, pacemaker, cardiac in vitro diagnosis products, angiographic equipment and anesthetic products.</li> </ul>	3,811
Microport	<ul style="list-style-type: none"> <li>Listed on the Hong Kong Stock Exchange and headquartered in Shanghai, China.</li> <li>Develops, manufactures and sells interventional medical devices globally.</li> <li>Operates in 7 main business segments: Orthopedics, Cardiovascular, Endovascular, Electrophysiology, Neurovascular, Surgical, Diabetes and Endocrinal.</li> <li>Cardiovascular represented 31.4 per cent of revenue in 2014.</li> </ul>	698

*Note: Market capitalisation is calculated based on share prices from Capital IQ as at the IFA Reference Date, multiplied by the fully diluted shares outstanding of the relevant company and foreign exchange rates derived from Capital IQ as at the IFA Reference Date.*

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**Table 8: Selected Medical Device Companies Trading Analysis<sup>(1), (2), (3)</sup>**

Company	Note	Lcl. Currency	Share Price (Lcl. Curr.)	Market Cap (US\$ mm)	Enterprise	EV/LTM	EV/LTM	EV/LTM	LTM	LTM
					Value (US\$ mm)	EBITDA	EBIT	Revenue	P/E	P/NTA
Medtronic	(6)	US\$	75.80	107,984	126,603	15.1x	16.6x	4.4x	31.7x	NM
Abbott	(7)	US\$	38.39	56,817	55,767	12.6x	15.5x	2.7x	22.5x	9.3x
Boston Scientific	(8)	US\$	17.24	23,463	28,821	16.3x	19.4x	3.9x	38.0x	NM
St. Jude Medical	(9)	US\$	53.99	15,409	21,134	12.1x	13.8x	3.6x	15.4x	NM
Edwards Lifesciences	(10)	US\$	86.87	19,173	18,168	25.6x	28.0x	7.3x	38.4x	11.5x
CR Bard	(11)	US\$	191.51	14,382	14,750	14.1x	15.0x	4.3x	33.3x	NM
Terumo	(12)	¥	3,885	13,158	12,226	12.5x	16.9x	2.9x	32.5x	5.7x
Getinge	(13)	SEK	187.10	5,254	7,925	11.4x	13.7x	2.2x	23.0x	NM
Lepu	(14)	CNY	30.63	3,811	3,939	31.4x	35.3x	10.1x	44.6x	6.8x
Microport	(15)	HKD	3.64	698	873	35.1x	NM	2.4x	NM	3.1x
<b>Mean</b>						<b>18.6x</b>	<b>19.3x</b>	<b>4.4x</b>	<b>31.0x</b>	<b>7.3x</b>
<b>Median</b>						<b>14.6x</b>	<b>16.6x</b>	<b>3.7x</b>	<b>32.5x</b>	<b>6.8x</b>
<b>Adjusted Mean<sup>(4)</sup></b>						<b>12.5x</b>	<b>15.0x</b>	<b>3.2x</b>	<b>25.3x</b>	<b>7.5x</b>
<b>Adjusted Median<sup>(4)</sup></b>						<b>12.5x</b>	<b>15.0x</b>	<b>2.9x</b>	<b>23.0x</b>	<b>7.5x</b>
<b>Cash Consideration Implied</b>						<b>11.8x</b>	<b>13.1x</b>	<b>2.6x</b>	<b>37.8x<sup>(5)</sup></b>	<b>2.3x</b>

- (1) Market capitalisation is calculated based on share price from Capital IQ as at the IFA Reference Date, multiplied by the fully diluted shares outstanding of the relevant company and foreign exchange rates derived from Capital IQ. Enterprise value is the sum of the relevant company's market capitalisation, preferred equity, minority interests, short and long term debt less its cash and cash equivalents and other investments.
- (2) Foreign exchange rates are derived from Capital IQ. Income Statement data is converted based on the average foreign exchange rate over the relevant period, while Balance Sheet data is converted based on the relevant end of period foreign exchange rate.
- (3) EBIT is prior to the amortisation of intangibles. EBITDA, EBIT and net income have been adjusted for one-off and extraordinary items per the footnotes below.
- (4) Excludes Medtronic, Boston Scientific, Edwards Lifesciences, Lepu and Microport, which are trading at high valuation multiples (e.g. EV/LTM EBITDA multiples ranging from 15x – 35x) relative to historical EV/LTM EBITDA trading multiples and relative to historical EV/LTM EBITDA transaction multiples.
- (5) We note that in the current low interest rate environment, the Company's substantial cash holdings in excess of US\$500 million has the effect of artificially increasing the Company's "Price to Earnings multiple" relative to other companies making any comparison against selected medical device companies (with more traditional capital structures) not meaningful. EV/EBITDA, EV/EBIT and EV/Revenue valuation metrics standardise for capital structure assisting in reducing any possible distortions in any comparison.
- (6) Financial information reflects data for the LTM ended 31 October 2015. Cash includes cash and cash equivalents and short-term investments. EBITDA, EBIT and net income figures have been adjusted for extraordinary items including restructuring and litigation charges, special gains, acquisition-related items, impairment charges on investment and inventory step-up. 35.0 per cent U.S. corporate tax rate has been applied to net income adjustments.
- (7) Financial information reflects data for the LTM ended 31 December 2015. Cash includes cash and cash equivalents, short-term investments and current assets held for disposition. EBITDA, EBIT and net income figures have been adjusted for extraordinary items including restructuring charges, net loss on extinguishment of debt and gains/losses on discontinued operations. 35.0 per cent U.S. corporate tax rate has been applied to net income adjustments.
- (8) Financial information reflects data for the LTM ended 31 December 2015. Depreciation is based on LTM ended 30 September 2015 due to unavailability of data. Net income figures have been adjusted for extraordinary items including goodwill and intangible asset impairment charges, restructuring charges, litigation-related charges and pension termination charges. 35.0 per cent U.S. corporate tax rate has been applied to net income adjustments.
- (9) Financial information reflects data for the LTM ended 2 January 2016. Net income figures have been adjusted for special charges, which include restructuring charges, impairment charges and litigation costs. 35.0 per cent U.S. corporate tax rate has been applied to net income adjustments. Financials include contribution from Thoratec in the latest reported 9-month period ended 4 July 2015.
- (10) Financial information reflects data for the LTM ended 31 December 2015. Cash includes cash and short-term investments. Net income figures have been adjusted for extraordinary items including litigation charges and special charges. 35.0 per cent U.S. corporate tax rate has been applied to net income adjustments.
- (11) Financial information reflects data for the LTM ended 31 December 2015. Cash includes cash and cash equivalents and restricted cash. EBITDA, EBIT and net income figures have been adjusted for extraordinary

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items including restructuring and litigation charges, gain on sale of investments, asset impairment and acquisition-related items. 35.0 per cent U.S. corporate tax rate has been applied to net income adjustments.

- (12) Financial information reflects data for the LTM ended 31 December 2015. Cash includes cash and deposits and short-term securities. Amortisation for the 9 months ended December 2015 and December 2014 is unavailable. Net income figures have been adjusted for extraordinary gains and losses. 29.0 per cent Japan corporate tax rate has been applied to net income adjustments.
- (13) Financial information reflects data for the LTM ended 31 December 2015. Net income figures have been adjusted for acquisition costs and restructuring and integration costs. 22.0 per cent Swedish corporate tax rate has been applied to net income adjustments.
- (14) Financial information reflects data for the LTM ended 30 September 2015. Net income figures have been adjusted for extraordinary items including asset impairment losses. 25.0 per cent PRC corporate tax rate has been applied to net income adjustments.
- (15) Financial information reflects data for the LTM ended 30 June 2015. Cash includes cash and cash equivalents and time deposits. Net income figures have been adjusted for extraordinary items including impairment losses on trade and other receivables, goodwill and intangible assets, and changes in fair value of embedded financial derivatives. 25.0 per cent PRC corporate tax rate has been applied to net income adjustments.

As set out in Table 8, we observe that the various multiples implied by the Cash Consideration are at a discount to the unadjusted mean and unadjusted median trading multiples of the Selected Medical Device Companies. We note however, that 5 out of the 10 Selected Medical Device Companies are trading at high valuation multiples (e.g. EV/LTM EBITDA trading multiples ranging from 15x – 35x) relative to historical EV/LTM EBITDA trading multiples and relative to historical EV/LTM EBITDA transaction multiples as shown in Table 9.

Based on Table 8, we note that the implied EV/LTM EBITDA multiple of 11.8x represented by the Cash Consideration is at a slight discount to the adjusted median EV/LTM EBITDA trading multiple of 12.5x of the Selected Medical Device Companies but falls within the low to high range of the adjusted EV/LTM EBITDA trading multiples of 11.4x to 14.1x.

**We wish to highlight that the Selected Medical Device Companies included in our trading analysis are not exhaustive and may not be directly comparable with the segments in which Biosensors operates in. We note that the companies differ from Biosensors in terms of, *inter alia*, market capitalisation, capital structure, business mix, size of operations, geographical operations, financial performance, risk profile, growth profile, future prospects, accounting policies and other relevant criteria which can render certain trading multiples analyses to be less meaningful. Accordingly, the above comparison with the Selected Medical Device Companies is for illustrative purposes only and may not be directly comparable to Biosensors.**

**We further wish to highlight that underlying financial data used to calculate the valuation multiples in our analysis have been extracted from Bloomberg, Factset, Capital IQ, published financial statements and annual reports of the Selected Medical Device Companies as at the IFA Reference Date. The IFA makes no representations or warranties, express or implied, on the accuracy or completeness of such information.**

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### 8.9 Precedent Transaction Analysis

We have reviewed selected transactions completed between 1 January 2011 and the IFA Reference Date, involving the acquisitions of medical devices companies globally. We have considered transactions with a transaction value in excess of US\$500 million and excluded transactions where financial information to calculate the valuation ratios is not available in the public domain. We have conducted our analysis on the basis of EV/EBITDA, EV/EBIT and EV/Revenue as the key parameters for the comparison to the multiples implied by the Cash Consideration.

The summary description of the transactions selected for our analysis (the “**Selected Precedent Transactions**”) is set out in the following table.

#### Brief Description of Medical Device Target Companies

Date	Target	Company Description	Country
1 February 2016	Alere	<ul style="list-style-type: none"> <li>Global leader in point of care diagnostics, having delivered more than 1.4 billion tests at the point of care in 2015. Its tests are focused on the areas of infectious disease, molecular, cardiometabolic and toxicology.</li> <li>In addition to tests for infections such as HIV, tuberculosis, malaria and dengue, Alere develops simple, rapid tests, including Alere i, the first molecular CLIA-waived test for flu and strep.</li> </ul>	United States
22 July 2015	Thoratec	<ul style="list-style-type: none"> <li>World leader in therapies to address advanced-stage heart failure.</li> <li>Products include Left Ventricular Assist Systems and Ventricular Assist Devices with more than 21,000 devices implanted in patients suffering from heart failure.</li> </ul>	United States
17 June 2015	Welch Allyn	<ul style="list-style-type: none"> <li>Global manufacturer of physical examination instruments and accessories and EMR-connected vital signs and cardiac monitoring solutions.</li> <li>Focused exclusively on the needs of Frontline Care™ with multiple call points, including primary care physicians, nurses, hospitalists, biomed and specialists.</li> </ul>	United States
10 June 2015	Bayer Diabetes Care Business	<ul style="list-style-type: none"> <li>Technological leader in blood glucose monitoring systems, lancing devices and diabetes management software, with Contour™ being the principal product portfolio.</li> </ul>	Germany
2 March 2015	American Medical Systems Urology Business	<ul style="list-style-type: none"> <li>AMS’ leading products for treating urologic conditions include the minimally invasive Laser Therapy Systems for treating benign prostatic hyperplasia, the Urinary Control System for treating male incontinence and the Inflatable Penile Prosthesis for treating erectile dysfunction.</li> </ul>	United States
2 March 2015	Cordis	<ul style="list-style-type: none"> <li>Cardiology and Endovascular medical device company with a global commercial footprint and operations in more than 50 countries.</li> </ul>	United States
26 February 2015	Sorin	<ul style="list-style-type: none"> <li>Develops, manufactures, and markets medical technologies for cardiac surgery and for the treatment of cardiac rhythm disorders focusing on</li> </ul>	Italy

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Date	Target	Company Description	Country
		2 major therapeutic areas: Cardiac Surgery (cardiopulmonary products for open heart surgery and heart valve repair or replacement products) and Cardiac Rhythm Management (pacemakers, defibrillators and non-invasive monitoring to diagnose and deliver anti-arrhythmia therapies as well as cardiac resynchronisation devices for heart failure treatment).	
5 October 2014	CareFusion	<ul style="list-style-type: none"> <li>Develops industry-leading technologies including pumps and IV sets, IV connectors and sets, automated dispensing and patient identification systems, ventilation and respiratory products, services for data mining surveillance surgical instruments, and an extensive line of products that support interventional medicine.</li> </ul>	United States
15 June 2014	Covidien	<ul style="list-style-type: none"> <li>Develops, manufactures, and sells healthcare products internationally for use in clinical and home settings.</li> <li>Products include medical devices and instruments, as well as surgical products and equipment.</li> </ul>	Ireland
24 April 2014	Biomet	<ul style="list-style-type: none"> <li>Designs, manufactures and markets surgical and non-surgical products used primarily by orthopedic surgeons and other musculoskeletal medical specialists.</li> <li>Product portfolio includes hip and knee reconstructive products; sports medicine, extremities and trauma products; spine, bone healing and microfixation products; dental reconstructive products; and cement, biologics and other products.</li> </ul>	United States
3 February 2014	ArthroCare	<ul style="list-style-type: none"> <li>Develops and manufactures surgical devices, instruments, and implants in core product areas including Sports Medicine and Ear, Nose, and Throat, and also has a small presence in spine, wound care, urology and gynaecology.</li> </ul>	United States
16 January 2014	J&J Ortho-clinical Diagnostics	<ul style="list-style-type: none"> <li>Global provider of solutions for screening, diagnosing, monitoring and confirming diseases.</li> </ul>	United States
21 November 2013	Biosensors	<ul style="list-style-type: none"> <li>Develops, manufactures and commercialises medical devices.</li> <li>Business units include Cardiovascular, Cardiac Diagnostic, Critical Care Products and Peripheral Intervention.</li> </ul>	Singapore
27 May 2013	Bausch + Lomb	<ul style="list-style-type: none"> <li>Leading global eye health company that is solely focused on protecting, enhancing, and restoring people's eyesight. Its core businesses include ophthalmic pharmaceuticals, contact lenses and lens care products, and ophthalmic surgical devices and instruments.</li> </ul>	United States
4 December 2012	Gambro	<ul style="list-style-type: none"> <li>Global medical technology company and leader in dialysis products.</li> <li>Offers dialysers, devices and dialysis solutions, highly innovative and next-generation monitors,</li> </ul>	Sweden

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Date	Target	Company Description	Country
		and acute therapies to treat patients with serious kidney, liver and lung conditions.	
20 July 2012	Fenwal Holdings	<ul style="list-style-type: none"> <li>Provider of transfusion technology products for blood collection, separation and processing.</li> </ul>	United States
11 June 2012	BSN Medical	<ul style="list-style-type: none"> <li>Global medical device company and one of the world's leading suppliers in the product segments of casting, bandaging, wound care and compression stockings.</li> </ul>	Germany
13 July 2011	Kinetic Concepts	<ul style="list-style-type: none"> <li>Focused on the design, manufacture, marketing and service of therapies and products for the wound care, tissue regeneration and therapeutic support system markets.</li> </ul>	United States
5 July 2011	Immucor	<ul style="list-style-type: none"> <li>Manufactures and sells a complete line of reagents and systems used by hospitals, reference laboratories and donor centers to detect and identify certain properties of the cell and serum components of blood prior to transfusion.</li> </ul>	United States
27 April 2011	Synthes	<ul style="list-style-type: none"> <li>Leading global medical device company, specialised in the development, manufacturing and marketing of instruments, implants and biomaterials for the surgical fixation, correction and regeneration of the human skeleton and its soft tissues.</li> </ul>	Belgium
7 February 2011	Beckman Coulter	<ul style="list-style-type: none"> <li>Develops, manufactures and markets products that simplify, automate and innovate complex biomedical testing with an installed base of more than 275,000 clinical and research systems operating in laboratories globally.</li> </ul>	United States

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**Table 9: Selected Precedent Transactions Analysis**

Announced Date	Acquiror	Target	Note	EV <sup>(1)</sup> (US\$ mm)	EV/LTM		
					EBITDA <sup>(2)</sup>	EBIT <sup>(2)</sup>	Revenue
01-Feb-16	Abbott	Alere	(4)	\$7,714	14.5x	36.1x	3.1x
22-Jul-15	St Jude	Thoratec	(5)	3,390	NM	NM	7.0x
17-Jun-15	Hill-Rom	Welch Allyn	(6)	2,050	14.6x	NA	2.9x
10-Jun-15	KKR	Bayer Diabetes Care Business	(7)	1,149	NA	NA	1.1x
02-Mar-15	Boston Scientific	American Medical Systems Urology Business	(8)	1,650	12.9x	NA	4.1x
02-Mar-15	Cardinal Health	Cordis	(9)	1,944	NA	NA	2.5x
26-Feb-15	Cyberonics	Sorin	(10)	2,700	10.1x	13.5x	2.1x
05-Oct-14	Becton, Dickinson and Company	CareFusion	(11)	12,235	14.2x	18.5x	3.2x
15-Jun-14	Medtronic	Covidien	(12)	46,750	17.2x	19.9x	4.5x
24-Apr-14	Zimmer Holdings	Biomet	(13)	13,350	12.8x	16.2x	4.2x
03-Feb-14	Smith & Nephew	ArthroCare	(14)	1,497	17.9x	21.1x	4.0x
16-Jan-14	Carlyle Group	J&J Ortho-Clinical Diagnostics	(15)	4,150	10.8x	NA	2.2x
21-Nov-13	CITICPE FM (through CBMHL)	Biosensors	(16)	1,163	11.2x	12.0x	3.5x
27-May-13	Valeant Pharmaceuticals	Bausch + Lomb	(17)	8,700	15.4x	20.0x	2.8x
04-Dec-12	Baxter	Gambro	(18)	4,000	13.1x	NA	2.5x
20-Jul-12	Fresenius Kabi	Fenwal Holdings	(19)	1,039	11.5x	NA	1.7x
11-Jun-12	EQT VI	BSN Medical	(20)	2,244	10.6x	NA	2.7x
13-Jul-11	Apax	Kinetic Concepts	(21)	5,868	8.9x	11.2x	2.9x
05-Jul-11	TPG Capital	Immucor	(22)	1,629	11.3x	12.5x	4.9x
27-Apr-11	Johnson & Johnson	Synthes	(23)	19,729	12.1x	14.9x	4.9x
07-Feb-11	Danaher	Beckman Coulter	(24)	6,944	8.4x	15.3x	1.9x
<b>Mean</b>					<b>12.6x</b>	<b>17.6x<sup>(3)</sup></b>	<b>3.3x</b>
<b>Median</b>					<b>12.4x</b>	<b>15.8x<sup>(3)</sup></b>	<b>2.9x</b>
<b>25th Percentile</b>					<b>10.9x</b>	<b>13.3x</b>	<b>2.5x</b>
<b>75th Percentile</b>					<b>14.4x</b>	<b>19.9x</b>	<b>4.1x</b>
<b>Cash Consideration Implied</b>					<b>11.8x</b>	<b>13.1x</b>	<b>2.6x</b>

- (1) Enterprise value is adjusted for net debt, non-controlling interest/minority interests and associates as of the latest filings on the date of announcement of the acquisition, unless otherwise stated. Foreign exchange rate conversion to US\$ is derived from Capital IQ as of the date of announcement.
- (2) EBITDA and EBIT have been adjusted for one-off and extraordinary items per the footnotes below. EBIT is prior to the amortisation of intangibles.
- (3) We note that the mean and median EV/EBIT multiple may be somewhat distorted relative to the mean and median EV/EBITDA multiple given that eight (8) transactions do not have the reported EBIT information to allow us to calculate the EV/EBIT multiple, whereas six (6) out of these eight (8) transactions have EV/EBITDA multiples disclosed. The transactions are Hill-Rom's acquisition of Welch Allyn, KKR's acquisition of Bayer Diabetes Care, Boston Scientific's acquisition of American Medical Systems Urology Business, Cardinal Health's acquisition of Cordis, Carlyle Group's acquisition of J&J Ortho-Clinical Diagnostics, Baxter's acquisition of Gambro, Fresenius Kabi's acquisition of Fenwal Holdings and EQT VI's acquisition of BSN Medical.
- (4) Enterprise value of Alere is based on the offer price of US\$56.00 per share for the fully diluted shares outstanding as of 30 September as reported by Abbott in its press release dated 1 February 2016 and net debt for Alere is as of 30 September 2015. Financial information for Alere reflects data for LTM ended 30 September 2015 and EBITDA and EBIT have been adjusted for one-off and extraordinary items including impairment losses and loss on dispositions.
- (5) Enterprise value is based on the offer price of US\$63.50 per share for the total shares outstanding of Thoratec as of 31 July 2015. Financial information for Thoratec reflects data for LTM ended 4 July 2015. NM refers to the valuation multiple being not meaningful.
- (6) Enterprise value assumes Welch Allyn has a debt-free and cash-free capital structure and is as reported by Hill-Rom in its press release dated 17 June 2015. Financial information for Welch Allyn as reported by Hill-Rom in its presentation "Creating a Global Leader in Patient Care Solutions" dated 17 June 2015. NA refers to the valuation multiple being not available.
- (7) Enterprise value of the Bayer Diabetes Care business is as reported by Bayer in its press release dated 10 June 2015. Financial information for the Bayer Diabetes Care business reflects data for FY2014 as reported by Bayer in its press release dated 10 June 2015. NA refers to the valuation multiple being not available.
- (8) Enterprise value of the American Medical Systems Urology business is as reported by Boston Scientific in its press release dated 2 March 2015. Financial information for the Bayer Diabetes Care business reflects revenue for FY2014 as reported by Boston Scientific in its press release dated 2 March 2015 and EBITDA margin for FY2014 estimated to be 32 per cent by JP Morgan in its research reported dated 2 March 2015. NA refers to the valuation multiple being not available.
- (9) Enterprise value assumes Cordis has a debt-free and cash-free capital structure and is as reported by Cardinal Health in its transaction fact sheet "Cordis Acquisition" dated 2 March 2015. Financial information

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- for Cordis reflects revenue for FY2014 as reported by Cardinal Health in its transaction fact sheet “Cordis Acquisition” dated 2 March 2015.
- (10) Cyberonics and Sorin announced their merger plan to form LivaNova PLC with a combined enterprise value of US\$2,700 million as reported by Cyberonics in its presentation “Creating a Premier Global Medical Technology Company” dated 26 February 2015. Financial information for LivaNova PLC is based on the consolidation of Cyberonics and Sorin as reported in the LivaNova PLC Initial Public Offering Prospectus dated 12 October 2015. Financial information for Cyberonics reflects data for LTM ended 24 April 2015 and EBITDA and EBIT have been adjusted for one-off and extraordinary items including merger related expenses. Financial information for Sorin reflects data for FY2014 ending 31 December 2015 and EBIT and EBITDA have been adjusted for one-off and extraordinary items including restructuring charges and provisions.
  - (11) Enterprise value of CareFusion is based on the offer price of US\$58.00 per fully diluted share as reported by CareFusion in its press release dated 5 October 2014 and net debt for CareFusion is as of 30 June 2014. Financial information for CareFusion reflects data for FY2014 ended 30 June 2014 and EBITDA and EBIT have been adjusted for one-off and extraordinary items including restructuring and acquisition integration charges.
  - (12) Enterprise value of Covidien is based on the offer price of US\$35.19 per fully diluted share in cash and 0.956 of an ordinary share of Medtronic at US\$60.70 per share as reported by Medtronic in its press release dated 15 June 2014 and net debt for Covidien is as of 28 March 2014. Financial information for Covidien reflects data for the LTM ended 28 March 2014 and EBITDA and EBIT have been adjusted for one-off and extraordinary items including restructuring charges and gains on divestiture.
  - (13) Enterprise value of Biomet is as reported by Zimmer in its press release dated 24 April 2014. Financial information for Biomet reflects data for LTM ended 28 February 2014 and EBITDA and EBIT have been adjusted for one-off and extraordinary items including goodwill and intangible assets impairment charges.
  - (14) Enterprise value is based on the offer price of US\$48.25 per share for the fully diluted shares outstanding of Athrocare as of 31 January 2014. Financial information for Athrocare reflects data for LTM ended 31 December 2013 and EBITDA and EBIT have been adjusted for one-off and extraordinary items including investigation, restatement-related and exit costs.
  - (15) Enterprise value of J&J Ortho-Clinical Diagnostics is as reported by The Carlyle Group in its press release “The Carlyle Group Agrees to Acquire Johnson & Johnson’s Ortho-Clinical Diagnostics for \$4.15 Billion” dated 16 January 2014. Financial information for J&J Ortho-Clinical Diagnostics reflects revenue for FY2013 as reported by Bloomberg in its article “J&J Accepts \$4 Billion Offer From Carlyle for Ortho Unit” dated 1 April 2014 and EBITDA for FY2013 as reported by Leerink in its research reported dated 16 January 2014. NA refers to the valuation multiple being not available.
  - (16) Enterprise value is implied based on the acquisition price of S\$1.05 per share for a 21.7 per cent stake. Total shares outstanding of Biosensors is as of 30 September 2013. Financial information for Biosensors reflects data for LTM ended 30 September 2013 and EBITDA and EBIT have been adjusted for one-off and extraordinary items including intangible assets written-off and impairment of PPE.
  - (17) Enterprise value of Bausch + Lomb is as reported by Valeant Pharmaceuticals in its press release “Valeant Pharmaceuticals International, Inc. to acquire Bausch + Lomb for \$8.7 billion” dated 27 May 2013. Financial information for Bausch + Lomb reflects data for LTM ended 29 June 2013.
  - (18) Enterprise value of Gambro is as reported by Baxter International in its press release “Baxter enhances renal therapies portfolio with acquisition of Gambro” dated 4 December 2012. Financial information for Gambro reflects EBITDA for FY2011 as reported by Barclays in its research report dated 4 December 2012. NA refers to the valuation multiple being not available.
  - (19) Enterprise value of Fenwal Holdings is as reported by Fresenius Kabi in its quarterly financial report for the 1st quarter 2013. Financial information for Fenwal Holdings reflects EBITDA for FY2011 as reported by Fresenius Kabi in its press release “Fresenius Kabi acquires Fenwal Holdings, Inc.” dated 20 July 2012. NA refers to the valuation multiple being not available.
  - (20) Enterprise value of BSN Medical is as reported by EQT Partners in its press release “EQT VI to acquire BSN Medical” dated 11 June 2012. Financial information for BSN Medical reflects EBITDA for FY2011 as reported by Reuters in its article “EQT buys bandage maker BSN Medical for 1.8 bln euros” dated 11 June 2012. NA refers to the valuation multiple being not available.
  - (21) Enterprise value is based on the offer price of US\$68.50 per share for the fully diluted shares outstanding of Kinetic Concepts as of 2 August 2011. Financial information for Kinetic Concepts reflects data for LTM ending 30 June 2011.
  - (22) Enterprise value is based on the offer price of US\$27.00 per share for the fully diluted shares outstanding of Immucor as of 13 July 2011. Financial information for Immucor reflects data for LTM ended 31 May 2011.



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- (23) Enterprise value is based on the offer price of US\$180.78 per share for the fully diluted shares outstanding of Synthes as of 31 March 2011. Financial information for Synthes reflects data for LTM ended 31 March 2011.
- (24) Enterprise value is based on the offer price of US\$83.50 per share for the fully diluted shares outstanding of Beckman Coulter as of 11 February 2011. Financial information for Beckman Coulter reflects data for LTM ended 31 December 2010 and EBITDA and EBIT have been adjusted for one-off and extraordinary items including restructuring and acquisition related costs.

As set out in Table 9, the Independent Directors should note that:

- (i) The EV/LTM EBITDA multiple of 11.8x implied by the Cash Consideration falls within the 25<sup>th</sup> and 75<sup>th</sup> percentile of the Selected Precedent Transaction multiples of 10.9x to 14.4x and represents a discount of approximately 6 per cent and 5 per cent to both the mean and the median EV/LTM EBITDA transaction multiples of 12.6x and 12.4x respectively;
- (ii) The EV/LTM EBIT multiple of 13.1x implied by the Cash Consideration falls outside of the 25<sup>th</sup> and 75<sup>th</sup> percentile of the Selected Precedent Transaction multiples of 13.3x to 19.9x and represents a discount of approximately 26 per cent and 17 per cent to both the mean and the median EV/LTM EBIT transaction multiples of 17.6x and 15.8x respectively (however we note that the incomplete data set for EV/LTM EBIT multiples due to limited publicly available data may distort this particular analysis);
- (iii) The EV/LTM Revenue multiple of 2.6x implied by the Cash Consideration falls within the 25<sup>th</sup> and 75<sup>th</sup> percentile of the Selected Precedent Transaction multiples of 2.5x to 4.1x and represents a discount of approximately 21 per cent and 10 per cent to both the mean and the median EV/LTM Revenue multiples of 3.3x and 2.9x respectively; and
- (iv) The EV/LTM EBITDA multiple of 11.8x implied by the Cash Consideration is at a premium of approximately 5 per cent to the EV/LTM EBITDA multiple of 11.2x represented by CITICPE FM's initial acquisition (through CBMHL) of a 21.7 per cent stake in Biosensors on 21 November 2013. Similarly, the corresponding EV/LTM EBIT multiple implied by the Cash Consideration is also at a premium to CITICPE FM's initial acquisition of its 21.7 per cent stake in the Company.

**The Selected Precedent Transactions are provided for illustrative purposes only. The Selected Precedent Transactions and target companies may not be directly comparable with the Amalgamation and the Company respectively, and may vary in terms of, *inter alia*, market capitalisation, capital structure, business mix, size of operations, geographical operations, financial performance, risk profile, growth profile, future prospects, accounting policies and other relevant criteria. Accordingly, the Selected Precedent Transactions may not provide a meaningful basis for valuation comparison.**

**We further wish to highlight that the underlying financial data used to calculate the valuation ratios in our analysis has been extracted from the relevant target companies' financial statements, Bloomberg, Factset, Capital IQ and other relevant information sources. The IFA makes no representations or warranties, express or implied, on the accuracy or completeness of such information.**

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### 8.10 Precedent Singapore Takeover Analysis

We have reviewed selected completed general offers in Singapore and control premiums paid between 1 January 2011 and the IFA Reference Date (the “Selected Singapore Precedent Takeovers”), which are disclosed in Table 10.

**Table 10: Selected Singapore Precedent Takeovers**

Announced Date	Target	Acquirer	Note	Premium/(Discount) to VWAP Prior to Announcement				
				Closing	1-Month	3-Month	6-Month	12-Month
6-Nov-15	Tiger Airways	Singapore Airlines	(1)	45.2%	58.5%	56.3%	50.0%	46.1%
17-Aug-15	Lizhong Wheel	Berkley International	(2)	96.1%	87.3%	79.2%	92.3%	96.1%
23-Jan-15	Keppel Land	Keppel Corp	(3)	20.0%	25.0%	28.8%	28.2%	29.6%
12-Jan-15	LCD Global Investments Ltd	Fragrance Group / Aspital Corp	(4)	10.0%	11.5%	13.4%	13.4%	41.0%
30-Dec-14	Hafary Holdings Ltd	Hap Seng Investment	(5)	9.1%	11.1%	11.1%	14.8%	16.5%
11-Dec-14	CH Offshore	Falcon Energy Group	(6)	20.4%	20.1%	17.0%	16.8%	19.8%
12-Nov-14	United Envirotech	CITIC / KKR	(7)	12.6%	16.5%	20.2%	28.1%	38.8%
6-Nov-14	STATS ChipPAC	JCET-SC (Singapore)	(8)	39.0%	24.5%	27.6%	32.1%	30.2%
4-Nov-14	Forterra Trust	Nan Fung	(9)	32.4%	51.1%	49.7%	39.8%	25.1%
3-Oct-14	UE E&C	Southern Capital	(10)	(2.3%)	2.7%	5.0%	(2.9%)	6.9%
25-Sep-14	Lee Kim Tah Holdings	Lee Family	(11)	6.4%	11.8%	12.3%	13.5%	15.0%
4-Jun-14	Kian Ho Bearings Ltd	Raffles United Pte Ltd	(12)	(6.0%)	9.0%	10.5%	11.0%	12.7%
27-May-14	Goodpack	KKR	(13)	23.2%	30.8%	31.3%	34.3%	44.7%
16-May-14	CapitaMalls Asia Ltd	Capitaland Ltd	(14)	30.2%	34.4%	32.8%	27.6%	24.3%
7-May-14	ASJ Holdings Ltd	Ralec Electronic Corp	(15)	18.2%	43.7%	55.4%	62.0%	35.8%
14-Apr-14	Hotel Properties	Cuscaden / Wheelock	(16)	29.4%	33.8%	35.1%	32.2%	28.0%
14-Mar-14	Olam	Temasek-led Consortium	(17)	11.8%	24.3%	33.0%	39.9%	35.9%
14-Mar-14	Perennial China Retail Trust	St James Holdings	(18)	29.6%	34.0%	33.0%	32.1%	23.3%
13-Mar-14	Global Premium Hotels Ltd	Koh Wee Meng	(19)	13.4%	16.7%	21.4%	24.1%	25.5%
24-Feb-14	Singapore Land Ltd	United Industrial Corp Ltd	(20)	11.2%	16.9%	13.9%	11.0%	7.9%
22-Jan-14	Boardroom Ltd	G K Goh Holdings Ltd	(21)	(0.9%)	2.7%	(2.9%)	(1.7%)	(6.1%)
5-Nov-13	Kreuz Holdings	Headland Capital Partners	(22)	4.6%	7.4%	6.3%	11.1%	39.6%
19-Oct-13	People's Food	New Oceania (Management)	(23)	2.6%	4.2%	10.0%	(6.4%)	(1.9%)
7-Oct-13	Superbowl Holdings Ltd	Hiap Hoe Strategic Pte Ltd	(24)	20.6%	34.9%	41.0%	45.0%	52.0%
13-Sep-13	Singapore Windsor Holdings Ltd	Ho Kwok Wai	(25)	28.6%	40.6%	36.1%	37.0%	23.7%
2-Sep-13	China Minzhong Food	Indofood	(26)	10.3%	5.5%	6.9%	2.2%	18.5%
21-Aug-13	Berger International Ltd	Asian Paints (International) Ltd	(27)	78.6%	67.8%	86.6%	95.3%	119.3%
5-Jul-13	Viz Branz	Ben Chng Beng Beng (CEO)	(28)	15.0%	17.9%	17.4%	17.4%	14.8%
24-Jun-13	Food Junction Holdings Ltd	Auric Pacific Group Ltd	(29)	40.1%	37.8%	37.1%	33.5%	34.2%
21-Jun-13	Guthrie GTS Ltd	United SM Holdings Pte Ltd	(30)	21.4%	21.9%	19.7%	20.2%	25.9%
11-Jun-13	Tsit Wing International Holding Ltd	Hero Valour Ltd	(31)	36.7%	36.7%	36.2%	30.9%	33.7%
10-May-13	Pan Pacific Hotel Group	UOL Group Ltd	(32)	9.0%	8.2%	6.1%	8.1%	17.9%
30-Jan-13	WBL	United Engineers	(33)	28.9%	27.6%	25.5%	28.9%	37.2%
5-Dec-12	SC Global Developments Ltd	MYK Holdings Pte Ltd	(34)	49.4%	57.2%	58.0%	62.9%	71.1%
15-Oct-12	Kian Ann Engineering	Invicta	(35)	46.7%	60.0%	67.9%	78.1%	95.6%
13-Sep-12	Fraser & Neave	TCC	(36)	20.9%	31.7%	38.8%	41.5%	51.8%
27-Aug-12	Sakari Resources	PTT	(37)	27.5%	33.8%	38.7%	22.6%	7.3%
20-Jul-12	Asia Pacific Breweries	Heineken	(38)	52.8%	53.6%	55.2%	64.4%	85.5%
10-May-12	Wing Tai Holdings Ltd	Ascend Capital Ltd	(39)	18.3%	14.3%	9.6%	20.9%	13.6%
2-Apr-12	Adampak Ltd	Safe Label Group Pte Ltd	(40)	21.7%	33.8%	38.2%	50.5%	50.5%
28-Dec-11	SMB United	Osaki	(41)	33.3%	45.5%	50.9%	52.7%	56.3%
7-Oct-11	Heng Long International Ltd	HLI Holding Pte Ltd	(42)	76.5%	98.7%	106.9%	104.8%	91.1%
23-Aug-11	Asia Environment Holdings Ltd	Ciena Enterprises Ltd	(43)	33.3%	24.0%	21.0%	24.0%	35.1%
1-Aug-11	C & O Pharmaceutical Technology	Shionogi	(44)	11.1%	16.8%	20.2%	22.6%	4.8%
13-Jul-11	Portek	Mitsui	(45)	97.2%	96.9%	122.9%	136.1%	170.3%
11-Jul-11	Hsu Fu Chi	Nestle	(46)	8.7%	9.5%	12.5%	16.8%	33.5%
23-May-11	Allgreen Properties Ltd	Brookvale Investments Pte Ltd	(47)	39.1%	40.6%	45.3%	42.6%	43.1%
5-Mar-11	Sinomem Technology Ltd	Clean Water Investment Ltd	(48)	28.4%	33.9%	34.5%	36.6%	31.0%
6-Jan-11	Kim Eng	Maybank	(49)	55.8%	62.6%	67.9%	79.2%	74.5%
<b>Mean</b>				<b>27.9%</b>	<b>32.4%</b>	<b>34.7%</b>	<b>36.3%</b>	<b>39.3%</b>
<b>Median</b>				<b>21.7%</b>	<b>30.8%</b>	<b>32.8%</b>	<b>30.9%</b>	<b>33.5%</b>
<b>Cash Consideration Implied</b>				<b>23.5%</b>	<b>23.0%</b>	<b>21.0%</b>	<b>12.9%</b>	<b>19.8%</b>

- (1) Time reference in calculating the premia is 5 November 2015, being the last trading day of the shares of Tiger Airways Holdings Limited on the SGX-ST preceding the announcement by Singapore Airlines Limited in making a voluntary conditional general offer for all the issued ordinary shares in the capital of Tiger Airways Holdings Limited. The market premia is calculated based on the revised offer price of S\$0.45 per share.
- (2) Time reference in calculating the premia is 6 August 2015, being the last trading day of the shares of Lizhong Wheel Group Limited on the SGX-ST preceding the announcement by Berkley International Limited in making a voluntary conditional cash offer for all the issued and paid-up ordinary shares in the capital of Lizhong Wheel Limited. The market premia is calculated based on the offer price of S\$0.50 per share.

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- (3) Time reference in calculating the premia is 20 January 2015, being the last trading day of the shares of Keppel Land Limited on the SGX-ST preceding the announcement by Keppel Corporation Limited in making a voluntary unconditional cash offer for all the issued ordinary shares in the capital of Keppel Land Limited. The market premia is calculated based on the offer price of S\$4.38 per share.
- (4) Time reference in calculating the premia is 9 January 2015, being the last trading day of the shares of LCD Global Investments Ltd. on the SGX-ST preceding the announcement by AF Global Pte Ltd in making a Voluntary Conditional Cash Offer for all the issued and paid-up ordinary shares (other than treasury shares) in the capital of LCD Global Investments Ltd. The market premia is calculated based on the offer price of S\$0.33 per share.
- (5) Time reference in calculating the premia is 29 December 2014, being the last trading day of the shares of Hafary Holdings Limited on the SGX-ST preceding the announcement by Hap Seng Investment Holdings Pte Ltd in making a Voluntary Conditional Cash Partial Offer for 51 per cent of the ordinary shares in the capital of Hafary Holdings Limited, other than those already owned, controlled or agreed to be acquired by Hap Seng Investment Holdings Pte Ltd and parties acting in concert with it. The market premia is calculated based on the offer price of S\$0.24 per share.
- (6) Time reference in calculating the premia is 10 December 2014, being the last trading day of the shares of CH Offshore Ltd on the SGX-ST preceding the announcement by Energian Pte Ltd in making a Voluntary Conditional Cash Offer for all the issued and paid-up ordinary shares in the capital of CH Offshore Ltd. The market premia is calculated based on the revised offer price of S\$0.55 per share.
- (7) Time reference in calculating the premia is 2 July 2014, being the last trading day of the shares of United Envirotech Ltd on the SGX-ST preceding the holding announcement. CKM (Cayman) Company Limited subsequently made a Voluntary Conditional Cash Offer for all the issued and paid-up ordinary shares in the capital of United Envirotech Ltd. The market premia is calculated based on the offer price of S\$1.65 per share.
- (8) Time reference in calculating the premia is 14 May 2014, being the last trading day of the shares of STATS ChipPAC Ltd on the SGX-ST preceding the announcement by JCET-SC (Singapore) Pte Ltd in making a Voluntary Conditional General Offer for all the issued and paid-up ordinary shares in the capital of STATS ChipPAC. The market premia is calculated based on the offer price of S\$0.46577 per share.
- (9) Time reference in calculating the premia is 3 November 2014, being the last trading day of the units of Forterra Real Estate Pte Ltd on the SGX-ST preceding the announcement by New Precise Holdings Limited in making a Mandatory Conditional Cash Offer for all the issued units in Forterra Real Estate Pte Ltd. The market premia is calculated based on the offer price of S\$2.25 per unit.
- (10) Time reference in calculating the premia is 30 September 2014, being the last trading day of the shares of UE E&C Ltd on the SGX-ST preceding the possible offer announcement by Universal EC Investments Pte Ltd in making a Voluntary Unconditional Cash Offer for all the issued and paid-up ordinary shares in the capital of UE E&C Ltd. The market premia is calculated based on the offer price of S\$1.25 per share.
- (11) Time reference in calculating the premia is 24 September 2014, being the last trading day of the shares of Lee Kim Tah Holdings Limited on the SGX-ST preceding the announcement by Lee Kim Tah Investments Pte Ltd in making a Voluntary Conditional Cash Offer for all the issued Shares in the capital of Lee Kim Tah Holdings Limited. The market premia is calculated based on the offer price of S\$1.08 per share.
- (12) Time reference in calculating the premia is 4 June 2014, being the offer announcement Date that Raffles United Pte Ltd made a Mandatory Unconditional Cash Offer for all the issued and paid-up ordinary shares in the capital of Kian Ho Bearings Limited. The market premia is calculated based on the offer price of S\$0.235 per share.
- (13) Time reference in calculating the premia is 18 March 2014, being the last trading day of the shares of Goodpack Limited on the SGX-ST preceding the holding announcement. IBC Capital Limited subsequently announced a Proposed Acquisition of Goodpack Limited by way of a Scheme of Arrangement. The market premia is calculated based on the Scheme Consideration of S\$2.50 per share.
- (14) Time reference in calculating the premia is 11 April 2014, being the last trading day of the shares of CapitaMalls Asia Limited on the SGX-ST preceding the announcement by Sound Investment Holdings Pte Ltd in making a Voluntary Conditional Cash Offer for all the issued shares in the capital of CapitaMalls Asia Limited. The market premia is calculated based on the revised offer price of S\$2.35 per share and the respective VWAP reference prices unadjusted for the FY2013 Final Dividend.
- (15) Time reference in calculating the premia is 7 May 2014, being the offer announcement date that Ralec Electronic Corporation made a Voluntary Conditional Cash Offer for all the issued and paid-up ordinary shares in the capital of ASJ Holdings Limited. The market premia is calculated based on the offer price of S\$0.065 per share.
- (16) Time reference in calculating the premia is 11 April 2014, being the last trading day of the shares of Hotel Properties Limited on the SGX-ST preceding the announcement by 68 Holdings Pte Ltd in making a

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- Mandatory Conditional Cash Offer for all the issued ordinary shares in the capital of Hotel Properties Limited. The market premia is calculated based on the second revised offer price of S\$4.05 per share.
- (17) Time reference in calculating the premia is 12 March 2014, being the last trading day of the shares of Olam International Limited on the SGX-ST preceding the announcement by Breedens Investments Pte Ltd in making a Voluntary Conditional Cash Offer for all the issued shares in the capital of Olam International Limited. The market premia is calculated based on the offer price of S\$2.23 per share.
- (18) Time reference in calculating the premia is 14 March 2014, being the pre-conditional offer announcement date that Perennial Real Estate Holdings Limited made a Voluntary Unconditional General Offer for all the issued units in Perennial China Retail Trust. The market premia is calculated based on the offer price of S\$0.70 per share.
- (19) Time reference in calculating the premia is 12 March 2014, being the last trading day of the shares of Global Premium Hotels Limited on the SGX-ST preceding the announcement by Mr Koh Wee Meng in making a Voluntary Unconditional Cash Offer for all the issued ordinary shares in the capital of Global Premium Hotels Limited. The market premia is calculated based on the offer price of S\$0.33 per share.
- (20) Time reference in calculating the premia is 19 February 2014, being the last trading day of the shares of Singapore Land Limited on the SGX-ST preceding the announcement by UIC Enterprise Pte Ltd in making a Voluntary Unconditional Cash Offer for all the issued and paid-up ordinary shares in the capital of Singapore Land Limited. The market premia is calculated based on the offer price of S\$9.40 per share.
- (21) Time reference in calculating the premia is 21 January 2014, being the last trading day of the shares of Boardroom Ltd on the SGX-ST preceding the announcement by Salacca Ltd in making a mandatory conditional cash offer for all the issued and paid-up ordinary shares in the capital of Boardroom Ltd. The market premia is calculated based on the offer price of S\$0.575 per share.
- (22) Time reference in calculating the premia is 5 November 2013, being the last trading day of the shares of Kruez Holdings Ltd on the SGX-ST preceding the announcement by SEA9 Pte Ltd in relation to a proposed acquisition by way of a scheme of arrangement. The market premia is calculated based on the offer price of S\$0.80 per share.
- (23) Time reference in calculating the premia is 17 October 2013, being the last trading day of the shares of People's Food Holdings Ltd on the SGX-ST preceding the announcement by New Oceana Ltd in making a voluntary conditional offer for all the issued and paid-up ordinary shares in the capital of People's Food Holdings Ltd. The market premia is calculated based on the offer price of S\$1.20 per share.
- (24) Time reference in calculating the premia is 1 October 2013, being the last trading day of the shares of Superbowl Holdings Ltd on the SGX-ST preceding the announcement by Hiap Hoe Strategic Pte Ltd in making a voluntary conditional offer for all the shares of Superbowl Holdings Ltd. The market premia is calculated based on the offer price of S\$0.75 per share.
- (25) Time reference in calculating the premia is 23 August 2013, being the last trading day of the shares of Singapore Windsor Holdings Ltd on the SGX-ST preceding the announcement by Ho Kwok Wai in making a mandatory unconditional cash offer for all the shares of Singapore Windsor Holdings Ltd. The market premia is calculated based on the offer price of S\$0.18 per share.
- (26) Time reference in calculating the premia is 23 August 2013, being the last trading day of the shares of China Minzhong Food Corporation Ltd on the SGX-ST preceding the announcement by PT Indofood Sukses Makmur Tbk in making a mandatory unconditional cash offer for all the issued and paid-up ordinary shares in the capital of China Minzhong Food Corporation Ltd. The market premia is calculated based on the offer price of S\$1.12 per share.
- (27) Time reference in calculating the premia is 21 August 2013, being the last trading day of the shares of Berger International Ltd on the SGX-ST preceding the announcement by Asian Paints (International) Ltd in making a voluntary unconditional cash offer for all the issued ordinary shares in the capital of Berger International Ltd. The market premia is calculated based on the revised offer price of S\$0.25 per share.
- (28) Time reference in calculating the premia is 4 July 2013, being the last trading day of the shares of Viz Brand Ltd on the SGX-ST preceding the announcement by Pluto Rising Pte Ltd in making a mandatory unconditional cash offer for all the issued and paid-up ordinary shares in the capital of Viz Brand Ltd. The market premia is calculated based on the revised offer price of S\$0.815 per share.
- (29) Time reference in calculating the premia is 20 June 2013, being the last trading day of the shares of Food Junction Holdings Ltd on the SGX-ST preceding the announcement by APS Strategic Investment Pte Ltd in making a voluntary unconditional cash offer for all the issued and paid-up ordinary shares in the capital of Food Junction Holdings Ltd. The market premia is calculated based on the revised offer price of S\$0.255 per share.
- (30) Time reference in calculating the premia is 19 June 2013, being the last trading day of the shares of Guthrie GTS Ltd on the SGX-ST preceding the announcement by United SM Holdings Pte Ltd in making a voluntary

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- unconditional cash offer for all the issued and paid-up ordinary shares in the capital of Guthrie GTS Ltd. The market premia is calculated based on the offer price of S\$0.88 per share.
- (31) Time reference in calculating the premia is 13 May 2013, being the last trading day of the shares of Tsit Wing International Holdings Ltd on the SGX-ST preceding the announcement by Hero Valour Ltd in making a mandatory unconditional cash offer for all the issued and paid-up ordinary shares in the capital of Tsit Wing International Holdings Ltd. The market premia is calculated based on the offer price of S\$0.88 per share.
- (32) Time reference in calculating the premia is 9 May 2013, being the last trading day of the shares of Pan Pacific Hotels Group Ltd on the SGX-ST preceding the announcement of a proposed voluntary delisting. The market premia is calculated based on the exit offer price of S\$2.55 per share.
- (33) Time reference in calculating the premia is 26 November 2012, being the last trading day of the shares of WBL Corporation Ltd on the SGX-ST preceding the announcement by UE Centennial Venture Pte Ltd in making a mandatory conditional cash offer for all the issued ordinary stock units in the capital of WBL Corporation Ltd and all the outstanding convertible bonds issued by WBL Corporation Ltd. The market premia is calculated based on the offer price of S\$4.15 per share.
- (34) Time reference in calculating the premia is 30 November 2012, being the last trading day of the shares of SC Global Developments Ltd on the SGX-ST preceding the announcement by MYK Holdings Pte Ltd in making a voluntary unconditional cash offer for all the issued and paid-up ordinary shares in the capital of SC Global Developments Ltd. The market premia is calculated based on the offer price of S\$1.80 per share.
- (35) Time reference in calculating the premia is 12 October 2012, being the last trading day of the shares of Kian Ann Engineering Ltd on the SGX-ST preceding the announcement by Invicta Asian Holdings Pte Ltd in relation to a proposed acquisition by way of a scheme of arrangement. The market premia is calculated based on the offer price of S\$0.44 per share.
- (36) Time reference in calculating the premia is 16 July 2012, being the last trading day of the shares of Asia Pacific Breweries Ltd on the SGX-ST preceding the announcement by Oversea-Chinese Banking Corporation and Greater Eastern Holdings Ltd that they have been approached with an offer to purchase their combined stakes in Fraser & Neave Ltd. TCC Assets Ltd subsequently made a mandatory conditional cash offer for all of the issued and paid-up ordinary shares in the capital of Fraser & Neave Ltd. The market premia is calculated based on the revised offer price of S\$9.55 per share.
- (37) Time reference in calculating the premia is 24 August 2012, being the last trading day of the shares of Sakari Resources Ltd on the SGX-ST preceding the announcement by PTT Mining Ltd in making a mandatory unconditional cash offer for all the ordinary shares in the capital of Sakari Resources Ltd. The market premia is calculated based on the offer price of S\$1.90 per share (pre-dividend).
- (38) Time reference in calculating the premia is 16 July 2012, being the last trading day of the shares of Asia Pacific Breweries Ltd on the SGX-ST preceding the announcement by Oversea-Chinese Banking Corporation and Greater Eastern Holdings Ltd that they have been approached with an offer to purchase their combined stakes in Asia Pacific Breweries Ltd. Heineken International subsequently made a mandatory unconditional cash partial offer for all of the issued ordinary shares in the capital of Asia Pacific Breweries Ltd. The market premia is calculated based on the offer price of S\$53.00 per share.
- (39) Time reference in calculating the premia is 9 May 2012, being the last trading day of the shares of Wing Tai Holdings Ltd on the SGX-ST preceding the announcement by Ascend Capital Ltd in making a voluntary conditional cash partial offer for 15 per cent of the issued and paid-up ordinary shares in the capital of Wing Tai Holdings Ltd. The market premia is calculated based on the offer price of S\$1.39 per share.
- (40) Time reference in calculating the premia is 29 March 2012, being the last trading day of the shares of Adampak Ltd on the SGX-ST preceding the announcement by Safe Label Group Pte Ltd in making a voluntary conditional cash offer for all the issued and paid-up ordinary shares in the capital of Adampak Ltd. The market premia is calculated based on the offer price of S\$0.42 per share.
- (41) Time reference in calculating the premia is 31 October 2011, being the last trading day of the shares of SMB United Ltd on the SGX-ST preceding the announcement by Profit Sea Holdings Ltd in making a voluntary conditional cash offer for all the issued and fully paid-up ordinary shares in the capital of SMB United Ltd. Osaki Electric Co Ltd subsequently announced a voluntary conditional cash offer and Profit Sea Holdings Ltd withdrew its offer. The market premia is calculated based on the offer price of S\$0.40 per share by Osaki Electric Co Ltd.
- (42) Time reference in calculating the premia is 5 May 2011, being the last trading day of the shares of Heng Long International Ltd on the SGX-ST preceding the holding announcement. HLI Holding Pte Ltd subsequently made a voluntary conditional cash offer for all the issued and paid-up ordinary shares in the capital of Heng Long International Ltd. The market premia is calculated based on the offer price of S\$0.60 per share.
- (43) Time reference in calculating the premia is 18 August 2011, being the last trading day of the shares of Asia Environment (Holdings) Ltd on the SGX-ST preceding the announcement by Ciena Enterprises Ltd in

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making a voluntary conditional offer for all the issued and paid-up ordinary shares in the capital of Asia Environment (Holdings) Ltd. Ciena Enterprises Ltd subsequently increased its stake in Asia Environment (Holdings) Ltd through open market purchases and resulted in the voluntary conditional offer being converted to a mandatory conditional offer. The market premia is calculated based on the offer price of S\$0.50 per share.

- (44) Time reference in calculating the premia is 1 August 2011, being the last trading day of the shares of C&O Pharmaceutical Technology (Holdings) Ltd on the SGX-ST preceding the possible offer announcement by Shionogi & Co Ltd in making a mandatory unconditional offer for all the ordinary shares in the capital of C&O Pharmaceutical Technology (Holdings) Ltd. The market premia is calculated based on the offer price of S\$0.50 per share.
- (45) Time reference in calculating the premia is 31 May 2011, being the last trading day of the shares of Portek International Ltd on the SGX-ST preceding the announcement by ICTSI Far East Pte Ltd in making a voluntary conditional cash offer for all the issued and paid-up ordinary shares in the capital of Portek International Ltd. Mitsui & Co Ltd subsequently announced a voluntary conditional cash offer and ICTSI Far East Pte Ltd withdrew its offer. The market premia is calculated based on the offer price of S\$1.40 per share by Mitsui & Co Ltd.
- (46) Time reference in calculating the premia is 1 July 2011, being the last trading day of the shares of Hsu Fu Chi International Ltd on the SGX-ST preceding the joint announcement by Nestle SA and Hsu Fu Chi International Ltd in relation to a proposed joint venture to be implemented by way of a scheme of arrangement. The market premia is calculated based on the offer price of S\$4.35 per share.
- (47) Time reference in calculating the premia is 20 May 2011, being the last trading day of the shares of Allgreen Properties Ltd on the SGX-ST preceding the announcement by Brookvale Investments Pte Ltd in making a voluntary conditional cash offer for all the issued and paid-up ordinary shares in the capital of Allgreen Properties Ltd. The market premia is calculated based on the offer price of S\$1.60 per share.
- (48) Time reference in calculating the premia is 1 March 2011, being the last trading day of the shares of Sinomem Technology Ltd on the SGX-ST preceding the announcement by Clean Water Investment Ltd in making a voluntary conditional cash offer for all the issued and paid-up ordinary shares in the capital of Sinomem Technology Ltd. The market premia is calculated based on the offer price of S\$0.70 per share.
- (49) Time reference in calculating the premia is 16 December 2010, being the last trading day of the shares of Kim Eng Holdings Ltd on the SGX-ST preceding the holding announcement. Mayban IB Holdings Sdn Bhd subsequently made a mandatory unconditional cash offer for all ordinary shares in the capital of Kim Eng Holdings Ltd. The market premia is calculated based on the offer price of S\$3.10 per share.

Table 11 summarises the premiums represented by the Cash Consideration versus the median transaction premiums paid in selected completed Singapore general offers between 1 January 2011 and the IFA Reference Date (from Table 10).

**Table 11: Control Premium Analysis**

Reference Period	VWAP (S\$)	Cash	Median	Cash
		Consideration Premium <sup>(1)</sup>	Transaction Premiums <sup>(2)</sup>	Consideration Premium Shortfall
Cash Consideration	0.84			
1-Month Prior to Announcement	0.683	23.0%	30.8%	(7.8)%
3-Months Prior to Announcement	0.694	21.0%	32.8%	(11.8)%
6-Months Prior to Announcement	0.744	12.9%	30.9%	(18.0)%
12-Months Prior to Announcement	0.701	19.8%	33.5%	(13.7)%

Source: Capital IQ, Joint Announcement.

(1) Refer to Table 7 (VWAP Analysis).

(2) Refer to Table 10 (Selected Singapore Precedent Takeovers).

Based on Table 11, we note that the Cash Consideration represents:

- (i) a premium of 23.0 per cent to the 1-month VWAP of the Shares on the Unaffected Share Price Date. We note that this is 7.8 per cent below the median precedent

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- takeover transaction premium based on the 1-month VWAP of 30.8 per cent for the Selected Singapore Precedent Takeovers;
- (ii) a premium of 21.0 per cent to the 3-month VWAP of the Shares on the Unaffected Share Price Date. We note that this is 11.8 per cent below the median precedent takeover transaction premium based on the 3-month VWAP of 32.8 per cent for the Selected Singapore Precedent Takeovers;
  - (iii) a premium of 12.9 per cent to the 6-month VWAP of the Shares on the Unaffected Share Price Date. We note that this is 18.0 per cent below the median precedent takeover transaction premium based on the 6-month VWAP of 30.9 per cent for the Selected Singapore Precedent Takeovers; and
  - (iv) a premium of 19.8 per cent to the 12-month VWAP of the Shares on the Unaffected Share Price Date. We note that this premium is 13.7 per cent below the median precedent takeover transaction premium based on the 12-month VWAP of 33.5 per cent for the Selected Singapore Precedent Takeovers.

The Independent Directors should note that the level of premium (if any) an acquirer would normally pay in a general offer, merger or takeover transaction varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained by the acquirer from integrating the target company's businesses with its existing business, the possibility of significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence of or potential for competing bids for the target company, the form of consideration offered by an acquirer, the extent of control the acquirer already has in the target company and prevailing market conditions and expectations.

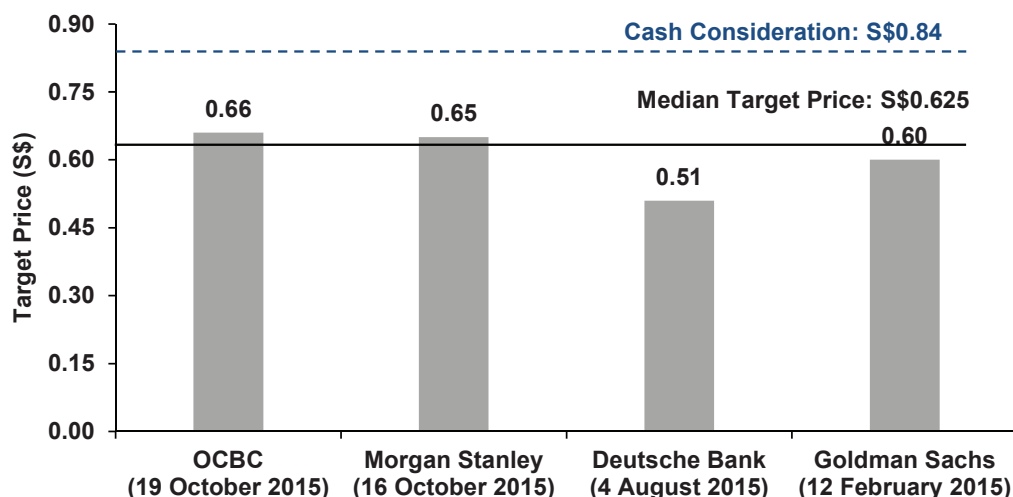
The Independent Directors should also note that the comparison is made without taking into consideration the relative efficiency of information or the underlying liquidity of the shares of the relevant companies, the performance of the shares of the companies or the quality of earnings prior to the relevant announcement and the market conditions or sentiments when the announcements were made or the desire or relative need for control leading to compulsory acquisition. Moreover, as the Company is not in the same industry and does not conduct the same businesses as the other target companies in Table 10, it may not, therefore, be directly comparable to the target companies in terms of, *inter alia*, market capitalisation, capital structure, business mix, size of operations, geographical operations, financial performance, risk profile, growth profile, future prospects, accounting policies and other relevant criteria. Accordingly, the analysis of the Selected Singapore Precedent Takeovers may not provide a meaningful basis for premium comparison and the Independent Directors should note that the above comparison serves only as a general guide.

We further wish to highlight that underlying financial data used to calculate the premia in our analysis have been extracted from the respective shareholders' circulars of the Selected Singapore Precedent Takeovers. The IFA makes no representations or warranties, express or implied, on the accuracy or completeness of such information.

8.11 Research Analyst Target Prices

In our analysis, we have also reviewed the latest publicly available price targets for Biosensors by equity research analysts as summarized in Chart 7.

Chart 7: Research Analyst Target Prices



Based on Chart 7, we note the following:

- (i) the Cash Consideration represents a premium of approximately 34 per cent to the median research analysts' target price of S\$0.625; and
- (ii) excluding the research analysts that have not updated their reports since the release of the BioFreedom™ clinical results in October 2015 (i.e. Deutsche Bank and Goldman Sachs), the Cash Consideration represents a premium of approximately 28 per cent premium to the median research analyst target price of S\$0.655.

We wish to highlight that the above research analyst report universe may not be exhaustive and price targets for the Shares and other statements and opinions contained in the reports within the universe used represent the individual views of the research analyst based on the circumstances (including, *inter alia*, market, economic, industry and monetary conditions as well as market sentiment and investor perceptions regarding the future prospects of the Company) prevailing at the date of the publication of the respective research analyst reports. The opinions of the research analysts may change over time as a result of, *inter alia*, changes in market conditions, the Company's market development and the emergence of new information relevant to the Company. We also note that the research analyst coverage of the Company is limited. As such, the above target prices may not be an accurate prediction of future market prices of the Shares, particularly in the context of a control transaction. Any opinions or price targets expressed in such research analyst reports represent the individual views of the respective research analysts and not of Evercore.



## APPENDIX 3 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

### 8.12 Valuation Summary

Based on our financial analyses set out in the foregoing paragraphs 8.1 through 8.11, and relevant financial and business information detailed in section 6 “Information on the Company” of this Letter, *inter alia*, Evercore values Biosensors’ equity to be in the range of US\$994 million to US\$1,112 million which corresponds to a price of S\$0.825 to S\$0.925 per Share. This valuation represents the full underlying value of Biosensors assuming the Company is available to be acquired and includes a control premium. The value exceeds the price at which, based on current market conditions, Evercore would expect Biosensors to trade on the SGX-ST in the absence of the Amalgamation.

The value of Biosensors is the aggregate of the estimated market value of its operating business, other investments and its net cash position. The valuation is summarised in Table 12.

**Table 12: Biosensors Valuation Summary**

	<b>Low</b>	<b>High</b>
<b>Implied Enterprise Value (US\$ million)</b>	<b>680.5</b>	<b>798.8</b>
Less: Debt (US\$ million) <sup>(1)</sup>	(272.0)	(272.0)
Add: Cash & Equivalents (US\$ million) <sup>(2), (3)</sup>	548.7	548.7
Add: Other Investments (US\$ million) <sup>(4)</sup>	36.4	36.4
<b>Implied Equity Value (US\$ million)</b>	<b>993.6</b>	<b>1,111.9</b>
Diluted Shares Outstanding (million) <sup>(3)</sup>	1,695.7	1,695.7
<b>Fair Market Value Per Share (S\$)<sup>(5)</sup></b>	<b>0.825</b>	<b>0.925</b>

The estimated fair market value range of S\$0.825 to S\$0.925 implies the following EV/LTM EBITDA, EV/LTM EBIT multiples and premiums over various VWAPs, as summarized in Table 13:

**Table 13: Biosensors Implied Valuation Summary**

	<b>Variable</b>	<b>Low<sup>(6)</sup></b>	<b>High<sup>(6)</sup></b>
<b>Implied Valuation Multiples</b>	<b>(US\$ million)</b>		
EV/LTM EBITDA <sup>(7)</sup>	59.2	11.5x	13.5x
EV/LTM EBIT <sup>(7)</sup>	53.1	12.8x	15.0x
EV/RSSA Target EBITDA <sup>(8)</sup>	79.6	8.5x	10.0x
<b>Implied Premiums to VWAP</b>	<b>(S\$ per share)</b>		
Premium to 1-Month VWAP <sup>(9)</sup>	0.683	20.8%	35.4%
Premium to 3-Month VWAP <sup>(9)</sup>	0.694	18.9%	33.3%
Premium to 6-Month VWAP <sup>(9)</sup>	0.744	10.9%	24.3%
Premium to 12-Month VWAP <sup>(9)</sup>	0.701	17.7%	32.0%

(1) Debt includes loans and borrowings (US\$271.9 million), and finance lease liabilities and contingent consideration (US\$0.1 million) (refer to Table 2 on page A3-45).

(2) Cash includes cash and cash equivalents (US\$520.1 million), and deposits (recorded under deposits and prepayments), deposits pledged for bank loans, and short term and long term loan to a third party (US\$25.3 million), and the assumed proceeds from the exercise of 7.102 million in-the-money options (US\$3.3 million) (refer to Table 2 on page A3-45).

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## APPENDIX 3 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

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- (3) Diluted shares outstanding include 7.102 million in-the-money options, with an exercise price below the Cash Consideration, which have been assumed to be exercised prior to the closing of the Amalgamation.
- (4) Other investments include available-for-sale unquoted shares and unquoted convertible bonds, and held for trading unquoted equity warrants at current book value (refer to Table 2 on page A3-45).
- (5) Based on foreign exchange rate of US\$1 = S\$1.4086 as of the IFA Reference Date.
- (6) Rounded to the nearest one (1) decimal place.
- (7) LTM EBITDA and LTM EBIT as of 31 December 2015.
- (8) Based on the Restricted Share Subscription Agreement target EBITDA of US\$85,000,000 less estimated share-based payment expenses of approximately US\$5,400,000 per year. Estimated share-based payment expenses of US\$5,400,000 per year has been calculated based on the estimated non-cash equity compensation of 27,000,000 shares in CBCH II issued to the CBCH II Management Co-Investors under the Restricted Share Subscription Agreement, multiplied by the Cash Consideration of S\$0.84 per share, amortised over a three (3) year period.
- (9) VWAP as of the Unaffected Share Price Date.

**We note that the Cash Consideration of S\$0.84 per Share falls within the estimated fair market value range of S\$0.825 to S\$0.925 per Share, albeit at the lower end of this range.**

### 9 OTHER CONSIDERATIONS

#### 9.1 Third Party Proposals

Evercore has been informed by the Directors that, from the Joint Announcement Date up to the IFA Reference Date, no competing offer for the Shares has emerged from a third party. The prospect of an alternative party making a competing offer to Shareholders is reduced, given that CITICPE Fund, its concert parties, certain senior management of the Company, and/or Hony Capital, through its wholly-owned subsidiaries Autumn Eagle Limited and Ace Elect Holdings Limited: (i) account for 32.7 per cent of the Shares; (ii) make up six (6) out of the Company's 10 Directors; and (iii) have provided Irrevocable Undertakings or commitments in relation to the Amalgamation.

#### 9.2 CITICPE Entities' Intentions for the Company and the Group

Paragraph 16 of the Amalgamation Document states that it is the intention of the CITICPE Entities to privatise the Company and to not preserve the listing status of the Company.

Paragraph 5.2 of the Amalgamation Document states that it is the intention of the CITICPE Entities, for the Group to continue the development of its existing businesses. Following completion of the Amalgamation, the CITICPE Entities will conduct a strategic review of the Group with the aim of identifying and rectifying existing operational deficiencies as well as formulating and executing strategies to re-grow the business in all major territories.

#### 9.3 Material Litigation

The Directors have confirmed that the Group is not engaged in any material litigation, as plaintiff or defendant, which might materially and adversely affect the financial position of the Group, taken as a whole, and the Directors are not aware of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings which might materially or adversely affect the financial position of the Group, taken as a whole.

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## APPENDIX 3 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

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### 10 RECOMMENDATION TO THE INDEPENDENT DIRECTORS ON THE AMALGAMATION AND THE DELISTING

#### 10.1 Fair and Reasonable Opinion

Based on guidelines set out by the SIC, the IFA's advice to the Independent Directors is expected to clearly and unequivocally conclude whether an offer is "fair and reasonable", which is to be regarded as two (2) distinct concepts. Fairness involves comparing the value of the offer price or consideration against the value of the securities subject to the offer based on the value of the underlying business and assets. Value is determined assuming (i) that both the offeror and offeree are knowledgeable and willing but not anxious parties and (ii) 100 per cent ownership of the offeree, without consideration of the offeror's shareholding in the offeree. Reasonableness involves considering the following factors, but not limited to, other than value:

- The form and quantum of consideration being offered under the offer;
- Existing voting rights in the offeree held by the offeror and its concert parties;
- Rationale for the transaction;
- Market liquidity of the offeree's shares;
- Advantages and disadvantages for shareholders to accept the offer;
- Probability of an alternative offer; and
- Other factors deemed relevant.

An offer that is "fair" would normally be considered "reasonable" but a "reasonable" offer may not necessarily be "fair". While a "fair but not reasonable" opinion is not ruled out, it should not be given unless there are compelling and exceptional reasons. For example, an offer that is "fair" reflects the full market value of a company's underlying business and assets. An offer that exceeds the pre-offer market prices but is less than the full market value of the company will not be "fair" but may be "reasonable" if, *inter alia*, shareholders are unlikely to gain a liquidity event in the foreseeable future at a price higher than the offer price.

#### 10.2 Share Consideration

In arriving at our opinion on the terms of the Share Consideration, we have considered the financial and other information that have been made available to us, and have taken into consideration, *inter alia*, the following factors<sup>29</sup>:

- (i) the Share Consideration does not incorporate any control premium;

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<sup>29</sup>

For further details, refer to section 7 of this Letter, "Evaluation of the Share Consideration Under the Amalgamation and the Delisting".

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## APPENDIX 3 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

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- (ii) high levels of acceptance of the Cash Consideration may result in CBCH II becoming highly indebted, increasing the financial risks to Shareholders who accept the Share Consideration;
- (iii) high levels of acceptance of the Cash Consideration may result in CBCH II's net tangible asset position becoming negative;
- (iv) Shareholders who accept the Share Consideration will be exchanging shares in a publicly listed company traded on a regulated stock exchange for shares in an unlisted private company;
- (v) shares in unlisted private companies typically lack liquidity and marketability and as a consequence, *ceteris paribus*, are generally valued at a discount compared to publicly listed companies;
- (vi) in the absence of an IPO, shares in CBCH II are subject to a four (4) year "lock-up" which means that Shareholders who accept the Share Consideration will be further limited in relation to their ability to sell their shares;
- (vii) the occurrence and timing for an eventual IPO or other liquidity event (including by way of trade sale) for Shareholders who accept the Share Consideration is uncertain;
- (viii) the disclosure and financial reporting for an unlisted private company such as CBCH II is not expected to be as comprehensive and frequent as that required of a company listed on the SGX-ST. In addition, certain shareholder protections that are typically available to shareholders of a publicly listed company (such as those accorded under the SGX-ST Listing Manual and the Code) will not be available in the case of holders of unlisted private shares; and
- (ix) Shareholders who accept the Share Consideration will be subject to drag-along rights and should CBMIL exercise these rights, Shareholders will have no further option to retain their shares in CBCH II should they wish to.

**Based upon, and subject to the foregoing, we are of the opinion as at the IFA Reference Date, that from a financial point of view, the Share Consideration is not fair and not reasonable.**

### 10.3 Cash Consideration

In arriving at our opinion on the terms of the Cash Consideration, we have considered the financial and other information that have been made available to us, and have taken into consideration, *inter alia*, the following factors<sup>30</sup>:

- (i) the Shares have traded within a band of S\$0.485 and S\$0.85 over the 12 month period prior to and including the Unaffected Share Price date, with the Cash Consideration being at a premium/(discount) of approximately 73.2 per cent to (1.2) per cent to this range;

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<sup>30</sup>

For further details, refer to section 8 of this Letter, "Evaluation of the Cash Consideration Under the Amalgamation and the Delisting" and section 6 of this Letter, "Information on the Company".

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## APPENDIX 3 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

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- (ii) the Cash Consideration represents a premium of approximately 23 and 21 per cent to the 1-month and 3-month VWAP of S\$0.683 and S\$0.694, per Share respectively;
- (iii) the Cash Consideration represents a premium of approximately 34 per cent to the median research analysts' target price;
- (iv) the implied EV/LTM EBITDA multiple of 11.8x represented by the Cash Consideration is at a premium of approximately 30 per cent and 27 per cent to the 2-year and 9-month median Biosensors EV/LTM EBITDA trading multiples of 9.1x and 9.3x, respectively, immediately prior to the Unaffected Share Price Date;
- (v) the implied EV/LTM EBITDA multiple of 11.8x represented by the Cash Consideration falls within the 25<sup>th</sup> and 75<sup>th</sup> percentile of the Selected Precedent Transaction multiples of 10.9x to 14.4x and is at a premium to the implied EV/LTM EBITDA multiple of 11.2x on CITICPE FM's initial purchase (through CBMHL) of its initial 21.7 per cent stake in Biosensors from Shandong Weigao on 21 November 2013;
- (vi) the implied EV/LTM EBITDA multiple of 11.8x represented by the Cash Consideration is at a slight discount to the adjusted median EV/LTM EBITDA trading multiple of 12.5x of the Selected Medical Device Companies but falls within the low to high range of the adjusted EV/LTM EBITDA trading multiples of 11.4x to 14.1x;
- (vii) the Cash Consideration falls within Evercore's estimated fair market value range of S\$0.825 – S\$0.925 per Share, albeit at the lower end of this range;
- (viii) between the Joint Announcement Date and the IFA Reference Date, 461.9 million Shares have traded on the SGX-ST at prices ranging between S\$0.77 to S\$0.82 per Share based on the daily closing price (accounting for approximately 27 per cent of the issued capital of the Company), equivalent to a volume weighted average price per share of S\$0.804, representing a discount of approximately 4 per cent to the Cash Consideration;
- (ix) between the Joint Announcement Date and IFA Reference Date, the STI has declined by approximately 12 per cent, while the Company has announced a net loss in the third quarter ending 31 December 2015 of S\$1.1 million, with third quarter EBITDA and EBIT lower by approximately 46 per cent and 49 per cent year-on-year, respectively;
- (x) the Independent Directors have advised Evercore that no competing offers for the Shares have been received as of the IFA Reference Date;
- (xi) if the Amalgamation and the Delisting is not approved, it is considered, at least in the short term, that the Shares may decline in value and trade below the Cash Consideration; and
- (xii) the prospect of an alternative party making a higher competing offer to Shareholders is reduced, given that CITICPE Fund, its concert parties, certain senior management of the Company, and/or Hony Capital, through its wholly-owned subsidiaries, Autumn Eagle Limited and Ace Elect Holdings Limited: (i) account for 32.7 per cent of the Shares; (ii) make up six (6) out of the Company's 10 Directors; and (iii) have provided Irrevocable Undertakings or commitments in relation to the Amalgamation.

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## APPENDIX 3 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

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Based upon, and subject to the foregoing, we are of the opinion that as at the IFA Reference Date and in the absence of a superior competing offer, from a financial point of view, the Cash Consideration is fair and reasonable.

### 10.4 Recommendation

We provide the following advice to the Independent Directors, based on our opinions rendered in relation to the Cash Consideration and the Share Consideration.

In the absence of a superior competing offer being announced prior to the Shareholders Meeting, the Independent Directors may wish to consider advising Shareholders who:

- (i) wish to realise their investment in the Company but are unable to sell their Shares in the open market at a price (after deducting all related expenses) higher than the Cash Consideration; and/or
- (ii) do not wish to maintain an ongoing equity investment in the Company,

that such Shareholders may wish to vote in favour of the Amalgamation and the Delisting and accept the Cash Consideration.

The Independent Directors may wish to consider advising Shareholders who vote in favour of the Amalgamation and the Delisting, that they not accept the Share Consideration.

The Independent Directors may wish to consider advising Shareholders who do not wish to accept the Cash Consideration and/or wish to maintain an ongoing equity investment in the Company, to not vote in favour of the Amalgamation and the Delisting, and to carefully read section 4.13 of this Letter, pertaining to “Appraisal Rights of Dissenting Shareholders under Section 106(6) of the Companies Act”.

**In rendering our opinions expressed herein, the Independent Directors should note that we did not have regard to nor took into account any general or specific investment objectives, financial situation, risk profiles, tax position or particular needs and constraints of any Shareholder or the Shareholders as a whole. As each Shareholder would have different investment objectives and profiles, the Independent Directors may wish to advise any Shareholder who may require specific advice in relation to his investment objectives or portfolio to consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.**

Our opinions are based on financial analyses and do not incorporate any assessment of commercial, legal, tax, regulatory or other matters. For the purposes of providing this Letter and our evaluation, from a financial point of view, of the Amalgamation and the Delisting, and the Management Equity Arrangements, we have not received or relied upon any financial projections or forecasts in respect of the Company, the Group, CBCH II or the Amalgamated Company. Our opinions also do not incorporate an assessment of the price at which Shares may trade or the value of the shares of CBCH II following the success or failure of the Amalgamation and the Delisting. Such factors (including the aforesaid illustrations) are beyond the ambit of our review and do not fall within our terms of reference in connection with the Amalgamation and the Delisting.

We note that there is no certainty that the Share price will remain at current levels, including without limitation, following the close or termination of the Amalgamation

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## APPENDIX 3 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

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and the Delisting. We also note that there is no certainty on the trading liquidity levels of the Shares. Our opinions do not take into account trading activities or patterns or price levels that may be established for the Shares after the IFA Reference Date. The Independent Directors may wish to advise Shareholders that the trading of the Shares is subject to, amongst other things, the performance and prospects of the Company, prevailing economic conditions, economic outlook, stock market conditions and sentiments.

We wish to emphasise that we have been appointed to render our opinions as at the IFA Reference Date. Our terms of reference do not require us to express, and we do not express, an opinion on the future growth prospects or returns of the Company, the Group, CBCH II or the Amalgamated Company. This Letter (which for the avoidance of doubt, includes the opinions expressed therein) is addressed to the Independent Directors for their benefit in connection with and for the purposes of their consideration of the Amalgamation and the Delisting and should not be relied on by any other party or for any other purpose. The responsibility for providing a recommendation to the Shareholders in respect of the Amalgamation and Delisting rests with the Independent Directors.

This Letter 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. No other person may use, reproduce, disseminate or quote this Letter (or any part thereof) for any purpose at any time and in any manner except with our prior written consent in each specific case.

The Independent Directors may wish to consider advising Shareholders that the opinions and advice of Evercore should not be relied upon by any Shareholder as the sole basis for deciding whether to vote in favour of or against the Amalgamation and the Delisting.

Yours faithfully,

For and on behalf of  
**EVERCORE ASIA (SINGAPORE) PTE. LTD.**

**Keith Magnus**  
Chief Executive Officer and  
Senior Managing Director  
Evercore Asia (Singapore) Pte. Ltd.

**Garry K. Lester**  
Managing Director  
Evercore Asia (Singapore) Pte. Ltd.

**Appendix to the IFA Letter: Median Historical Trading Multiples of Selected Medical Device Companies**

**Chart 8: 2-Year Historical Peer Median EV/LTM EBITDA Multiple<sup>(1), (3)</sup>**



**Chart 9: 2-Year Historical Peer Median EV/LTM EBIT Multiple<sup>(2), (3)</sup>**



Source: Company Filings, Capital IQ.

- (1) Based on fully diluted shares outstanding. EBITDA is calculated on a rolling 12-month basis. The median is calculated based on the historical EV/LTM EBITDA trading multiples over the last 2 years.
- (2) Based on fully diluted shares outstanding. EBIT is calculated on a rolling 12-month basis. The median is calculated based on the historical EV/LTM EBIT trading multiples over the last 2 years.
- (3) The peer group comprises Medtronic, Abbott, Boston Scientific, St. Jude Medical, Edwards Lifesciences, CR Bard, Terumo and Getinge.



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## APPENDIX 4 – LETTER FROM CBMHL TO SHAREHOLDERS

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### CB Medical Holdings Limited

(Incorporated in Bermuda)  
(Company Registration No: 48217)

3 March 2016

To: Shareholders of Biosensors International Group, Ltd.

Dear Sir/Madam

#### PROPOSED AMALGAMATION BETWEEN BIOSENSORS INTERNATIONAL GROUP, LTD. AND CB MEDICAL HOLDINGS LIMITED AND VOLUNTARY DELISTING OF BIOSENSORS INTERNATIONAL GROUP, LTD.

#### 1. INTRODUCTION

- 1.1 **Initial Announcement.** The respective boards of directors of Biosensors International Group, Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) and CB Medical Holdings Limited (“**CBMHL**”) refer to the announcement of the Company dated 28 October 2015 on the offer from CITIC Private Equity Funds Management Co., Ltd. (“**CITIC**”) (on behalf of Beijing CITIC Investment Centre (Limited Partnership) (北京中信投资中心(有限合伙)) (“**CITICPE Fund**”) and other co-investors) on 23 October 2015 for the proposed amalgamation (the “**Amalgamation**”) between the Company and CBMHL, a substantial shareholder of the Company, under the laws of Bermuda (the “**Initial Announcement**”). In connection with the Amalgamation, CBMHL had originally valued each ordinary share in the capital of the Company (“**Share**”) at S\$0.815 in cash per Share, and had thereafter raised the offer price for each Share to S\$0.825 in cash per Share. After significant deliberation and detailed evaluation by the board of directors of the Company, and lengthy discussions and negotiations with CBMHL, CBMHL had agreed to raise the offer price to (a) the Cash Consideration (as defined below); or (b) the Share Consideration (as defined below).
- 1.2 **Initial Joint Announcement.** On the basis of the revised offer price, the respective boards of directors of the Company, CBMHL, CB Cardio Holdings I Limited (“**CBCH I**”) and CB Cardio Holdings II Limited (“**CBCH II**”, and together with CBMHL and CBCH I, the “**CITICPE Entities**”) have unanimously determined that the Amalgamation is in the best interests of their respective companies and approved it on the terms and subject to the conditions set forth in the Amalgamation Agreement (as defined below). The board of directors of the Company considers it important to provide the shareholders of the Company (“**Shareholders**”) with the opportunity to decide on the Amalgamation on its merits. Accordingly, on 4 November 2015 (the “**Initial Joint Announcement Date**”) CBMHL and the Company made a joint announcement (the “**Initial Joint Announcement**”) in relation to the Amalgamation between the Company and CBMHL whereby CBMHL shall be amalgamated with and into the Company, and the amalgamated company shall continue as a Bermuda exempted company limited by shares (the “**Amalgamated Company**”), pursuant to Section 104 of the Companies Act 1981 of Bermuda (the “**Bermuda Companies Act**”) and The Singapore Code on Take-overs and Mergers (the “**Take-over Code**”). CBCH II is the sole shareholder of CBCH I, which is, in turn, the sole shareholder of CBMHL. The Amalgamated Company shall, upon the Amalgamation taking effect, be a wholly-owned subsidiary of CBCH I.
- 1.3 **Amalgamation Agreement.** In connection with the Amalgamation, the respective boards of directors of the Company and the CITICPE Entities (each, a “**Party**” and collectively, the “**Parties**”) and CBCH I as the sole shareholder of CBMHL have approved the terms of the Amalgamation pursuant to Section 104 of the Bermuda Companies Act. Accordingly, the Parties have on 3 November 2015 entered into an amalgamation agreement (the “**Amalgamation Agreement**”) setting out the terms and conditions on which the Parties will implement the Amalgamation. The Parties have also entered into a supplemental agreement to the Amalgamation Agreement on 10 February 2016 (the “**Supplemental Agreement**”) to amend the conditions of the Amalgamation.

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## APPENDIX 4 – LETTER FROM CBMHL TO SHAREHOLDERS

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For the purposes of this Letter from CBMHL to Shareholders (this “**Letter**”), the term “**Amalgamation Agreement**” shall include all amendments and supplemental thereto, including the Supplemental Agreement.

1.4 **Update Joint Announcement.** On 10 February 2016, the Company and CBMHL released a joint announcement (“**Update Joint Announcement**”) in relation to the Amalgamation to update Shareholders, *inter alia*, that:

- (a) the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) has ruled on 1 February 2016 that the Company must comply with Rule 1307 of the listing manual of the SGX-ST (the “**Listing Manual**”). This will accordingly entail a separate delisting resolution (“**Delisting Resolution**”) to be approved by a majority of at least 75% of the total number of issued Shares held by Shareholders (excluding treasury shares) present and voting, either in person or by proxy at the special general meeting of the Shareholders to approve the Amalgamation (“**2016 SGM**”), and must not be voted against by 10% or more of the total number of issued Shares held by Shareholders (excluding treasury shares) present and voting, either in person or by proxy at the 2016 SGM (the Directors and controlling Shareholders of the Company need not abstain from voting on the Delisting Resolution); and
- (b) the SGX-ST has no objections to the proposal from CBMHL to have the Delisting Resolution being inter-conditional with the resolution approving the Amalgamation Agreement and the transactions contemplated in the Amalgamation Agreement (including the Amalgamation) as set out in paragraph 11.1 of the Initial Joint Announcement, which would need to be approved by Shareholders representing at least three-fourths of the Shares (i) held by holders other than CBMHL or persons acting in concert with it or as may otherwise be prescribed by the Securities Industry Council (“**SIC**”); and (ii) present and voting in person or by proxy as a single class at the 2016 SGM at which the requisite quorum is present. Accordingly, the Amalgamation will not proceed if the Delisting Resolution is not passed, and *vice versa*.

The Company and CBMHL had, in the Update Joint Announcement, further explained that from the Initial Joint Announcement Date, much time was needed for discussions between the SGX-ST, CBMHL and the Company on, *inter alia*, the applicability of Rule 1307 of the Listing Manual to the Amalgamation. The process also entailed several representations and submissions on behalf of CBMHL to the SGX-ST given the novelty of the Amalgamation. As a result of these discussions, representations and submissions, the Amalgamation was not be able to be effective by 10 February 2016 (being the 95<sup>th</sup> day after the Initial Joint Announcement Date (“**Original Effective Date Deadline**”)). An application was made to the SIC, and the SIC had on 10 February 2016 given its ruling to extend the Original Effective Date Deadline to 10 April 2016 subject to the Company making an announcement on the extended deadline by the Original Effective Date Deadline, including an explanation for not meeting the Original Effective Date Deadline. The Company and CBMHL had duly jointly released the Update Joint Announcement to update its Shareholders accordingly.

CBMHL had subsequently clarified with the SIC that since 10 April 2016 is a Sunday, the deadline for the Amalgamation to be effective shall be 11 April 2016.

The Parties had amended the Amalgamation Agreement in view of the above rulings through the execution of the Supplemental Agreement.

1.5 **Amalgamation Document.** This Letter should be read and construed together with, and in the context of, the document dated 3 March 2016 (the “**Amalgamation Document**”) issued by the Company to Shareholders containing details of the Amalgamation. Unless otherwise stated, terms used but not defined in this Letter shall have the same meanings as defined in the Amalgamation Document.

**If you are in any doubt on the contents of this Letter or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

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## APPENDIX 4 – LETTER FROM CBMHL TO SHAREHOLDERS

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### 2. THE AMALGAMATION

2.1 **Terms of the Amalgamation.** On the date on which the Amalgamation becomes effective and binding in accordance with the Amalgamation Agreement and the Bermuda Companies Act (the “**Effective Date**”), by virtue of the Amalgamation:

- (a) each issued and outstanding share in the share capital of CBMHL as at the Books Closure Date shall be converted into one (1) fully paid and non-assessable share of par value US\$0.01 in the share capital of the Amalgamated Company;
- (b) each Share owned by CBCH I or CBMHL or the Company as at the Books Closure Date, shall be cancelled without any consideration or repayment of capital in respect thereof or any conversion thereof; and
- (c) each issued Share as at the Books Closure Date (other than Shares to be cancelled in accordance with paragraph 2.1(b) above) will be cancelled in exchange for the right to receive, at the election of the Entitled Shareholder (as defined in paragraph 15.1 below), either the Cash Consideration or the Share Consideration (in respect of the Share Consideration only, by validly completing, signing and submitting the relevant Election Form (as defined below) in accordance with the provisions and instructions printed on the relevant Election Form):
  - (i) S\$0.84 in cash per Share (the “**Cash Consideration**”). The Cash Consideration has been determined on the basis that no dividend, right or other distribution is declared, paid or made by the Company to Shareholders on or after the Initial Joint Announcement Date. If any dividend, right or other distribution is declared, paid or made by the Company to Shareholders on or after the Initial Joint Announcement Date, CBMHL reserves the right to reduce the Cash Consideration by the amount of such dividend, right or distribution.

The aggregate cash amount that is payable to any Entitled Shareholder as at the Books Closure Date in respect of the Shares held by such Entitled Shareholder will be rounded down to the nearest whole cent; or

- (ii) one (1) validly issued, fully paid and non-assessable ordinary share of par value US\$0.00001 (the “**New CBCH II Share**”) in the share capital of CBCH II (the “**Share Consideration**”), *provided* that such Entitled Shareholder shall not be a resident, as at the Books Closure Date, of (A) the PRC; (B) the United States of America; or (C) such other jurisdiction where the offering of, or the acceptance of, the Share Consideration would, in the opinion of the board of directors of CBCH I, be unduly onerous or would contravene the relevant laws of that jurisdiction or would result in the offering of the Share Consideration being deemed or treated as a public offering and prospectus filing, registration or similar actions in such jurisdiction becoming applicable to the offering of the Share Consideration (each, an “**Excluded Jurisdiction**”) and, *provided further*, that such Entitled Shareholder, where applicable, complies with the applicable know-your-client and anti-money laundering requirements under the laws of the Cayman Islands as set out in paragraph 2.2 below.

Any Entitled Shareholders who/which (i) fail to validly elect to receive the Share Consideration; (ii) are residents of the Excluded Jurisdictions; or (iii) where applicable, fail to meet the applicable know-your-client and anti-money laundering requirements under the laws of the Cayman Islands, shall be deemed to have elected to receive and shall receive the Cash Consideration in respect of all of their Shares.

If, based on legal advice of counsel, CBCH II and CBCH I reasonably determine that any Entitled Shareholder who/which has elected to receive the Share Consideration is a resident of an Excluded Jurisdiction, CBCH II and CBCH I shall have the right to pay to such Entitled Shareholder, the applicable aggregate Cash Consideration (in lieu of the Share Consideration that has been elected by such Entitled Shareholder).

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The New CBCH II Shares shall, when issued, rank *pari passu* in all respects with one another as well as with the existing ordinary shares in CBCH II (the “**CBCH II Shares**”).

**Entitled Shareholders shall have, in relation to all their Shares, the right to elect to receive the Cash Consideration or the Share Consideration, but not a combination of both.**

**If an Entitled Shareholder wishes to elect to receive the Cash Consideration, no action needs to be taken by such Entitled Shareholder in relation to such election.**

**If an Entitled Shareholder wishes to elect to receive the Share Consideration, such Entitled Shareholder should complete, sign and submit (A) the election form accompanying this Letter and the Amalgamation Document for Entitled Shareholders whose/which Shares are not deposited with The Central Depository (Pte) Limited (“**CDP**”) (the “**Election Form For Scrip Shares**”); or (B) the election form accompanying this Letter and the Amalgamation Document for Depositors whose/which Shares are deposited with CDP (the “**Election Form For Scripless Shares**” and collectively with the Election Form for Scrip Shares, the “**Election Forms**” and each, an “**Election Form**”) together with, where applicable:**

- (1) the Diligence Details (as defined below) set out in paragraph 2.2 below and the relevant supporting documents; and**
- (2) for Entitled Shareholders whose/which Shares are not deposited with CDP, their existing share certificate(s) and/or other document(s) of title relating to their Shares.**

**2.2 Know-Your-Client and Anti-Money Laundering Requirements.** In order for any Entitled Shareholder to validly elect to receive the Share Consideration:

- (a) such Entitled Shareholder must submit the following documents and information (“**Diligence Details**”) together with the relevant Election Form:**
  - (i) if such Entitled Shareholder is an individual and holds 10% or more of the total number of issued Shares:*
    - (A) a certified true copy of his/her passport or identity document containing his/her photo, date and country of birth, and nationality; and
    - (B) a certified true copy of his/her utility bill or bank statement or a reference letter from a law firm, accounting firm or bank containing the residential address of such Entitled Shareholder dated within three (3) months prior to the date of the provision of the document listed in paragraph 2.2(a)(i)(A) above;
  - (ii) if such Entitled Shareholder is a corporate entity and holds 10% or more of the total number of issued Shares:*
    - (A) a certified true copy of its certificate of incorporation and if any, a certified true copy of the certificate of change of name of such Entitled Shareholder (being a corporate entity);
    - (B) a certified true copy of its register of members and register of directors; and
    - (C) a certified true copy of its memorandum and articles of association if there are more than one (1) class of shares;

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## APPENDIX 4 – LETTER FROM CBMHL TO SHAREHOLDERS

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In addition:

- (1) where (I) such Entitled Shareholder (being a corporate entity) has two (2) or more directors, any two (2) directors of such Entitled Shareholder (being a corporate entity) must provide the list of documents listed in paragraphs 2.2(a)(i)(A) and (B) above; or (II) such Entitled Shareholder (being a corporate entity) has only one (1) director, such director shall be required to provide the list of documents listed in paragraphs 2.2(a)(i)(A) and (B) above;
  - (2) each individual shareholder of such Entitled Shareholder (being a corporate entity) which on a look-through basis, holds 10% or more of the total number of issued shares of such Entitled Shareholder, must provide the list of documents listed in paragraphs 2.2(a)(i)(A) and (B) above; and
  - (3) each corporate shareholder of such Entitled Shareholder (being a corporate entity) which on a look-through basis, holds 10% or more of the total number of issued shares of such Entitled Shareholder, must provide the documents listed in this paragraphs 2.2(a)(ii)(A), (B) and (C);
- (iii) *if such Entitled Shareholder is a limited partnership and holds 10% or more of the total number of issued Shares:*
- (A) a certified true copy of its certificate of registration and if any, a certified true copy of the certificate of change of name of such Entitled Shareholder (being a limited partnership);
  - (B) a certified true copy of its register of general partners or equivalent document listing out the names and addresses of the general partners; and
  - (C) a certified true copy of its limited partnership agreement;

In addition:

- (1) each general partner of such Entitled Shareholder (being a limited partnership) who is an individual must provide the list of documents listed in paragraphs 2.2(a)(i)(A) and (B) above;
  - (2) each general partner of such Entitled Shareholder (being a limited partnership) which is a corporate entity ("**Corporate GP**") must provide the documents listed in paragraphs 2.2(a)(ii)(A), (B) and (C) or this paragraphs 2.2(a)(iii)(A), (B) and (C) (as the case may be);
  - (3) where (I) such Corporate GP has two (2) or more directors, any two (2) directors of such Corporate GP must provide the documents listed in paragraphs 2.2(a)(i)(A) and (B) above; or (II) such Corporate GP has as only one (1) director, such director shall be required to provide the list of documents listed in paragraphs 2.2(a)(i)(A) and (B) above; and
  - (4) each individual shareholder of such Corporate GP which on a look-through basis, holds 10% or more of the total number of issued shares of such Corporate GP must also provide the documents listed in paragraphs 2.2(a)(i)(A) and (B) above; and
- (b) such Entitled Shareholder shall undertake to provide such further details as may be reasonably required to meet the applicable know-your-client and anti-money laundering requirements under the laws of the Cayman Islands.

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Any certified true copy of documents required pursuant to this paragraph 2.2 means a copy of the relevant document certified by a lawyer, notary public, accountant, bank manager or a director or secretary of a listed corporation (each, a **“Certifying Personnel”**) and which contains the details of such Certifying Personnel, including his/her name, designation, address and telephone number.

**For the avoidance of doubt, in order to validly elect to receive the Share Consideration, Entitled Shareholders who/which hold less than 10% of the total number of issued Shares are required to submit the relevant duly completed and signed original Election Form, and where applicable, the existing share certificate(s) and/or other document(s) of title relating to their Shares but are not required to submit the Diligence Details and the relevant supporting documents set out in paragraph 2.2(a) above. However, such Entitled Shareholders may be required to provide such further details set out in paragraph 2.2(b) above.**

- 2.3 **Dissenting Shareholders.** Pursuant to Section 106(6) of the Bermuda Companies Act, any Shareholder who did not vote in favour of the Amalgamation and who is not satisfied that he/she has been offered fair value for his/her Shares may, within one (1) month of the giving of the notice of the 2016 SGM, apply to the Supreme Court of Bermuda to appraise the fair value of his/her Shares. For purposes of this paragraph 2.3, Shareholders who did not vote in favour of the Amalgamation and who make an application to the Supreme Court of Bermuda pursuant to Section 106(6) of the Bermuda Companies Act and comply with all the provisions of the Bermuda Companies Act concerning their appraisal rights are hereinafter referred to as the **“Dissenting Shareholders”** and the Shares held by the Dissenting Shareholders are hereinafter referred to as the **“Dissenting Shares”**. Notwithstanding anything in the Amalgamation Agreement to the contrary, all Shares (including all Dissenting Shares) outstanding as at the Books Closure Date (currently expected to be 7 April 2016) shall be cancelled on the Effective Date. If a Dissenting Shareholder fails to perfect effectively, withdraws or waives or loses his/her statutory appraisal rights, such Dissenting Shareholder shall be entitled to receive the aggregate Cash Consideration in respect of the Dissenting Shares.
- 2.4 **Amalgamation Conditions.** The Amalgamation is conditional upon the satisfaction or waiver (as the case may be) of a number of conditions precedent (the **“Amalgamation Conditions”**). The Amalgamation Conditions are reproduced in Part 1 of **Appendix 1** to the Amalgamation Document.
- 2.5 **Management Equity Arrangements.** As CBMHL intends and desires that there is continuity of management and minimal interruption of the Group’s business, CBCH II has prior to the Initial Joint Announcement Date entered into the following agreements with key members of the management team of the Group to encourage such management personnel to continue to render their services to the Group and to be involved with the development of the Group’s business:
- (a) Jose Calle Gordo, Li Bing Yung (Simon Li), Yang Fan (Brian), Frederick Hrkac, David Chin, Qian Keqiang, Eizo Nishimura, Thomas Kenneth Graham, Seow Hock Siew (Bernie), Alexander Andrew Budiman, Wang Dan, Hans-Peter Stoll and Pascal Cabanel (collectively, the **“CBCH II Management Co-Investors”**) have entered into a subscription agreement (the **“Management Subscription Agreement”**) to collectively subscribe for up to 18,000,000 CBCH II Shares at a consideration per CBCH II Share equal to the Cash Consideration.

In addition, the CBCH II Management Co-Investors shall (to the extent that they hold Shares) elect to receive the Share Consideration in respect of all the Shares held by such CBCH II Management Co-Investors (including any Shares which may be released, issued or allotted to such CBCH II Management Co-Investors pursuant to any release of awards (**“Awards”**) under the Biosensors Performance Share Plan (the **“PSP”**) which was approved at the special general meeting of the Company held on 27 May 2006 and as amended on 23 July 2007).

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## APPENDIX 4 – LETTER FROM CBMHL TO SHAREHOLDERS

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The CBCH II Management Co-Investors are also required to either (i) elect to receive the Share Consideration in respect of all their options (“**Options**”) pursuant to the Biosensors Employee Share Option Scheme 2004 (the “**ESOS**”) approved by the Company on 28 January 2005 and effective on 20 May 2005, as amended on 23 July 2007 and 15 June 2011 (to the extent that such CBCH II Management Co-Investors have decided to exercise such Options) in respect of Shares; or (ii) exercise their Options in respect of Shares granted to such CBCH II Management Co-Investors and elect to receive the Cash Consideration in respect of such Shares, provided that such CBCH II Management Co-Investors shall elect to receive the Cash Consideration in respect of such Shares only to the extent of their portion of the subscription under the Management Subscription Agreement, and shall utilise all of the Cash Consideration in respect of such Shares to pay their portion of the subscription under the Management Subscription Agreement.

The Management Subscription Agreement also sets out certain limited events pursuant to which CB Cardio Holdings III Limited (“**CBCH III**”) (which is controlled by CITICPE Fund) has agreed to purchase the CBCH II Shares held by a CBCH II Management Co-Investor, including (A) where an initial public offering of CBCH II or another intermediate holding entity has not taken place within four (4) years after the delisting of the Company; (B) where a CBCH II Management Co-Investor suffers a disability (being the death, permanent incapacity or inability to perform duties by the CBCH II Management Co-Investor under the CBCH II Management Co-Investor’s employment agreement with CBCH II for a period of at least 60 days in any period of 12 consecutive months) within four (4) years after the delisting of the Company; or (C) where a CBCH II Management Co-Investor’s employment is terminated without cause within four (4) years after the delisting of the Company;

- (b) all of the CBCH II Management Co-Investors have also entered into a restricted share subscription agreement (the “**Restricted Share Subscription Agreement**”) pursuant to which such CBCH II Management Co-Investors will collectively subscribe for up to 27,000,000 CBCH II Shares at par value;
- (c) all of the CBCH II Management Co-Investors have also entered into a share restriction agreement (the “**Share Restriction Agreement**”) which imposes certain restrictions on the CBCH II Shares subscribed for by such CBCH II Management Co-Investors pursuant to the Restricted Share Subscription Agreement (the “**Restricted Shares**”). The Share Restriction Agreement also sets out certain limited events where CBCH II shall have the right to repurchase up to all of the Restricted Shares held by a CBCH II Management Co-Investor and any securities received by such CBCH II Management Co-Investor as a result of ownership of his Restricted Shares that have not, as of the occurrence of the relevant event, been released from CBCH II’s repurchase right under the Share Restriction Agreement, at par value or the minimum purchase price permitted by law. Such events include (i) where a CBCH II Management Co-Investor’s employment is terminated without cause (provided that he has not exercised certain exit rights under the Management Subscription Agreement); (ii) where a CBCH II Management Co-Investor has voluntarily terminated his employment or his employment is terminated for cause; or (iii) where a CBCH II Management Co-Investor suffers a disability (provided that he has not exercised certain exit rights under the Management Subscription Agreement); and
- (d) Yoh-Chie Lu has entered into a founder consultant retention agreement (the “**Founder Consultant Retention Agreement**”) with CBCH II pursuant to which he will be offered a position to serve as the founder consultant of CBCH II (“**Founder Consultant**”) for a period of two (2) years (the “**Term**”), commencing on 1 November 2016 (being the expiration date of his existing employment contract with the Company). As Founder Consultant, Yoh-Chie Lu’s responsibilities would be to advise CBCH II concerning such matters that relate to financial and strategic matters of CBCH II and its subsidiaries including timing and venue of future initial public offering of CBCH II, business expansion in different geographic areas, potential acquisition targets, divesture opportunities, strategic alliances with business partners, and products development (the “**Services**”). Yoh-Chie Lu would be entitled to an aggregate

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compensation of S\$2,000,000 from CBCH II for the Term as consideration for (i) the provision of the Services; and (ii) his compliance with certain non-competition undertakings during the Term,

(collectively, the “**Management Equity Arrangements**”).

The CBCH II Management Co-Investors who decide to accept the Management Equity Arrangements will have to bear the risks associated with the business and financial performance of the Group going forward and will have to accept the restricted rights of minority shareholders holding illiquid shares in CBCH II (unless otherwise agreed to between the shareholders of CBCH II), being a privately held company incorporated in the Cayman Islands.

The SIC has confirmed that the Management Equity Arrangements (specifically those offered to Jose Calle Gordo, Li Bing Yung (Simon Li), Alexander Andrew Budiman, Wang Dan and the Founder Consultant Retention Agreement offered to Yoh-Chie Lu) will not be regarded as prohibited special deals for the purposes of Rule 10 of the Take-over Code, subject to disclosure of the relevant details of the Management Equity Arrangements (including the Founder Consultant Retention Agreement) in this Letter and the IFA stating publicly its opinion that the Management Equity Arrangements (including the Founder Consultant Retention Agreement) are fair and reasonable.

- 2.6 **Resultant Shareholding Structure of CBCH II if all Shareholders Elect for Share Consideration.** By way of illustration only, taking into account (a) the Management Equity Arrangements described in paragraph 2.5; and (b) the issuance of shares to CBCH II Non-Management Co-Investors (as defined in paragraph 3.2 below), and assuming that (i) all Shareholders elect for the Share Consideration; and (ii) the Amalgamation becomes effective, the resultant shareholding structure of CBCH II will be as follows:

Shareholder in CBCH II	Number of Shares held in the Company as at the Latest Practicable Date <sup>(1)</sup>	Shareholding Percentage in the Company as at the Latest Practicable Date <sup>(1)(2)</sup>	Number of Shares in CBCH II <sup>(2)(3)</sup>	Resultant Shareholding in CBCH II <sup>(2)(3)</sup>
CB Medical Investment Limited (“ <b>CBMI</b> ”) (being the indirect sole shareholder of CBMHL)	330,456,084	19.57%	330,456,084	19.06%
CBCH II Management Co-Investors	1,751,000	0.10%	46,751,000 <sup>(4)</sup>	2.70%
CBCH II Non-Management Co-Investors	–	0.00%	– <sup>(5)</sup>	0.00%
Original shareholders of the Company who elect to receive Share Consideration (other than CBMHL)	1,356,342,881	80.33%	1,356,342,881	78.24%
<b>Total</b>	<b>1,688,549,965</b>	<b>100.00%</b>	<b>1,733,549,965</b>	<b>100.00%</b>

**Notes:**

- (1) Based on 1,688,549,965 Shares (excluding treasury shares) as at the Latest Practicable Date.
- (2) Percentages rounded to the nearest two (2) decimal places.
- (3) Based on (a) 1,688,549,965 Shares (excluding treasury shares) as at the Latest Practicable Date; and (b) assuming the issuance of 18,000,000 CBCH II Shares under the Management Subscription Agreement and 27,000,000 CBCH II Shares under the Restricted Share Subscription Agreement respectively. Excludes any exercise of Options into Shares prior to the Effective Date.
- (4) The increase of 45,000,000 CBCH II Shares is a result of the issuance of 18,000,000 CBCH II Shares to the CBCH II Management Co-Investors under the Management Subscription Agreement and 27,000,000 CBCH II Shares to the CBCH II Management Co-Investors under the Restricted Share Subscription Agreement respectively.
- (5) Assuming no Shareholders elect for the Cash Consideration, no CBCH II Shares will be issued/sold to the CBCH II Non-Management Co-Investors.



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- 2.7 **Effect of Termination of the Amalgamation Agreement.** In the event of termination of the Amalgamation Agreement pursuant to the terms of the Amalgamation Agreement, the Amalgamation Agreement shall forthwith become void, there shall be no liability under the Amalgamation Agreement on the part of any Party thereto or any of its affiliates or any of its, or their officers, directors, employees, agents or advisers, and all rights and obligations of each Party thereto shall cease (except for the certain surviving provisions such as those relating to confidentiality and governing law); provided, however, that nothing in the Amalgamation Agreement shall relieve any Party thereto from liability for antecedent breaches.

### 3. CO-INVESTMENT ARRANGEMENTS

- 3.1 **CBMI II Co-Investors.** In order to motivate and incentivise the senior management of the Company at the relevant time, each of Jack Wang, Yoh-Chie Lu, Qiang Jiang and David Chin (collectively, the “**CBMI II Co-Investors**”) had previously been offered the opportunity to subscribe for bonds convertible into shares in CB Medical Investment II Limited (“**CBMI II**”). CBMI II indirectly owns the entire issued share capital of CBMHL. Convertible bonds in the aggregate principal sum of US\$13,000,228.07 were issued to the CBMI II Co-Investors, which were subsequently converted into shares in CBMI II at an underlying conversion price of US\$1.00 per share. In order to govern their rights, duties and obligations as security holders in CBMI II, the CBMI II Co-Investors had entered into an investors rights agreement (the “**Investors Rights Agreement**”) with the other shareholders of CBMI II (including CITICPE Fund).

The Investors Rights Agreement contains, among other things, provisions relating to (a) matters relating to the board of CBMI II and its subsidiaries; (b) reserved matters; (c) restrictions on transfers of the shares in CBMI II by the shareholders of CBMI II; (d) drag-along rights of CITICPE Fund, and tag-along rights of the other shareholders of CBMI II in certain events where CITICPE Fund transfers any of its shares in CBMI II to a third party; and (e) pre-emptive rights of the shareholders of CBMI II in relation to issuance of shares in CBMI II.

The CBMI II Co-Investors are persons acting in concert with CBMHL. All the CBMI II Co-Investors, to the extent that they hold Shares, will abstain from voting on the Amalgamation at the 2016 SGM.

- 3.2 **CBCH II Non-Management Co-Investors.** The following co-investors have entered into subscription agreements with CBCH II (collectively, the “**Subscription Agreements**”) to subscribe for CBCH II Shares for the purposes of providing equity funding in respect of the Amalgamation:

- (a) CBCH III, which is controlled by CITICPE Fund;
- (b) Wealth Summit Ventures Limited (“**Wealth Summit**”);
- (c) Marine Trade Holdings Limited (“**Marine Trade**”);
- (d) Fu Mao Holdings Limited (“**Fu Mao**”); and
- (e) each of the CBCH II Management Co-Investors.

Pursuant to the terms of the Subscription Agreements entered into between CBCH II and each of CBCH III, Wealth Summit, Marine Trade and Fu Mao (collectively, the “**CBCH II Non-Management Co-Investors**”), the CBCH II Non-Management Co-Investors will subscribe for CBCH II Shares at a consideration per CBCH II Share equal to the Cash Consideration, provided that CBCH II will not be required to issue and sell any CBCH II Shares if such issuance and sale will result in the dilution of the effective shareholding interests in the Company held by its Shareholders, if such Shareholders elect to receive the Share Consideration. Accordingly, the CBCH II Non-Management Co-Investors will only be issued and sold CBCH II Shares if equity contribution is required from them to pay Shareholders who/which elect to receive the Cash Consideration. The exact number of CBCH II Shares to be subscribed by each of the CBCH II Non-Management Co-Investors will only be determined after the number of Shareholders who/which elect to receive the Cash Consideration (or the Share Consideration) has been determined.

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3.3 **CBCH II Shareholders' Agreement.** The CBCH II Management Co-Investors, the CBCH II Non-Management Co-Investors, CBMI, the Undertaking Shareholders (as defined below) and CBCH II will enter into a shareholders' agreement (the "**CBCH II Shareholders' Agreement**") prior to the Effective Date to regulate their relationship *inter se* as shareholders of CBCH II and the conduct of the business and affairs of CBCH II. The relevant provisions of the CBCH II Shareholders' Agreement have been incorporated in the amended and restated memorandum and articles of association of CBCH II (the "**CBCH II Articles**"). An Entitled Shareholder who/which wishes to elect to receive the Share Consideration will not be required to enter into the CBCH II Shareholders' Agreement, but may choose to do so following the Effective Date. In any event, such Entitled Shareholders will be bound by the terms of the CBCH II Articles.

### 4. IRREVOCABLE UNDERTAKING

4.1 **Deed of Undertaking.** Each of Autumn Eagle Limited and Ace Elect Holdings Limited (which are Shareholders) (collectively, the "**Undertaking Shareholders**"), has given an irrevocable undertaking to CBMHL (each, a "**Deed of Undertaking**") to, *inter alia*:

- (a) vote, or procure the voting of, all of its Shares (the "**Relevant Shares**"), in favour of the Amalgamation and any other matter proposed to implement the Amalgamation at any meeting of the Shareholders to approve the Amalgamation and at any adjournment thereof;
- (b) elect or procure the election to receive only the Share Consideration for all the Relevant Shares and to execute all documents and do all acts, which may be required by CBMHL, the share registrar or company secretary of the Company or CDP to give effect to the election; and
- (c) not accept any other offer from any other party for all or any of the Relevant Shares.

The Undertaking Shareholders have further, in their capacities as Shareholders, agreed to be bound by certain non-solicitation restrictions during the term of the Deeds of Undertaking.

4.2 Details of the Shares held by the Undertaking Shareholders as at the Latest Practicable Date, are set out below:

Name of Undertaking Shareholder	Number of Shares Owned	Percentage Shareholding <sup>(1)</sup>
Autumn Eagle Limited	159,656,100	9.46%
Ace Elect Holdings Limited	39,543,916	2.34%
<b>Total</b>	<b>199,200,016</b>	<b>11.80%</b>

**Note:**

- (1) Based on 1,688,549,965 Shares (excluding treasury shares) as at the Latest Practicable Date. Percentages rounded to the nearest two (2) decimal places.

4.3 **Termination.** The Deeds of Undertaking will terminate upon the earliest of any of the following dates:

- (a) the Effective Date;
- (b) in the event the Amalgamation lapses or is terminated in accordance with its terms without the Amalgamation becoming effective for any reason other than a breach by the Undertaking Shareholders of any of their obligations in the Deeds of Undertaking, the date of lapsing or termination of the Amalgamation Agreement;

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- (c) in the event a competing general offer for the Company is announced by a party other than CBMHL at a consideration of not less than S\$1.20 in cash per Share at any time after the Joint Announcement is issued, the date on which such offer is announced; and
- (d) the date falling six (6) months from the Initial Joint Announcement Date.

4.4 **SIC Confirmation.** The SIC has confirmed that the CBCH II Management Co-Investors (specifically Jose Calle Gordo, Li Bing Yung (Simon Li), Alexander Andrew Budiman and Wang Dan, and other than David Chin), will be permitted to vote on the Amalgamation at the 2016 SGM.

### 5. DELISTING

5.1 Upon the Amalgamation becoming effective and binding, the Company shall cease to have a separate legal existence and shall continue its existence as a constituent part of the Amalgamated Company, which will become a wholly-owned subsidiary of CBCH I, and consequently will not be able to meet the listing requirements of SGX-ST.

5.2 As set out in paragraph 1.4(a) above, the Amalgamation is subject to the requirements under Rule 1307 of the Listing Manual. As set out in paragraph 1.4(b) above, the Delisting Resolution is inter-conditional with the resolution approving the Amalgamation Agreement and the transactions contemplated in the Amalgamation Agreement (including the Amalgamation as set out in paragraph 11.1 of the Initial Joint Announcement). Accordingly, the Amalgamation will not proceed if the Delisting Resolution is not passed, and *vice versa*.

5.3 Shareholders should note that upon the approval of (a) the Delisting Resolution; and (b) the resolution approving the Amalgamation Agreement and the transactions contemplated in the Amalgamation Agreement (including the Amalgamation) as set out in paragraph 11.1 of the Initial Joint Announcement and upon the Amalgamation becoming effective and binding, the Company will be delisted from the Official List of the SGX-ST.

5.4 An application will be made by the Company to seek approval from the SGX-ST to delist the Company from the Official List of the SGX-ST subject to the Amalgamation becoming effective and binding in accordance with its terms.

5.5 Shareholders who are in doubt of their position should seek independent professional advice.

### 6. RATIONALE FOR THE AMALGAMATION AND FUTURE PLANS FOR THE COMPANY

6.1 **Amalgamation represents a Unique Opportunity for the CITICPE Entities.** The Amalgamation represents a unique opportunity for CITICPE Fund to expand its investment in the Company. CITICPE Fund has a strong presence in the PRC and is uniquely placed to partner with the Company's management team to invest in and grow the business, particularly in the PRC.

6.2 **Opportunity for Shareholders to Realise their Investments.**

- (a) **The Cash Consideration represents significant premiums over historical market prices of the Shares**

Entitled Shareholders who/which elect to receive the Cash Consideration will have an opportunity to realise their investments in the Company for cash at significant premiums over the historical market prices of the Shares prior to the Initial Joint Announcement Date.

The figures set out in this paragraph 6.2 are based on data extracted from Bloomberg L.P. as at 23 October 2015, being the last full trading day (the "**Last Trading Day**") immediately prior to the Initial Joint Announcement Date.

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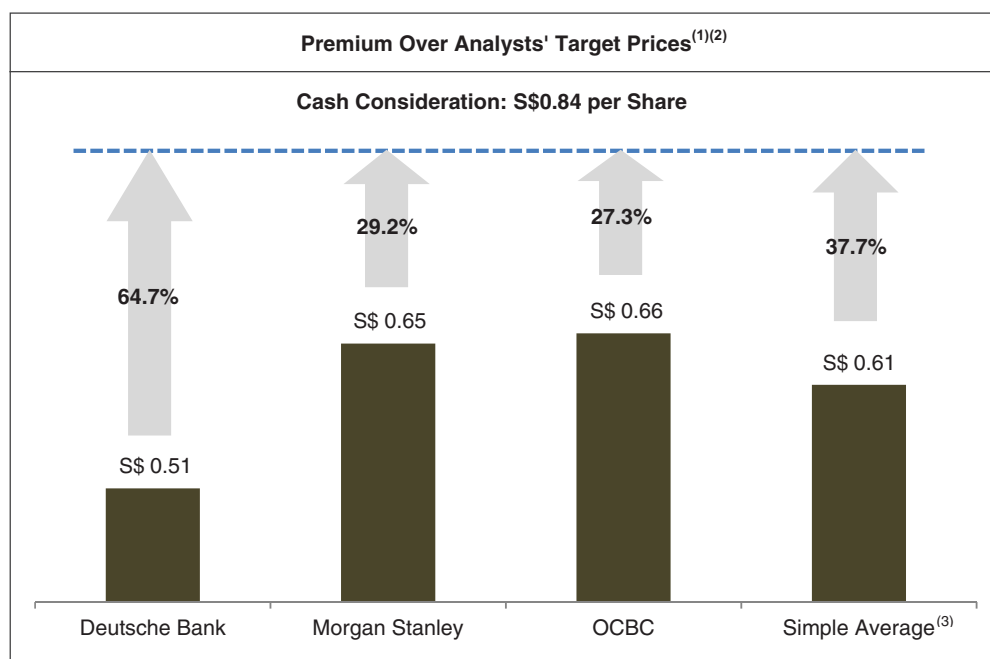
The implied premiums of the Cash Consideration over the relevant closing prices and volume weighted average prices (“**VWAP**”) of the Company are as follows:

Premium over Historical Prices	Share Price <sup>(1)</sup>	Premium to Share Price <sup>(2)</sup>
	(\$)	(%)
(a) Last transacted price on the Last Trading Day	0.680	23.5%
(b) VWAP for the one (1)-month period prior to and including the Last Trading Day	0.683	23.0%
(c) VWAP for the three (3)-month period prior to and including the Last Trading Day	0.694	21.0%
(d) VWAP for the six (6)-month period prior to and including the Last Trading Day	0.744	12.9%
(e) VWAP for the twelve (12)-month period prior to and including the Last Trading Day	0.701	19.8%

**Notes:**

- (1) Share prices are rounded to three (3) decimal places.
- (2) Percentages rounded to the nearest one (1) decimal place.

**(b) The Cash Consideration significantly exceeds all analysts’ target prices**



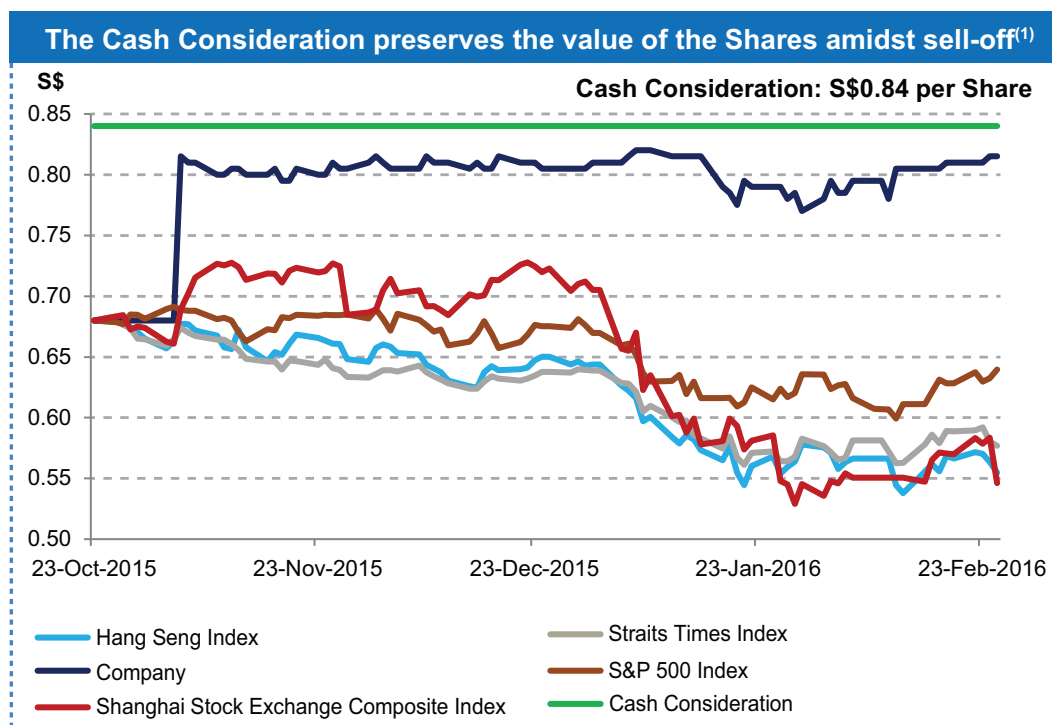
**Notes:**

- (1) Analysts’ target prices are based on the latest analyst reports published in 2015 prior to the Initial Joint Announcement Date.
- (2) Percentages rounded to the nearest one (1) decimal place.
- (3) Computed based on the simple average of all analysts’ target prices rounded to the nearest two (2) decimal places.

## APPENDIX 4 – LETTER FROM CBMHL TO SHAREHOLDERS

### (c) Despite the global equities sell-off, the Cash Consideration preserves the value of Shareholders' investment in the Shares

On the back of concerns over tumbling energy prices, lackluster growth outlook across major economies and the effectiveness of central bank policies, amongst others, there has been a steep sell-off in global equity markets in recent months, in particular since January 2016.



Between the Last Trading Day and the Latest Practicable Date, Hang Seng Index, Shanghai Stock Exchange Composite Index, Straits Times Index and S&P 500 Index had suffered declines between 5.9% and 19.7% (please see the table below). However, during the same period, the Company's share price performance was well-supported by the Cash Consideration. **In addition, Shareholders will be offered the opportunity to exit at the Cash Consideration if the Amalgamation Resolution and the Delisting Resolution are approved at the 2016 SGM and the Amalgamation becomes effective and binding.**

Cash Consideration / Company / Index	Returns <sup>(2)</sup>
Cash Consideration	23.5%
Company	19.9%
S&P 500 Index	-5.9% <sup>(3)</sup>
Straits Times Index	-15.2%
Hang Seng Index	-18.4%
Shanghai Stock Exchange Composite Index	-19.7%

#### Notes:

- (1) Hang Seng Index, Shanghai Stock Exchange Composite Index, Straits Times Index and S&P 500 Index have been rebased to the last transacted share price of the Company on the Last Trading Day.
- (2) Performance between the Last Trading Day and the Latest Practicable Date.
- (3) As at market close on 25 February 2016, U.S. Central Time.

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## APPENDIX 4 – LETTER FROM CBMHL TO SHAREHOLDERS

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- 6.3 **Existing Business and Future Plans.** It is the intention of the CITICPE Entities for the Group to continue the development of its existing businesses (including the existing business of the Company, the details of which are set out in paragraph 2 of the Letter to Shareholders in the Amalgamation Document). Following completion of the Amalgamation, the CITICPE Entities will conduct a strategic review of the Group with the aim of formulating and executing strategies to further develop the business and will consider all strategic options or opportunities available to it including pursuing investment opportunities and acquisitions, undertaking an initial public offering or developing new growth initiatives.

Save as set out in the foregoing, the CITICPE Entities currently have no intention of (a) making material changes to the existing businesses; (b) re-deploying the fixed assets; or (c) discontinuing the employment of the existing employees of the Group. The directors of the CITICPE Entities retain the flexibility at any time to consider any options and opportunities including the restructuring of their subsidiaries which may present themselves and which they may regard to be in the interests of the CITICPE Entities.

### 7. INFORMATION RELATING TO THE COMPANY

- 7.1 The Company was incorporated in Bermuda on 28 May 1998 and was listed on the Main Board of the SGX-ST on 20 May 2005. The Company develops, manufactures and markets innovative medical devices, aiming at improving patients' lives through pioneering medical technology that pushes forward the boundaries of innovation. The Group currently operates through four (4) business units ("**BU**"): (a) the Cardiovascular BU, composing primarily of the Excel™ and BioMatrix™ families of drug-eluting stents and stent technologies such as BA9™; (b) the Cardiac Diagnostic BU, including Spectrum Dynamics products that offer advanced medical imaging and clinical solutions to help interventional cardiologists determine the most appropriate treatment for patients; (c) the Peripheral Intervention BU, which offers solutions for the treatment of patients with peripheral arterial disease; and (d) the Critical Care Products BU, which fosters the development of critical care catheters, hemodynamic monitoring, and related devices used during heart surgery procedures, vascular surgery procedures and intensive care treatments. The Group has operations worldwide and is headquartered in Singapore. Additional information on the Company is set out in **Appendix 5** to the Amalgamation Document.

- 7.2 **Material Changes in the Financial Position of the Company.** Save for the information of the Company which is publicly available (including, without limitation, the unaudited consolidated financial statements of the Group for the period ended 31 December 2015 and announcements which are released by the Company on the SGXNET) and save as disclosed in this Letter and the Amalgamation Document, there has not been, to the knowledge of CBMHL, any material change in the financial position or prospects of the Company since 31 March 2015, being the date of the last balance sheet laid before the Shareholders in a general meeting.

- 7.3 **Transfer Restrictions.** The memorandum of association and the Bye-laws of the Company do not contain any restrictions on the right to transfer the Shares in connection with the Amalgamation.

### 8. INFORMATION RELATING TO CBMHL

- 8.1 **Principal Activities.** CBMHL is an investment holding company incorporated in Bermuda as an exempted company on 3 October 2013 and is a subsidiary indirectly owned by CITICPE Fund. CITICPE Fund, a limited partnership organised under the laws of the PRC, is a China focused private equity fund managed by CITIC. As at the Latest Practicable Date, CBMHL does not have any other business save for its holding of 330,456,084 Shares and the financing arrangements entered into for the purpose of the Amalgamation.
- 8.2 **Share Capital.** As at the Latest Practicable Date, CBMHL has 100 ordinary shares issued and outstanding. The sole shareholder of CBMHL is CBCH I.

## APPENDIX 4 – LETTER FROM CBMHL TO SHAREHOLDERS

8.3 **Directors of CBMHL.** The relevant information of the directors of CBMHL as at the Latest Practicable Date is set out below:

Name	Address	Designation
Bin Wu	c/o CITIC Private Equity Funds Management Co., Ltd. 10/F Jinbao Tower No.89 Jinbao Street Dongcheng District, Beijing 100005 P. R. China	Director
Dong Liu	c/o CITIC Private Equity Funds Management Co., Ltd. 10/F Jinbao Tower No.89 Jinbao Street Dongcheng District, Beijing 100005 P. R. China	Director

As at the Latest Practicable Date, each of the directors of CBMHL is an employee of the investment manager of CITICPE Fund.

8.4 **Financial Information on CBMHL.** As CBMHL is an investment holding company which has not carried on any business since its incorporation, except to enter into financing arrangements for the purpose of the Amalgamation, no audited or unaudited financial statements of CBMHL have been prepared as at the Latest Practicable Date.

Save as a result of the financing of the Amalgamation and the Amalgamation, there has been no known material change in the financial position or prospects of CBMHL since its incorporation.

8.5 **Indebtedness.** As at the Latest Practicable Date, CBMHL had entered into a commitment letter dated 9 October 2015, for the purpose of funding the Amalgamation, with Bank of China Limited, Macau Branch and Bank of China Limited, Singapore Branch (as mandated lead arrangers and the underwriters), for the facilities of up to:

- (a) US\$80,000,000 (or equivalent) cash bridge loan facility ("**Facility A**");
- (b) US\$140,000,000 (or equivalent) term loan facility ("**Facility B**"); and
- (c) US\$380,000,000 (or equivalent) term loan facility ("**Facility C**", and together with Facility A and Facility B, the "**Facilities**"). The available amount of Facility C is the lower of (i) the amount equal to 60% of the total capitalisation of the Company calculated on the basis of the Cash Consideration per Share, less US\$220,000,000; and (ii) US\$380,000,000.

The interest rate on each of Facility A and Facility B for each interest period relating thereto is the percentage rate per annum which is the aggregate of (i) a margin of 2.25 per cent. per annum; and (ii) the London Interbank Offered Rate ("**LIBOR**") for such loan and such interest period (in the case of US dollar loan) or the Singapore Interbank Offered Rate ("**SIBOR**") for such loan and such interest period (in the case of Singapore dollar loan) or the Euro Interbank Offered Rate ("**EURIBOR**") for such loan and such interest period (in the case of euro loan). The interest rate on Facility C for each interest period relating thereto is the percentage rate per annum which is the aggregate of (A)(1) a margin of 3.50 per cent. per annum; and (2) LIBOR for such loan and such interest period (in the case of US dollar loan) or SIBOR for such loan and such interest period (in the case of Singapore dollar loan); or (B)(1) a margin of 3.20 per cent. per annum; and (2) EURIBOR for such loan and such interest period (in the case of euro loan).

The final maturity date of Facility A is one (1) year from the first utilisation date of such facility. The final maturity dates of Facility B and Facility C are three (3) years and five (5) years respectively, each from the execution date of the relevant facility agreement.

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## APPENDIX 4 – LETTER FROM CBMHL TO SHAREHOLDERS

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The securities provided for the Facilities are customary securities for transactions of a similar nature which mainly include account charges, share charges, security assignment of intercompany loans, and security over material assets. The entire issued share capital in CBMHL, CBCH I and the Amalgamated Company will be charged and made subject to security in favour of Bank of China Limited, Singapore Branch (as security agent or trustee), and guarantees and security over assets (including without limitation share and equity interests in subsidiaries, and bank accounts) will be granted by one or more of the CITICPE Entities, the Amalgamated Company and their respective direct or indirect subsidiaries in favour of Bank of China Limited, Singapore Branch (as security agent or trustee) and other finance parties and secured parties, (in each case) in connection with the financing. The obligations of CBMHL in respect of the financing will be assumed by and binding upon the Amalgamated Company upon the effectiveness of the Amalgamation.

Save as disclosed above, as at the Latest Practicable Date, CBMHL does not have any outstanding loan capital (whether issued or created but unissued), nor any term loans, nor any other bank borrowings or indebtedness in the nature of borrowing, including bank overdrafts or loans, and liabilities under acceptances, or similar indebtedness, acceptance credits, mortgages, charges, hire purchase commitments and obligations under finance leases nor any material contingent liabilities or guarantees.

### 9. INFORMATION RELATING TO CBCH I

- 9.1 **Principal Activities.** CBCH I is a special purpose vehicle incorporated under the laws of the British Virgin Islands as a business company on 24 June 2015 in connection with the Amalgamation. It is a wholly-owned subsidiary of CBCH II. As at the Latest Practicable Date, CBCH I does not have any other business save for its holding of 100 ordinary shares in CBMHL and the financing arrangements entered into for the purpose of the Amalgamation.
- 9.2 **Share Capital.** As at the Latest Practicable Date, CBCH I has one (1) ordinary share issued and outstanding. The sole shareholder of CBCH I is CBCH II.
- 9.3 **Directors of CBCH I.** The directors of CBCH I are Bin Wu and Dong Liu. Their details are set out in paragraph 8.3 above.
- 9.4 **Financial Information on CBCH I.** As CBCH I was newly incorporated on 24 June 2015 in connection with the Amalgamation, no audited or unaudited financial statements of CBCH I have been prepared as at the Latest Practicable Date for inclusion in this Letter.

Save as a result of the financing of the Amalgamation and the Amalgamation, there has been no known material change in the financial position or prospects of CBCH I since its incorporation.

### 10. INFORMATION RELATING TO CBCH II

- 10.1 **Incorporation.** CBCH II is a special purpose vehicle incorporated under the laws of the Cayman Islands as an exempted company on 19 June 2015 in connection with the Amalgamation. It is a wholly-owned subsidiary of CBMI which is in turn a wholly-owned subsidiary of CBMI II. CBMI II is controlled by CITICPE Fund. Other than CITICPE Fund, the other shareholders of CBMI II each holds less than 20% of the shares of CBMI II.

The address of the registered office of CBCH II is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. CBCH II does not have a principal office in Singapore. CBCH II has not carried on business since its incorporation, except to enter into financing arrangements for the purpose of the Amalgamation. As at the Latest Practicable Date, CBCH II does not have any other business save for its holding of one (1) ordinary share in CBCH I and the financing arrangements entered into for the purpose of the Amalgamation.

- 10.2 **Directors.** The directors of CBCH II as at the Latest Practicable Date are Bin Wu and Dong Liu. Their details are set out in paragraph 8.3 above.



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## APPENDIX 4 – LETTER FROM CBMHL TO SHAREHOLDERS

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10.3 **Financial Information on CBCH II.** As CBCH II was newly incorporated on 19 June 2015 in connection with the Amalgamation, no audited or unaudited financial statements of CBCH II have been prepared as at the Latest Practicable Date for inclusion in this Letter.

Save as a result of the financing of the Amalgamation and the Amalgamation, there has been no known material change in the financial position or prospects of CBCH II since its incorporation.

10.4 **Share Structure.**

- (a) **Share Capital.** CBCH II has one (1) class of shares, being ordinary shares. CBCH II was incorporated on 19 June 2015 with one (1) CBCH II Share held by Mapcal Limited at a subscription price of par value (being US\$0.00001), which was transferred on 24 June 2015 to CBMI for a consideration of par value (being US\$0.00001). 330,456,083 CBCH II Shares were then issued on 24 June 2015 to CBMI for a consideration of par value (being US\$0.00001) per CBCH II Share. As at the Latest Practicable Date, the authorised share capital of CBCH II consists solely of 5,000,000,000 CBCH II Shares. As at the Latest Practicable Date, 330,456,084 CBCH II Shares have been issued and are outstanding, all of which are owned by CBMI, which is in turn controlled by CITICPE Fund.
- (b) **Pari Passu Ranking.** The CBCH II Shares, which have identical rights in all respects, rank *pari passu* in all respects with one another. The CBCH II Shares are not listed on any securities exchange.
- (c) **Convertible Securities.** As at the Latest Practicable Date, save as disclosed in this Letter and the Amalgamation Document, there are no outstanding instruments convertible into, rights to subscribe for or options in respect of securities which carry voting rights affecting the CBCH II Shares.
- (d) **Re-organisation.** As at the Latest Practicable Date, CBCH II has not undergone any re-organisation of its share structure since the date of its incorporation.
- (e) **Allotment and Issuance.** Save for the allotment and issuance of (i) one (1) CBCH II Share to Mapcal Limited (which was subsequently transferred to CBMI); and (ii) 330,456,083 CBCH II Shares to CBMI, no CBCH II Share has been issued since the date of incorporation of CBCH II.

10.5 **Constitution of CBCH II.** The rights and privileges attached to the CBCH II Shares are stated in the CBCH II Articles, a copy of which is available for inspection at the office of the Company's subsidiary, Biosensors Interventional Technologies Pte. Ltd., at 36 Jalan Tukang, Singapore 619266 during normal business hours.

For ease of reference, certain provisions of the CBCH II Articles in relation to the rights of the shareholders of CBCH II in respect of capital, dividends, voting and transfer of shares have been extracted and reproduced in **Appendix I** to this Letter. The extracts in **Appendix I** to this Letter do not purport to be complete or a comprehensive description of the CBCH II Articles and are qualified in their entirety by reference to the complete CBCH II Articles. Unless otherwise stated, terms used but not defined in **Appendix I** to this Letter shall have the same meanings as defined in the CBCH II Articles.

10.6 **Indebtedness.** Save as disclosed in paragraph 8.5 above, as at the Latest Practicable Date, neither CBCH II nor any of its subsidiaries have any outstanding loan capital (whether issued or created but unissued), nor any term loans, nor any other bank borrowings or indebtedness in the nature of borrowing, including bank overdrafts or loans, and liabilities under acceptances, or similar indebtedness, acceptance credits, mortgages, charges, hire purchase commitments and obligations under finance leases nor any material contingent liabilities or guarantees.

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## APPENDIX 4 – LETTER FROM CBMHL TO SHAREHOLDERS

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- 10.7 **Sale of CBCH II Securities.** Save as disclosed in this Letter and the Amalgamation Document, during the period commencing six (6) months preceding the date of the Initial Announcement and ending on the Latest Practicable Date (both dates inclusive) and taking into account the date of incorporation of CBCH II, being 19 June 2015, no CBCH II Shares were sold.
- 10.8 **Material Litigation.** As at the Latest Practicable Date, neither CBCH II nor any of its subsidiaries are engaged in any material litigation, either as plaintiff or defendant, which might materially and adversely affect the financial position of CBCH II. The directors of CBCH II are not aware of any litigation, claims or proceedings pending or threatened against CBCH II, or any of its subsidiaries or of any facts likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position or business of CBCH II.
- 10.9 **Material Contracts with Interested Persons.** Save as disclosed in this Letter and the Amalgamation Document, there are no material contracts which are not in the ordinary course of business which have been entered into by CBCH II with an interested person (within the meaning of the Note to Rule 23.12 of the Take-over Code) during the three (3) years (taking into account the date of incorporation of CBCH II, being 19 June 2015) prior to the Latest Practicable Date.

### 11. NO SPECIAL ARRANGEMENTS

#### 11.1 No Agreement having any Connection with or Dependence upon the Amalgamation

Save for (a) the Investors Rights Agreement; (b) the Amalgamation Agreement; (c) the Management Equity Arrangements; (d) the Subscription Agreements; (e) the Deeds of Undertaking; (f) the financing agreements in relation to the financing of the Amalgamation; (g) the CBCH II Articles; and (h) the CBCH II Shareholders' Agreement, as at the Latest Practicable Date, there is no agreement, arrangement or understanding between (i) any of the CITICPE Entities or any party acting in concert with it; and (ii) any of the current or recent directors of the Company or any of the current or recent Shareholders or any other person that has any connection with, or is dependent on or is conditional upon, the Amalgamation or its outcome or is otherwise connected to the Amalgamation.

#### 11.2 Transfer of Shares

As at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby any of the Shares acquired by CBCH I pursuant to the Amalgamation will be transferred to any other person.

#### 11.3 No Payment or Benefit to Directors of the Company

As at the Latest Practicable Date, save for the Management Equity Arrangements, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any director of the Company or of any of its related corporations (within the meaning of Section 6 of the Singapore Companies Act) as compensation for loss of office or otherwise in connection with the Amalgamation.

### 12. DISCLOSURE OF INTERESTS

#### 12.1 As at the Latest Practicable Date:

- (a) (i) CBMHL; (ii) the directors of CBMHL; and (iii) the parties acting in concert with CBMHL collectively own, control or have agreed to acquire an aggregate of 351,223,000 Shares, representing approximately 20.80% of the total number of issued Shares, the details of which are set out below:

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Name	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
CBMHL	330,456,084	19.57	–	–	330,456,084	19.57
CBCH I <sup>(2)</sup>	–	–	330,456,084	19.57	330,456,084	19.57
CBCH II <sup>(3)</sup>	–	–	330,456,084	19.57	330,456,084	19.57
CBMI <sup>(4)</sup>	–	–	330,456,084	19.57	330,456,084	19.57
CBMI II <sup>(5)</sup>	–	–	330,456,084	19.57	330,456,084	19.57
CITICPE Fund <sup>(6)</sup>	–	–	330,456,084	19.57	330,456,084	19.57
Beijing Youde Investment Management Centre (Limited Partnership) (北京宥德投资管理中心(有限合伙)) (“ <b>Beijing Youde</b> ”) <sup>(7)</sup>	–	–	330,456,084	19.57	330,456,084	19.57
Shanghai Changrui Investment Consulting Co., Ltd. (上海常瑞投资咨询有限公司) (“ <b>Shanghai Changrui</b> ”) <sup>(8)</sup>	–	–	330,456,084	19.57	330,456,084	19.57
Yoh-Chie Lu <sup>(9)</sup>	–	–	19,600,000	1.16	19,600,000	1.16
Qiang Jiang <sup>(10)</sup>	–	–	1,166,916	0.07	1,166,916	0.07

Notes:

- (1) The percentage shareholding interest is based on the total number of issued Shares of 1,688,549,965 Shares (excluding treasury shares) as at the Latest Practicable Date. Percentages are rounded to nearest two (2) decimal places.
- (2) CBCH I is the sole shareholder of CBMHL. By virtue of this, through CBMHL, CBCH I has a deemed interest in 330,456,084 Shares, representing approximately 19.57% of the total number of issued Shares held by CBMHL.
- (3) CBCH II is the sole shareholder of CBCH I. By virtue of this, through CBMHL and CBCH I, CBCH II has a deemed interest in 330,456,084 Shares, representing approximately 19.57% of the total number of issued Shares held by CBMHL.
- (4) CBMI is the sole shareholder of CBCH II. By virtue of this, through CBMHL, CBCH I and CBCH II, CBMI has a deemed interest in 330,456,084 Shares, representing approximately 19.57% of the total number of issued Shares held by CBMHL.
- (5) CBMI II is the sole shareholder of CBMI. By virtue of this, through CBMHL, CBCH I, CBCH II and CBMI, CBMI II has a deemed interest in 330,456,084 Shares, representing approximately 19.57% of the total number of issued Shares held by CBMHL.
- (6) CITICPE Fund holds more than 50% of the voting rights in CBMI II. By virtue of this, through CBMHL, CBCH I, CBCH II, CBMI and CBMI II, CITICPE Fund has a deemed interest in 330,456,084 Shares, representing approximately 19.57% of the total number of issued Shares held by CBMHL.
- (7) Beijing Youde is the sole general partner of, and is authorised to manage and represent, CITICPE Fund. By virtue of this, through CBMHL, CBCH I, CBCH II, CBMI, CBMI II and CITICPE Fund, Beijing Youde has a deemed interest in 330,456,084 Shares, representing approximately 19.57% of the total number of issued Shares held by CBMHL.
- (8) Shanghai Changrui is the sole general partner of, and is authorised to manage and represent, Beijing Youde. By virtue of this, through CBMHL, CBCH I, CBCH II, CBMI, CBMI II, CITICPE Fund and Beijing Youde, Shanghai Changrui has a deemed interest in 330,456,084 Shares, representing approximately 19.57% of the total number of issued Shares held by CBMHL.
- (9) Yoh-Chie Lu is deemed interested in 5,000,000 Shares held by Citibank Nominees Singapore Pte Ltd and in 14,600,000 Shares held by Raffles Nominees (Pte) Ltd.
- (10) Qiang Jiang is deemed interested in 1,166,916 Shares held by Citibank Nominees Singapore Pte Ltd.

## APPENDIX 4 – LETTER FROM CBMHL TO SHAREHOLDERS

Qiang Jiang has been granted the following outstanding Options to subscribe for new Shares under the ESOS:

Name	Date of Grant	No. of Options	Exercise Period <sup>(1)</sup>	Exercise Price per Share (US\$)
Qiang Jiang	30 March 2012	50,000	31 March 2013 to 31 March 2022	1.17
	10 June 2013	33,000	11 June 2014 to 11 June 2023	0.93
	06 June 2014	2,000,000 <sup>(2)</sup>	7 June 2015 to 7 June 2024	0.74

**Notes:**

- (1) As stated in note (1) to paragraph 5.3(b) of Appendix 5 to the Amalgamation Document, pursuant to Rule 9.1 of the ESOS, and subject to Rule 9.5 of the ESOS, in the event of a take-over offer whether voluntary, mandatory or partial being made for the Shares or any event occurs which would result in a Change in Control (as defined in the ESOS), all Options which have not been vested shall vest immediately and a participant shall be entitled to exercise any Option held by him and as yet unexercised, in respect of such number of Shares comprised in that Option in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, or the occurrence of such event resulting in a Change in Control and ending on the earlier of: (a) the expiry of six (6) months thereafter, unless prior to the expiry of such six (6)-month period, at the recommendation of the officer and with the approvals of the Compensation Committee and the Stock Exchange (as defined in the ESOS), such expiry date is extended to a later date (in either case, being a date falling not later than the expiry of the exercise period relating thereto); or (b) the date of expiry of the exercise period relating thereto, whereupon the Option then remaining unexercised shall lapse, provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Bermuda Companies Act and, being entitled to do so, gives notice to the participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the participant until the expiry of such specified date or the expiry of the exercise period relating thereto, whichever is earlier. Any Option not so exercised shall lapse provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Option shall, notwithstanding Rule 8 of the ESOS, remain exercisable until the expiry of the exercise period relating thereto. The Compensation Committee has resolved, *inter alia*, that: the proposed Amalgamation should be treated as a "Change in Control" event and that consequently, (i) unvested Options should vest (and become exercisable) on the date of approval at the 2016 SGM; and (ii) the "exercise period" be defined as from the "date of vesting" till the "date of amalgamation" (Effective Date).
- (2) As stated in note (3) to paragraph 5.3(b) to Appendix 5 to the Amalgamation Document, 1,000,000 of the 2,000,000 Options were cancelled on 30 June 2015.

Qiang Jiang has been granted the following outstanding Awards to subscribe for new Shares under the PSP:

Name	Date of Grant	Shares comprised in Awards granted <sup>(1)</sup>	Shares comprised in released Awards <sup>(2)</sup>	Shares comprised in outstanding Awards
Qiang Jiang	6 June 2014	2,000,000	1,166,916	— <sup>(3)</sup>

**Notes:**

- (1) As stated in note (1) to paragraph 5.3(c) of Appendix 5 to the Amalgamation Document, depending on the achievement of pre-determined performance targets, the actual number of Shares to be released can be zero, equal to or greater than the number stated.
- (2) As stated in note (2) to paragraph 5.3(c) of Appendix 5 to the Amalgamation Document, pursuant to Rule 6.3 of the PSP, if before the Vesting Date (as defined in the PSP), a take-over offer for the Shares whether voluntary, mandatory or partial is made, or any event occurs which would result in a Change in Control (as defined in the PSP) of the Company, all Awards shall immediately be Released (as defined in the PSP) and Shares which are the subject of a Released Award shall be Vested (as defined in the PSP) to a participant on the Vesting Date which shall be a trading day falling immediately after the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, or the occurrence of such event resulting in a Change in Control. Where Awards are Released, the Compensation Committee (as defined in the PSP) will, as soon as practicable after the Awards have been

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## APPENDIX 4 – LETTER FROM CBMHL TO SHAREHOLDERS

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Released, procure the allotment or transfer to each participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7. The Compensation Committee has resolved, *inter alia*, that (a) the proposed Amalgamation should be treated as a “Change in Control” event; (b) consequently, unvested Performance Shares should vest on the trading day after the date of approval at the 2016 SGM; and (c) the “Transfer Date” for Performance Shares be defined as no later than five (5) working days after the “Release Date”.

- (3) As stated in note (4) to paragraph 5.3(c) of Appendix 5 to the Amalgamation Document, 833,084 outstanding Awards were cancelled on 30 June 2015.

Save as disclosed above, none of CBMHL, its directors or parties acting in concert with it owns, controls or has agreed (other than pursuant to the Amalgamation Agreement) to acquire any (A) Shares or securities which carry voting rights in the Company; and (B) convertible securities, warrants, options and derivatives in respect of (A) (collectively, the “**Company Securities**”);

- (b) save for (i) the 330,456,084 CBCH II Shares owned by CBMI; (ii) the Subscription Agreements; (iii) the Deeds of Undertaking and save as otherwise disclosed in this Letter, none of CBMHL, its directors or parties acting in concert with it and/or the Undertaking Shareholders, owns, controls or has agreed to acquire any (A) shares or securities in CBMHL, CBCH I or CBCH II which carry substantially the same rights as the shares in CBMHL, CBCH I or CBCH II respectively; and (B) convertible securities, warrants, options and derivatives in respect of (A) (collectively, the “**Offeror Securities**”);
- (c) none of CBMHL, its directors and parties acting in concert with it and/or to CBMHL’s knowledge after making reasonable enquires, the Undertaking Shareholders, has dealt for value in the Company Securities during the period commencing three (3) months prior to the date of the Initial Announcement and ending on the Latest Practicable Date;
- (d) save as disclosed in this Letter, none of CBMHL, its directors and parties acting in concert with it and/or the Undertaking Shareholders, has dealt for value in the Offeror Securities during the period commencing three (3) months prior to the date of the Initial Announcement and ending on the Latest Practicable Date;
- (e) save as disclosed in this Letter, no person has given any irrevocable undertaking to CBMHL or its concert parties to vote in favour of the Amalgamation at the 2016 SGM;
- (f) save as disclosed in this Letter, neither CBMHL nor any party acting in concert with it has entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Take-over Code, including indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the Company Securities or the Offeror Securities (as the case may be) which may be an inducement to deal or refrain from dealing in the Company Securities or the Offeror Securities (as the case may be);
- (g) save as disclosed in this Letter, neither CBMHL nor any party acting in concert with it has (i) granted a security interest over any Company Securities to another person, whether through a charge, pledge or otherwise; (ii) borrowed from another person any Company Securities (excluding borrowed securities which have been on-lent or sold); or (iii) lent to another person any Company Securities; and
- (h) no agreement, arrangement or understanding exists between CBMHL or any party acting in concert with it, and the directors of CBMHL, whereby the emoluments received or to be received by the directors of CBMHL will be varied or affected by the implementation of the Amalgamation.

- 12.2 Save as disclosed in this Letter and the Amalgamation Document and save for information relating to CBMHL and the Amalgamation that is publicly available, there has been no material change in any information previously published by or on behalf of CBMHL during the period commencing from the date of the Initial Announcement and ending on the Latest Practicable Date.

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## APPENDIX 4 – LETTER FROM CBMHL TO SHAREHOLDERS

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### 13. JOINT FINANCIAL ADVISERS AND CONFIRMATION OF FINANCIAL RESOURCES

- 13.1 Morgan Stanley Asia (Singapore) Pte. and DBS Bank Ltd. (the “**CBMHL Financial Advisers**”) are the joint financial advisers to CBMHL in respect of the Amalgamation and the Delisting.
- 13.2 The CBMHL Financial Advisers confirm that sufficient financial resources are available to CBMHL to satisfy in full the aggregate Cash Consideration payable on the basis that all the Entitled Shareholders (excluding the Undertaking Shareholders and the CBCH II Management Co-Investors who have undertaken to elect to receive only the Share Consideration pursuant to the Deeds of Undertaking and the Management Subscription Agreement respectively) elect to receive the Cash Consideration.

### 14. CONSENT

Each of the CBMHL Financial Advisers has given and has not withdrawn its written consent to the issue of this Letter with the inclusion herein of its name and all references to its name in the form and context in which it appears in this Letter.

### 15. PROCEDURES FOR ELECTION AND SETTLEMENT

- 15.1 **Procedures for Election.** Shareholders’ entitlements under the Amalgamation will be determined as at 5.00 p.m. (Singapore time) on the Books Closure Date (such Shareholders being the “**Entitled Shareholders**”). If an Entitled Shareholder wishes to elect to receive the Cash Consideration, no action needs to be taken by such Entitled Shareholder in relation to such election. If an Entitled Shareholder wishes to elect to receive the Share Consideration, such Entitled Shareholder should complete, sign and submit the relevant Election Form with, where applicable, the relevant share certificate(s) and/or other document(s) of title relating to his/her Shares, the Diligence Details and the relevant supporting documents. **Appendix II** to this Letter sets out the procedures for election.
- 15.2 **Settlement.** Subject to the Amalgamation becoming effective in accordance with the Amalgamation Agreement and the Bermuda Companies Act, the following settlement procedures will apply:

(a) **Cash Consideration**

CBMHL shall within **seven (7) business days of the Effective Date**, pay the Cash Consideration to the Entitled Shareholders who/which elect to receive the Cash Consideration for all their Shares.

(i) **Entitled Shareholders whose/which Shares are not deposited with CDP**

Entitlements to the Cash Consideration will be determined on the basis of the Entitled Shareholders (not being Depositors) and their holdings of Shares appearing in the register of members of the Company (the “**Register**”) as at 5.00 p.m. (Singapore time) on the Books Closure Date.

Entitled Shareholders (not being Depositors) who/which have not already done so are requested to take the necessary action to ensure that the Shares owned by them are registered in their names by 5.00 p.m. (Singapore time) on the Books Closure Date.

From the Effective Date, each existing share certificate and/or other document(s) of title representing a former holding of Shares by the Entitled Shareholders (not being Depositors) will cease to be evidence of title of the Shares represented thereby. Entitled Shareholders (not being Depositors) electing to receive Cash Consideration are required to return their existing share certificates and/or other document(s) of title relating to their Shares to M & C Services Private Limited (“**Share Transfer Agent**”) at 112 Robinson Road, #05-01, Singapore 068902 as soon as possible, but not later than seven (7) business days after the Effective Date for cancellation.

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Payment will be sent to the Entitled Shareholders (not being Depositors) (or their designated agent or, in the case of joint Shareholders who/which have not designated any agent, to the one first named in the Register) by ordinary post to their registered address as shown in the Register at their own risk.

Within seven (7) business days of the Effective Date, CBMHL shall make payment of the Cash Consideration to the Entitled Shareholders (not being Depositors) based on their holding of Shares which appear on the Register as at 5.00 p.m. (Singapore time) on the Books Closure Date. The despatch of payment by CBMHL to the address of each Entitled Shareholder in accordance with the above shall discharge CBMHL from any liability in respect of those payments.

(ii) **Depositors whose/which Shares are deposited with CDP**

Entitlements to the Cash Consideration will be determined on the basis of the Depositors and the number of Shares standing to the credit of the “free balance” of their securities account as at 5.00 p.m. (Singapore time) on the Books Closure Date.

Depositors who/which have not already done so are requested to take the necessary action to ensure that the Shares owned by them are credited to their securities account by 5.00 p.m. (Singapore time) on the Books Closure Date.

Following the Effective Date, CDP will debit all the Shares standing to the credit of the “free balance” of each relevant securities account of each Depositor.

Within seven (7) business days of the Effective Date, CDP shall make payment of the Cash Consideration to the Depositors based on the number of Shares standing to the credit of the “free balance” of their securities accounts as at 5.00 p.m. (Singapore time) on the Books Closure Date. The despatch of payment by CBMHL to CDP shall discharge CBMHL from any liability in respect of those payments.

(b) **Share Consideration**

CBMHL shall within **seven (7) business days of the Effective Date** (i) allot and issue to the Entitled Shareholders who/which elect to receive the Share Consideration for all their Shares, the New CBCH II Shares; and (ii) despatch to them, the relevant share certificates.

(A) **Entitled Shareholders whose/which Shares are not deposited with CDP**

Entitlements to the Share Consideration will be determined on the basis of the Entitled Shareholders (not being Depositors) and their holdings of Shares appearing in the Register as at 5.00 p.m. (Singapore time) on the Books Closure Date.

Entitled Shareholders (not being Depositors) who/which have not already done so are requested to take the necessary action to ensure that the Shares owned by them are registered in their names by 5.00 p.m. (Singapore time) on the Books Closure Date.

From the Effective Date, each existing share certificate and/or other document(s) of title representing a former holding of Shares by the Entitled Shareholders (not being Depositors) will cease to be evidence of title of the Shares represented thereby. Entitled Shareholders (not being Depositors) are required to return their existing share certificates(s) and/or other document(s) of title relating to their Shares to the Share Transfer Agent at 112 Robinson Road, #05-01, Singapore 068902 as soon as possible, but not later than seven (7) business days after the Effective Date for cancellation.

A notification letter stating the number of New CBCH II Shares allotted and issued to the Entitled Shareholders (not being Depositors) and enclosing the share certificate in respect of the New CBCH II Shares allotted and issued to such Entitled Shareholders (not being Depositors) will be sent to them (or their designated agent or, in the case of

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joint Shareholders who/which have not designated any agent, to the one first named in the Register) by ordinary post to their registered address as shown in the Register at their own risk (or to such different name and address as may be specified by them in the Election Form For Scrip Shares and at their own risk).

The despatch of certificates for the new CBCH II Shares in accordance with the above shall discharge CBMHL of any liability in respect of the delivery of the said certificates.

**(B) Entitled Shareholders whose/which Shares are deposited with CDP**

Entitlements to the Share Consideration will be determined on the basis of the Depositors and the number of Shares standing to the credit of the “free balance” of their securities account as at 5.00 p.m. (Singapore time) on the Books Closure Date.

Depositors who/which have not already done so are requested to take the necessary action to ensure that the Shares owned by them are credited to their securities account by 5.00 p.m. (Singapore time) on the Books Closure Date.

Following the Effective Date, CDP will debit all the Shares standing to the credit of the “free balance” of each relevant securities account of each Depositor.

A notification letter stating the number of New CBCH II Shares allotted and issued to the Depositors and enclosing the share certificate in respect of the New CBCH II Shares allotted and issued to such Depositors will be sent to them by ordinary post to their address as shown in the records of CDP at their own risk.

The despatch of certificates for the new CBCH II Shares in accordance with the above shall discharge CBMHL of any liability in respect of the delivery of the said certificates.

### 16. MARKET QUOTATIONS

#### 16.1 Transacted Prices

The highest, lowest (on the daily closing prices for the monthly market data), last closing prices and transacted volume of the Shares on the SGX-ST on a monthly basis from April 2015 (being six (6) calendar months preceding the date of the Initial Announcement) to the Latest Practicable Date, as reported in Bloomberg L.P., are set out below:

	Highest Closing Price (S\$)	Lowest Closing Price (S\$)	Last Closing Price (S\$)	Transacted Volume of the Shares ('000)
Monthly Trades				
February 2016 <sup>(1)</sup>	0.815	0.780	0.815	40,803
January 2016	0.820	0.770	0.770	117,130
December 2015	0.815	0.805	0.810	68,691
November 2015	0.815	0.795	0.810	242,307
October 2015	0.715	0.665	0.680	98,175
September 2015	0.690	0.665	0.675	61,686
August 2015	0.785	0.640	0.685	80,939
July 2015	0.820	0.695	0.695	91,452
June 2015	0.850	0.795	0.815	62,202
May 2015	0.820	0.775	0.800	86,683
April 2015	0.835	0.760	0.825	173,414

**Note:**

(1) From 1 February 2016 up to and inclusive of the Latest Practicable Date.



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### 16.2 Highest and Lowest Prices

During the period commencing six (6) months prior to the date of the Initial Announcement and ending on the Latest Practicable Date, the highest closing price was S\$0.850 per Share, transacted on 3 June 2015, and the lowest closing price was S\$0.640 per Share, last transacted on 3 August 2015.

### 16.3 Closing Prices

The closing price on:

- (a) 23 October 2015, the last full trading day immediately prior to the date of the Initial Announcement, was S\$0.680 per Share; and
- (b) the Latest Practicable Date, was S\$0.815 per Share.

## 17. DOCUMENTS FOR INSPECTION

Copies of the following documents will be made available for inspection at the office of the Company's subsidiary, Biosensors Interventional Technologies Pte. Ltd., at 36 Jalan Tukang, Singapore 619266 during normal business hours for three (3) months from the date of the Amalgamation Document or up until the Effective Date, whichever is the later:

- (a) the Amalgamation Agreement (including the Supplemental Agreement and the memorandum of association and the bye-laws of CBMHL);
- (b) the Deeds of Undertaking;
- (c) the letters of consent referred to in paragraph 14 above;
- (d) the latest draft of the CBCH II Shareholders' Agreement; and
- (e) the CBCH II Articles.

## 18. RESPONSIBILITY STATEMENT

The directors of CBMHL (including any who may have delegated detailed supervision of the preparation of this Letter) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Letter (excluding information relating to the Company or any opinion expressed by the Company) are fair and accurate and that, where appropriate, no material facts in relation thereto have been omitted from this Letter, and the directors of CBMHL jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company, the sole responsibility of the directors of CBMHL has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Letter. The directors of CBMHL do not accept any responsibility for any information relating to or any opinion expressed by the Company.

Yours faithfully  
For and on behalf of  
**CB Medical Holdings Limited**

Dong Liu / Bin Wu  
**Directors**

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### APPENDIX I – RELEVANT EXTRACTS OF THE CBCH II ARTICLES

The provisions in the CBCH II Articles of Association relating to the rights of Shareholders in respect of capital, dividends, voting and transfer of shares are reproduced below:

#### 1. Rights of Shareholders in respect of Capital

##### “3 Issue of Shares

3.1 *Subject to the provisions, if any, in the Memorandum (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing Shares, the Directors may allot, issue, grant options over or otherwise dispose of Shares (including fractions of a Share) with or without preferred, deferred or other rights or restrictions, whether in regard to Dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper, and may also (subject to the Statute and the Articles) vary such rights. Notwithstanding the foregoing, the Subscriber shall have the power to:*

- (a) *issue one Share to itself;*
- (b) *transfer that Share by an instrument of transfer to any person; and*
- (c) *update the Register of Members in respect of the issue and transfer of that Share.*

3.2 *The Company shall not issue Shares to bearer.*

##### 3A Pre-emptive Rights

3A.1 *Subject to Article 3A.4, in the event that the Company proposes to issue any New Securities, each Shareholder shall have the right (but not the obligation) to subscribe for, at the price and upon the same terms and conditions as such New Securities are to be issued and allotted by the Company, the number of New Securities as are necessary to enable such Shareholder to ensure that its Pro Rata Percentage in the Company immediately following such issuance shall be equal to its Pro Rata Percentage in the Company immediately prior to such issuance, pursuant to the following procedures:*

- (a) *the Company shall deliver to all Shareholders a written notice (the “**Issuance Notice**”) of such issue, stating the number of New Securities to be issued, the price per New Security and the other material terms of the issue (including the proposed date upon which such issue is to be completed); and*
- (d) *at any time within thirty (30) Business Days following the date of receipt of the Issuance Notice, each Shareholder shall have the right to give a written notice to the Company (the “**First Exercise Notice**”) specifying the number of New Securities that it accepts to subscribe for at the price and upon the same terms and conditions as such New Securities are to be issued and allotted by the Company. If, at the termination of such thirty (30) Business Day period, any Shareholder has not delivered the First Exercise Notice to the Company, such Shareholder shall be deemed to have waived all of its rights under this Article 3A.1 with respect to the purchase of such New Securities, but shall not be deemed to have waived any of its rights in respect of any subsequent issuance of any New Securities.*

3A.2 *Over-Allotment. If any Shareholder does not exercise in full its pre-emptive right under Article 3A.1, the Company shall promptly give a written notice (the “**Second Participation Notice**”) to the Shareholders that have exercised their pre-emptive rights under Article 3A.1 in full, and each of such exercising Shareholders shall have another ten (10) Business Days from the date of receipt of the Second Participation Notice to notify the Company of the number of the additional*

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New Securities it proposes to subscribe for (the "**Second Exercise Notice**"). If, as a result thereof, such oversubscription exceeds the total number of the remaining New Securities available for purchase, each oversubscribing Shareholder will be cut back by the Company with respect to its oversubscription to that number of remaining New Securities equal to the lesser of (x) the number of the additional New Securities such oversubscribing Shareholder proposed to subscribe for, and (y) the product obtained by multiplying (i) the number of the remaining New Securities available for subscription by (ii) a fraction, the numerator of which is the number of outstanding Shares held by such oversubscribing Shareholder and the denominator of which is the total number of outstanding Shares held by all the oversubscribing Shareholders.

- 3A.3 If any Shareholder exercises its rights under this Article 3A, the Company shall complete the issue and allotment of such New Securities specified in the First Exercise Notice and Second Exercise Notice (if applicable) on or prior to the proposed date of issue and allotment specified by the Company in the Issue Notice and Second Participation Notice (if applicable), against payment by the exercising Shareholders and oversubscribing Shareholders of the purchase price for such New Securities in accordance with the terms and conditions as specified in the Issuance Notice and Second Participation Notice (if applicable).
- 3A.4 The Company shall not be obligated to consummate any proposed issuance of New Securities as a whole, nor shall the Company be liable to any Shareholder if the Company has not consummated any proposed issuance of New Securities as a whole pursuant to this Article 3A for whatever reason, regardless of whether it shall have delivered an Issuance Notice or Second Participation Notice (if applicable) or received any First Exercise Notice or Second Exercise Notice (if applicable) in respect of such proposed issuance as a whole; provided that, if any proposed issuance of New Securities is consummated in part, the number of New Securities to be issued and allotted to the exercising Shareholders and oversubscribing Shareholders shall be reduced on a pro rata basis in proportion to the respective number of New Securities subscribed and oversubscribed by such exercising Shareholders and oversubscribing Shareholders.

### **8 Redemption, Repurchase and Surrender of Shares**

- 8.1 Subject to the provisions of the Statute the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the Member or the Company. The redemption of such Shares shall be effected in such manner and upon such other terms as the Company may, by Special Resolution, determine before the issue of the Shares.
- 8.2 Subject to the provisions of the Statute, the Company may purchase its own Shares (including any redeemable Shares) in such manner and on such other terms as the Directors may agree with the relevant Member.
- 8.3 The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Statute, including out of capital.
- 8.4 The Directors may accept the surrender for no consideration of any fully paid Share.
- 8.5 Any Secured Shares shall not be purchased, redeemed or otherwise acquired by the Company while it remains subject to an Encumbrance.

### **9 Treasury Shares**

- 9.1 The Directors may, prior to the purchase, redemption or surrender of any Share, determine that such Share shall be held as a Treasury Share.
- 9.2 The Directors may determine to cancel a Treasury Share or transfer a Treasury Share on such terms as they think proper (including, without limitation, for nil consideration).

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### **10 Variation of Rights of Shares**

- 10.1 *If at any time the share capital of the Company is divided into different classes of Shares, all or any of the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied without the consent of the holders of the issued Shares of that class where such variation is considered by the Directors not to have a material adverse effect upon such rights; otherwise, any such variation shall be made only with the consent in writing of the holders of not less than two thirds of the issued Shares of that class, or with the sanction of a resolution passed by a majority of not less than two thirds of the votes cast at a separate meeting of the holders of the Shares of that class. For the avoidance of doubt, the Directors reserve the right, notwithstanding that any such variation may not have a material adverse effect, to obtain consent from the holders of Shares of the relevant class. To any such meeting all the provisions of the Articles relating to general meetings shall apply mutatis mutandis, except that the necessary quorum shall be one person holding or representing by proxy at least one third of the issued Shares of the class and that any holder of Shares of the class present in person or by proxy may demand a poll.*
- 10.2 *For the purposes of a separate class meeting, the Directors may treat two or more or all the classes of Shares as forming one class of Shares if the Directors consider that such class of Shares would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate classes of Shares.*
- 10.3 *The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking pari passu therewith.*

### **11 Commission on Sale of Shares**

*The Company may, in so far as the Statute permits, pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) or procuring or agreeing to procure subscriptions (whether absolutely or conditionally) for any Shares. Such commissions may be satisfied by the payment of cash and/or the issue of fully or partly paid-up Shares. The Company may also on any issue of Shares pay such brokerage as may be lawful.*

### **12 Non Recognition of Trusts**

*The Company shall not, unless required by law, be bound by or compelled to recognise in any way (even when notified) any equitable, contingent, future or partial interest in any Share, or (except only as is otherwise provided by these Articles or the Law) any other rights in respect of any Share other than an absolute right to the entirety thereof in the shareholder register, provided that the Company shall recognise any Encumbrance or any rights in any Secured Share of the Secured Party.*

### **13 Lien on Shares**

- 13.1 *The Company shall have a first and paramount lien on all Shares (whether fully paid-up or not) registered in the name of a Member (whether solely or jointly with others) for all debts, liabilities or engagements to or with the Company (whether presently payable or not) by such Member or his estate, either alone or jointly with any other person, whether a Member or not, but the Directors may at any time declare any Share to be wholly or in part exempt from the provisions of this Article. The registration of a transfer of any such Share shall operate as a waiver of the Company's lien thereon. The Company's lien on a Share shall also extend to any amount payable in respect of that Share.*
- 13.2 *The Company may sell, in such manner as the Directors think fit, any Shares on which the Company has a lien, if a sum in respect of which the lien exists is presently payable, and is not paid within fourteen clear days after notice has been received or deemed to have been received by the holder of the Shares, or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the Shares may be sold.*

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- 13.3 *To give effect to any such sale the Directors may authorise any person to execute an instrument of transfer of the Shares sold to, or in accordance with the directions of, the purchaser. The purchaser or his nominee shall be registered as the holder of the Shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the sale or the exercise of the Company's power of sale under the Articles.*
- 13.4 *The net proceeds of such sale after payment of costs, shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable and any balance shall (subject to a like lien for sums not presently payable as existed upon the Shares before the sale) be paid to the person entitled to the Shares at the date of the sale.*
- 13.5 *The provisions of this Article 13 shall not apply in respect of any Share that is a Secured Share.*
- 14 Call on Shares**
- 14.1 *Subject to the terms of the allotment and issue of any Shares, the Directors may make calls upon the Members in respect of any monies unpaid on their Shares (whether in respect of par value or premium), and each Member shall (subject to receiving at least fourteen clear days' notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on the Shares. A call may be revoked or postponed, in whole or in part, as the Directors may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the Shares in respect of which the call was made.*
- 14.2 *A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.*
- 14.3 *The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.*
- 14.4 *If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine (and in addition all expenses that have been incurred by the Company by reason of such non-payment), but the Directors may waive payment of the interest or expenses wholly or in part.*
- 14.5 *An amount payable in respect of a Share on issue or allotment or at any fixed date, whether on account of the par value of the Share or premium or otherwise, shall be deemed to be a call and if it is not paid all the provisions of the Articles shall apply as if that amount had become due and payable by virtue of a call.*
- 14.6 *The Directors may issue Shares with different terms as to the amount and times of payment of calls, or the interest to be paid.*
- 14.7 *The Directors may, if they think fit, receive an amount from any Member willing to advance all or any part of the monies uncalled and unpaid upon any Shares held by him, and may (until the amount would otherwise become payable) pay interest at such rate as may be agreed upon between the Directors and the Member paying such amount in advance.*
- 14.8 *No such amount paid in advance of calls shall entitle the Member paying such amount to any portion of a Dividend or other distribution payable in respect of any period prior to the date upon which such amount would, but for such payment, become payable.*

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### **15 Forfeiture of Shares**

- 15.1 *If a call or instalment of a call remains unpaid after it has become due and payable the Directors may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. The notice shall specify where payment is to be made and shall state that if the notice is not complied with the Shares in respect of which the call was made will be liable to be forfeited.*
- 15.2 *If the notice is not complied with, any Share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all Dividends, other distributions or other monies payable in respect of the forfeited Share and not paid before the forfeiture.*
- 15.3 *A forfeited Share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit and at any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the Directors think fit. Where for the purposes of its disposal a forfeited Share is to be transferred to any person the Directors may authorise some person to execute an instrument of transfer of the Share in favour of that person.*
- 15.4 *A person any of whose Shares have been forfeited shall cease to be a Member in respect of them and shall surrender to the Company for cancellation the certificate for the Shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of those Shares together with interest at such rate as the Directors may determine, but his liability shall cease if and when the Company shall have received payment in full of all monies due and payable by him in respect of those Shares.*
- 15.5 *A certificate in writing under the hand of one Director or officer of the Company that a Share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share. The certificate shall (subject to the execution of an instrument of transfer) constitute a good title to the Share and the person to whom the Share is sold or otherwise disposed of shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.*
- 15.6 *The provisions of the Articles as to forfeiture shall apply in the case of non payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the par value of the Share or by way of premium as if it had been payable by virtue of a call duly made and notified.*
- 15.7 *Notwithstanding anything contained in these Articles, any Secured Share shall be exempt from the provisions of these Articles relating to forfeiture.*
- 15.8 *Notwithstanding anything contained in these Articles, any Secured Share shall be exempt from any present or future call upon the Members by the Company that would otherwise have arisen under these Articles and the Company shall not make any call in respect of any Secured Share while it remains subject to an Encumbrance.*

### **16 Transmission of Shares**

- 16.1 *If a Member dies the survivor or survivors (where he was a joint holder) or his legal personal representatives (where he was a sole holder), shall be the only persons recognised by the Company as having any title to his Shares. The estate of a deceased Member is not thereby released from any liability in respect of any Share, for which he was a joint or sole holder.*
- 16.2 *Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may be required by the Directors, elect, by a notice in writing sent by him to the*

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*Company, either to become the holder of such Share or to have some person nominated by him registered as the holder of such Share. If he elects to have another person registered as the holder of such Share he shall sign an instrument of transfer of that Share to that person. The Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the relevant Member before his death or bankruptcy or liquidation or dissolution, as the case may be.*

16.3 *A person becoming entitled to a Share by reason of the death or bankruptcy or liquidation or dissolution of a Member (or in any other case than by transfer) shall be entitled to the same Dividends, other distributions and other advantages to which he would be entitled if he were the holder of such Share. However, he shall not, before becoming a Member in respect of a Share, be entitled in respect of it to exercise any right conferred by membership in relation to general meetings of the Company and the Directors may at any time give notice requiring any such person to elect either to be registered himself or to have some person nominated by him be registered as the holder of the Share (but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the relevant Member before his death or bankruptcy or liquidation or dissolution or any other case than by transfer, as the case may be). If the notice is not complied with within ninety days of being received or deemed to be received (as determined pursuant to the Articles) the Directors may thereafter withhold payment of all Dividends, other distributions, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.*

### **17 Amendments of Memorandum and Articles of Association and Alteration of Capital**

17.1 *The Company may by Ordinary Resolution:*

- (a) *increase its share capital by such sum as the Ordinary Resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;*
- (b) *consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;*
- (c) *convert all or any of its paid-up Shares into stock, and reconvert that stock into paid-up Shares of any denomination;*
- (d) *by subdivision of its existing Shares or any of them divide the whole or any part of its share capital into Shares of smaller amount than is fixed by the Memorandum or into Shares without par value; and*
- (e) *cancel any Shares that at the date of the passing of the Ordinary Resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.*

17.2 *All new Shares created in accordance with the provisions of the preceding Article shall be subject to the same provisions of the Articles with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the Shares in the original share capital.*

17.3 *Subject to the provisions of the Statute and the provisions of the Articles as regards the matters to be dealt with by Ordinary Resolution, the Company may by Special Resolution:*

- (a) *change its name;*
- (b) *alter or add to the Articles;*
- (c) *alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; and*
- (d) *reduce its share capital or any capital redemption reserve fund.*

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## APPENDIX 4 – LETTER FROM CBMHL TO SHAREHOLDERS

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### 40 Capitalisation

*The Directors may at any time capitalise any sum standing to the credit of any of the Company's reserve accounts or funds (including the share premium account and capital redemption reserve fund) or any sum standing to the credit of the profit and loss account or otherwise available for distribution; appropriate such sum to Members in the proportions in which such sum would have been divisible amongst such Members had the same been a distribution of profits by way of Dividend or other distribution; and apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid. In such event the Directors shall do all acts and things required to give effect to such capitalisation, with full power given to the Directors to make such provisions as they think fit in the case of Shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalisation and matters incidental or relating thereto and any agreement made under such authority shall be effective and binding on all such Members and the Company."*

### 2. Rights of Shareholders in respect of Voting

#### "19 General Meetings

- 19.1 *All general meetings other than annual general meetings shall be called extraordinary general meetings.*
- 19.2 *The Company may, but shall not (unless required by the Statute) be obliged to, in each year hold a general meeting as its annual general meeting, and shall specify the meeting as such in the notices calling it. Any annual general meeting shall be held at such time and place as the Directors shall appoint and if no other time and place is prescribed by them, it shall be held at the Registered Office on the second Wednesday in December of each year at ten o'clock in the morning. At these meetings the report of the Directors (if any) shall be presented.*
- 19.3 *The Directors may call general meetings, and they shall on a Members' requisition forthwith proceed to convene an extraordinary general meeting of the Company.*
- 19.4 *A Members' requisition is a requisition of Members holding at the date of deposit of the requisition not less than ten per cent. in par value of the issued Shares which as at that date carry the right to vote at general meetings of the Company.*
- 19.5 *The Members' requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.*
- 19.6 *If there are no Directors as at the date of the deposit of the Members' requisition or if the Directors do not within twenty-one days from the date of the deposit of the Members' requisition duly proceed to convene a general meeting to be held within a further twenty-one days, the requisitionists, or any of them representing more than one-half of the total voting rights of all of the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said twenty-one day period.*
- 19.7 *A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.*



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### **20 Notice of General Meetings**

- 20.1 *At least five clear days' notice shall be given of any general meeting. Every notice shall specify the place, the day and the hour of the meeting and the general nature of the business to be conducted at the general meeting and shall be given in the manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this Article has been given and whether or not the provisions of the Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:*
- (a) *in the case of an annual general meeting, by all of the Members entitled to attend and vote thereat; and*
  - (b) *in the case of an extraordinary general meeting, by a majority in number of the Members having a right to attend and vote at the meeting, together holding not less than ninety five per cent. in par value of the Shares giving that right.*
- 20.2 *The accidental omission to give notice of a general meeting to, or the non receipt of notice of a general meeting by, any person entitled to receive such notice shall not invalidate the proceedings of that general meeting.*

### **21 Proceedings at General Meetings**

- 21.1 *No business shall be transacted at any general meeting unless a quorum is present. Two Members being individuals present in person or by proxy or if a corporation or other non-natural person by its duly authorised representative or proxy shall be a quorum unless the Company has only one Member entitled to vote at such general meeting in which case the quorum shall be that one Member present in person or by proxy or (in the case of a corporation or other non-natural person) by its duly authorised representative or proxy.*
- 21.2 *A person may participate at a general meeting by conference telephone or other communications equipment by means of which all the persons participating in the meeting can communicate with each other. Participation by a person in a general meeting in this manner is treated as presence in person at that meeting.*
- 21.3 *A resolution (including a Special Resolution) in writing (in one or more counterparts) signed by or on behalf of all of the Members for the time being entitled to receive notice of and to attend and vote at general meetings (or, being corporations or other non-natural persons, signed by their duly authorised representatives) shall be as valid and effective as if the resolution had been passed at a general meeting of the Company duly convened and held.*
- 21.4 *If a quorum is not present within half an hour from the time appointed for the meeting to commence or if during such a meeting a quorum ceases to be present, the meeting, if convened upon a Members' requisition, shall be dissolved and in any other case it shall stand adjourned to the same day in the next week at the same time and/or place or to such other day, time and/or place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting to commence, the Members present shall be a quorum.*
- 21.5 *The Directors may, at any time prior to the time appointed for the meeting to commence, appoint any person to act as chairman of a general meeting of the Company or, if the Directors do not make any such appointment, the chairman, if any, of the board of Directors shall preside as chairman at such general meeting. If there is no such chairman, or if he shall not be present within fifteen minutes after the time appointed for the meeting to commence, or is unwilling to act, the Directors present shall elect one of their number to be chairman of the meeting.*
- 21.6 *If no Director is willing to act as chairman or if no Director is present within fifteen minutes after the time appointed for the meeting to commence, the Members present shall choose one of their number to be chairman of the meeting.*

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- 21.7 *The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.*
- 21.8 *When a general meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Otherwise it shall not be necessary to give any such notice of an adjourned meeting.*
- 21.9 *A resolution put to the vote of the meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands, the chairman demands a poll, or any other Member or Members collectively present in person or by proxy (or in the case of a corporation or other non-natural person, by its duly authorised representative or proxy) and holding at least ten per cent. in par value of the Shares giving a right to attend and vote at the meeting demand a poll.*
- 21.10 *Unless a poll is duly demanded and the demand is not withdrawn a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost or not carried by a particular majority, an entry to that effect in the minutes of the proceedings of the meeting shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.*
- 21.11 *The demand for a poll may be withdrawn.*
- 21.12 *Except on a poll demanded on the election of a chairman or on a question of adjournment, a poll shall be taken as the chairman directs, and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded.*
- 21.13 *A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such date, time and place as the chairman of the general meeting directs, and any business other than that upon which a poll has been demanded or is contingent thereon may proceed pending the taking of the poll.*
- 21.14 *In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall not be entitled to a second or casting vote.*

### **22 Votes of Members**

- 22.1 *Subject to any rights or restrictions attached to any Shares, on a show of hands every Member who (being an individual) is present in person or by proxy or, if a corporation or other non-natural person is present by its duly authorised representative or by proxy, shall have one vote and on a poll every Member present in any such manner shall have one vote for every Share of which he is the holder.*
- 22.2 *In the case of joint holders the vote of the senior holder who tenders a vote, whether in person or by proxy (or, in the case of a corporation or other non-natural person, by its duly authorised representative or proxy), shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register of Members.*
- 22.3 *A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis, or other person on such Member's behalf appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.*
- 22.4 *No person shall be entitled to vote at any general meeting unless he is registered as a Member on the record date for such meeting nor unless all calls or other monies then payable by him in respect of Shares have been paid.*

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- 22.5 *No objection shall be raised as to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at the meeting shall be valid. Any objection made in due time in accordance with this Article shall be referred to the chairman whose decision shall be final and conclusive.*
- 22.6 *On a poll or on a show of hands votes may be cast either personally or by proxy (or in the case of a corporation or other non-natural person by its duly authorised representative or proxy). A Member may appoint more than one proxy or the same proxy under one or more instruments to attend and vote at a meeting. Where a Member appoints more than one proxy the instrument of proxy shall state which proxy is entitled to vote on a show of hands and shall specify the number of Shares in respect of which each proxy is entitled to exercise the related votes.*
- 22.7 *On a poll, a Member holding more than one Share need not cast the votes in respect of his Shares in the same way on any resolution and therefore may vote a Share or some or all such Shares either for or against a resolution and/or abstain from voting a Share or some or all of the Shares and, subject to the terms of the instrument appointing him, a proxy appointed under one or more instruments may vote a Share or some or all of the Shares in respect of which he is appointed either for or against a resolution and/or abstain from voting a Share or some or all of the Shares in respect of which he is appointed.*

### **23 Proxies**

- 23.1 *The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation or other non natural person, under the hand of its duly authorised representative. A proxy need not be a Member.*
- 23.2 *The Directors may, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner by which the instrument appointing a proxy shall be deposited and the place and the time (being not later than the time appointed for the commencement of the meeting or adjourned meeting to which the proxy relates) at which the instrument appointing a proxy shall be deposited. In the absence of any such direction from the Directors in the notice convening any meeting or adjourned meeting or in an instrument of proxy sent out by the Company, the instrument appointing a proxy shall be deposited physically at the Registered Office not less than 48 hours before the time appointed for the meeting or adjourned meeting to commence at which the person named in the instrument proposes to vote.*
- 23.3 *The chairman may in any event at his discretion declare that an instrument of proxy shall be deemed to have been duly deposited. An instrument of proxy that is not deposited in the manner permitted, or which has not been declared to have been duly deposited by the chairman, shall be invalid.*
- 23.4 *The instrument appointing a proxy may be in any usual or common form (or such other form as the Directors may approve) and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked. An instrument appointing a proxy shall be deemed to include the power to demand or join or concur in demanding a poll.*
- 23.5 *Votes given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given unless notice in writing of such death, insanity, revocation or transfer was received by the Company at the Registered Office before the commencement of the general meeting, or adjourned meeting at which it is sought to use the proxy.*
- 23.6 *The appointment of any Irrevocable Proxy by a Member shall be irrevocable until both the relevant Member and the Irrevocable Proxy appointed by such Member have provided their written confirmation to the Company that such appointment is terminated.*

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- 23.7 *No Member may appoint more than one Irrevocable Proxy such that there is more than one Irrevocable Proxy of such Member in existence at any one time and any purported later appointment which is inconsistent with an earlier Irrevocable Proxy Instrument shall be ineffective unless both the relevant Member and the Irrevocable Proxy appointed under the earlier Irrevocable Proxy Instrument have provided their written confirmation to the Company that such later appointment should be effective and that the earlier appointment should be terminated.*
- 23.8 *Notwithstanding any provision to the contrary contained in these Articles, following the appointment of an Irrevocable Proxy and service of a copy of the relevant Irrevocable Proxy Instrument on the Company:*
- (a) *only the Irrevocable Proxy and no Member nor any other proxy of a Member may cast the vote of such Member at a meeting (whether by way of poll or on a show of hands) convened in respect of a Reserved Matter (as defined below) otherwise than through the Irrevocable Proxy of such Member and the votes of the Member represented by such Irrevocable Proxy, shall, for the avoidance of doubt, not be counted in any poll or show of hands if cast by the Member or by any proxy other than the Irrevocable Proxy during such period;*
  - (b) *only the Irrevocable Proxy and no Member nor any other proxy of a Member may sign a resolution in writing concerning any Reserved Matter as contemplated in Article 25A otherwise than through the Irrevocable Proxy of such Member and only a resolution in writing signed by the Irrevocable Proxy appointed by such Member and the other Members of the Company (if any) shall be effective and a resolution signed by all of the Members or by any proxy of any Member other than an Irrevocable Proxy during such period shall not be so effective; and*
  - (c) *the Company shall, in addition to giving any notice to Members as required by these Articles, give written notice to the Irrevocable Proxy of any meeting convened in respect of a Reserved Matter and shall provide to the Irrevocable Proxy copies of any resolution in writing concerning any Reserved Matter (in each case such notice or copies shall be provided to the Irrevocable Proxy on such terms and within such time limits as are set out in these Articles of Association as if such Irrevocable Proxy were the Member represented by the Irrevocable Proxy).*

### **24 Corporate Members**

*Any corporation or other non-natural person which is a Member may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Member.*

### **25 Shares that May Not be Voted**

*Shares in the Company that are beneficially owned by the Company shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding Shares at any given time.*

### **25A Reserved Matters**

*Subject to applicable law and these Articles, the Board shall have authority with respect to the operation of the Company. The Company shall not conduct or approve to conduct any actions with respect to the operation of Company without the approval of at least a majority of the Directors. Any action that requires approval of the Directors, either at a meeting or otherwise, may be taken without a meeting if the Directors unanimously consent thereto in writing.*

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If, pursuant to the Statute, any action of the Company requires an Ordinary Resolution or a Special Resolution, then the Company shall not conduct or approve to conduct any of such actions without receiving such Ordinary Resolution or Special Resolution, provided, however, that the following actions (“**Reserved Matters**”) shall require the approval of the Members holding at least eighty five percent (85%) of the issued and outstanding Shares:

- (i) enter into any material agreements in relation to the Company’s (or any of its affiliates’) direct and/or indirect beneficial interest in Bidco (as defined in the Shareholders Agreement) (which, for the avoidance of doubt, shall include without limitation any agreement that will reduce the Company’s beneficial interest in Bidco to less than 100% or affect the Company’s indirect voting right in Bidco), other than pursuant to and subject to Article 5.01(b) of the Shareholders Agreement; and
- (ii) any repurchase or redemption of the issued Shares, other than pursuant to (A) any Co-investment SPA (as defined in the Shareholders Agreement) in the event that the Amalgamation (as defined in the Shareholders Agreement) is not completed, (B) the share restriction agreement with the Management Members (as defined in the Shareholders Agreement) in the event the Company exercises its Repurchase Right (as defined in Shareholders Agreement), or (C) any share option agreements or grant agreements approved by the Board that grant to the Company a right of repurchase upon termination of service or employment of a management member, employee, consultant, officer or Director.”

### 3. Rights of Shareholders in respect of Dividends

#### “39 Dividends, Distributions and Reserve

- 39.1 Subject to the Statute and this Article and except as otherwise provided by the rights attached to any Shares, the Directors may resolve to pay Dividends and other distributions on Shares in issue and authorise payment of the Dividends or other distributions out of the funds of the Company lawfully available therefor. A Dividend shall be deemed to be an interim Dividend unless the terms of the resolution pursuant to which the Directors resolve to pay such Dividend specifically state that such Dividend shall be a final Dividend. No Dividend or other distribution shall be paid except out of the realised or unrealised profits of the Company, out of the share premium account or as otherwise permitted by law.
- 39.2 Except as otherwise provided by the rights attached to any Shares, all Dividends and other distributions shall be paid according to the par value of the Shares that a Member holds. If any Share is issued on terms providing that it shall rank for Dividend as from a particular date, that Share shall rank for Dividend accordingly.
- 39.3 The Directors may deduct from any Dividend or other distribution payable to any Member all sums of money (if any) then payable by him to the Company on account of calls or otherwise.
- 39.4 The Directors may resolve that any Dividend or other distribution be paid wholly or partly by the distribution of specific assets and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional Shares and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees in such manner as may seem expedient to the Directors.
- 39.5 Except as otherwise provided by the rights attached to any Shares, Dividends and other distributions may be paid in any currency. The Directors may determine the basis of conversion for any currency conversions that may be required and how any costs involved are to be met.

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- 39.6 *The Directors may, before resolving to pay any Dividend or other distribution, set aside such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for any purpose of the Company and pending such application may, at the discretion of the Directors, be employed in the business of the Company.*
- 39.7 *Any Dividend, other distribution, interest or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any Dividends, other distributions, bonuses, or other monies payable in respect of the Share held by them as joint holders.*
- 39.8 *No Dividend or other distribution shall bear interest against the Company.*
- 39.9 *Any Dividend or other distribution which cannot be paid to a Member and/or which remains unclaimed after six months from the date on which such Dividend or other distribution becomes payable may, in the discretion of the Directors, be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the Dividend or other distribution shall remain as a debt due to the Member. Any Dividend or other distribution which remains unclaimed after a period of six years from the date on which such Dividend or other distribution becomes payable shall be forfeited and shall revert to the Company."*

### 4. Rights of Shareholders in respect of Transfer of Shares

#### "7 Transfer of Shares

- 7.1 *The instrument of transfer of any Share shall be in writing and shall be executed by or on behalf of the transferor (and if the Directors so require, signed by or on behalf of the transferee). The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the Register of Members.*
- 7.2 *Notwithstanding anything contained in these Articles, the Directors shall:*
- (a) *promptly register any transfer of Secured Shares which is made pursuant to the terms of any Encumbrance;*
  - (b) *not register a transfer of any Secured Shares (other than a transfer of Secured Shares made pursuant to (a) above) without the prior written consent of the Secured Party;*
  - (c) *not suspend or unreasonably delay registration of any transfer of Secured Shares made pursuant to (a) above.*

### 7A. Transfer Restrictions; Right of First Refusal

#### 7A.1 Transfer Restriction

- (d) *Except as set forth in this Article 7A and Article 49, none of the Shareholders shall, directly or indirectly, sell, assign, transfer, pledge, hypothecate, grant an option to purchase, solicit an offer or otherwise encumber or dispose of in any way (whether by actual disposition or effective economic disposition as a result of a change of control of such Person or otherwise) (each, a "**Transfer**") all or any part of its Shares now or hereafter owned or held, directly or indirectly, by such Shareholder, before the earlier of (i) the fourth anniversary of the date of Delisting and (ii) the completion of an IPO (such earlier date, the "**Split Date**"), unless such Shareholder has obtained the prior written consent from BVI I. Any Transfer of Shares not made in compliance with these Articles shall be null and void as against the Company, shall not be recorded on the books of the Company and shall not be recognized by the Company or any other Shareholders. Each Shareholder agrees that the Transfer restrictions*

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in these Articles may not be avoided by the holding of Equity Securities directly or indirectly through a Person that can itself be sold in order to dispose of an interest in Shares free of such restrictions. Any transfer or issuance of any Equity Securities of a Shareholder or such Shareholder's beneficial owners to any Person who is not already an existing Shareholder or beneficial owner of such Shareholder at the time of the relevant transfer or issuance shall be treated as being a Transfer of the Shares held by that Shareholder, and the provisions of this Article 7A that apply in respect of the Transfer of Shares shall thereupon apply in respect of the portion of the Shares (on a pro rata basis equivalent to the portion of Equity Securities of the Shareholder or beneficial owner thereof so transferred or issued) so held by such Shareholder.

- (e) Each Shareholder may freely Transfer its Shares to any party upon the earliest to occur of (i) the Split Date; (ii) the date that is 60 days after a substantive legal, regulatory or financial obstacle for an IPO is identified by the Board in its good faith judgment based on advice of external legal counsel, financial and tax advisors, provided that, no reasonable solution has been submitted to and accepted by the Board within such 60-day period, and (iii) the date that is after the consolidated revenue and the consolidated normalized net profit of the Group have each decreased for six (6) consecutive financial quarters as evidenced by the unaudited consolidated quarterly balance sheet, profit and loss statement and cash flow statement of the Company provided to the Shareholders, provided that the relevant transferee shall enter into a Deed of Adherence to the Shareholders Agreement on or prior to such Transfer. For the avoidance of doubt, the Transfer provided in this Article 7A.1(b) by any Shareholder other than SPV 3 and BVI I shall not be subject to Articles 7A.1(a), 7A.2 or 7A.3 but shall have no prejudice to Article 50 below. In the event of an IPO, the Shares held by any Shareholder shall be subject to standard lock-up requirements in connection with the IPO.
- (f) Subject to Article 7A.1(d) and compliance with debt financing documents entered into by the Company and Bank of China Limited, each Shareholder may distribute Shares in kind to its beneficial owners, provided that such distribution shall not result in any change to the other Shareholders' shareholding percentage in the Company or breach of the debt financing documents above-mentioned in this Section 7A.1(c), provided, further, that such beneficial owner shall enter into a Deed of Adherence to the Shareholders Agreement on or prior to such distribution (for the avoidance of doubt, the Shares held by such beneficial owner shall remain subject to the restrictions set forth under Article 7A, 49 and 50). Each Shareholder shall take all Necessary Actions to assist, facilitate and effect such distribution in kind.
- (g) (i) SPV 3 and BVI I may freely Transfer Shares, provided that, immediately after such Transfer, the Shares directly held by SPV 3 and BVI I shall in the aggregate be no less than 30% of the total issued and outstanding share capital of the Company, (ii) subject to Article (i) in this paragraph, BVI I may freely Transfer up to 70,643,985 Shares that are beneficially held by CITIC PE RMB Fund in order to fulfill its repayment obligations under the BVI I Mezz Loan (as defined below), and (iii) SPV 3 may freely Transfer its Company Shares in order to fulfil its repayment obligations under the SPV 3 Mezz Loan (as defined below). For the avoidance of doubt, a Transfer permitted under this Article 7A.1(d) shall not be subject to Article 7A.2 or 7A.3. It is also acknowledged and agreed that (i) BVI II, as the sole shareholder of BVI I, has or will pledge its shares in BVI I to secure a mezzanine debt financing from China CITIC Bank International Limited or its Affiliate in a principal amount of up to US\$75,000,000 that has been incurred by BVI I (the "**BVI I Mezz Loan**"), and (ii) CB Cardio Holdings IV Limited, as the sole shareholder of SPV 3, may pledge its shares in SPV 3, and SPV 3 may pledge its shares in the Company, in each case to secure a potential mezzanine debt financing of up to US\$40,000,000 that may be incurred by SPV 3 (the "**SPV 3 Mezz Loan**") (each, a "**Mezz Share Pledge**"). The creation or enforcement of either Mezz Share Pledge shall not be subject to any restrictions set forth herein (including the other Shareholders' right of first refusal under Article 7A.2 or right of co-sale under Article 7A.3), but an enforcement of either Mezz Share Pledge by the secured party thereunder shall automatically relieve any and all transfer restrictions imposed on any Shareholder hereunder and each Shareholder may freely Transfer its Shares to any party.

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## APPENDIX 4 – LETTER FROM CBMHL TO SHAREHOLDERS

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- (h) Notwithstanding any other provision of these Articles, each Shareholder may, at any time, Transfer any or all of its Shares to one or more of its Permitted Transferees, provided that such Permitted Transferee shall: (i) have entered into a Deed of Adherence to the Shareholders Agreement on or prior to the Transfer; and (ii) be obliged to re-transfer the Shares held by it to the transferring Shareholder or another Permitted Transferee of the transferring Shareholder immediately if it ceases to be a Permitted Transferee of the transferring Shareholder. For the avoidance of doubt, a Transfer permitted under this Article 7A.1(e) shall not be subject to Article 7A.1(a), 7A.2, or 7A.3.

### 7A.2 Right of First Refusal

- (a) Subject to Article 7A.1, in the event that any Shareholder (a “**Transferor**”) proposes to Transfer any Shares prior to the Split Date and has obtained the prior written consent from BVI I pursuant to these Articles, it shall give each of the other Shareholders (the “**ROFR Eligible Investors**”) and the Company a written notice of the Transferor’s intention to make the Transfer (the “**Transfer Notice**”), which shall include (i) a description of the Shares to be Transferred (the “**Offered Securities**”), (ii) the identity and address of the prospective transferee and (iii) the consideration per Share (the “**Per Share Consideration**”) and the other material terms and conditions upon which the proposed Transfer is to be made. The Transfer Notice shall certify that the Transferor has received a bona fide offer from the prospective transferee and in good faith believes a binding agreement for the Transfer is obtainable on the terms set forth in the Transfer Notice. The Transfer Notice shall also include a copy of any written proposal, term sheet or letter of intent or other agreement relating to the proposed Transfer.
- (b) Each ROFR Eligible Investor shall have an option for a period of thirty (30) days following receipt of the Transfer Notice (the “**Option Period**”) to elect to purchase all or any portion of its ROFR Share (as defined below) of the Offered Securities, at the same price and subject to the same terms and conditions as described in the Transfer Notice, exercisable by a written notice to the Transferor. For the purposes of this Article 7A.2, a ROFR Eligible Investor’s “**ROFR Share**” shall be a fraction, the numerator of which shall be the aggregate Shares held by such ROFR Eligible Investor as of the date of the Transfer Notice and the denominator of which shall be the total Shares held by all ROFR Eligible Investors as of such date. If any ROFR Eligible Investor fails to exercise its right to purchase its full ROFR Share of the Offered Securities, the Transferor shall deliver a written notice thereof (the “**Second Transfer Notice**”), within five (5) days after the expiration of the Option Period, to each ROFR Eligible Investor that has elected to purchase its entire ROFR Share of the Offered Securities (a “**ROFR Exercising Investor**”). Each ROFR Exercising Investor shall have a right of re-allotment, and may exercise an additional right to purchase such unpurchased Offered Securities by notifying the Transferor in writing within fifteen (15) days after receipt of the Second Transfer Notice (the “**Re-allotment Period**”); provided, however, that if the ROFR Exercising Investors desire to purchase in aggregate more than the number of such unpurchased Offered Securities, then such unpurchased Offered Securities will be allocated to the extent necessary among the ROFR Exercising Investors in accordance with their relative ROFR Shares.
- (c) Subject to applicable securities Laws, each ROFR Eligible Investor shall be entitled to apportion Offered Securities to be purchased among its Affiliates, provided that such ROFR Eligible Investor notifies the Company and the Transferor in writing and such Affiliates shall execute and deliver such documents and take such other actions as may be necessary for such Affiliates to join in and be bound by the terms of the Shareholders Agreement as a “Shareholder” (if not already a party thereto) upon and after such Transfer.
- (d) If a ROFR Eligible Investor gives the Transferor a notice that it desires to purchase any Offered Securities, and, as the case may be, any re-allotment, then payment for the Offered Securities to be purchased shall be made by wire transfer in immediately available funds of the appropriate currency, against delivery of such Offered Securities to be purchased and an instrument of transfer duly executed by the Transferor transferring such Offered Securities to



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such ROFR Eligible Investor, at a place agreed to by the Transferor and such ROFR Eligible Investor and at the time of the scheduled closing therefor, but, if they cannot agree, then at the principal executive offices of the Company on the 45th day after such ROFR Eligible Investor's receipt of the Transfer Notice, unless such notice contemplated a later closing date with the prospective third-party transferee or unless the value of the purchase price has not yet been established pursuant to Article 7A.2(e), in which case the closing shall be on such later date or as provided in Article 7A.2(e). The Company will update its register of members upon the consummation of any such Transfer.

- (e) Should the Per Share Consideration specified in the Transfer Notice be payable in property other than cash, each ROFR Eligible Investor shall have the right to pay the purchase price for the Offered Securities it elects to purchase in the form of cash equal in amount to the fair market value of such property. If the Transferor and the ROFR Eligible Investors that elect to purchase its ROFR Share in whole or in part cannot agree on such fair market value within the Option Period or the Re-allotment Period (as applicable), the valuation shall be made by an appraiser of internationally recognized standing jointly selected by the Transferor and such ROFR Eligible Investor or, if they cannot agree on an appraiser within the Option Period or the Re-allotment Period (as applicable), each of the Transferor and such ROFR Eligible Investor shall select an appraiser of internationally recognized standing and such appraisers shall designate another appraiser of internationally recognized standing, whose appraisal shall be determinative of such value. The cost of such appraisal shall be shared equally by the Transferor, on the one hand, and the purchasing ROFR Eligible Investors pro rata based on the number of Offered Securities such purchaser is purchasing, on the other hand. If the fair market value is not determined within sixty-five (65) days following the Company's receipt of the Transfer Notice from the Transferor, the closing of the purchase of Offered Securities by the purchasing ROFR Eligible Investors shall be held on or prior to the fifth (5th) Business Day after such valuation shall have been made pursuant to this Article 7A.2(e).

### 7A.3 Right of Co-Sale

- (a) Subject to Article 7A.1 and, to the extent any ROFR Eligible Investor has not exercised its right of first refusal as to the Offered Securities proposed to be sold by the Transferor (each, a "**Co-sale Eligible Investor**"), the Transferor shall give a notice to the Co-sale Eligible Investors (the "**Co-Sale Notice**"), specifying the number of remaining Offered Securities, the number of Shares that the Co-sale Eligible Investors may participate with calculated pursuant to clause (b) below, as well as the Per Share Consideration, and each Co-sale Eligible Investor shall have the right to participate in such sale, to the prospective transferee, of the remaining Offered Securities not purchased pursuant to Article 7A.2, on the same terms and conditions as specified in the Transfer Notice (but in no event less favorable to the Transferor) by notifying the Transferor in writing within thirty (30) days following the date of the Co-Sale Notice. The Co-sale Eligible Investors' notice to the Transferor shall indicate the number of Shares such Co-sale Eligible Investor wishes to sell under its co-sale right in such sale. To the extent any Co-sale Eligible Investor exercises such co-sale right in accordance with the terms and conditions set forth below, the number of Offered Securities that the Transferor may sell in the Transfer to the prospective transferee shall be correspondingly reduced.
- (b) The total number of Shares that a Co-sale Eligible Investor may elect to sell shall be up to the same proportion of its Shares as the Transferor is proposing to Transfer to the prospective transferee (the "**Co-sale Securities**").
- (c) If there has been a timely election by a Co-sale Eligible Investor to sell its Co-sale Securities in accordance with Article 7A.3(a), then the Transferor shall arrange for the Per Share Consideration to be delivered to such Co-sale Eligible Investor upon delivery by the Co-sale Eligible Investor of its Co-sale Securities to the prospective transferee. All costs and expenses incurred in connection with such sale shall be borne by the party incurring them. The sale of the Co-sale Securities to the prospective transferee by the participating Co-sale Eligible Investor shall be consummated simultaneously with, or no later than, the sale by the Transferor.

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- (d) *The share certificate or certificates that a Co-sale Eligible Investor delivers to the Transferor pursuant to this Article 7A.3 shall be returned to the Company for cancellation and new share certificates issued to the prospective transferee and the register of members of the Company updated in consummation of the sale of the Shares pursuant to the terms and conditions specified in the Transfer Notice, and the Transferor shall concurrently therewith remit to such Co-sale Eligible Investor that portion of the sale proceeds to which such Co-sale Eligible Investor is entitled by reason of its participation in such sale.*

### 7A.4 Non-Exercise of Rights

- (a) *Following the expiration of the last period during which any ROFR Eligible Investor may elect to purchase any Offered Securities (including over-allotment Offered Securities), subject to the Co-sale Eligible Investor's co-sale right under Article 7A.3, the Transferor may sell any Offered Securities with respect to which the right of first refusal was not exercised, to the prospective transferee identified in the Transfer Notice for a consideration not less than the Per Share Consideration, and otherwise on terms and conditions no more favorable to the prospective transferee than those stated in the Transfer Notice, provided that the Transfer is completed:*
- (b) *within forty-five (45) days after the expiry of the thirty (30) day period referred to in Article 7A.3(a); or*
- (c) *if later, no later than five (5) Business Days after the receipt of all necessary governmental and third party approvals, subject to such period not being more than one-hundred and twenty (120) days after the end of the thirty (30) calendar day period referred to in Article 7A.3(a).*
- (d) *Where any proposed Transfer of Shares is not completed within the time periods specified by Article 7A.4(a), the Transferor shall issue a new Transfer Notice and the procedures, terms and conditions set out in this Article 7A (including all applicable time periods) shall again apply to the proposed Transfer.*

### 7A.5 Legend

- (a) *In addition to any other legend that may be required, each certificate for Shares issued to any holder thereof may bear a legend in substantially the following form:*

*“THE SALE, TRANSFER, ASSIGNMENT, PLEDGE OR ENCUMBRANCE OR ANY OTHER ALIENATION OF THE EQUITY SECURITIES REPRESENTED HEREBY AND THE RIGHTS OF THE HOLDERS OF SUCH EQUITY SECURITIES ARE SUBJECT TO THE TERMS AND CONDITIONS OF A SHAREHOLDERS AGREEMENT DATED [\*], 2016, AS AMENDED FROM TIME TO TIME. A COPY OF SUCH AGREEMENT MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE REGISTERED HOLDER OF THIS SECURITY TO THE COMPANY.”*

*“THE EQUITY SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, (THE “**ACT**”) OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE EQUITY SECURITIES UNDER THE ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED OR UNLESS SOLD PURSUANT TO RULE 144 OF THE ACT.”*

- (b) *If any Shares cease to be subject to any restrictions on Transfer set forth in these Articles, the Company, upon the a written request of the holder thereof, shall issue to such holder a new certificate evidencing such Shares without the legend required by this Article 7A.5 endorsed thereon.*

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### 7A.6 Secured Shares

For the avoidance of doubt, none of the transfer restrictions contained in this article 7A shall apply to a transfer of any Secured Share which is made pursuant to the terms of any Encumbrance.

## 49 IPO

### 49.1 IPO

- (a) Each Shareholder agrees to consult and cooperate in good faith as to venue, appointment of advisors including investment banks and legal counsel and other major matters of the IPO, with a view to effecting an IPO if market conditions permit and shall take all Necessary Actions reasonably required to satisfy or to comply with the rules or regulations of any securities exchange or securities market on which the Shares (or Equity Securities of another Group Company) are to be listed or any Law applicable generally to public companies whose securities are to be listed or are publicly held so that an IPO may be consummated. The Company shall, and BVI I shall use its commercially reasonable best efforts to procure that the Company will use its best efforts and take all Necessary Actions to consummate an IPO, as soon as practicable and in any case, on or before the fifth (5th) anniversary of the date of Delisting.
- (b) It is contemplated that the Company will be the future listing entity. If, however, due to tax, valuation, or other reasons, the IPO is preferably conducted through another intermediate holding entity (the "**Listing Entity**"), each party to the Shareholders Agreement agrees to take all Necessary Actions to effect a restructuring to achieve an IPO of the Listing Entity, provided that all Shares then held by each Shareholder shall, at the election of such Shareholder, be swapped for shares of the Listing Entity in the exact proportion as the Shares held by such Shareholder at the time of share swap, subject to the following adjustments: (i) any new issuance by the Listing Entity that is approved by the Board, and (ii) any distribution in kind of shares of the Listing Entity by any Shareholder to its beneficial owners, as a result of which such beneficial owners will become direct shareholders of the Listing Entity individually holding a portion of shares of the Listing Entity (but in aggregate not to exceed the total shares of the Listing Entity that would have been issued to the distributing Shareholder had there been no such distribution in-kind). Upon completion of the share swap, subject to the restrictions under applicable Law, each Shareholder's equity interests and rights in the Listing Entity shall be the same with or equivalent to the interests and rights it is entitled to have in the Company pursuant to these Articles and the related share subscription agreement.

49.2 Lock-Up. Each Shareholder agrees, if so required by the managing underwriter(s) and the stock exchange where the IPO is consummated, that it will not, during the period commencing upon the completion of the IPO and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred and eighty (180) days from the completion of the IPO), Transfer any Equity Securities of the Company or the Listing Entity.

## 50 Drag-Along Right

50.1 If BVI I proposes to Transfer all of its Shares, or approve an acquisition of the Group as a whole by merger, sale of all assets of the Group or otherwise, to a third party purchaser (a "**PH Transferee**") in a bona fide sale on arm's length terms, BVI I, at a consideration per Share (whether directly payable to a Shareholder (if the transaction is conducted through a share transfer) or through dividend distribution to a Shareholder (if the transaction is conducted through an acquisition of the Group by merger, sale of all assets or otherwise)) of no less than the amount that would yield a compounded annual return of 15% of the Per Share Cash Consideration (as defined in the Amalgamation Agreement) (as adjusted appropriately in case of any share split, share dividend, share combination or recapitalization of the Company), calculated from the date such Shareholder invests in the Company until the date that such Shareholder receives the consideration (if the transaction is conducted through a share transfer) or dividend distribution (if the transaction is conducted through an acquisition of the Group by merger, sale of all assets or otherwise) in

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such transaction, may require each such Shareholder to Transfer all (but not part) of its Shares (the “**Drag Securities**”) or to approve the acquisition of the Group as a whole by merger, sale of all assets of the Group or otherwise, to such PH Transferee on the same terms and conditions (including consideration per Share) (the “**Drag Along Option**”); provided that BVI I shall only be entitled to require SPV 3 to Transfer all (but not part) of its Shares or to approve the acquisition of the Group as a whole by merger, sale of all assets of the Group or otherwise in the event that the consideration or dividend distribution to be actually received by SPV 3 is sufficient for SPV 3 to pay all amounts payable under the SPV 3 Mezz Loan. BVI I may exercise the Drag Along Option by giving a written notice to that effect to each other Shareholder (a “**Drag Along Notice**”) at least thirty (30) days prior to the Transfer of BVI I’s Shares to the PH Transferee. The Drag Along Notice shall specify:

- (a) the number of Drag Securities to be Transferred by each Shareholder or the assets of the Group Companies to be Transferred by the relevant Group Company to the PH Transferee;
- (b) the identity of the PH Transferee;
- (c) the consideration per Share or the consideration for the assets of the Group Companies offered by the PH Transferee and the material terms and conditions of the proposed Transfer; and
- (d) the proposed completion date of the Transfer.

### 50.2 On the Transfer completion date:

- (a) subject to the Shareholders complying with its obligations, the PH Transferee shall deliver or procure delivery to such Shareholder of the consideration for its Drag Securities or distribute a portion of the consideration for the assets to such Shareholder based on its then shareholding percentage in the Company; and
- (b) the Shareholders shall Transfer or procure the Transfer of its Drag Securities, or approve the Transfer of the assets of the Group Companies, to the PH Transferee, on the terms and conditions specified by the Drag Along Notice.

50.3 If any Shareholder does not Transfer or procure the Transfer of its Drag Securities, or fails to approve the Transfer of assets, to the PH Transferee in accordance with Article 50.2(b), the Board shall be entitled to authorize and instruct such Person as it thinks fit to execute, complete and deliver the necessary documents as agent on behalf of such Shareholder on the same terms as those accepted by BVI I and, against receipt by the Company (on trust for such Shareholder) of the consideration payable for the Shares held by such Shareholder, deliver, in the case of the exercise of the Drag Along Option by way of Transfer of Shares, the instrument of transfer to the PH Transferee (or its nominee) and register the PH Transferee (or its nominee) as the holder of such Shares.

50.4 After the PH Transferee or its nominee has been registered as the holder of the relevant Shares in accordance with Article 50.3, the validity of such proceedings may not be questioned by any Person except for non-compliance with Laws and these Articles.

50.5 Delivery of the applicable consideration shall be made directly to each Shareholder in relation to the Shares transferred by that Shareholder (in the case of the exercise of the Drag Along Option by way of Transfer of Shares) or through the Company to each Shareholder based on the Shares held by such Shareholder (in the case of the exercise of the Drag Along Option by way of Transfer of assets or otherwise), provided that, in the case of the exercise of the Drag Along Option by way of Transfer of Shares and if Article 50.3 applies, the Company will deliver the consideration payable for the Shares held by each Shareholder on trust in accordance with this Article 50 for such Shareholder to that Shareholder as soon as practicable (and in any event within five (5) days) following the delivery to the Company by that Shareholder of any original certificate for such Shares (if issued by the Company) or an indemnity for a lost certificate (if issued by the Company) in a form reasonably acceptable to the Board.

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- 50.6 *Each party to the Shareholders Agreement acknowledges and agrees that the authority conferred under this Article 50 is necessary as security for the performance by the Shareholders of their obligations under these Articles.*
- 50.7 *The Shareholders shall not be required to make any representations and warranties to the PH Transferee other than customary representations and warranties relating to authority, capacity and title to Shares in respect of such Shareholder.”*

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### APPENDIX II – PROCEDURES FOR ELECTION

#### 1. ELECTION FORM

You may elect whether to receive either the Cash Consideration or the Share Consideration (but not a combination of both) for all your Shares. The relevant Election Form has been despatched together with the Amalgamation Document and this Letter. The Election Form For Scrip Shares can also be collected at the office of the Share Transfer Agent situated at 112 Robinson Road, #05-01, Singapore 068902 for Entitled Shareholders whose/which Shares are not deposited with CDP, from the date of this Letter to the Final Election Date (as defined below). The Election Form For Scripless Shares can be collected at the office of CDP at 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588 for Entitled Shareholders whose/which Shares are deposited with CDP, from the date of this Letter to the Final Election Date. You should complete, sign and submit the relevant Election Form in accordance with the provisions and instructions printed on the relevant Election Form.

The relevant Election Form must be received by 5.30 p.m. (Singapore time) on 7 April 2016 or such later date(s) as may be announced from time to time by or on behalf of CBMHL (the “**Final Election Date**”). If the Share Transfer Agent or CDP fails to receive from you an Election Form by the Final Election Date or receives an Election Form which does not comply with the provisions and instructions contained in the Election Form, or which is left blank or otherwise incomplete, incorrect, unsigned, signed but not in its originality or invalid in any respect including where applicable failing to provide the share certificate(s) and/or other documents(s) of title relating to your Shares, failing to provide the Diligence Details or failing to submit the relevant supporting documents or failing to meet the applicable know-your-client and anti-money laundering requirements under the laws of the Cayman Islands, you shall be deemed to have elected to receive and shall receive the Cash Consideration in respect of all your Shares.

#### 2. PROCEDURES FOR ELECTION BY DEPOSITORS WHOSE/WHICH SECURITIES ACCOUNTS ARE AND/OR WILL BE CREDITED WITH SHARES

##### (a) **Depositors whose/which securities accounts are credited with Shares**

If you have Shares standing to the credit of the “free balance” of your securities account, you are entitled to receive the Amalgamation Document, this Letter and the Election Form For Scripless Shares.

**If you wish to elect to receive the Cash Consideration in respect of such Shares, no action needs to be taken by you in relation to the Election Form For Scripless Shares.**

If you wish to elect to receive the Share Consideration in respect of such Shares, you should complete and sign the accompanying Election Form For Scripless Shares in accordance with the provisions and instructions in the Amalgamation Document, this Letter and the Election Form For Scripless Shares (which provisions and instructions shall be deemed to form part of this Letter) and submit the duly completed and signed original Election Form For Scripless Shares, and where applicable, the Diligence Details and the relevant supporting documents thereof, **either by hand** to:

##### **CB MEDICAL HOLDINGS LIMITED**

c/o The Central Depository (Pte) Limited  
9 North Buona Vista Drive  
#01-19/20  
The Metropolis  
Singapore 138588

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or **by post** using the enclosed pre-addressed envelope **at your own risk**, to:

**CB MEDICAL HOLDINGS LIMITED**

c/o The Central Depository (Pte) Limited  
Robinson Road Post Office  
P.O. Box 1984  
Singapore 903934

**so as in either case to reach CDP not later than 5.30 p.m. (Singapore time) on the Final Election Date.**

If you have sold or transferred all your Shares, you need not forward the Amalgamation Document, this Letter and/or the Election Form For Scripless Shares to the purchaser or the transferee (the “**Purchaser**”) as arrangements will be made by CDP for a separate Amalgamation Document, Letter and Election Form For Scripless Shares to be sent to the Purchaser. Purchasers should note that CDP will, on behalf of CBMHL, send a copy of the Amalgamation Document, this Letter and the Election Form For Scripless Shares by ordinary post at the Purchasers’ own risk to their respective addresses as shown in the records of CDP.

If you wish to elect to receive the Share Consideration, you must indicate in the Election Form For Scripless Shares that you choose to receive the Share Consideration in respect of all your Shares. Entitled Shareholders who/which submit the Election Form For Scripless Shares shall elect to receive the Share Consideration in respect of all their Shares and will not be entitled to receive the Cash Consideration.

**If any part of the Election Form For Scripless Shares is left blank or otherwise incomplete, incorrect, unsigned, signed but not in its originality or invalid in any respect including where applicable failing to provide the Diligence Details or failing to submit the relevant supporting documents or failing to meet the applicable know-your-client and anti-money laundering requirements under the laws of the Cayman Islands, then you shall be deemed to have elected to receive and shall receive the Cash Consideration in respect of all your Shares standing to the credit of the “free balance” of your securities account as at 5.00 p.m. (Singapore time) on Books Closure Date.**

**(b) Depositors whose/which securities accounts will be credited with Shares**

If you purchased Shares on the SGX-ST and such Shares are in the process of being credited to the “free balance” of your securities account, you should also receive the Amalgamation Document, this Letter and the Election Form For Scripless Shares.

**If you wish to elect to receive the Cash Consideration in respect of such Shares, no action needs to be taken by you in relation to the Election Form For Scripless Shares.**

If you wish to elect to receive the Share Consideration in respect of such Shares, you should, after the “free balance” of your securities account has been credited with such number of Shares, complete and sign the accompanying Election Form For Scripless Shares in accordance with the provisions and instructions in the Amalgamation Document, this Letter and the Election Form For Scripless Shares (which provisions and instructions shall be deemed to form part of the terms of this Letter) and submit the duly completed and signed original Election Form For Scripless Shares, and where applicable, the Diligence Details and the relevant supporting documents thereof, **either by hand** to:

**CB MEDICAL HOLDINGS LIMITED**

c/o The Central Depository (Pte) Limited  
9 North Buona Vista Drive  
#01-19/20  
The Metropolis  
Singapore 138588

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or **by post** using the enclosed pre-addressed envelope **at your own risk**, to:

**CB MEDICAL HOLDINGS LIMITED**

c/o The Central Depository (Pte) Limited  
Robinson Road Post Office  
P.O. Box 1984  
Singapore 903934

**so as in either case to reach CDP not later than 5.30 p.m. (Singapore time) on the Final Election Date.**

**(c) Depositors whose/which securities accounts are and will be credited with Shares**

If you already have Shares standing to the credit of the “free balance” of your securities account, and if you have also purchased additional Shares on the SGX-ST that are in the process of being credited to your securities account, you may elect to receive the Share Consideration in respect of the Shares standing to the credit of the “free balance” of your securities account and the additional Shares purchased which are in the process of being credited to your securities account. The provisions set out above shall apply in the same way to your election.

**(d) General**

For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Shares in your securities account. You can verify the number of Shares in your securities account (i) through CDP Online if you have registered for CDP Internet Access Service; or (ii) through CDP Phone Service if you have a T-Pin. Alternatively, you may proceed to CDP in person with your identity card or passport to verify the number of Shares credited to your securities account.

No acknowledgement will be given for submissions made by post, deposited at boxes located at CDP’s premises or by hardcopies at CDP’s counters. All communications, notices, documents and payments will be sent by ordinary post at the risk of the person(s) entitled thereto to the address as shown in the records of CDP.

In the event that the Amalgamation becomes effective and binding in accordance with the Amalgamation Agreement and the Bermuda Companies Act, the following will be implemented:

- (A) CBMHL shall instruct CDP, for and on behalf of you, to debit, not later than three (3) Business Days after the Effective Date, all the Shares standing to the credit of the “free balance” of your securities account; and
- (B) where you have elected to receive the Cash Consideration, CDP will send a notification letter by ordinary post to you, at your address as shown in the records of CDP, at your own risk, stating the number of Shares debited from your securities account, together with payment of the Cash Consideration by way of a S\$ cheque drawn on a bank in Singapore for the appropriate amount or in such manner as you may have agreed with CDP for the payment of any cash distributions and at your own risk; or
- (C) where you have elected to receive the Share Consideration, a notification letter stating the number of New CBCH II Shares allotted and issued to you and enclosing the share certificate in respect of the New CBCH II Shares allotted and issued to you will be sent to you by ordinary post to your address as shown in the records of CDP at your own risk. CDP will also send a notification letter by ordinary post to you, at your address as shown in the records of CDP at your own risk, stating the number of Shares debited from your securities account.



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If you do not have any existing securities account in your name at the time of election, your election as contained in the Election Form For Scripless Shares will be rejected.

If you are a Depositor whose securities account is or will be credited with Shares but you do not receive the Amalgamation Document, this Letter and/or the Election Form For Scripless Shares, you may obtain the Amalgamation Document, this Letter and/or the Election Form For Scripless Shares upon production of satisfactory evidence that you are a Shareholder or have purchased Shares on the SGX-ST (as the case may be), from CDP, at 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588.

### **3. PROCEDURES FOR ELECTION BY ENTITLED SHAREHOLDERS WHO/WHICH HOLD SHARES WHICH ARE NOT DEPOSITED WITH CDP**

If you hold Shares which are not deposited with CDP, you are entitled to receive the Amalgamation Document, this Letter and the Election Form For Scrip Shares.

**If you wish to elect to receive the Cash Consideration, no action needs to be taken by you in relation to the Election Form For Scrip Shares.**

If you wish to elect to receive the Share Consideration in respect of such Shares, you should complete and sign the accompanying Election Form For Scrip Shares in accordance with the provisions and instructions in the Amalgamation Document, this Letter and the Election Form For Scrip Shares (which provisions and instructions shall be deemed to form part of this Letter) and submit with the relevant share certificate(s) and/or other document(s) of title relating to your Shares, and where applicable, the Diligence Details and the relevant supporting documents **by hand or by post** using the enclosed pre-addressed envelope at your own risk to:

#### **CB MEDICAL HOLDINGS LIMITED**

c/o M & C Services Private Limited  
112 Robinson Road, #05-01, Singapore 068902

**so as to reach the Share Transfer Agent not later than 5.30 p.m. (Singapore time) on the Final Election Date.**

If you wish to elect to receive the Share Consideration, you must indicate in the Election Form For Scrip Shares that you choose to receive the Share Consideration in respect of all your Shares. Entitled Shareholders who/which submit the Election Form For Scrip Shares shall elect to receive the Share Consideration in respect of all their Shares and will not be entitled to receive the Cash Consideration.

**If any part of the Election Form For Scrip Shares is left blank or otherwise incomplete, incorrect, unsigned, signed but not in its originality or invalid in any respect including where applicable failing to provide the share certificate(s) and/or other document(s) of title relating to your Shares, failing to provide the Diligence Details or failing to submit the relevant supporting documents or failing to meet the applicable know-your-client and anti-money laundering requirements under the laws of the Cayman Islands, then you shall be deemed to have elected to receive and shall receive the Cash Consideration in respect of all your Shares which appear on the Register as at 5.00 p.m. (Singapore time) on the Books Closure Date.**

#### **General**

If your Shares are represented by share certificate(s) and/or other document(s) of title which are not registered with the Company in your own name, you must send in, at your own risk, the relevant share certificate(s) and/or other document(s) of title relating to your Shares, and where applicable, the Diligence Details and the relevant supporting documents together with a duly completed and signed original Election Form For Scrip Shares in the event that you wish to elect to receive the Share Consideration.

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## APPENDIX 4 – LETTER FROM CBMHL TO SHAREHOLDERS

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It is your responsibility to ensure that the Election Form For Scrip Shares is properly completed in all respects. CBMHL, the CBMHL Financial Advisers and/or the Share Transfer Agent will be entitled to reject or treat as valid any Election Form For Scrip Shares which does not comply with the provisions and instructions contained in the Amalgamation Document, this Letter and the Election Form For Scrip Shares, or (subject to the preceding paragraph) which is not accompanied by the relevant share certificate(s) and/or other document(s) of title relating to your Shares, and where applicable, the Diligence Details and the relevant supporting documents, or which is left blank, or otherwise incomplete, incorrect, unsigned, signed but not in its originality or invalid in any respect including where applicable failing to meet the applicable know-your-client and anti-money laundering requirements under the laws of the Cayman Islands. Any decision to reject the Election Form For Scrip Shares on the grounds that it has been left blank, or otherwise incomplete, incorrect, unsigned, signed but not in its originality or invalid in any respect including where applicable failing to provide the share certificate(s) and/or other document(s) of title relating to your Shares, failing to provide the Diligence Details or failing to submit the relevant supporting documents or failing to meet the applicable know-your-client and anti-money laundering requirements under the laws of the Cayman Islands, will be final and binding, and none of CBMHL, the CBMHL Financial Advisers or the Share Transfer Agent accepts any responsibility or liability for the consequences of such a decision.

No acknowledgement of receipt of any Election Form For Scrip Shares, share certificate(s) and/or other document(s) of title relating to your Shares, and where applicable, the Diligence Details and the relevant supporting documents will be given.

All communications, notices, certificates, documents and remittances will be sent by ordinary post at the risk of the person(s) entitled thereto.

In the event that the Amalgamation becomes effective in accordance with the Amalgamation Agreement and the Bermuda Companies Act, the following will be implemented:

- (a) from the Effective Date, all existing share certificate(s) and/or other document(s) of title relating to the Shares held by you will cease to be evidence of title of the Shares represented thereby; and
- (b) where you have elected to receive the Cash Consideration for all your Shares, payment will be sent to you (or your designated agent or, in the case of joint electing Entitled Shareholders who/which have not designated any agent, to the one first named in the Register) by ordinary post to the registered address as shown in the Register at your own risk; or
- (c) where you have elected to receive the Share Consideration for all your Shares, a notification letter stating the number of New CBCH II Shares allotted and issued to you and enclosing the share certificate in respect of the New CBCH II Shares allotted and issued to you will be sent to you (or your designated agent or, in the case of joint electing Entitled Shareholders who/which have not designated any agent, to the one first named in the Register) by ordinary post to your registered address as shown in the Register at your own risk (or to such different name and address as may be specified by you in the Election Form For Scrip Shares and at your own risk).

In the event that that the Amalgamation does not become effective in accordance with the Amalgamation Agreement and the Bermuda Companies Act, the Election Form For Scrip Shares and/or the share certificate(s) and/or other documents relating to your Shares, and where applicable, the Diligence Details and the relevant supporting documents will be returned to you (or your designated agent or, in the case of joint electing Entitled Shareholders who/which have not designated any agent, to the one first named in the Register) by ordinary post to your registered address as shown in the Register at your own risk (or to such different name and address as may be specified by you in the Election Form For Scrip Shares and at your own risk) as soon as possible but, in any event, within 14 days from the date the Amalgamation lapses or is terminated in accordance with its terms.

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## APPENDIX 4 – LETTER FROM CBMHL TO SHAREHOLDERS

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If you are an Entitled Shareholder whose/which Shares are not deposited with CDP but you do not receive the Election Form For Scrip Shares, you may obtain such an Election Form For Scrip Shares upon production of satisfactory evidence that you are a Shareholder, from the Share Transfer Agent.

#### 4. **OTHER RELEVANT INFORMATION IN RESPECT OF THE PROCEDURES FOR ELECTION**

If you hold share certificate(s) and/or other document(s) of title of some of the Shares beneficially owned by you and if you have deposited the rest of the Shares beneficially owned by you with CDP, you are required to complete the Election Form For Scrip Shares in respect of the Shares represented by share certificate(s) and/or other document(s) of title and the Election Form For Scripless Shares in respect of the Shares which are deposited with CDP, if you wish to elect to receive the Share Consideration in respect of all such Shares. The relevant Election Form must be completed, signed and accompanied by the relevant documents and sent to CBMHL in accordance with the respective procedures for election set out in paragraphs 1 to 3 of this **Appendix II**.

If you hold share certificate(s) and/or other document(s) of title of the Shares beneficially owned by you and you wish to elect to receive the Share Consideration in respect of such Shares, you should not deposit the share certificate(s) and/or other document(s) of title with CDP during the period commencing on the date of this Letter and ending on the Final Election Date (both dates inclusive) as your securities account may not be credited with the relevant number of Shares in time for you to elect to receive the Share Consideration.

If you wish to elect to receive the Share Consideration, it is your responsibility to ensure that the relevant Election Form is properly completed in all respects, submitted with original signature(s) and all required documents are provided. CBMHL, the CBMHL Financial Advisers, CDP and/or the Share Transfer Agent will be entitled, at their sole and absolute discretion, to reject or treat as valid any Election Form which does not comply with the provisions and instructions contained in the Amalgamation Document, this Letter or the relevant Election Form, or which is left blank, otherwise incomplete, incorrect, unsigned, signed but not in its originality or invalid in any respect including where applicable failing to provide the share certificate(s) and/or other document(s) of title relating to your Shares, failing to provide the Diligence Details or failing to submit the relevant supporting documents or failing to meet the applicable know-your-client and anti-money laundering requirements under the laws of the Cayman Islands. Any decision to reject any Election Form will be final and binding, and none of CBMHL, the CBMHL Financial Advisers, CDP and/or the Share Transfer Agent accepts any responsibility or liability for the consequences of such a decision.

Elections made under the relevant Election Form received by CBMHL, the CBMHL Financial Advisers, CDP and/or the Share Transfer Agent, on a Saturday, Sunday or public holiday in Singapore will only be processed and validated on the next business day.

Submission of the duly completed and signed original Election Form through CDP and/or the Share Transfer Agent and/or, as the case may be, CBMHL or the CBMHL Financial Advisers shall be conclusive evidence in favour of CBMHL, the CBMHL Financial Advisers, CDP and the Share Transfer Agent of the right and title of the persons signing it to deal with the same and with the Shares to which it relates.

## APPENDIX 5 – GENERAL INFORMATION RELATING TO THE COMPANY

### 1. DIRECTORS

The names, addresses and designations of the Directors as at the Latest Practicable Date are as follows:

Name	Address	Designation
Yoh Chie-Lu	21 Nassim Road, #04-17 Singapore 258462	Executive Chairman
Jose Calle Gordo	19 Leedon Park, Singapore 267898	Executive Director and Chief Executive Officer
Adrian Chan Pengee	87 Farrer Drive, #01-06 Singapore 259287	Lead Independent Director
Xiuping Zhang	18C, Tower 1, Hillsborough Court, 18 Old Peak Road, Mid Levels, Hong Kong	Non-Executive Independent Director
Jinsong Bian	60 Lakeside Drive, #06-41 Singapore 648320	Non-Executive Independent Director
Jean-Luc Butel	46 Belmont Road, Singapore 269881	Non-Executive Independent Director
Qiang Jiang	Room 201, 2-7 Wenhua Road West, Torch High Tech Housing Development Zone, Weihai, Shandong, China	Non-Executive Non-Independent Director
Bing Yuan	Flat B, 31/F, Blk 2, The Hermitage, Mongkok, Hong Kong	Non-Executive Non-Independent Director
Dong Liu	Zhonghai-Andelusi Manor, Unit 103-104, Chaoyang District, Beijing, China	Non-Executive Non-Independent Director
Bin Wu	Yongandongli #3-6-601, Chaoyang District, Beijing, China	Non-Executive Non-Independent Director

### 2. PRINCIPAL ACTIVITIES

The Company was incorporated in Bermuda on 28 May 1998 and was listed on the Main Board of the SGX-ST on 20 May 2005.

The Company develops, manufactures and markets innovative medical devices, aiming at improving patients' lives through pioneering medical technology that pushes forward the boundaries of innovation. The Group currently operates through four (4) business units (“BU”): (a) the Cardiovascular BU, composing primarily of the Excel™ and BioMatrix™ families of drug-eluting stents and stent technologies such as BA9™; (b) the Cardiac Diagnostic BU, including Spectrum Dynamics products that offer advanced medical imaging and clinical solutions to help interventional cardiologists determine the most appropriate treatment for patients; (c) the Peripheral Intervention BU, which offers solutions for the treatment of patients with peripheral arterial disease; and (d) the Critical Care Products BU, which fosters the development of critical care catheters, hemodynamic monitoring, and related devices used during heart surgery procedures, vascular surgery procedures and intensive care treatments. The Group has operations worldwide and is headquartered in Singapore.

### 3. SHARE CAPITAL

#### 3.1 Shares

The Company has only one class of shares, being ordinary shares. As at the Latest Practicable Date, the Company has an authorised share capital of US\$320,000 comprising 4,800,000,000 ordinary shares with par value of 1/150 US cent each, and the issued share capital of the Company is as follows:

As at the Latest Practicable Date	No. of ordinary shares	Paid-up capital
Issued and fully-paid up	1,688,549,965 Shares (excluding 78,662,400 treasury shares)	US\$117,823

## APPENDIX 5 – GENERAL INFORMATION RELATING TO THE COMPANY

### 3.2 Rights of Shareholders in respect of Capital, Dividends and Voting

Selected provisions of the Bye-laws of the Company relating to the rights of Shareholders in respect of capital, dividends and voting have been extracted and reproduced in Appendix 6 to this Amalgamation Document.

### 3.3 Issue of Shares

Since 31 March 2015 to the Latest Practicable Date, the Company has not issued any new Shares, save for 5,067,038 and 2,776,916 new Shares pursuant to the exercise of Options and PSP respectively. The issued Shares (excluding treasury shares) increased from 1,680,706,011 Shares as at 31 March 2015 to 1,688,549,965 Shares at the end of the quarter ended 31 December 2015. There are 78,662,400 Shares held as treasury shares as at the Latest Practicable Date.

### 3.4 Convertible Instruments

Save as disclosed below, as at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, or options in respect of, the Company Shares or securities which carry voting rights affecting the Company Shares.

As at the Latest Practicable Date, there are outstanding Options under the Company's ESOS entitling holders thereof to subscribe for a total of 34,504,043 Shares, the details of which are as follows:

Date of Grant	Number of Options Outstanding as at the Latest Practicable Date	Exercise Price (US\$)	Exercise Period <sup>(1)</sup>	
			From	To
01.04.2006	524,000	0.7000	02.04.2007	01.04.2016
03.10.2006	250,000	0.5500	04.10.2007	03.10.2016
11.04.2007	816,942	0.5400	12.04.2008	11.04.2017
15.11.2007	1,975,111	0.5800	16.11.2008	15.11.2017
02.05.2008	2,337,500	0.5200	03.05.2009	02.05.2018
15.10.2008	500,000	0.2100	16.10.2009	15.10.2018
13.02.2009	1,097,390	0.2400	14.02.2010	13.02.2019
29.07.2009	125,000	0.3700	30.07.2010	29.07.2019
02.03.2010	1,500,000	0.6100	03.03.2011	02.03.2020
21.05.2010	50,000	0.5900	22.05.2011	21.05.2020
15.10.2010	2,000,000	0.8000	16.10.2011	15.10.2020
09.11.2010	2,100,000	0.9200	10.11.2011	09.11.2015 <sup>(2)</sup>
11.04.2011	1,000,000	0.9700	12.04.2012	11.04.2021
30.03.2012	3,366,000	1.1700	31.03.2013	30.03.2022
10.06.2013	759,000	0.9300	11.06.2014	10.06.2023
06.06.2014	3,975,000	0.7400	07.06.2015	06.06.2024
06.05.2015	12,128,100	0.6200	07.05.2016	06.05.2025

#### Notes:

- (1) Pursuant to Rule 9.1 of the ESOS, and subject to Rule 9.5 of the ESOS, in the event of a take-over offer whether voluntary, mandatory or partial being made for the Shares or any event occurs which would result in a Change in Control (as defined in the ESOS), all Options which have not been vested shall vest immediately and a participant shall be entitled to exercise any Option held by him and as yet unexercised, in respect of such number of Shares comprised in that Option in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, or the occurrence of such event resulting in a Change in Control and ending on the earlier of: (a) the expiry of six (6) months thereafter, unless prior to the expiry of such six (6)-month period, at the recommendation of the officer and with the approvals of the Compensation Committee and the Stock Exchange (as defined in the ESOS), such expiry date is extended to a later date (in either case, being a date falling not later than the expiry of the exercise period relating thereto); or (b) the date of expiry of the exercise period relating thereto, whereupon the Option then

## APPENDIX 5 – GENERAL INFORMATION RELATING TO THE COMPANY

remaining unexercised shall lapse, provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Bermuda Companies Act and, being entitled to do so, gives notice to the participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the participant until the expiry of such specified date or the expiry of the exercise period relating thereto, whichever is earlier. Any Option not so exercised shall lapse provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Option shall, notwithstanding Rule 8 of the ESOS, remain exercisable until the expiry of the Exercise Period relating thereto. The Compensation Committee has resolved, inter alia, that: the proposed Amalgamation should be treated as a "Change in Control" event and that consequently, (i) unvested options should vest (and become exercisable) on the date of approval at 2016 SGM, and (ii) the "Exercise Period" be defined as from the "date of vesting" till the "date of Amalgamation".

- (2) Pursuant to Rule 8.6 of the ESOS, the Compensation Committee has extended the Exercise Period of the 2,100,000 options granted on 9 November 2010.

As at the Latest Practicable Date, there are Awards outstanding under the Company's PSP pursuant to which a total of 4,500,000 Shares may be released<sup>(1)</sup> and vested, the details of which are as follows:

Date of Grant	Shares comprised in Awards granted	Shares comprised in released Awards	Shares comprised in outstanding Awards	Vesting Date
6 June 2014	4,000,000	1,696,916	1,500,000	Notes (1), (2) and (3)
5 September 2014	4,000,000	1,080,000	3,000,000	Notes (1) and (2)

### Notes:

- (1) Depending on the achievement of pre-determined performance targets, the actual number of restricted shares to be released can be zero, equal to or greater than the number stated.
- (2) Pursuant to Rule 6.3 of the PSP, if before the Vesting Date, a take-over offer for the Shares whether voluntary, mandatory or partial is made, or any event occurs which would result in a Change in Control (as defined in the PSP) of the Company, all Awards shall immediately be Released (as defined in the PSP) and Shares which are the subject of a Released Award shall be Vested (as defined in the PSP) to a participant on the Vesting Date which shall be a trading day falling immediately after the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, or the occurrence of such event resulting in a Change in Control. Where Awards are Released, the Compensation Committee will, as soon as practicable after the Awards have been Released, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7. The Compensation Committee has resolved, inter alia, that (i) the proposed Amalgamation should be treated as a "Change in Control" event, (ii) consequently, unvested Performance Shares should vest on the trading day after the date of approval at the 2016 SGM, and (iii) the "Transfer Date" for Performance Shares be defined as no later than 5 working days after the "Release Date".
- (3) 833,084 outstanding Awards were cancelled on 30 June 2015.

### 3.5 Treasury Shares

As at the Latest Practicable Date, the Company has 78,662,400 treasury shares.

## 4. FINANCIAL INFORMATION

### 4.1 Financial Information of the Group

A summary of the financial information of the Group for FY2013, FY2014, FY2015 and 9M2016, based on the audited consolidated financial statements for each of FY2013, FY2014 and FY2015 and the unaudited consolidated financial information for 9M2016 is set out below.

The summary financial information of the Group in this section 4.1 is extracted from, and should be read together with, the audited consolidated financial statements and the unaudited consolidated financial information of the Group for the relevant periods and notes related thereto, copies of which are available for inspection at the office of the Company's subsidiary, Biosensors Interventional Technologies Pte. Ltd., at 36 Jalan Tukang, Singapore 619266.

## APPENDIX 5 – GENERAL INFORMATION RELATING TO THE COMPANY

### (a) Consolidated Statements of Comprehensive Income

	FY2013 Audited US\$'000	FY2014 Audited US\$'000	FY2015 Audited US\$'000	9M2016 Unaudited US\$'000
Revenue	336,187	323,818	308,389	190,684
Cost of sales	(52,841)	(73,378)	(83,889)	(52,606)
<b>Gross profit</b>	<b>283,346</b>	<b>250,440</b>	<b>224,500</b>	<b>138,078</b>
Other income	6,826	4,369	687	2,352
Sales and marketing expenses	(103,880)	(122,554)	(112,285)	(72,343)
General and administrative expenses	(40,595)	(42,556)	(39,222)	(23,956)
Research and development expenses	(29,884)	(31,436)	(34,032)	(20,637)
Other operating expenses	(4,533)	(6,544)	(260,902)	(4,388)
<b>Profit/(loss) from operations</b>	<b>111,280</b>	<b>51,719</b>	<b>(221,254)</b>	<b>19,106</b>
Financial income	4,791	6,747	7,732	5,748
Financial expenses	(6,887)	(13,368)	(13,598)	(9,887)
<b>Profit/(loss) before tax</b>	<b>109,184</b>	<b>45,098</b>	<b>(227,120)</b>	<b>14,967</b>
Income tax	6,358	(4,512)	2,307	(2,633)
<b>Profit/(loss) for the period</b>	<b>115,542</b>	<b>40,586</b>	<b>(224,813)</b>	<b>12,334</b>
<b>Other comprehensive income</b>				
Realisation of translation gain on dissolution of a subsidiary	(1,442)	–	–	–
Realisation of translation loss on disposal of a subsidiary	–	305	–	–
Remeasurement losses on defined benefit plans	(165)	(24)	(359)	–
Exchange differences on translation of financial statements of foreign subsidiaries	7,818	16,985	(5,212)	(47,380)
<b>Other comprehensive income/(loss) for the period</b>	<b>6,211</b>	<b>17,266</b>	<b>(5,571)</b>	<b>(47,380)</b>
<b>Total comprehensive income/(loss) for the period attributable to equity holders of the Company</b>	<b>121,753</b>	<b>57,852</b>	<b>(230,384)</b>	<b>(35,046)</b>
Earnings/(loss) per share <sup>(1)</sup>				
- Basic (USD cents)	6.71	2.38	(13.29)	0.73
- Diluted (USD cents)	6.61	2.35	(13.25)	0.73
<b>Net Dividend per Share (USD cents)</b>	<b>0.02</b>	–	–	–

**Note:**

- (1) Based on profit attributable to the equity shareholders and the weighted average number of Shares in issue during the financial year.

## APPENDIX 5 – GENERAL INFORMATION RELATING TO THE COMPANY

### (b) Statements of Financial Position

	As at 31 March 2013 Audited US\$'000	As at 31 March 2014 Audited US\$'000	As at 31 March 2015 Audited US\$'000	As at 31 December 2015 Unaudited US\$'000
<b>Non-Current Assets</b>				
Property, plant and equipment	43,863	64,653	86,289	80,125
Other investments	–	26,626	28,836	36,434
Intangible assets	145,130	147,413	134,875	120,295
Goodwill	625,012	688,097	439,576	416,941
Restricted deposits	44,688	1,193	1,092	1,060
Long term loan to a third party	–	2,000	1,500	1,500
Deferred tax assets	–	–	258	247
	858,693	929,982	692,426	656,602
<b>Current Assets</b>				
Inventories	41,637	54,821	44,474	44,353
Trade receivables	76,356	72,545	73,121	62,454
Other receivables	3,143	3,998	4,059	3,631
Deposits	816	873	881	1,351
Prepayments	11,420	23,623	14,177	15,382
Short term loan to a third party	–	–	500	556
Restricted deposits	–	46,565	47,793	20,804
Cash and cash equivalents	614,305	511,788	518,253	520,054
	747,677	714,213	703,258	668,585
<b>Current Liabilities</b>				
Trade payables	(3,532)	(6,636)	(6,605)	(7,242)
Other payables	(14,517)	(24,732)	(18,939)	(13,267)
Accruals	(24,034)	(26,519)	(26,702)	(22,947)
Provisions	(1,912)	(1,464)	(2,747)	(1,987)
Income tax payable	(14,987)	(14,209)	(6,845)	(6,412)
Finance lease liabilities	(21)	(14)	(19)	(20)
Loans and borrowings	–	(39,000)	(41,433)	(25,960)
Deferred revenue	–	(1,175)	(1,678)	(1,001)
Contingent consideration	–	(4,126)	(2,410)	–
	(59,003)	(117,875)	(107,378)	(78,836)
<b>Net Current Assets</b>	<b>688,674</b>	<b>596,338</b>	<b>595,880</b>	<b>589,749</b>
<b>Non-Current Liabilities</b>				
Finance lease liabilities	(70)	(55)	(60)	(50)
Loans and borrowings	(277,331)	(250,510)	(254,260)	(245,970)
Pension funds	(2,339)	(2,500)	(2,701)	(2,710)
Deferred tax liabilities	(19,668)	(17,603)	(15,220)	(12,912)
Deferred revenue	–	(2,337)	(1,561)	(822)
Other payables	–	(270)	(78)	(25)
	(299,408)	(273,275)	(273,880)	(262,489)
<b>Net Assets</b>	<b>1,247,959</b>	<b>1,253,045</b>	<b>1,014,426</b>	<b>983,862</b>
<b>Capital and Reserves</b>				
Share capital	116	117	117	118
Share premium	731,778	740,034	746,042	750,266
Treasury shares	(18,007)	(48,792)	(54,692)	(54,692)
Translation reserves	33,549	50,839	45,627	(1,753)
Accumulated profits	478,013	483,520	257,807	270,141
Other reserves	22,510	27,327	19,525	19,782
<b>Total Equity</b>	<b>1,247,959</b>	<b>1,253,045</b>	<b>1,014,426</b>	<b>983,862</b>



## APPENDIX 5 – GENERAL INFORMATION RELATING TO THE COMPANY

### 4.2 Material Changes in Financial Position

Save as disclosed in this Amalgamation Document, the audited consolidated financial statements of the Group for FY2015, the unaudited consolidated financial information of the Group for 9M2016 and any other information on the Group which is publicly available (including without limitation, the announcements released by Group on the SGXNET) and for the costs and expenses incurred or to be incurred in connection with the Amalgamation and Notes redemption, there have been no material changes to the financial position of the Company since 31 March 2015, being the date of the last published audited consolidated financial statements of the Group.

The Group had reported losses for the quarter ended 31 December 2015. This was due to the forex impact and lower revenue due to the continued weak sales environment in China, the transition of selling the Nobori® Stents by Terumo to the BMX-J Stents by the Group in Japan, lower royalty income from Terumo and average selling price erosion in Europe, the Middle East and Africa, and the Asia Pacific regions. The results also did not reflect a full impact of the Group's newer BioFreedom™ product which was launched during the quarter.

### 4.3 Accounting Policies

The significant accounting policies for the Group are set out in the notes to the audited consolidated financial statements of the Group for FY2015, which are set out in Appendix 7A to this Amalgamation Document.

There are no changes in the accounting policy of the Group which will cause the figures disclosed in section 4.1 of this Appendix not to be comparable to a material extent.

## 5. DISCLOSURE OF INTERESTS

### 5.1 Holdings of the Company in Offeror Securities

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries own, control or has agreed to acquire any Offeror Securities, whether directly or indirectly.

### 5.2 Interests of Directors in Offeror Securities

As at the Latest Practicable Date, save as disclosed in this section 5.2, none of the Directors has any direct or deemed interests in any Offeror Securities.

Jose Calle Gordo has (i) entered into a subscription agreement to subscribe for such number of CBCH II Shares, at a consideration per CBCH II Share equal to the Cash Consideration, equivalent to USD 3,000,000, (ii) agreed to elect to receive the Share Consideration in respect of the 1,080,000 Shares which he is interested in and the 3,000,000 Shares which will be held by him pursuant to the release of share awards pursuant to the PSP, subject to the achievement of pre-determined performance targets, and (iii) entered into a restricted share subscription agreement to subscribe for such number of CBCH II Shares, at par value, equivalent to a purchase price of USD 4,500,000.

### 5.3 Interests of Directors in Company Securities

As at the Latest Practicable Date, save as disclosed below, none of the Directors has any direct or deemed interests in any Company Securities:

#### (a) Shares

Directors	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Yoh-Chie Lu	–	–	19,600,000 <sup>(4)</sup>	1.16
Jose Calle Gordo	–	–	1,080,000 <sup>(3)</sup>	0.06
Qiang Jiang	–	–	1,166,916 <sup>(2)</sup>	0.07

## APPENDIX 5 – GENERAL INFORMATION RELATING TO THE COMPANY

### Notes:

- (1) Based on the total number of Shares in issue being 1,688,549,965 (excluding 78,662,400 treasury shares) as at the Latest Practicable Date. Figures are rounded up to the nearest two decimal places.
- (2) Qiang Jiang is deemed interested in 1,166,916 Shares held by Citibank Nominees Singapore Pte Ltd.
- (3) Jose Calle Gordo is deemed interested in 1,080,000 Shares held by Citibank Nominees Singapore Pte Ltd.
- (4) Yoh-Chie Lu is deemed interested in 5,000,000 Shares held by Citibank Nominees Singapore Pte Ltd and in 14,600,000 Shares held by Raffles Nominees (Pte) Ltd.

### (b) Options

The following Directors had been granted the following Options<sup>(1)</sup> under the ESOS:

Director	Date of Grant	No. of Options	Exercise Period	Exercise Price per Share (US\$)
Jose Calle Gordo	6 May 2015	3,750,000	07 May 2016 to 07 May 2025	0.62
Qiang Jiang	30 March 2012	50,000	31 March 2013 to 31 March 2022	1.17
	10 June 2013	33,000	11 June 2014 to 11 June 2023	0.93
	6 June 2014	2,000,000 <sup>(3)</sup>	7 June 2015 to 7 June 2024	0.74
Adrian Chan Pengee	30 March 2012	100,000	31 March 2013 to 31 March 2022	1.17
	10 June 2013	50,000	11 June 2014 to 11 June 2023	0.93
	6 May 2015	50,000	07 May 2016 to 7 May 2025	0.62
Bing Yuan	30 March 2012	66,000	31 March 2013 to 31 March 2022	1.17
	10 June 2013	33,000	11 June 2014 to 11 June 2023	0.93
	6 May 2015	33,000	07 May 2016 to 7 May 2025	0.62
	9 November 2010	100,000	08 November 2011 to 9 November 2015 <sup>(2)</sup>	0.92
Xiuping Zhang	6 May 2015	50,000	07 May 2016 to 7 May 2025	0.62
Jean-Luc Butel	6 May 2015	50,000	07 May 2016 to 7 May 2025	0.62
Jinsong Bian	6 May 2015	33,000	07 May 2016 to 7 May 2025	0.62

### Notes:

- (1) Pursuant to Rule 9.1 of the ESOS, and subject to Rule 9.5 of the ESOS, in the event of a take-over offer whether voluntary, mandatory or partial being made for the Shares or any event occurs which would result in a Change in Control (as defined in the ESOS), all Options which have not been vested shall vest immediately and a participant shall be entitled to exercise any Option held by him and as yet unexercised, in respect of such number of Shares comprised in that Option in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, or the occurrence of such event resulting in a Change in Control and ending on the earlier of: (a) the expiry of six (6) months thereafter, unless prior to the expiry of such six (6)-month period, at the recommendation of the officer and with the approvals of the Compensation Committee and the Stock Exchange (as defined in the ESOS), such expiry date is extended to a later date (in either case, being a date falling not later than the expiry of the exercise period relating thereto); or (b) the date of expiry of the exercise period relating thereto, whereupon the Option then remaining unexercised shall lapse, provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Bermuda Companies Act and, being entitled to do so, gives notice to the participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the participant until the expiry of such specified date or the expiry of the exercise period relating thereto, whichever is earlier. Any Option not so exercised shall lapse provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Option shall, notwithstanding Rule 8 of the ESOS, remain exercisable until the expiry of the Exercise Period relating thereto. The Compensation Committee has resolved, inter alia, that: the proposed Amalgamation should be treated as a "Change in Control" event and that consequently, (i) unvested options should vest (and become exercisable) on the date of approval at SGM, and (ii) the "Exercise Period" be defined as from the "date of vesting" till the "date of amalgamation" (Effective Date).
- (2) Pursuant to Rule 8.6 of the ESOS, the Compensation Committee has extended the Exercise Period of the 100,000 options granted to Bing Yuan on 9 November 2010 to 15 March 2016.
- (3) 1,000,000 of the 2,000,000 Options were cancelled on 30 June 2015.

## APPENDIX 5 – GENERAL INFORMATION RELATING TO THE COMPANY

### (c) Awards

The following Directors had been granted the following Awards under the PSP:

Director	Date of Grant	Shares comprised in Awards granted <sup>(1)</sup>	Shares comprised in released Awards <sup>(2)</sup>	Shares comprised in outstanding Awards
Jose Calle Gordo	5 September 2014	4,080,000 <sup>(2)</sup>	1,080,000	3,000,000 <sup>(3)</sup>
Qiang Jiang	6 June 2014	2,000,000	1,166,916	— <sup>(4)</sup>

#### Notes:

- (1) Depending on the achievement of pre-determined performance targets, the actual number of Shares to be released can be zero, equal to or greater than the number stated.
- (2) Pursuant to Rule 6.3 of the PSP, if before the Vesting Date, a take-over offer for the Shares whether voluntary, mandatory or partial is made, or any event occurs which would result in a Change in Control (as defined in the PSP) of the Company, all Awards shall immediately be Released (as defined in the PSP) and Shares which are the subject of a Released Award shall be Vested (as defined in the PSP) to a participant on the Vesting Date which shall be a trading day falling immediately after the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, or the occurrence of such event resulting in a Change in Control. Where Awards are Released, the Compensation Committee will, as soon as practicable after the Awards have been Released, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7. The Compensation Committee has resolved, inter alia, that (i) the proposed Amalgamation should be treated as a "Change in Control" event, (ii) consequently, unvested Performance Shares should vest on the trading day after the date of approval at the SGM, and (iii) the "Transfer Date" for Performance Shares be defined as no later than five (5) working days after the "Release Date".
- (3) 1,000,000 Shares will vest in June 2016 and 2,000,000 Shares will vest in June 2017, subject to the achievement of pre-determined performance targets.
- (4) 833,084 outstanding Awards were cancelled on 30 June 2015.

### 5.4 Interests of Substantial Shareholders in Shares

As at the Latest Practicable Date, save as disclosed in this section 5.4 and this Amalgamation Document, as well as based on the Register of Substantial Shareholders maintained by the Company, none of the Substantial Shareholders owns, controls or has agreed to acquire, or has any interest in, direct or indirect, the Shares:

	Name of Substantial Shareholders	Direct Interest		Deemed Interest	
		No. of Shares	%*	No. of Shares	%*
1.	CB Medical Holdings Limited	330,456,084	19.57	—	—
2.	CB Cardio Holdings I Limited <sup>(a)</sup>	—	—	330,456,084	19.57
3.	CB Cardio Holdings II Limited <sup>(b)</sup>	—	—	330,456,084	19.57
4.	CB Medical Investment I Limited <sup>(c)</sup>	—	—	330,456,084	19.57
5.	CB Medical Investment II Limited <sup>(d)</sup>	—	—	330,456,084	19.57
6.	Beijing CITIC Investment Centre (Limited Partnership) (北京中信投资中心(有限合伙)) <sup>(e)</sup>	—	—	330,456,084	19.57
7.	Beijing Youde Investment Management Centre (Limited Partnership) (北京宥德投资管理中心(有限合伙)) <sup>(f)</sup>	—	—	330,456,084	19.57
8.	Shanghai Changrui Investment Consulting Co., Ltd. (上海常瑞投资咨询有限公司) <sup>(g)</sup>	—	—	330,456,084	19.57
9.	Autumn Eagle Limited <sup>(h)</sup>	—	—	159,656,100	9.46

## APPENDIX 5 – GENERAL INFORMATION RELATING TO THE COMPANY

	Name of Substantial Shareholders	Direct Interest		Deemed Interest	
		No. of Shares	%*	No. of Shares	%*
10.	Ace Elect Holdings Limited	39,543,916	2.34	–	–
11.	Hony Capital Fund 2008 L.P. <sup>(i)</sup>	–	–	199,200,016	11.80
12.	Hony Capital Fund 2008 GP L.P. <sup>(i)</sup>	–	–	199,200,016	11.80
13.	Hony Capital Fund 2008 GP Limited <sup>(k)</sup>	–	–	199,200,016	11.80
14.	Hony Capital Management Limited <sup>(l)</sup>	–	–	199,200,016	11.80
15.	Right Lane Limited <sup>(m)</sup>	–	–	199,200,016	11.80
16.	Legend Holdings Limited <sup>(n)</sup>	–	–	199,200,016	11.80
17.	Hony Managing Partners Limited <sup>(o)</sup>	–	–	199,200,016	11.80
18.	John Zhao <sup>(p)</sup>	–	–	199,200,016	11.80
19.	UBS Group AG <sup>(q)</sup>	–	–	101,491,987	6.01
20.	UBS AG <sup>(r)</sup>	14,698,795	0.87	86,793,192	5.14
21.	Snow Lake China Master Fund, Ltd	200,000,000	11.844	–	–
22.	Snow Lake China Offshore Fund, Ltd <sup>(s)</sup>	–	–	200,000,000	11.844
23.	Snow Lake Capital Limited <sup>(t)</sup>	–	–	200,000,000	11.84
24.	Snow Lake Capital (HK) Limited <sup>(u)</sup>	–	–	200,000,000	11.84
25.	Sean Ma <sup>(v)</sup>	–	–	200,000,000	11.84
26.	Credit Suisse Group AG	–	–	102,695,590	6.08
27.	Credit Suisse AG <sup>(w)</sup>	–	–	102,695,590	6.08
28.	Credit Suisse Investment Holdings (UK)	–	–	101,568,443	6.02
29.	Credit Suisse Investments (UK) <sup>(x)</sup>	–	–	101,568,443	6.02
30.	Credit Suisse Securities (Europe) Limited <sup>(y)</sup>	–	–	101,568,443	6.02

### Notes:

- (a) CB Cardio Holdings I Limited (“CBCH I”) is the sole shareholder of CB Medical Holdings Limited (“CBMHL”). By virtue of this, through CBMHL, CBCH I has a deemed interest in 330,456,084 Shares, representing approximately 19.57% of the total number of issued Shares held by CBMHL.
- (b) CB Cardio Holdings II Limited (“CBCH II”) is the sole shareholder of CBCH I. By virtue of this, through CBMHL and CBCH I, CBCH II has a deemed interest in 330,456,084 Shares, representing approximately 19.57% of the total number of issued Shares held by CBMHL.
- (c) CB Medical Investment Limited (“CBMI”) is the sole shareholder of CBCH II. By virtue of this, through CBMHL, CBCH I and CBCH II, CBMI has a deemed interest in 330,456,084 Shares, representing approximately 19.57% of the total number of issued Shares held by CBMHL.
- (d) CB Medical Investment II Limited (“CBMI II”) is the sole shareholder of CBMI. By virtue of this, through CBMHL, CBCH I, CBCH II and CBMI, CBMI II has a deemed interest in 330,456,084 Shares, representing approximately 19.57% of the total number of issued Shares held by CBMHL.
- (e) Beijing CITIC Investment Centre (Limited Partnership) (北京中信投资中心(有限合伙)) (“CITICPE Fund”) holds more than 50% of the voting rights in CBMI II. By virtue of this, through CBMHL, CBCH I, CBCH II, CBMI and CBMI II, CITICPE Fund has a deemed interest in 330,456,084 Shares, representing approximately 19.57% of the total number of issued Shares held by CBMHL.
- (f) Beijing Youde Investment Management Centre (Limited Partnership) (北京宥德投资管理中心(有限合伙)) (“Beijing Youde”) is the sole general partner of, and is authorised to manage and represent, CITICPE Fund. By virtue of this, through CBMHL, CBCH I, CBCH II, CBMI, CBMI II and CITICPE Fund, Beijing Youde has a deemed interest in 330,456,084 Shares, representing approximately 19.57% of the total number of issued Shares held by CBMHL.
- (g) Shanghai Changrui Investment Consulting Co., Ltd. (上海常瑞投资咨询有限公司) (“Shanghai Changrui”) is the sole general partner of, and is authorised to manage and represent, Beijing Youde. By virtue of this, through CBMHL, CBCH I, CBCH II, CBMI, CBMI II, CITICPE Fund and Beijing Youde, Shanghai Changrui has a deemed interest in 330,456,084 Shares, representing approximately 19.57% of the total number of issued Shares held by CBMHL.

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## APPENDIX 5 – GENERAL INFORMATION RELATING TO THE COMPANY

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- (h) Autumn Eagle Limited is deemed interested in the aggregate of 115,000,000 Shares held by Raffles Nominees (Pte) Ltd and 44,656,000 Shares held by Citibank Nominees Singapore Pte Ltd.
- (i) Hony Capital Fund 2008 L.P. (“HCF 2008 L.P.”) owns 100% of each Autumn Eagle Limited (“Autumn Eagle”) and Ace Elect Holdings Limited (“Ace Elect”). Accordingly, HCF 2008 L.P. is deemed interested in the total 199,200,016 shares held by Autumn Eagle and Ace Elect.
- (j) Hony Capital Fund 2008 GP L.P. (“HCF 2008 GP L.P.”) is the general partner of HCF 2008 L.P. which in turn owns 100% of Autumn Eagle and Ace Elect. Accordingly, HCF 2008 GP L.P. is deemed interested in the total 199,200,016 shares held by Autumn Eagle and Act Elect.
- (k) Hony Capital Fund 2008 GP Limited (“HCF 2008 GP Limited”) is the general partner of HCF 2008 GP L.P., which in turn is the general partner of HCF 2008 L.P. HCF 2008 L.P. owns 100% of each Autumn Eagle and Ace Elect. Accordingly, HCF 2008 GP Limited is deemed interested in the total 199,200,016 shares held by Autumn Eagle and Ace Elect.
- (l) Hony Capital Management Limited (“HCML”) has a controlling interest in HCF 2008 GP Limited, which in turn is the general partner of HCF 2008 GP L.P. HCF 2008 GP L.P. is the general partner of HCF 2008 L.P., which in turn owns 100% of each Autumn Eagle and Ace Elect. Accordingly, HCML is deemed interested in the total 199,200,016 shares held by Autumn Eagle and Ace Elect.
- (m) Right Lane Limited (“Right Lane”) has more than 20% shareholding interest in HCML, which in turn has a controlling interest in HCF 2008 GP Limited. HCF 2008 GP Limited is the general partner of HCF 2008 GP L.P. HCF 2008 GP L.P. is the general partner of HCF 2008 L.P., which in turn owns 100% of each Autumn Eagle and Act Elect. Accordingly, Right Lane is deemed interested in the total 199,200,016 shares held by Autumn Eagle and Ace Elect.
- (n) Legend Holdings Limited (“Legend Holdings”) owns 100% of Right Lane. Right Lane has more than 20% shareholding interest in HCML, which in turn has a controlling interest in HCF 2008 GP Limited. HCF 2008 GP Limited is the general partner of HCF 2008 GP L.P. HCF 2008 GP L.P. is the general partner of HCF 2008 L.P., which in turn owns 100% of each Autumn Eagle and Ace Elect. Accordingly, Legend Holdings is deemed interested in the total 199,200,016 shares held by Autumn Eagle and Ace Elect.
- (o) Hony Managing Partners Limited (“HMPL”) has more than 20% shareholding interest in HCML, which in turn has a controlling interest in HCF 2008 GP Limited. HCF 2008 GP Limited is the general partner of HCF 2008 GP L.P. HCF 2008 GP L.P. is the general partner of HCF 2008 L.P., which in turn owns 100% of each of Autumn Eagle and Act Elect. Accordingly, HMPL is deemed interested in the total 199,200,016 shares held by Autumn Eagle and Act Elect.
- (p) John Zhao is the sole shareholder of HMPL. HMPL has more than 20% shareholding interest in HCML, which in turn has a controlling interest in HCF 2008 GP Limited. HCF 2008 GP Limited is the general partner of HCF 2008 GP L.P. HCF 2008 GP L.P. is the general partner of HCF 2008 L.P., which in turn owns 100% of each Autumn Eagle and Ace Elect. Accordingly, Zhao is deemed interested in the total 199,200,016 shares held by Autumn Eagle and Ace Elect.
- (q) Deemed interests arising by virtue of (a) UBS Group AG having an interest, or (b) Section 7(4) or 7(4A) of the Singapore Companies Act in shares over which subsidiaries/affiliates of UBS Group AG have an interest, by reason of the ability to exercise voting discretion and to acquire/dispose of shares.
- (r) Deemed interests arising by virtue of (a) UBS AG having an interest, or (b) Section 7(4) or 7(4A) of the Singapore Companies Act in shares over which subsidiaries/affiliates of UBS AG have an interest, by reason of the ability to exercise voting discretion and to acquire/dispose of shares.
- (s) Snow Lake China Offshore Fund, Ltd. is deemed to have interest in the total 203,755,000 shares held by Snow Lake China Master Fund, Ltd.
- (t) On behalf of clients as investment manager, Snow Lake Capital Limited is the investment manager of Snow Lake China Master Fund, Ltd and Snow Lake China Master Long Fund, Ltd. Accordingly, Snow Lake Capital Limited is deemed interested in the 203,755,000 shares held by Snow Lake China Master Fund, Ltd.
- (u) Snow Lake Capital (HK) Limited is the investment adviser of Snow Lake China Master Fund, Ltd and Snow Lake China Master Long Fund, Ltd. Accordingly Snow Lake Capital Capital (HK) Limited is deemed interested in shares held by Snow Lake China Master Fund, Ltd and Snow Lake China Master Long Fund, Ltd.
- (v) Sean Ma holds 100% of the interest in each Snow Lake Capital Limited and Snow Lake Capital (HK) Limited. Accordingly, Mr. Ma is deemed interested in the total 203,755,000 shares held by Snow Lake Capital Limited and Snow Lake Capital (HK) Limited.
- (w) Credit Suisse AG is a wholly-owned subsidiary of Credit Suisse Group AG. Accordingly, Credit Suisse Group AG is deemed interested in the total 102,695,590 shares held by Credit Suisse AG.
- (x) Credit Suisse Investment Holdings (UK) is a subsidiary of Credit Suisse Investments (UK). Accordingly, Credit Suisse Investment (UK) is deemed interested in the total 101,568,443 shares held by Credit Suisse Investment Holdings (UK).

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## APPENDIX 5 – GENERAL INFORMATION RELATING TO THE COMPANY

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(y) Credit Suisse Securities (Europe) Limited is a subsidiary of Credit Suisse Investment Holdings (UK). Accordingly, Credit Suisse Investment Holdings (UK) is deemed interested in the total 101,568,443 shares held by Credit Suisse Securities (Europe) Limited.

\* The percentage of shareholdings was computed based on the issued shares of the Company as at the Latest Practicable Date, excluding 78,662,400 ordinary shares held as treasury shares as at that date. Figures are rounded up to the nearest two decimal places.

### 6. DEALINGS DISCLOSURE

#### 6.1 Dealings in Offeror Securities by the Company

Neither the Company nor its subsidiaries has dealt for value in the Offeror Securities during the period commencing six (6) months prior to 28 October 2015 and ending on the Latest Practicable Date.

#### 6.2 Dealings in Offeror Securities by the Directors

Save for the Management Subscription Agreement, Restricted Share Subscription Agreement and Share Restriction Agreement, each as described in paragraph 3.3 of the Letter to Shareholders, none of the Directors has dealt for value in the Offeror Securities during the period commencing six (6) months prior to 28 October 2015 and ending on the Latest Practicable Date.

#### 6.3 Dealings in Company Securities by the Directors

Save for the grant of Options under the ESOS on 6 May 2015 to six (6) Directors as shown in section 5.3(b) of this Appendix 5, none of the Directors has dealt for value in any Company Securities during the period commencing six (6) months prior to 28 October 2015 and ending on the Latest Practicable Date.

### 7. INTERESTS OF THE INDEPENDENT FINANCIAL ADVISER

#### 7.1 Interests of the IFA in Company Securities

As at the Latest Practicable Date, none of the IFA, its related corporations or any of the funds whose investments are managed by the IFA or its related corporations on a discretionary basis, owns or controls any Company Securities.

#### 7.2 Dealings in Company Securities by the IFA

None of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis has dealt for value in the Company Securities during the period commencing six (6) months prior to 28 October 2015 and ending on the Latest Practicable Date.

#### 7.3 Interests of the IFA in Offeror Securities

As at the Latest Practicable Date, none of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis, owns or control any Offeror Securities.

#### 7.4 Dealings in Offeror Securities by the IFA

None of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis has dealt for value in the Offeror Securities during the period commencing six (6) months prior to 28 October 2015 and ending on the Latest Practicable Date.

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## APPENDIX 5 – GENERAL INFORMATION RELATING TO THE COMPANY

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### 8. ARRANGEMENTS AFFECTING DIRECTORS

#### 8.1 No Payment or Benefit to Directors

As at the Latest Practicable Date, save for:

- (i) the co-investment arrangements described in paragraph 3.2.1 of the Letter to Shareholders relating to Yoh-Chie Lu and Qiang Jiang;
- (ii) the co-investment arrangements described in paragraph 3.2.2 of the Letter to Shareholders relating to Jose Calle Gardo;
- (iii) the management incentive arrangements described in paragraph 3.3 of the Letter to Shareholders relating to Jose Calle Gardo; and
- (iv) the Founder Consultant Retention Agreement described in paragraph 3.3.1(d) of the Letter to Shareholders relating to Yoh-Chie Lu;
- (v) Yoh-Chie Lu's entitlement to an aggregate compensation of S\$2,000,000 from CBCH II for the term of the Founder Consultant Retention Agreement as consideration for (i) the provision of the Services and (ii) his compliance with certain non-competition undertakings during the term described in paragraph 3.3.1(d) of the Letter to Shareholders,

there is no arrangement for any payment or other benefit which will be made or given to any Director or to any director of any other corporation which, by virtue of Section 6 of the Singapore Companies Act, is deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Amalgamation.

#### 8.2 No Agreement Conditional upon Outcome of the Amalgamation

As at the Latest Practicable Date, save as disclosed in this Amalgamation Document, including:

- (i) the co-investment arrangements described in paragraph 3.2.1 of the Letter to Shareholders relating to Yoh-Chie Lu and Qiang Jiang;
- (ii) the co-investment arrangements described in paragraph 3.2.2 of the Letter to Shareholders relating to Jose Calle Gardo;
- (iii) the management incentive arrangements described in paragraph 3.3 of the Letter to Shareholders relating to Jose Calle Gardo; and
- (iv) the Founder Consultant Retention Agreement described in paragraph 3.3.1(d) of the Letter to Shareholders relating to Yoh-Chie Lu,

there is no agreement or arrangement made between any of the Directors and any other person in connection with or conditional upon the outcome of the Amalgamation.

#### 8.3 No Material Interest in Material Contracts

As at the Latest Practicable Date, save as disclosed in this Amalgamation Document, including:

- (i) the co-investment arrangements described in paragraph 3.2.1 of the Letter to Shareholders relating to Yoh-Chie Lu and Qiang Jiang;
- (ii) the co-investment arrangements described in paragraph 3.2.2 of the Letter to Shareholders relating to Jose Calle Gardo;
- (iii) the management incentive arrangements described in paragraph 3.3 of the Letter to Shareholders relating to Jose Calle Gardo; and

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## APPENDIX 5 – GENERAL INFORMATION RELATING TO THE COMPANY

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- (iv) the Founder Consultant Retention Agreement described in paragraph 3.3.1(d) of the Letter to Shareholders relating to Yoh-Chie Lu,

none of the Directors has any material personal interest, whether direct or indirect, in any material contract entered into by CBMHL, CBCH I, or CBCH II.

### 9. MATERIAL LITIGATION

As at the Latest Practicable Date:

- (a) none of the Group Companies is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Group taken as a whole; and
- (b) the Directors are not aware of any litigation, claim, arbitration or other proceedings pending or threatened against any of the Group Companies or of any facts likely to give rise to any litigation, claim, arbitration or other proceedings which may materially and adversely affect the financial position of the Group taken as a whole.

### 10. GENERAL DISCLOSURE

#### 10.1 Financial Statements for FY2015

The audited consolidated financial statements of the Group for FY2015 are set out in Appendix 7A to this Amalgamation Document.

#### 10.2 Directors' Service Contracts

Save as disclosed in this section 10.2, there (a) are no service contracts between any Director or proposed director with any Group Company with more than twelve (12) months to run, which the employing company cannot, within the next twelve (12) months, terminate without payment of compensation, and (b) were no such service contracts entered into or amended between any of the Directors or proposed director and any Group Company during the period commencing six (6) months prior to 28 October 2015 and ending on the Latest Practicable Date.

Jose Calle Gordo has entered into a service contract with Biosensors Interventional Technologies Pte. Ltd., a subsidiary of the Company on 1 September 2014 which expires on 31 October 2018 (the "Service Contract").

Under the terms of the Service Contract, in the event of loss of office during the period of up to twelve (12) months after a "Change in Control" event, Jose Calle Gordo is entitled to receive (i) all accrued benefits, (ii) severance pay equal to 24 months of base salary, and (iii) continued medical and health coverage for him and his dependents for an additional 12 months.

Under the terms of the Service Contract, Jose Calle Gordo is entitled to an annual base salary of US\$600,000, a target performance bonus of US\$600,000 per annum at 100% based on achievements of certain key performance indicators, and other benefits such as home leave allowance, housing allowance, car allowance, and education provision for dependent children.

#### 10.3 Material Contracts with Interested Persons

Save as disclosed below and in this Amalgamation Document, the audited consolidated financial statements of the Group for FY2013, FY2014 and FY2015, the unaudited consolidated financial information of the Group for 9M2015 and any other information on the Group which is publicly available (including without limitation, the announcements released by Group on the SGXNET), neither the Company nor any of its subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) with any interested person (as defined in the Note on Rule 23.12 of the Take-over Code) during the period commencing three (3) years prior to 28 October 2015 and ending on the Latest Practicable Date:



## APPENDIX 5 – GENERAL INFORMATION RELATING TO THE COMPANY

Name of Interested Person	Aggregate Value	Details
Best Prime Investments Limited	For the period of FY2013: US\$360,000	Biosensors International Group, Ltd. had entered into a consulting contract with Best Prime Investments Limited. Best Prime Investments Limited is wholly-owned by Qiang Jiang, a non-executive non-independent director of the Company. Accordingly, Best Prime Investments Limited is a material contract (not being contracts entered into in the ordinary course of business) with an interested person (as defined in the Note on Rule 23.12 of the Take-over Code).
Best Prime Investments Limited	For the period of FY2014: US\$300,000	Biosensors International Group, Ltd. had entered into a consulting contract with Best Prime Investments Limited. Best Prime Investments Limited is wholly-owned by Qiang Jiang, a non-executive non-independent director of the Company. Accordingly, Best Prime Investments Limited is a material contract (not being contracts entered into in the ordinary course of business) with an interested person (as defined in the Note on Rule 23.12 of the Take-over Code).

### 10.4 Transfer Restrictions

Please refer to paragraph 7.3 of the Letter from the Offeror to Shareholders as set out in Appendix 4 to this Amalgamation Document which sets out the particulars on the restrictions on transferring the Shares.

### 10.5 All Directors to Vote in Favour of the Amalgamation

All of the Directors in section 5.3 of this Appendix will, to the extent that they are able to do so, vote in favour of the Amalgamation.

## 11. MARKET QUOTATIONS

Please refer to paragraph 16 of the Letter from CBMHL to Shareholders as set out in Appendix 4 to this Amalgamation Document for information on:

- (a) the highest, lowest (on the daily closing prices for the monthly market data) and last closing prices and transacted volume of the Shares on the SGX-ST on a monthly basis from April 2015 (being six (6) calendar months preceding 28 October 2015) to the Latest Practicable Date;
- (b) the closing price of the Shares on the SGX-ST (i) on 23 October 2015, being the last trading day prior to 28 October 2015 and (ii) on the Latest Practicable Date; and
- (c) the highest and lowest closing prices during the period commencing six (6) months prior to 28 October 2015 and ending on the Latest Practicable Date, and the respective dates of the relevant sales.

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## APPENDIX 6 – RELEVANT EXTRACTS FROM THE COMPANY’S BYE-LAWS

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The rights of Shareholders in respect of capital, dividends and voting as extracted and reproduced from the Bye-laws of the Company are set out below:

All capitalised terms used in the following extracts shall have the same meanings given to them in the Bye-laws of the Company, a copy of which is available for inspection at the office of the Company’s subsidiary, Biosensors Interventional Technologies Pte. Ltd., at 36 Jalan Tukang, Singapore 619266 during normal business hours for three months from the date of this Amalgamation Document or up until the Effective Date, whichever is the later.

### 1. THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL

#### BYE-LAW NUMBER

#### BYE-LAW

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#### SHARES, WARRANTS AND MODIFICATION OF RIGHTS

3. Without prejudice to any special rights or restrictions for the time being attaching to any shares or any class of shares, any share may be issued upon such terms and conditions and with such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine) and any preference share may, subject to the Companies Act and with the sanction of a Special Resolution, be issued on the terms that it is liable to be redeemed upon the happening of a specified event or upon a given date and either at the option of the Company or, if so authorised by the Memorandum of Association of the Company, at the option of the holder.
- 3A All the rights attaching to a Treasury Share shall be suspended and shall not be exercisable by the Company while it holds such Treasury Share and, except where required by the Companies Act, all Treasury Shares shall be excluded from the calculation of any percentage or fraction of the share capital or shares, of the Company.
4. The Board may, subject to the approval by the shareholders in general meeting, issue warrants to subscribe for any class of shares or securities of the Company on such terms as the Board may from time to time determine. Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.
5. (A) In the event of preference shares being issued the total number of issued preference shares shall not at any time exceed the total number of the issued ordinary shares and preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending general meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrears.  
  
(B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

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## APPENDIX 6 – RELEVANT EXTRACTS FROM THE COMPANY’S BYE-LAWS

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6. (A) For the purposes of Section 47 of the Companies Act, if at any time the capital is divided into different classes of shares, all or any of the special rights attached to any class (unless otherwise provided for by the terms of issue of the shares of that class) may, subject to the provisions of the Companies Act, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths (3/4) in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of these Bye-Laws relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be not less than two (2) persons holding or representing by proxy or by corporate representative one-third (1/3) in nominal value of the issued shares of that class, and that any holder of shares of the class present in person or by proxy or by duly authorised corporate representative may demand a poll.
- (B) The repayment of preference capital other than redeemable preference capital, or any alteration of preference shareholders’ rights, may only be made pursuant to a Special Resolution passed at a general meeting of the holders of the shares of that class. Provided that, where the necessary majority for such a Special Resolution is not obtained at the general meeting, consent in writing if obtained from the holders of not less than three-fourths (3/4) in nominal value of the issued shares of that class within two (2) months of such general meeting, shall be valid and effectual as a Special Resolution carried at the general meeting.
- (C) The provisions of this Bye-Law shall apply to the variation or abrogation of the special rights attached to the shares of any class as if each group of shares of the class differently treated formed a separate class the rights whereof are to be varied or abrogated.
- (D) The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be altered or abrogated by the creation or issue of further shares ranking pari passu therewith.

### SHARES AND INCREASE OF CAPITAL

7. (A) The share capital of the Company shall be divided into shares of par value of US 1/150 cent each.
- (B) The Company may purchase its own shares for cancellation or acquire them as Treasury Shares in accordance with the Companies Act on such terms as the Board shall think fit. Any power of the Company to purchase or otherwise acquire its own shares shall be exercisable by the Board in accordance with and subject to the Companies Act, the Company's memorandum of association and, for so long as the shares of the Company are listed on the Designated Stock Exchange, the prior approval of the shareholders in general meeting for such purchase or acquisition. Such approval of the shareholders shall remain in force until (i) the conclusion of the annual general meeting of the Company following the passing of the resolution granting the said authority or (ii) the date by which such annual general meeting is required to be held or (iii) it is revoked or varied by ordinary resolution of the Company in general meeting, whichever is the earliest, and may thereafter be renewed by the shareholders in general meeting. For so long as the shares of the Company are listed on the Designated Stock Exchange, the Company shall make an announcement to the Designated Stock Exchange of any purchase or acquisition by the Company of its own shares on the market day following the day of such purchase or acquisition.
8. The Company in general meeting may from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by Ordinary Resolution in accordance with Section 45 of the Companies Act, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such class or classes and of such amounts in Hong Kong dollars, Singapore dollars or United States dollars or such other currency as the shareholders may think fit and as the resolution may prescribe.

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## APPENDIX 6 – RELEVANT EXTRACTS FROM THE COMPANY’S BYE-LAWS

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9. Any new shares shall be issued upon such terms and conditions and with such rights, privileges or restrictions annexed thereto as the general meeting resolving upon the creation thereof shall direct, and if no direction be given, subject to the provisions of the Statutes and of these Bye-Laws, as the Board shall determine; and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a special right or without any right of voting.
10. Subject to any direction to the contrary that may be given by the Company in general meeting including, or except as permitted under the listing rules of the Designated Stock Exchange all new shares shall before issue be offered to such persons who as at the date of the offer are entitled to receive notices from the Company in respect of General Meetings in proportion as nearly as the circumstances admit to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined. After the expiration of the aforesaid time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered the Board may dispose of those shares in a manner they think most beneficial to the Company. The Board may likewise dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot in the opinion of the Board be conveniently offered in the manner herein before provided.
11. Except so far as otherwise provided by the conditions of issue or by these Bye-Laws, any capital raised by the creation of new shares shall be treated as if it formed part of the original capital of the Company and such shares shall be subject to the provisions contained in these Bye-Laws with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise.
12. (A) Subject to the Companies Act and to the rules or regulations of the Designated Stock Exchange (if applicable), no shares may be issued by the Board without the prior approval of the Company in general meeting but subject thereto and to these Bye-Laws and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may in its absolute discretion determine but so that no shares shall be issued at a discount.  
  
(B) Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to shareholders or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Shareholders affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.  
  
(C) Notwithstanding Bye-Law 10 above but subject to the Statutes and the rules or regulations of the Designated Stock Exchange (if applicable), the Company in general meeting may by Ordinary Resolution grant to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the said Ordinary Resolution (including but not limited to the aggregate number of shares which may be issued and the duration of the general authority), to issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; Provided that unless otherwise specified in the Ordinary Resolution or required by any applicable rules or regulations of the Designated Stock Exchange, such general authority will continue (notwithstanding the authority conferred by the said Ordinary Resolution may have ceased to be in force) in relation to the issue of shares pursuant to any Instrument made or granted by the Directors while the said Ordinary Resolution was in force.

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## **APPENDIX 6 – RELEVANT EXTRACTS FROM THE COMPANY’S BYE-LAWS**

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13. The Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in the Company or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares in the Company, but so that the conditions and requirements of the Companies Act shall be observed and complied with.
14. Except as otherwise expressly provided by these Bye-Laws or as required by law or as ordered by a court of competent jurisdiction, no person shall be recognised by the Company as holding any share upon any trust and, except as aforesaid, the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or any other right or claim to or in respect of any shares except an absolute right to the entirety thereof of the registered holder.
15. Subject to the terms and conditions of any application for shares, the Board shall allot shares applied for within ten (10) market days of the closing date of any such application (or such other period as may be approved by the Designated Stock Exchange).
16. Subject to the Companies Act and these Bye-Laws, the Board may at any time after the allotment of shares but before any person has been entered in the Register as the holder, recognise a renunciation thereof by the allottee in right to effect such renunciation upon and subject to such terms and conditions as the Board considers fit to impose.

### **REGISTER OF SHAREHOLDERS AND SHARE CERTIFICATES**

17. (A) The Company shall cause to be kept a register of the shareholders and there shall be entered therein the particulars required under the Companies Act.  
  
(B) Subject to the provisions of the Companies Act, if the Board considers it necessary or appropriate, the Company may establish and maintain a local or branch register at such location outside Bermuda as the Board thinks fit and the Board may make and vary such registration as it determines in respect of the keeping of any such register and maintaining a Registration Office in conditions therewith.
18. Subject to the payment of all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Board in its absolute discretion may require, every person whose name is entered as a shareholder in the Register shall be entitled to receive within ten (10) market days of the closing dates for applications for an issue of shares (or such other period as may be approved by the Designated Stock Exchange) or within ten (10) market days after the date of lodgement of a registrable transfer (or such other period as may be approved by the Designated Stock Exchange) one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where such a Shareholder transfers part only of the shares comprised in a certificate or where such a Shareholder requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner, the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and such Shareholder shall pay all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Board in its absolute discretion may require and a maximum fee of two Singapore dollars (S\$2.00) for each new certificate, or such other fee as the Board may from time to time determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange upon which the shares in the Company may be listed, provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue a certificate or certificates to each such person, and the issue and delivery of a certificate or certificates to one of the joint holders shall be sufficient delivery to all such holders.

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## APPENDIX 6 – RELEVANT EXTRACTS FROM THE COMPANY’S BYE-LAWS

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19. Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the Seal of the Company, which for this purpose may be a Securities Seal, or bearing the signature (or a facsimile thereof) of a Director or the Secretary or a person expressly authorized to sign. The Board may by resolution determine, either generally or in any particular case, that any signatures on any such certificates need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon or that such certificates need not be signed by any persons.
20. Every share certificate hereafter issued shall specify the number and class of shares in respect of which it is issued and the amount paid thereon and may otherwise be in such form as the Board may from time to time prescribe. A share certificate shall relate to only one (1) class of shares.
21. (A) Except in the case of executors or administrators or trustees of the estate of a deceased shareholder the Company shall not be bound to register more than three (3) persons as joint holders of any share.  
  
(B) If any share shall stand jointly in the names of two (2) or more persons, the person first named in the register shall be deemed the sole holder thereof as regards service of notice and, subject to the provisions of these Bye-Laws, all or any other matter connected with the Company, except the transfer of the shares.
22. Subject to the Statutes and the Singapore Companies Act, if any share certificate shall be defaced, worn out, destroyed, stolen or lost, it may be renewed on such evidence being produced and a letter of indemnity or undertaking (if required) being given by the purchaser, shareholder, transferee, person entitled or member company of the Designated Stock Exchange or on its behalf or their client or clients as the Directors shall require and in the case of defacement or wearing out on delivery up of the old certificate and in any case on payment of such sum not exceeding two Singapore Dollars (S\$2.00) as the Board may from time to time require (or such other amount as may be permitted under the Statutes). In the case of theft, destruction or loss the shareholder or the person entitled to whom such renewed certificates is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such theft, destruction or loss.

Where shares are registered jointly in the names of several persons, any such request may be by any one of the registered joint holders.

### LIEN

23. The Company shall have a first and paramount lien on every share (not being a fully paid up share) for all unpaid calls and instalments upon the share in respect of which such moneys are due and unpaid. The Company shall also have a first and paramount lien on all shares (not being fully paid up shares) registered in the name of a shareholder, whether singly or jointly with any other person or persons, for (i) all amounts of money presently payable by such shareholder or his estate to the Company pursuant to any call and instalments payable on specific shares whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such shareholder; and (ii) such amounts as the Company may be called upon by law to pay in respect of the shares of the shareholder or deceased shareholder and notwithstanding that the same are joint debts or liabilities of such shareholder or his estate and any other person, whether a shareholder of the Company or not. The Company's lien (if any) on a share shall extend to all dividends or other moneys declared in respect thereof. The Board may at any time either generally or in any particular case waive any lien that has arisen, or declare any share to be exempt wholly or partially from the provisions of this Bye-Law.
24. Subject to these Bye-laws, the Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged, nor until the expiration of fourteen (14) days after a notice in writing, stating and demanding payment of the sum presently

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## APPENDIX 6 – RELEVANT EXTRACTS FROM THE COMPANY’S BYE-LAWS

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payable or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving notice of intention to sell in default, shall have been given to the registered holder for the time being of the shares or the person entitled to the shares by reason of such holder's death, bankruptcy or winding-up.

25. The net proceeds of such sale after the payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debt or liability or engagement in respect whereof the lien exists, so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assignees or as he may direct. For the purpose of giving effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof and may enter the purchaser's name in the register as holder of the shares, and the purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in relating to the sale.
62. (A) The Company may from time to time by Ordinary Resolution in accordance with Section 45 of the Companies Act:-
- (i) increase its capital as provided by Bye-Law 8;
  - (ii) consolidate or divide all or any of its share capital into shares of larger amount than its existing shares; and on any consolidation of fully paid shares into shares of larger amount, the Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into a consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interest or may be paid to the Company for the Company's benefit;
  - (iii) divide its shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;
  - (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Act, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one (1) or more of the shares may have any such preferred or other special rights over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares;
  - (v) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled;
  - (vi) make provision for the issue and allotment of shares which do not carry any voting rights; and
  - (vii) change the currency denomination of its share capital.

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- (B) The Company may by Special Resolution in accordance with the Companies Act reduce its share capital, any capital redemption reserve fund or any share premium account or other undistributable reserve in any manner authorised and subject to any conditions prescribed by law.

### CALLS ON SHARES

26. Subject to these Bye-laws and to the terms of allotment the Board may from time to time make such calls as it may think fit upon the shareholders in respect of any moneys unpaid on the shares held by them respectively (whether on account of the nominal value of shares or by way of premium) and not by the conditions of issue or allotment thereof made payable at a fixed time. A call may be made payable either in one sum or by instalments.
27. Fourteen (14) days' notice at least of any call shall be given specifying the time and place of payment and to whom such call shall be paid.
28. A copy of the notice referred to in Bye-Law 27 shall be sent to shareholders in the manner in which notices may be sent to shareholders by the Company as herein provided.
29. In addition to the giving of notice in accordance with Bye-Law 28, notice of the person appointed to receive payment of every call and of the times and places appointed for payment may be given to the shareholders by notice to be published at least once in the Newspapers.
30. Every shareholder upon whom a call is made shall pay the amount of every call so made on him to the person and at the time or times and place or places as the Board shall appoint.
31. A call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed.
32. The joint holders of a share shall be severally as well as jointly liable for the payment of all calls and instalments due in respect of such share or other moneys due in respect thereof.
33. The Board may from time to time at its discretion extend the time fixed for any call, and may extend such time as regards all or any of the shareholders whom due to residence outside the Relevant Territory or other cause the Board may deem entitled to any such extension but no shareholder shall be entitled to any such extension except as a matter of grace and favour.
34. If the sum payable in respect of any call or instalments is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the Board shall fix from the day appointed for the payment thereof to the time of the actual payment, but the Board may in its absolute discretion waive payment of such interest wholly or in part.
35. No shareholder shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another shareholder) at any general meeting, either personally, or (save as proxy for another shareholder) by proxy or by duly authorised corporate representative, or be reckoned in a quorum, or to exercise any other privilege as a shareholder until all calls or instalments due from him to the Company, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.
36. On the trial or hearing of any action or other proceedings for the recovery of any money due for any call, it shall be sufficient to prove that the name of the shareholder sued is entered in the register as the holder, or one (1) of the holders, of the shares in respect of which such debt accrued; that the resolution of the Board making the call has been duly recorded in the minute book of the Board; and that notice of such call was duly given to the shareholder sued, in pursuance of these Bye-Laws; and it shall not be necessary to prove the appointment of the Board who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of a debt due from the shareholder sued to the Company.



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## APPENDIX 6 – RELEVANT EXTRACTS FROM THE COMPANY’S BYE-LAWS

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37. Any sum which by the terms of allotment of a share is made payable upon allotment or at any fixed date, whether on account of the nominal value of the share and/or by way of premium, shall for all purposes of these Bye-Laws be deemed to be a call duly made, notified, and payable on the date fixed for payment, and in case of non-payment all the relevant provisions of these Bye-Laws as to payment of interest and expenses, forfeiture and the like, shall apply as if such sums had become payable by virtue of a call duly made and notified. The Board may on the issue of shares differentiate between the allottees or holders as to the amount of calls to be paid and in the time of payment of such calls.
38. The Board may, if it thinks fit, receive from any shareholder willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the moneys so advanced the Company may pay interest at such rate (if any) not exceeding twenty per cent. (20%) per annum as the Board may decide but a payment in advance of a call shall not whilst carrying interest entitle the shareholder to participate in profits, to receive any dividend or to exercise any other rights or privileges as a shareholder in respect of the share or the due portion of the shares upon which payment has been advanced by such shareholder before it is called up. The Board may at any time repay the amount so advanced upon giving to such shareholder not less than one month's notice in writing of their intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced.

### TRANSFER OF SHARES

39. Subject to the Companies Act and these Bye-laws, all transfers of shares may be effected by transfer in writing in the form for the time being approved by the Designated Stock Exchange and the Board Provided Always That shares that are listed or admitted to trading on a Designated Stock Exchange may be transferred in accordance with the rules and regulations of such exchange.
40. The instrument of transfer of any share shall be executed by or on behalf of the transferor and by or on behalf of the transferee provided that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository and provided further that the Board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its absolute discretion, to do so. The Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof. Nothing in these Bye-Laws shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.
41. (A) The Board may, in its absolute discretion, at any time and from time to time transfer any share upon the Principal Register to any branch register or any share on any branch register to the Principal Register or any other branch register.
- (B) Unless the Board otherwise agrees (which agreement may be on such terms and subject to such conditions as the Board in its absolute discretion may from time to time stipulate, and which agreement it shall, without giving any reason therefor, be entitled in its absolute discretion to give or withhold) no shares on the Principal Register shall be transferred to any branch register nor shall shares on any branch register be transferred to the Principal Register or any other branch register and all transfers and other documents of title shall be lodged for registration, and registered, in the case of any shares on a branch register, at the relevant Registration Office, and, in the case of any shares on the Principal Register, at the Transfer Office. Unless the Board otherwise agrees, all transfers and other documents of title shall be lodged for registration with, and registered at, the relevant Registration Office.
- (C) Notwithstanding anything contained in this Bye-Law, the Company shall as soon as practicable and on a regular basis record in the Principal Register all transfers of shares effected on any branch register and shall at all times maintain the Principal Register in all respects in accordance with the Companies Act.

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## APPENDIX 6 – RELEVANT EXTRACTS FROM THE COMPANY’S BYE-LAWS

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42. The Board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share option scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register a transfer of any share (whether fully paid up or not) to more than three (3) joint holders except in the case of executors or administrators of the estate of a deceased shareholder or a transfer of any shares (not being a fully paid up share) on which the Company has a lien.
43. Save as provided in these Bye-laws, there shall be no restriction on the transfer of full-paid shares (except where required by law or the rules, bye- laws or listing rules of the Designated Stock Exchange), but without limiting the generality of the foregoing, the Board may also decline to recognise any instrument of transfer unless:-
- (i) such sum, (not exceeding two Singapore dollars (S\$2.00)) as the Board may from time to time determine is paid to the Company in respect of any instrument of transfer, probate, letters of administration, certificate of marriage or death, power of attorney or any document relating to or affecting the title to the shares to be reasonable in the territory in which the relevant register is situate, or otherwise such sum as the Board shall from time to time determine is paid to the Company in respect thereof;
  - (ii) the instrument of transfer is lodged at the relevant Registration Office or, as the case may be, the Transfer Office accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do);
  - (iii) the instrument of transfer is in respect of only one (1) class of share;
  - (iv) the shares concerned are free of any lien in favour of the Company;
  - (v) if applicable, the instrument of transfer is properly stamped; and
  - (vi) where applicable, the permission of the Bermuda Monetary Authority with respect thereto has been obtained.
44. No transfer of any shares (not being a fully paid up share) shall be made to an infant or to a person of unsound mind or under other legal disability.
45. If the Board shall refuse to register a transfer of any share, it shall, within one (1) month after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of the refusal, stating the facts which are considered to justify the refusal.
46. Upon every transfer of shares the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall be issued without charge to the transferee in respect of the shares transferred to him, and if any of the shares included in the certificate so given up shall be retained by the transferor a new certificate in respect thereof shall be issued to him without charge. The Company shall also retain the instrument of transfer.
47. The registration of transfers may be suspended and the register closed on giving notice to the Designated Stock Exchange and by advertisement in an appointed newspaper and in the Newspapers at such times and for such periods as the Board may from time to time determine and either generally or in respect of any class of shares. The register shall not be closed for more than thirty (30) days in any year.

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## **APPENDIX 6 – RELEVANT EXTRACTS FROM THE COMPANY’S BYE-LAWS**

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### **TRANSMISSION OF SHARES**

48. In the case of the death of a shareholder, the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share solely or jointly held by him.
49. Any person becoming entitled to a share in consequence of the death or bankruptcy or winding-up of a shareholder may, upon such evidence as to his title being produced as may from time to time be required by the Board, and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof.
50. If the person becoming entitled to a share pursuant to Bye-Law 49 shall elect to be registered himself, as the holder of such share he shall deliver or send to the Company a notice in writing signed by him at (unless the Board otherwise agrees) the Registration Office, stating that he so elects. If he shall elect to have his nominee registered, he shall testify his election by executing a transfer of such shares to his nominee. All the limitations, restrictions and provisions of these presents relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death, bankruptcy or winding-up of the shareholder had not occurred and the notice or transfer were a transfer executed by such shareholder.
51. A person becoming entitled to a share by reason of the death, bankruptcy or winding-up of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share. However, the Board may, if it thinks fit, withhold the payment of any dividend payable or other advantages in respect of such share until such person shall become the registered holder of the share or shall have effectually transferred such share, but, subject to the requirements of Bye- Law 80 being met, such a person may vote at general meetings of the Company.

### **FORFEITURE OF SHARES**

52. If a shareholder fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, without prejudice to the provisions of Bye-Law 36, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued by reason of such non-payment and which may thereafter accrue up to the date of actual payment as the Board shall determine.
53. The notice shall name a further day (not earlier than the expiration of fourteen (14) days from the date of the notice) on or before which the payment required by the notice is to be made, and it shall also name the place where payment is to be made, such place being either the Registered Office or a Registration Office. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.
54. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture. The Directors may accept the surrender of any shares liable to be forfeited hereunder and in such cases references in these Bye-Laws to forfeiture shall include surrender

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## APPENDIX 6 – RELEVANT EXTRACTS FROM THE COMPANY’S BYE-LAWS

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55. Any share so forfeited shall be deemed to be the property of the Company, and may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Board thinks fit. The residue of the proceeds of such sale pursuant to this Bye-law after the satisfaction of the unpaid calls and accrued interest and expenses of such sale shall be paid to the person entitled to the shares at the time of the sales or to his executors, administrators or assigns, as he may direct it. To give effect to any such sale, the Board may, if necessary, authorise some other person to transfer or effect the transfer of a forfeited share to any such person as aforesaid.
56. A person whose shares have been forfeited shall cease to be a shareholder in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the forfeited shares, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent.(20%) per annum as the Board may prescribe, and the Board may enforce the payment thereof if it thinks fit, and without any deduction or allowance for the value of the shares at the date of forfeiture, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares. The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and claims and demand against the Company in respect of the share and all other rights and liabilities incidental to the share as between the person whose share is forfeited and the Company except only such of those rights and liabilities as are by the Bye-laws owed or as are by the Companies Act given or imposed in the case of past shareholders. For the purposes of this Bye-Law any sum which by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, whether on account of the nominal value of the share or by way of premium, shall notwithstanding that such time has not yet arrived be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment.
57. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company, and that a share in the Company has been duly forfeited or surrendered on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
58. When any share shall have been forfeited, notice of the forfeiture shall be given to the shareholder in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or make any such entry.
59. Notwithstanding any such forfeiture as aforesaid the Board may at any time, before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, cancel the forfeiture on such terms as the Board thinks fit or permit the shares so forfeited to be bought back or redeemed upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the shares, and upon such further terms (if any) as it thinks fit.
60. The forfeiture of a share shall not prejudice the right of the Company to any call already made or instalment payment thereon.
61. (A) The provisions of these Bye-Laws as to forfeiture shall apply in the case of non-payment of any sum which, by terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

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## **APPENDIX 6 – RELEVANT EXTRACTS FROM THE COMPANY’S BYE-LAWS**

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- (B) In the event of a forfeiture of shares the shareholder shall be bound to deliver and shall forthwith deliver to the Company the certificate or certificates held by him for the shares so forfeited and in any event the certificates representing shares so forfeited shall be void and of no further effect.

### **CAPITALISATION OF RESERVES**

145. (A) The Company in general meeting may, upon the recommendation of the Board, resolve to capitalise any part of the Company's reserves (including any contributed surplus account and also including any share premium account or other undistributable reserve, but subject to the provisions of the law with regard to unrealised profits) or undivided profits not required for the payment or provision of the dividend on any shares with a preferential right to dividend, and accordingly that such part be sub-divided amongst the shareholders in such proportion as may be approved by the Board, whether pro-rata to all shareholders or otherwise, on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such shareholders respectively or paying up in full unissued shares or debentures or other securities of the Company to be allotted and distributed credited as fully paid to and amongst such shareholders in such proportion as may be approved by the Board as aforesaid, or partly in one way and partly in the other provided that for the purpose of this Bye-Law, any amount standing to the credit of any share premium account may only be applied in the paying up of unissued shares to be issued to shareholders of the Company as fully paid and provided further that any sum standing to the credit of the share premium account may only be applied in crediting as fully paid shares of the same class as that from which the relevant share premium was derived.
- (B) Whenever such a resolution as aforesaid shall have been passed the Board shall make all appropriations and applications of the reserves or undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares, debentures, or other securities and generally shall do all acts and things required to give effect thereto. For the purpose of giving effect to any resolution under this Bye-Law, the Board may settle any difficulty which may arise in regard to a capitalisation issue as it thinks fit, and in particular may disregard fractional entitlements or round the same up or down and may determine that cash payments shall be made to any shareholders in lieu of fractional entitlements or that fractions of such value as the Board may determine may be disregarded in order to adjust the rights of all parties or that fractional entitlements shall be aggregated and sold and the benefit shall accrue to the Company rather than to the shareholders concerned. The Board may appoint any person to sign on behalf of the persons entitled to share in a capitalisation issue a contract for allotment and such appointment shall be effective and binding upon all concerned, and the contract may provide for the acceptance by such persons of the shares, debentures or other securities to be allotted and distributed to them respectively in satisfaction of their claims in respect of the sum so capitalised.

### **DISTRIBUTION OF REALISED CAPITAL PROFITS**

162. The Company in general meeting may at any time and from time to time resolve that any surplus moneys in the hands of the Company representing capital profits arising from moneys received or recovered in respect of or arising from the realisation of any capital assets of the Company or any investments representing the same and not required for the payment or provision of any fixed preferential dividend instead of being applied in the purchase of any other capital assets or for other capital purposes be distributed amongst the ordinary shareholders on the footing that they receive the same as capital and in the shares and proportions in which they would have been entitled to receive the same if it had been distributed by way of dividend, provided that no such profits as aforesaid shall be so distributed unless there shall remain in the hands of the Company a sufficiency of other assets to answer in full the whole of the liabilities and paid-up share capital of the Company for the time being.

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## APPENDIX 6 – RELEVANT EXTRACTS FROM THE COMPANY’S BYE-LAWS

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### THE STOCK

188. The following provisions shall have effect at any time and from time to time that they are not prohibited or inconsistent with the Statutes:
- (1) The Company may by Ordinary Resolution convert any paid up shares into stock, and may from time to time by like resolution reconvert any stock into paid up shares of any denomination.
  - (2) The holders of stock may transfer the same or any part thereof in the same manner, and subject to the same regulations as and subject to which the shares from which the stock arose might prior to conversion have been transferred or as near thereto as circumstances admit, but the Directors may from time to time, if they think fit, fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum, but so that such minimum shall not exceed the nominal amount of the shares from which the stock arose. No warrants to bearer shall be issued in respect of any stock.
  - (3) The holders of stock shall, according to the amount of the stock held by them, have the same rights, privileges and advantages as regards dividends, participation in assets on a winding-up, voting at meetings, and other matters, as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage.
  - (4) Such of the provisions of these Bye-Laws as are applicable to paid up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder"

### 2. THE RIGHTS OF SHAREHOLDERS IN RESPECT OF DIVIDENDS

#### BYE-LAW NUMBER

#### BYE-LAW

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35. No shareholder shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another shareholder) at any general meeting, either personally, or (save as proxy for another shareholder) by proxy or by duly authorised corporate representative, or be reckoned in a quorum, or to exercise any other privilege as a shareholder until all calls or instalments due from him to the Company, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.
38. The Board may, if it thinks fit, receive from any shareholder willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the moneys so advanced the Company may pay interest at such rate (if any) not exceeding twenty per cent. (20%). per annum as the Board may decide but a payment in advance of a call shall not whilst carrying interest entitle the shareholder to participate in profits, to receive any dividend or to exercise any other rights or privileges as a shareholder in respect of the share or the due portion of the shares upon which payment has been advanced by such shareholder before it is called up. The Board may at any time repay the amount so advanced upon giving to such shareholder not less than one month's notice in writing of their intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced.
51. A person becoming entitled to a share by reason of the death, bankruptcy or winding-up of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share. However, the Board may, if it thinks fit, withhold the payment of any dividend payable or other advantages in respect of such share until such person shall become the registered holder of the share or shall have effectually transferred such share, but, subject to the requirements of Bye- Law 80 being met, such a person may vote at general meetings of the Company.

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## APPENDIX 6 – RELEVANT EXTRACTS FROM THE COMPANY’S BYE-LAWS

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54. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture. The Directors may accept the surrender of any shares liable to be forfeited hereunder and in such cases references in these Bye-Laws to forfeiture shall include surrender.

### DIVIDENDS, CONTRIBUTED SURPLUS AND RESERVES

146. The Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board.
147. (A) The Board may subject to Bye-Law 148 from time to time pay to the shareholders such interim dividends as appear to the Board to be justified by the position of the Company and, in particular (but without prejudice to the generality of the foregoing), if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer to the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non- preferential rights.
- (B) The Board may also pay half-yearly or at other suitable intervals to be settled by it any dividend which may be payable at a fixed rate if the Board is of the opinion that the profits justify the payment.
148. (A) No dividend shall be declared or paid and no distribution of contributed surplus made otherwise than in accordance with the Statutes. No dividend shall be paid otherwise than out of funds available for distribution.
- (B) Subject to the provisions of the Companies Act (but without prejudice to paragraph (A) of this Bye-Law), where any asset, business or property is bought by the Company as from a past date (whether such date be before or after the incorporation of the Company) the profits and losses thereof as from such date may at the discretion of the Directors in whole or in part be carried to revenue account and treated for all purposes as profits or losses of the Company, and be available for dividend accordingly. Subject as aforesaid, if any shares or securities are purchased cum dividend or interest, such dividend or interest may at the discretion of the Board be treated as revenue, and it shall not be obligatory to capitalise the same or any part thereof.
- (C) Subject to Bye-Law 148 (D) all dividends and other distributions in respect of shares in the Company shall be stated and discharged in Singapore dollars, in the case of shares denominated in Singapore dollars, provided that, the Board may determine in the case of any distribution that shareholders may elect to receive the same in any other currency selected by the Board, conversion to be effected at such rate of exchange as the Board may determine.
- (D) If, in the opinion of the Board, any dividend or other distribution in respect of shares or any other payment to be made by the Company to any shareholder is of such a small amount as to make payment to that shareholder in the relevant currency impracticable or unduly expensive either for the Company or the shareholder then such dividend or other distribution or other payment may, at the discretion of the Board, be paid or made in the currency of the country of the relevant shareholder (as indicated by the address of such shareholder on the register).

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## APPENDIX 6 – RELEVANT EXTRACTS FROM THE COMPANY’S BYE-LAWS

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149. Notice of the declaration of an interim dividend shall be given by advertisement in the Relevant Territory and in such other territory or territories as the Board may determine and in such manner as the Board shall determine.
150. No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.
151. Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe for securities of the Company or any other company, or in any one or more of such ways, with or without offering any rights to shareholders to elect to receive such dividend in cash, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any shareholders upon the footing of the value so fixed in order to adjust the rights of all parties and may determine that fractional entitlements shall be aggregated and sold and the benefit shall accrue to the Company rather than to the shareholders concerned, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend and such appointment shall be effective. Where requisite, the Board may appoint any person to sign a contract on behalf of the persons entitled to the dividend and such appointment shall be effective. The Board may resolve that no such assets shall be made available or paid to shareholders with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable and in such event the only entitlement of the shareholders aforesaid shall be to receive cash payments as aforesaid. Shareholders affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of shareholders for any purpose whatsoever.
152. Subject to the rules or regulations of the Designated Stock Exchange, the Board shall have full power to make such provisions as it thinks fit for the implementation of a scheme which enables shareholders to elect to receive securities in lieu of cash amount of any dividend, and the Board may do all acts and things considered necessary or expedient to give effect to such a scheme.
153. The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for meeting claims on or liabilities of the Company or contingencies or for paying off any loan capital or for equalising dividends or for any other purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may from time to time think fit, and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute by way of dividend.
154. Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid or credited as paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Bye-Law no amount paid on a share in advance of calls shall be treated as paid on the share.



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## APPENDIX 6 – RELEVANT EXTRACTS FROM THE COMPANY’S BYE-LAWS

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155. (A) The Board may retain any dividends or other moneys payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
- (B) The Board may deduct from any dividend or bonus payable to any shareholder all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.
156. Any general meeting sanctioning a dividend may make a call on the shareholders of such amount as the meeting fixes, but so that the call on each shareholder shall not exceed the dividend payable to him, and so that the call shall be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the shareholder, be set off against the call.
157. A transfer of shares shall not pass the right to any dividend or bonus declared thereon before the registration of the transfer.
158. If two (2) or more persons are registered as joint holders of any share, any one of such persons may give effectual receipts for any dividends, interim dividends or bonuses and other moneys payable in respect of such shares.
159. Unless otherwise directed by the Board, any dividend or bonus may be paid by cheque or warrant sent through the post to the registered address of the shareholder entitled, or, in case of joint holders, to the registered address of the joint holder whose name stands first in the register in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged.
160. All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six (6) years after having been declared may be forfeited by the Board and shall revert to the Company.
161. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Directors, may specify that the same shall be payable or made to the persons registered as the holder of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend or other distribution shall be payable or made to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend or other distribution between the transferors and transferees of any such shares. The provisions of this Bye-Law shall mutatis mutandis apply to bonuses, capitalisation issues, distributions of realised capital profits or offers or grants made by the Company to the shareholders.

### RECORD DATES

187. Notwithstanding any other provision of these Bye-Laws the Company or the Board may fix any date as the record date for any dividend, distribution, allotment or issue and such record date may be on or at any time before or after any date on which such dividend, distribution, allotment or issue is declared, paid or made.

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## APPENDIX 6 – RELEVANT EXTRACTS FROM THE COMPANY’S BYE-LAWS

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### 3. THE RIGHTS OF SHAREHOLDERS IN RESPECT OF VOTING

**BYE-LAW  
NUMBER**

**BYE-LAW**

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#### GENERAL MEETINGS

63. (A) Notwithstanding the provisions of the Companies Act entitling shareholders of the Company to elect to dispense with the holding of an annual general meeting, the Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notice calling it; and not more than fifteen (15) months shall elapse between the date of one annual general meeting of the Company and that of the next. The annual general meeting shall be held in the Relevant Territory or elsewhere as may be determined by the Board and at such time and place as the Board shall appoint. A meeting of the shareholders or any class thereof may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.
- (B) Save where a general meeting is required by the Companies Act, a resolution in writing signed (in such manner as to indicate, expressly or impliedly, unconditional approval) by or on behalf of all persons for the time being entitled to receive notice of and to attend and vote at general meetings of the Company shall, for the purposes of these Bye-Laws, be treated as an Ordinary Resolution duly passed at a general meeting of the Company and, where relevant, as a Special Resolution so passed. Any such resolution shall be deemed to have been passed at a meeting held on the date on which it was signed by the last shareholder to sign, and where the resolution states a date as being the date of his signature thereof by any shareholder the statement shall be prima facie evidence that it was signed by him on that date. Such a resolution may consist of several documents in the like form, each signed by one (1) or more relevant shareholders.
64. All general meetings other than annual general meetings shall be called special general meetings.
65. The Board may, whenever it thinks fit, convene a special general meeting, and special general meetings shall also be convened on requisition, as provided by the Companies Act, and, in default, may be convened by the requisitionists as provided by the Act.
66. A general meeting called for the passing of a Special Resolution shall be called by at least twenty-one (21) clear days' notice in writing, and a meeting of the Company other than a meeting for the passing of a Special Resolution shall be called by at least fourteen (14) clear days' notice in writing to be given by advertisement in the Newspapers and in writing to the Designated Stock Exchange. The notice shall be given in clear days, and shall specify the place, the day and the hour of meeting and, in case of special business, must be accompanied by a statement regarding the general nature of that business and the effect of any proposed resolution in respect of such special business, and shall be given, in the manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under these Bye-Laws, entitled to receive such notices from the Company, provided that, subject to the provisions of the Companies Act, a meeting of the Company shall notwithstanding that it is called by shorter notice than that specified in this Bye-Law be deemed to have been duly called if it is so agreed:-
- (i) in the case of a meeting called as the annual general meeting, by all the shareholders entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the shareholders having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right.

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## APPENDIX 6 – RELEVANT EXTRACTS FROM THE COMPANY’S BYE-LAWS

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67. (A) The accidental omission to give any notice to, or the non-receipt of any notice by, any person entitled to receive notice shall not invalidate any resolution passed or any proceedings at any such meeting.
- (B) In the case where instruments of proxy are sent out with any notice, the accidental omission to send such instrument of proxy to, or the non-receipt of such instrument of proxy by, any person entitled to receive notice of the relevant meeting shall not invalidate any resolution passed or any proceeding at any such meeting.

### PROCEEDINGS AT GENERAL MEETINGS

68. All business shall be deemed special that is transacted at a special general meeting, and also all business that is transacted at an annual general meeting with the exception of sanctioning dividends, the reading, considering and adopting of the accounts and balance sheet and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet, the election of Directors and appointment of Auditors and other officers in the place of those retiring, the fixing of the remuneration of the Auditors, and the voting of ordinary or extra or special Directors’ fees.
69. No business shall be transacted at any general meeting unless a quorum of shareholders is present at the commencement of the meeting. Except as herein otherwise provided, two (2) shareholders present in person (or, in the case of a shareholder being a corporation (other than the Depository), by its duly authorised representative) or by proxy shall form a quorum, provided that if the Company shall at any time have only one shareholder, one shareholder present in person or by proxy or, being a corporation, by its duly authorised representative shall form a quorum for the transaction of business at any general meeting of the Company held during such time. For the purposes of this Bye-Law “shareholder” includes a person attending as a proxy or as a duly authorised representative of the Depository (where the Depository is a shareholder).
70. If within fifteen (15) minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of shareholders, shall be dissolved, but in any other case it shall stand adjourned to the same day in the next week and at such time and place as shall be decided by the Board. At the adjourned meeting, any one (1) or more shareholders present in person or by a duly authorised corporate representative or by proxy shall be a quorum.
71. The Chairman (if any) of the Board or, if he is absent or declines to take the Chair at such meeting, the Deputy Chairman (if any) shall take the chair at every general meeting, or, if there be no such Chairman or Deputy Chairman, or, if at any general meeting neither of such Chairman or Deputy Chairman is present within fifteen (15) minutes after the time appointed for holding such meeting, or both such persons decline to take the chair at such meeting, the Directors present shall choose one of their number as Chairman, and if no Director be present or if all the Directors present decline to take the chair or if the Chairman chosen shall retire from the chair, then the shareholders present shall choose one (1) of their number to be Chairman.
72. The Chairman may, with the consent of any general meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn any meeting from time to time and from place to place as the meeting shall determine. Whenever a meeting is adjourned for fourteen (14) days or more, at least seven (7) clear days’ notice, specifying the place, the day and the hour of the adjourned meeting shall be given in the same manner as in the case of an original meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting. Save as aforesaid, no shareholder shall be entitled to any notice of an adjournment or of the business to be transacted at an adjourned meeting. No business shall be transacted at an adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

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## APPENDIX 6 – RELEVANT EXTRACTS FROM THE COMPANY’S BYE-LAWS

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73. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:-
- (i) by the Chairman of the meeting; or
  - (ii) by at least three (3) shareholders present in person or by duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or
  - (iii) by any shareholder or shareholders present in person or by duly authorised corporate representative or by proxy and representing not less than one-tenth (1/10) of the total voting rights of all the shareholders having the right to vote at the meeting; or
  - (iv) by any shareholder or shareholders present in person or by duly authorised corporate representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right; or
  - (v) where the Depository is a shareholder, by at least three (3) proxies of the Depository.

Unless a poll be so demanded and the demand is not withdrawn, a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.

74. If a poll is demanded as aforesaid, it shall (subject as provided in Bye-Law 76) be taken in such manner (including the use of ballot or voting papers or tickets) and at such time and place, not being more than thirty (30) days from the date of the meeting or adjourned meeting at which the poll was demanded, as the Chairman directs. No notice need be given of a poll not taken immediately. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn, with the consent of the Chairman, at any time before the close of the meeting at which the poll was demanded or the taking hands of the poll, whichever is the earlier.
75. Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting and without adjournment.
76. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote. In case of any dispute as to the admission or rejection of any vote the Chairman shall determine the same, and such determination shall be final and conclusive.
77. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.
78. For the purposes of section 106 of the Companies Act, a Special Resolution of the Company, and of any relevant class of shareholders, shall be required to approve any amalgamation agreement as referred to in that section.

### VOTES OF SHAREHOLDERS

79. Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a show of hands every shareholder who is present in person or by a duly authorised corporate representative or by proxy shall have one (1) vote, and on a poll every shareholder present in person or by a duly authorised corporate representative or by proxy, shall have one (1) vote for every share of which he is the holder or

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## APPENDIX 6 – RELEVANT EXTRACTS FROM THE COMPANY’S BYE-LAWS

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which he represents and in respect of which all calls due to the Company have been paid (but so that no amount paid up or credited as paid up on a share in advance of calls or instalments shall be treated for the purposes of this Bye-Law as paid up on the share). On a poll a shareholder entitled to more than one (1) vote need not use all his votes or cast his votes in the same way.

80. Any person entitled under Bye-Law 49 to be registered as the holder of any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty- eight (48) hours before the time of the holding of the meeting or adjourned meeting (as the case may be) at which he proposes to vote, he shall satisfy the Board of his right to be registered as the holder of such shares or the Board shall have previously admitted his right to vote at such meeting in respect thereof.
81. Where there are joint registered holders of any share, any one (1) of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one (1) of such joint holders be present at any meeting personally or by proxy, that one (1) of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder in whose name any share stands shall for the purposes of this Bye-Law be deemed joint holders thereof.
82. A shareholder of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis or other person in the nature of a committee, receiver or curator bonis appointed by that court, and any such committee, receiver, curator bonis or other person may on a poll vote by proxy. Evidence to the satisfaction of the Board of the authority of the person claiming to exercise the right to vote shall be delivered to such place or one of such places (if any) as is specified in accordance with these Bye-Laws for the deposit of instruments of proxy or, if no place is specified, at the Registration Office.
83. (A) Save as expressly provided in these Bye-Laws, no person other than a shareholder duly registered and who shall have paid everything for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another shareholder) either personally or by proxy or to be reckoned in a quorum (save as proxy for another shareholder), at any general meeting.  
  
(B) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman, whose decision shall be final and conclusive.

### PROXIES AND CORPORATE REPRESENTATIVES

84. Any shareholder of the Company entitled to attend and vote at a meeting of the Company or a meeting of the holders of any class of shares in the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. Votes may be given either personally or by duly authorised corporate representative or by proxy. A shareholder who is the holder of two (2) or more shares may appoint not more than two (2) proxies to attend on the same occasion. A proxy need not be a shareholder. In addition, a proxy or proxies representing either an individual shareholder or a shareholder which is a corporation, shall be entitled to exercise the same powers on behalf of the shareholder which he or they represent as such shareholder could exercise including the right to vote individually on a show of hands.
85. Provided that if the shareholder is the Depository:-
  - (A) the Depository may appoint more than two (2) proxies or a corporate representative to attend and vote at the same general meeting, notwithstanding Bye-law 84;

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## APPENDIX 6 – RELEVANT EXTRACTS FROM THE COMPANY’S BYE-LAWS

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- (B) the Company shall be entitled and bound:-
- (i) to reject any instrument of proxy lodged if the proxy first named in that instrument, being the Depositor, is not shown, in the records of the Depository as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the Depository to the Company, to have any shares credited to a securities account;
  - (ii) to accept as the maximum number of votes which in aggregate all the proxies appointed by the Depository in respect of a particular Depositor are able to cast on a poll a number which is the number of shares credited to the securities account of that Depositor, as shown in the records of the Depository as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of the Depository; and
  - (iii) the Company shall accept as valid in all respects the form of proxy approved by the Depository (the “CDP Proxy Form”) for use at the date relevant to the general meeting in question notwithstanding that the same permits the Depositor concerned to nominate a person or persons other than himself as the proxy or proxies appointed by the Depository. The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed CDP Proxy Form submitted to it, to have regard to the instructions given by and the notes (if any) set out in the CDP Proxy Form.
86. (A) Any corporation which is a shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its corporate representative at any meeting of the Company or any class of shareholders. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation which he represents as the corporation could exercise if it were an individual shareholder. References in these Bye-Laws to a shareholder present in person at a meeting shall, unless the context otherwise requires, include a corporation which is a shareholder represented at the meeting by such duly authorised corporate representative or by one (1) or more proxies. Nothing contained in this Bye-Law shall prevent a corporation which is a shareholder of the Company from appointing one or more proxies to represent it subject to Bye-law 84.
- (B) Any reference in these Bye-laws to a duly authorised corporate representative of a shareholder being a corporation shall mean a corporate representative authorised under the provisions of this Bye-law.
87. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
88. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at such place or one (1) of such places (if any) as is specified in the notice of meeting or in the instrument of proxy issued by the Company (or, if no place is specified, at the Registration Office) not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting or poll (as the case may be) at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in a case where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the meeting or upon the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

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## APPENDIX 6 – RELEVANT EXTRACTS FROM THE COMPANY’S BYE-LAWS

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89. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve.
90. The instrument appointing a proxy to vote at a general meeting shall: (i) be deemed to confer authority upon the proxy to demand or join in demanding a poll and to vote on any resolution (or amendment thereto) put to the meeting for which it is given as the proxy thinks fit. Provided that any form issued to a shareholder for use by him for appointing a proxy to attend and vote at a special general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the shareholder, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business; and (ii) unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.
91. A vote given in accordance with the terms of an instrument of proxy or power of attorney shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or power of attorney or other authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at its Registration Office, or at such other place as is referred to in Bye-Law 88, at least two (2) hours before the commencement of the meeting or adjourned meeting at which the proxy is used.
92. In any case where a form of proxy appoints more than one (1) proxy (including the case where such appointment results from a nomination by the Depository), the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

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# APPENDIX 7A – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE BIOSENSORS GROUP FOR FY2015

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## INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

### Independent Auditor's Report to the Members of Biosensors International Group, Ltd.

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Biosensors International Group, Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2015, the statements of changes in equity of the Group and the Company, the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company present fairly, in all material respects, the financial position of the Group and the Company as at 31 March 2015, and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore

16 June 2015



**APPENDIX 7A – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE  
BIOSENSORS GROUP FOR FY2015**

# BALANCE SHEETS

AS AT 31 MARCH 2015

(AMOUNTS EXPRESSED IN UNITED STATES DOLLARS)

	Note	Group		Company	
		2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>					
Property, plant and equipment	4	86,289	64,653	-	-
Investment in subsidiaries	5	-	-	584,716	584,716
Other investments	6	28,836	26,626	28,836	26,626
Intangible assets	7	134,875	147,413	12,199	12,177
Goodwill	8	439,576	688,097	52,579	52,579
Long term loans to subsidiaries	9	-	-	56,616	39,369
Restricted deposits	10	1,092	1,193	-	-
Long term loan to a third party	11	1,500	2,000	-	-
Deferred tax assets	36	258	-	-	-
		<b>692,426</b>	929,982	<b>734,946</b>	715,467
<b>Current assets</b>					
Inventories	12	44,474	54,821	-	-
Trade receivables	13	73,121	72,545	-	-
Other receivables	14	4,059	3,998	-	-
Deposits		881	873	162	81
Prepayments		14,177	23,623	361	217
Short term loan to a third party	11	500	-	-	-
Due from a subsidiary (trade)	15	-	-	7,042	7,361
Due from subsidiaries (non-trade)	16	-	-	13,303	8,425
Restricted deposits	10	47,793	46,565	-	-
Cash and cash equivalents	17	518,253	511,788	298,656	332,896
		<b>703,258</b>	714,213	<b>319,524</b>	348,980
<b>Current liabilities</b>					
Trade payables	18	(6,605)	(6,636)	-	-
Other payables		(18,939)	(24,732)	(768)	(5,207)
Accruals	19	(26,702)	(26,519)	(2,291)	(1,417)
Provisions	20	(2,747)	(1,464)	-	-
Due to subsidiaries (non-trade)	16	-	-	(18,413)	(9,115)
Income tax payable		(6,845)	(14,209)	(23)	-
Finance lease liabilities	21	(19)	(14)	-	-
Loans and borrowings	22	(41,433)	(39,000)	(41,046)	(39,000)
Deferred revenue		(1,678)	(1,175)	-	-
Contingent consideration	23	(2,410)	(4,126)	(2,410)	(4,126)
		<b>(107,378)</b>	(117,875)	<b>(64,951)</b>	(58,865)

**APPENDIX 7A – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE  
BIOSENSORS GROUP FOR FY2015**

# BALANCE SHEETS

AS AT 31 MARCH 2015

(AMOUNTS EXPRESSED IN UNITED STATES DOLLARS)

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Net current assets</b>		<b>595,880</b>	596,338	<b>254,573</b>	290,115
<b>Non-current liabilities</b>					
Finance lease liabilities	21	(60)	(55)	-	-
Loans and borrowings	22	(254,260)	(250,510)	(211,819)	(231,374)
Pension funds	24	(2,701)	(2,500)	-	-
Deferred tax liabilities	36	(15,220)	(17,603)	-	(283)
Deferred revenue		(1,561)	(2,337)	-	-
Other payables		(78)	(270)	(78)	(270)
		<b>(273,880)</b>	(273,275)	<b>(211,897)</b>	(231,927)
<b>Net assets</b>		<b>1,014,426</b>	1,253,045	<b>777,622</b>	773,655
<b>Equity</b>					
Share capital	25	117	117	117	117
Share premium	26	746,042	740,034	746,042	740,034
Treasury shares	27	(54,692)	(48,792)	(54,692)	(48,792)
Translation reserves	28	45,627	50,839	-	-
Accumulated profits		257,807	483,520	67,676	55,474
Other reserves	29	19,525	27,327	18,479	26,822
<b>Total equity</b>		<b>1,014,426</b>	1,253,045	<b>777,622</b>	773,655

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**APPENDIX 7A – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE  
BIOSENSORS GROUP FOR FY2015**

# CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

(AMOUNTS EXPRESSED IN UNITED STATES DOLLARS)

	Note	Group	
		2015 \$'000	2014 \$'000
Revenue	30	<b>308,389</b>	323,818
Cost of sales		<b>(83,889)</b>	(73,378)
<b>Gross profit</b>		<b>224,500</b>	250,440
Other income	31	<b>687</b>	4,369
Sales and marketing expenses		<b>(112,285)</b>	(122,554)
General and administrative expenses		<b>(39,222)</b>	(42,556)
Research and development expenses		<b>(34,032)</b>	(31,436)
Other operating expenses		<b>(260,902)</b>	(6,544)
<b>(Loss)/profit from operations</b>	32	<b>(221,254)</b>	51,719
Financial income	34	<b>7,732</b>	6,747
Financial expenses	35	<b>(13,598)</b>	(13,368)
<b>(Loss)/profit before tax</b>		<b>(227,120)</b>	45,098
Income tax	36	<b>2,307</b>	(4,512)
<b>(Loss)/profit for the year</b>		<b>(224,813)</b>	40,586
(Loss)/earnings per share	37		
– Basic (USD cents)		<b>(13.29)</b>	2.38
– Diluted (USD cents)		<b>(13.25)</b>	2.35

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**APPENDIX 7A – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE  
BIOSENSORS GROUP FOR FY2015**

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

(AMOUNTS EXPRESSED IN UNITED STATES DOLLARS)

	Note	Group	
		2015 \$'000	2014 \$'000
<b>(Loss)/profit for the year</b>		<b>(224,813)</b>	40,586
<b>Other comprehensive income</b>			
<i>Items reclassified to income statement during the year</i>			
Realisation of translation loss on disposal of a subsidiary	28	-	305
		-	305
<i>Items that will not be reclassified subsequently to income statement</i>			
Remeasurement losses on defined benefit plans		<b>(359)</b>	(24)
		<b>(359)</b>	(24)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of financial statements of foreign subsidiaries	28	<b>(5,212)</b>	16,985
		<b>(5,212)</b>	16,985
<b>Other comprehensive (loss)/income for the year</b>		<b>(5,571)</b>	17,266
<b>Total comprehensive (loss)/income for the year attributable to equity holders of the Company</b>		<b>(230,384)</b>	57,852

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**APPENDIX 7A – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE  
BIOSENSORS GROUP FOR FY2015**

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

(AMOUNTS EXPRESSED IN UNITED STATES DOLLARS)

Group	Attributable to owners of the Company						
	Total equity	Share capital	Share premium	Treasury shares	Translation reserves	Accumulated profits	Other reserves
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
							(Note 29)
<b>At 1 April 2014</b>	<b>1,253,045</b>	<b>117</b>	<b>740,034</b>	<b>(48,792)</b>	<b>50,839</b>	<b>483,520</b>	<b>27,327</b>
Loss net of tax	(224,813)	-	-	-	-	(224,813)	-
Transfer to statutory reserves	-	-	-	-	-	(541)	541
Other comprehensive income	(5,571)	-	-	-	(5,212)	(359)	-
<b>Total comprehensive (loss)/income</b>	<b>(230,384)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,212)</b>	<b>(225,713)</b>	<b>541</b>
Exercise of share options and transfer of related reserve	831	-	1,158	-	-	-	(327)
Share-based payment	3,093	-	-	-	-	-	3,093
Purchase of treasury shares	(12,159)	-	-	(12,159)	-	-	-
Transfer of treasury shares (Note 27)	-	-	4,850	6,259	-	-	(11,109)
<b>Total contributions by and distributions to owners</b>	<b>(8,235)</b>	<b>-</b>	<b>6,008</b>	<b>(5,900)</b>	<b>-</b>	<b>-</b>	<b>(8,343)</b>
<b>At 31 March 2015</b>	<b>1,014,426</b>	<b>117</b>	<b>746,042</b>	<b>(54,692)</b>	<b>45,627</b>	<b>257,807</b>	<b>19,525</b>
<b>At 1 April 2013</b>	1,247,959	116	731,778	(18,007)	33,549	478,013	22,510
Profit net of tax	40,586	-	-	-	-	40,586	-
Transfer to statutory reserves	-	-	-	-	-	(505)	505
Other comprehensive income	17,266	-	-	-	17,290	(24)	-
<b>Total comprehensive income</b>	<b>57,852</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,290</b>	<b>40,057</b>	<b>505</b>
Exercise of share options and transfer of related reserve	5,473	1	8,256	-	-	-	(2,784)
Share-based payment	7,096	-	-	-	-	-	7,096
Purchase of treasury shares	(30,785)	-	-	(30,785)	-	-	-
Dividends on ordinary shares (Note 44)	(34,550)	-	-	-	-	(34,550)	-
<b>Total contributions by and distributions to owners</b>	<b>(52,766)</b>	<b>1</b>	<b>8,256</b>	<b>(30,785)</b>	<b>-</b>	<b>(34,550)</b>	<b>4,312</b>
<b>At 31 March 2014</b>	<b>1,253,045</b>	<b>117</b>	<b>740,034</b>	<b>(48,792)</b>	<b>50,839</b>	<b>483,520</b>	<b>27,327</b>

**APPENDIX 7A – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE  
BIOSENSORS GROUP FOR FY2015**

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

(AMOUNTS EXPRESSED IN UNITED STATES DOLLARS)

Company	Total equity \$'000	Share capital \$'000	Share premium \$'000	Treasury Shares \$'000	Accumulated profits \$'000	Other reserves \$'000
						(Note 29)
<b>At 1 April 2014</b>	<b>773,655</b>	<b>117</b>	<b>740,034</b>	<b>(48,792)</b>	<b>55,474</b>	<b>26,822</b>
Profit net of tax	12,202	-	-	-	12,202	-
<b>Total comprehensive income</b>	<b>12,202</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,202</b>	<b>-</b>
Exercise of share options and transfer of related reserve	831	-	1,158	-	-	(327)
Share-based payment	3,093	-	-	-	-	3,093
Purchase of treasury shares	(12,159)	-	-	(12,159)	-	-
Transfer of treasury shares (Note 27)	-	-	4,850	6,259	-	(11,109)
<b>Total contributions by and distributions to owners</b>	<b>(8,235)</b>	<b>-</b>	<b>6,008</b>	<b>(5,900)</b>	<b>-</b>	<b>(8,343)</b>
<b>At 31 March 2015</b>	<b>777,622</b>	<b>117</b>	<b>746,042</b>	<b>(54,692)</b>	<b>67,676</b>	<b>18,479</b>
<b>At 1 April 2013</b>	784,495	116	731,778	(18,007)	48,098	22,510
Profit net of tax	41,926	-	-	-	41,926	-
<b>Total comprehensive income</b>	41,926	-	-	-	41,926	-
Exercise of share options and transfer of related reserve	5,473	1	8,256	-	-	(2,784)
Share-based payment	7,096	-	-	-	-	7,096
Purchase of treasury shares	(30,785)	-	-	(30,785)	-	-
Dividends on ordinary shares (Note 44)	(34,550)	-	-	-	(34,550)	-
<b>Total contributions by and distributions to owners</b>	<b>(52,766)</b>	<b>1</b>	<b>8,256</b>	<b>(30,785)</b>	<b>(34,550)</b>	<b>4,312</b>
<b>At 31 March 2014</b>	<b>773,655</b>	<b>117</b>	<b>740,034</b>	<b>(48,792)</b>	<b>55,474</b>	<b>26,822</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**APPENDIX 7A – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE  
BIOSENSORS GROUP FOR FY2015**

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

(AMOUNTS EXPRESSED IN UNITED STATES DOLLARS)

	Note	Group	
		2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
(Loss)/profit before tax		<b>(227,120)</b>	45,098
Adjustments:			
Impairment of goodwill	8	<b>253,803</b>	–
Depreciation of property, plant and equipment		<b>7,280</b>	6,755
Loss/(gain) on disposal of property, plant and equipment		<b>44</b>	(222)
Property, plant and equipment written off		<b>282</b>	186
Amortisation of intangible assets		<b>19,640</b>	18,702
Realisation of deferred revenue		<b>(8,099)</b>	(3,005)
Loss on disposal of subsidiaries		<b>–</b>	832
Intangible assets written off		<b>15</b>	344
Inventories written off		<b>751</b>	1,358
Write-down of inventories		<b>5,793</b>	2,654
(Write-back of)/allowance for doubtful trade debts, net		<b>(449)</b>	3,631
Allowance for doubtful non-trade debts, net		<b>54</b>	48
Bad debts written off		<b>(489)</b>	–
Fair value adjustments for contingent consideration relating to a business combination	23	<b>–</b>	(3,751)
Fair value adjustments for contingent consideration relating to investment in unquoted shares	23	<b>2,284</b>	–
Provision for warranty, net		<b>48</b>	204
Provision for sales return, net		<b>951</b>	929
Share-based payment expenses		<b>3,093</b>	7,096
Interest expenses		<b>13,598</b>	13,368
Interest income		<b>(7,732)</b>	(6,747)
Unrealised foreign exchange differences		<b>(7,943)</b>	3,783
Operating cash flows before working capital changes		<b>55,804</b>	91,263

**APPENDIX 7A – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE  
BIOSENSORS GROUP FOR FY2015**

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

(AMOUNTS EXPRESSED IN UNITED STATES DOLLARS)

	Note	Group	
		2015 \$'000	2014 \$'000
Operating cash flows before working capital changes		55,804	91,263
Decrease/(increase) in:			
Inventories		5,019	(14,791)
Trade and other receivables		10,475	(12,807)
Long term loan to a third party		-	(2,000)
Increase/(decrease) in:			
Trade payables, other payables, accruals and provisions		(1,257)	1,317
Deferred revenue		8,023	2,471
Pension funds		331	52
Cash generated from operations		<u>78,395</u>	65,505
Income tax paid, net		(7,049)	(7,562)
Interest income received		7,732	4,736
Interest expenses paid		<u>(12,547)</u>	(12,441)
Net cash generated from operating activities		<u>66,531</u>	50,238
<b>Cash flows from investing activities</b>			
Other investments		(6,209)	(22,500)
Purchase of property, plant and equipment		(34,103)	(23,250)
Purchase of intangible assets		(7,853)	(6,360)
Proceeds from sale of property, plant and equipment		452	557
Acquisition of businesses, net of cash acquired	45	(4,853)	(52,274)
Proceeds from disposal of a subsidiary		-	(10)
Net cash used in investing activities		<u>(52,566)</u>	(103,837)
<b>Cash flows from financing activities</b>			
Proceeds from issuance of new shares		831	5,473
Repayment of finance leases		(20)	(21)
Restricted deposits		-	(1,193)
Proceeds from bank loans		25,304	14,680
Purchase of treasury shares		(12,159)	(30,785)
Dividends paid		-	(34,550)
Net cash generated from/(used in) financing activities		<u>13,956</u>	(46,396)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>27,921</u>	(99,995)
Cash and cash equivalents at beginning of year		511,788	614,305
Net effect of exchange rate changes on cash and cash equivalents		<u>(21,456)</u>	(2,522)
<b>Cash and cash equivalents at end of year</b>	17	<u>518,253</u>	<u>511,788</u>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## 1. CORPORATE INFORMATION

Biosensors International Group, Ltd. (the “Company”) is a limited liability company incorporated and domiciled in Bermuda, and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The principal activities of the Company are those of investment holding and licensing of proprietary medical technology. The principal activities of the subsidiaries are as shown in Note 5 to the financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company (collectively, the “financial statements”) have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The financial statements are presented in United States dollars (“USD” or “\$”) and all values are rounded to the nearest thousand (\$’000), except when otherwise indicated.

### 2.2 Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except in the current year, the Group has adopted all the new and amended IFRS and IFRIC interpretations effective as of 1 April 2014. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

### 2.3 IFRS and IFRIC interpretations not yet effective

Description	Effective for annual periods beginning on or after
Amendments to IAS 19 – <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
IFRS 2 – <i>Share-based Payments</i>	1 July 2014
IFRS 3 – <i>Business Combinations</i>	1 July 2014
IFRS 8 – <i>Operating Segments</i>	1 July 2014
IAS 16 – <i>Property, Plant and Equipment</i> and IAS 38 – <i>Intangible Assets</i>	1 July 2014
IAS 24 – <i>Related Party Disclosures</i>	1 July 2014
IFRS 13 – <i>Fair Value Measurement</i>	1 July 2014

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 IFRS and IFRIC interpretations not yet effective (Continued)

Description	Effective for annual periods beginning on or after
Amendments to IAS 16 and IAS 38 – <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
IFRS 14 – <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to IAS 27 – <i>Equity Method in Separate Financial Statements</i>	1 January 2016
IFRS 15 – <i>Revenue from Contracts with Customers</i>	1 January 2017
IFRS 9 – <i>Financial Instruments: Classification and Measurement</i>	1 January 2018

Except for IFRS 9 and IFRS 15, the directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of IFRS 9 and IFRS 15 are described below:

#### *IFRS 9 Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

#### *IFRS 15 Revenue from contracts with customers*

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support the presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements, and
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Income statement and each component of other comprehensive (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Basis of consolidation (Continued)

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 *Financial Instruments: Recognition and Measurement*, is measured at fair value with changes in fair value recognised either in income statement or as a change to OCI. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest is remeasured at fair value at the acquisition date through profit or loss.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. The accounting policy for goodwill is set out in Note 2.7(i). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as other income in the income statement on the date of acquisition.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Foreign currency translation

The consolidated financial statements are presented in USD, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to income statement reflects the amount that arises from using this method.

#### (i) *Transactions and balances*

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currencies using exchange rates approximating those prevailing at transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currencies at exchange rates approximating those prevailing at the end of the reporting period. Differences arising on settlement or translation of monetary items are taken to the income statement. Non-monetary assets and liabilities are measured at the exchange rates prevailing when the relevant transactions occurred or, in the case of items carried at fair value, the exchange rates when the values were determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or income statement are also recognised in OCI or income statement, respectively).

#### (ii) *Group companies*

On consolidation, the assets and liabilities of foreign subsidiaries are translated into USD at the exchange rates prevailing at the end of the reporting period. Share capital and reserves are translated at historical exchange rates. Revenue and expenses are translated into USD at the average exchange rates for the year which approximate the exchange rates at the dates of transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign entity, the component of OCI relating to that particular foreign entity is recognised in the income statement.

Any goodwill arising on the acquisition of a foreign entity and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the acquired foreign entity and translated at the exchange rates ruling at the end of the reporting period.

### 2.6 Investment in subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it, directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Intangible assets

#### (i) Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets acquired, the gain is recognised in profit or loss. Goodwill on acquisitions of subsidiaries is shown on the face of the consolidated balance sheet whereas goodwill on acquisitions of joint-venture companies is recorded as part of the carrying value of the related investment.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### (ii) Other intangible assets

Other intangible assets consist of computer software costs, development costs, patent costs, technical know-how, customer relationships and land use rights.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and related expenditure is reflected in income statement in the period in which the expenditure is incurred.

The useful lives of the intangible assets are assessed as finite.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Intangible assets (Continued)

#### (ii) Other intangible assets (Continued)

Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets as follows:

Computer software costs	3 or 10 years
Development costs	3 or 10 years
Patent costs	10 years
Technical know-how	10 years
Customer relationships	10 years
Land use rights	30 and 46 years

Assets under development included in other intangible assets are not amortised as these assets are not available for use.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

No amortisation charge is expensed for intangible assets not available for use. Intangible assets not available for use are tested for impairment annually.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Property, plant and equipment

Assets under construction, property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in income statement as incurred. The present value of the expected asset retirement obligations for an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are made.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the property, plant and equipment as follows:

Building	Over the remaining of the lease term
Leasehold improvements	8 years
Plant and equipment	5 to 20 years
Tools and dies	5 to 10 years
Office equipment	3 to 10 years
Furniture and fittings	7 to 8 years
Motor vehicles	5 to 10 years

Assets under construction included in plant and equipment are not depreciated as these assets are not available for use.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate, such that the method and period of depreciation are consistent with the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised losses no longer exist. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited such that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

### 2.10 Financial assets

#### *Initial recognition and measurement*

Financial assets within the scope of IAS 39 are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables or available-for-sale financial assets, as appropriate. All financial assets are recognised initially at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. The Group determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group purchases or sells the asset.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial assets (Continued)

#### *Subsequent measurement*

#### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. The Group has not designated any financial assets upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the balance sheet with net changes in fair value presented as finance costs (negative net changes in fair value) or financial income (positive net changes in fair value) in the income statement. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in the income statement. These embedded derivatives are measured at fair value with changes in fair value recognised in income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

#### Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are in integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs for loans and in cost of sales or other operating expenses for receivables.

#### Available-for-sale financial assets

Available-for-sale financial assets include equity investments and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading (i.e. acquired for the purpose of selling or repurchasing in the near term) nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial assets (Continued)

*Subsequent measurement* (Continued)

Available-for-sale financial assets (Continued)

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealized gains or losses recognised in other comprehensive income and credited in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the income statement in finance costs. Interest earned whilst holding available-for-sale financial assets is reported as interest income using EIR method.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to income statement over the remaining life of the investment using the EIR method. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR method. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

*Derecognition*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Group (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group transferred its rights to receive cash flow from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained substantially all of the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.10 Financial assets (Continued)**

#### *Derecognition (Continued)*

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in the income statement.

### **2.11 Cash and cash equivalents**

Cash and cash equivalents comprise of cash and bank balances, fixed and money market deposits. Cash equivalents are short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents carried in the balance sheets are classified and accounted for as loans and receivables under IAS 39. The accounting policy for this category of financial assets is stated in Note 2.10.

### **2.12 Trade and other receivables**

Trade and other receivables, including amounts due from related parties, are classified and accounted for as loans and receivables under IAS 39. The accounting policy for this category of financial assets is stated in Note 2.10.

Allowance for doubtful debts is made when there is objective evidence that the receivables are impaired. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.13.

### **2.13 Impairment of financial assets**

The Group assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events has occurred since the initial recognition of the asset, has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Impairment of financial assets (Continued)

#### *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the income statement. Interest income (recorded as finance income in the income statement) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the income statement.

#### *Available-for-sale (AFS) financial assets*

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in other comprehensive income.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.13 Impairment of financial assets** (Continued)

#### *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

### **2.14 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets if there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### **2.15 Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials – purchase cost on a weighted average cost basis.
- Finished goods, sub-assemblies and work-in-progress – cost of direct raw materials and labour and a proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs. These costs are assigned on weighted average cost basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### **2.16 Derivative financial instruments**

Derivative financial instruments are classified as financial assets or liabilities at fair value through profit or loss and are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each reporting period.

Any gains or losses arising from changes in fair value on derivative financial instruments are taken directly to the income statement for the period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 Financial liabilities

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial guarantee contracts, loans and borrowings and payables as appropriate. All financial liabilities are recognised initially at fair value, and in the case of loans and borrowings, financial guarantee contracts and payables, net of directly attributable transaction costs. The Group determines the classification of its financial liabilities at initial recognition.

The Group's financial liabilities include trade and other payables, loans and borrowings, financial guarantee contracts and derivative financial instruments.

#### *Subsequent measurement*

##### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Group has not designated any financial liabilities as at fair value through profit or loss.

##### Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.17 Financial liabilities (Continued)**

#### *Subsequent measurement (Continued)*

#### Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss and are not financial guarantee contracts are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

#### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When the existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

### **2.18 Provisions**

#### *General*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

#### *Warranty provisions*

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on the historical experience. The initial estimate of warranty-related costs is revised annually.

#### *Contingent liabilities recognised in a business combination*

A contingent liability recognised in a business combination is initially recognised at its fair value. Subsequently, it is measured at the higher of amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 Employee benefits

#### (i) *Defined contribution plan*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The subsidiaries in Singapore make contributions to the Central Provident Fund scheme in Singapore.

The subsidiaries in Netherlands make contributions to a defined contribution plan, which is unsecured with an external pension insurance company, covering substantially all employees of 25 years of age and older.

The subsidiary in the United States of America participates in 401(k) plan that allows employees to contribute a portion of their salary, subject to eligibility requirements. Employees' contribution to the plan is on voluntary basis and the subsidiary will make matching contributions to the plan based on the employees' contribution.

Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

#### (ii) *Defined benefit plan*

The subsidiary in Japan makes contributions to a deferred pension plan for all employees with more than one year of service. Upon termination of employment (including retirement), eligible employees are entitled to a lump sum payment determined by reference to their salaries, length of service and conditions under which the termination occurs. The pension funds are accrued based on actuarial calculation to make a reliable estimate of the amount of benefit that employees have earned in return for their service in the current and prior periods.

Apart from the social security plans fixed by the law, the subsidiary in Switzerland sponsors an independent pension plan. All employees in Switzerland are covered by the plan, which is a defined benefit plan according to IAS 19. Retirement benefits are based on contributions, computed as a percentage of salary, adjusted for the age of the employee and shared 20% and 80% (2014: 20% and 80%) between the employee and employer respectively. In addition to retirement benefits, the plan provides death and long-term disability benefits to its employees. Liabilities and assets are revised periodically by an independent actuary.

The subsidiary in France contributes to the mandatory national pension system and other compulsory plans. Pursuant to applicable French law and industry labor agreements, a lump-sum payment is made to employees upon retirement. The amount depends on the length of service on the date the employee reaches retirement age. This scheme covers all employees under permanent contract within the subsidiary.

The costs of providing benefits under these plans are determined using the projected unit credit actuarial valuation method.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 Employee benefits (Continued)

#### (ii) *Defined benefit plan (Continued)*

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan asset (excluding net interest) are recognised immediately in the consolidated income statement with a corresponding debit or credit to retained earnings through statement of other comprehensive income in which they occur. Remeasurements are not reclassified to income statement in subsequent periods.

Past service cost is recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined obligation under 'cost of sales', 'administrative and general expenses', 'selling and distribution expenses' and 'research and development expenses' in consolidated income statement (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailment and non-routine settlements
- Net interest expense or income

#### (iii) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

#### (iv) *Share-based payment transactions*

Employees (including the executive directors) and non-executive directors of the Group receive remuneration in the form of share-based payment, whereby employees render services as consideration for share options and performance shares ('equity-settled transactions').

The cost of equity-settled share based payment transactions with employees, for awards granted after 7 November 2002, is measured by reference to the fair value at the date on which the share options and performance shares are granted. Share options and performance shares are granted on the acceptance date. The fair value is determined by using an appropriate pricing model or the market price, further details of which are given in Note 25.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.19 Employee benefits (Continued)**

#### *(iv) Share-based payment transactions (Continued)*

The cost of equity-settled transactions is recognised over the period in which the performance and/or service conditions are fulfilled, with a corresponding increase in share option reserve. The cumulative expenses are revised at each reporting period to reflect the current best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expenses recognised at the beginning and end of a reporting period is charged or credited to the income statement with a corresponding adjustment to employee share-based payment reserve.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where an equity-settled award lapses upon termination of employment, it is regarded as forfeiture and accounted for as described in the preceding paragraph.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity settled transactions awards are treated equally.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (further details are given in Note 37).

### **2.20 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.20 Revenue recognition (Continued)

The specific recognition criteria described below must also be met before revenue is recognised:

#### *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance by customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

#### *Maintenance revenue*

Revenue from maintenance contracts are recognised on a straight-line basis over the period of service contract.

#### *Interest income*

Interest income is recognised using the effective interest method.

#### *Licensing revenue*

Licensing revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

#### *Revenue with separately identifiable components*

Revenue of transactions which have separately identifiable components is recognised based on their relative fair values. These transactions mainly occur in the cardiac diagnostic business and include arrangements where the Group is required to deliver ancillary products in the future. Revenue recognition for undelivered goods and services is generally deferred and recognised when the associated goods and services are delivered.

### 2.21 Taxes

#### (i) *Current income tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Taxes (Continued)

#### (ii) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax losses and unabsorbed capital allowances, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax losses and unused tax credits can be utilised, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Taxes (Continued)

#### (ii) *Deferred tax* (Continued)

Deferred tax relating to items recognised outside the income statement is recognised outside the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

#### (iii) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- when receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables and payables in the balance sheet.

### 2.22 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

A lease is classified at the inception date as a finance lease or an operating lease.

#### (i) *Finance lease*

A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as finance lease.

Finance leases are capitalised, at the commencement of the lease at the inception date based on the lower of the fair value of the leased items or at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant periodic rate of interest on the remaining balance of liability. Finance charges are recognised as finance costs in the income statement.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.22 Leases (Continued)

#### (i) Finance lease (Continued)

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

#### (ii) Operating lease

Lease where the lessor retains substantially all the risks and rewards of ownership of the leased assets is classified as operating lease. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

### 2.23 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 2.24 Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following the initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

### 2.25 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Grants related to expenses are disclosed as a deduction from the related expenses.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.26 Share capital and share issue expenses**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of the ordinary shares are deducted against share premium.

### **2.27 Treasury shares**

The Group's own equity instruments are recognised at cost and deducted from equity. No gain or loss is recognised in income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

### **2.28 Contingencies**

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

### **2.29 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to management who is responsible for allocating resources and assessing performance of the operating segments. Segment revenue and segment results are also measured on a basis that is consistent with internal reporting.

The Group's business are organised into interventional cardiology, critical care, cardiac diagnostic and licensing revenue. The Group has four reportable segments.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## **3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

### **(a) Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### *Impairment of goodwill*

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. The value in use calculation is based on a discounted cash flow model. The recoverable amount is sensitive to the discount rate used, the expected cash-in-flows and the growth rate used for extrapolation purposes. The carrying amount of goodwill at 31 March 2015 was \$439,576,000 (2014: \$688,097,000). More details are given in Note 8.

#### *Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees with reference to the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grants. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The carrying amount of the employee share-based payment reserve as at 31 March 2015 was \$13,301,000 (2014: \$21,644,000). More details are given in Notes 25 and 29.

#### *Depreciation of property, plant and equipment*

The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life. Management estimates the useful life of these property, plant and equipment to be within 3 to 42 years. Changes in the expected level of usage and technological developments could impact the economic useful life of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment as at 31 March 2015 was \$86,289,000 (2014: \$64,653,000). More details are given in Note 4.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### (a) Key sources of estimation uncertainty (Continued)

#### *Amortisation of intangible assets*

The cost of intangible assets is amortised on a straight-line basis over the estimated useful life. Management estimates the useful life of these intangible assets to be 30 and 46 years for land use rights, and 3 and 10 years for other intangible assets. Changes in the expected level of usage and technological developments could impact the economic useful life of these assets, therefore future amortisation charges could be revised. The carrying amount of the Group's intangible assets as at 31 March 2015 was \$134,875,000 (2014: \$147,413,000). More details are given in Note 7.

#### *Income taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amount of the Group's income tax payable, deferred tax liabilities and deferred tax assets at 31 March 2015 were \$6,845,000, \$15,220,000 and \$258,000 (2014: \$14,209,000, \$17,603,000 and \$Nil) respectively. More details are given in Note 36.

#### *Impairment of loan and receivables*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's trade and other receivables is \$77,180,000 (2014: \$76,543,000). More details are given in Notes 13 and 14.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### (a) Key sources of estimation uncertainty (Continued)

#### *Provisions for sales return and warranty*

The Group reviews the provisions for sales return and warranty at the end of the reporting period and makes necessary adjustments to reflect the current best estimate. Provisions for sales return and warranty are recognised for expected returns and warranty claims based on past experience of the levels of returns and warranty claims. The carrying amount of the Group's provisions for sales return and warranty is \$1,399,000 (2014: \$743,000) and \$147,000 (2014: \$120,000) respectively. More details are given in Note 20.

#### *Pension benefits*

The cost of defined benefit pensions plans and the present value of the pension obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. The carrying amount of the Group's pension funds is \$2,701,000 (2014: \$2,500,000). More details are given in Note 24.

#### *Fair value measurement of contingent consideration*

Contingent consideration, resulting from business combination or acquisition of assets, is valued at fair value at the acquisition date as part of the consideration transferred for business combination. Where the contingent consideration meets the definition of a derivative and thus financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on the discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor. The carrying amount of the contingent consideration on business combinations at the reporting date is disclosed in Note 23 to the financial statements.

### (b) Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have significant effect on the amounts recognised in the financial statements:

#### *Contingent liabilities*

Determination of the treatment of contingent liabilities in the financial statements is based on management's view of the expected outcome of the applicable contingency.

In determining the expected outcome of a contingency, the Group consults with legal counsels on matters related to litigation. More details are given in Note 38.

#### *Clinical studies accruals*

The Group estimates its accruals for clinical studies expenses based on the estimate of the services and efforts expended by vendors. The accruals of clinical studies expenses are dependent, in part, upon the receipt of timely and accurate reporting from these vendors. The understanding of the status and timing of services performed may differ from the actual status and timing of services performed.

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**4. PROPERTY, PLANT AND EQUIPMENT**

Group	Building \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Tools and dies \$'000	Office equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Assets under construction \$'000	Total \$'000
As at 1 April 2014	17,720	7,025	36,630	1,285	3,943	1,179	1,001	24,697	93,480
Additions	147	232	4,000	84	864	74	18	28,746	34,165
Written off	(145)	(4,481)	(1,356)	(43)	(175)	(70)	-	(17)	(6,287)
Disposals	-	-	(629)	(3)	(47)	(5)	(542)	(157)	(1,383)
Reclassification from Intangible assets* (Note 7)	-	-	-	-	504	-	-	-	504
Reclassification	29,263	11	350	16	(172)	74	(12)	(29,530)	-
Translation differences	(4,308)	1,210	(865)	(90)	(359)	(185)	(16)	(1,975)	(6,588)
As at 31 March 2015	42,677	3,997	38,130	1,249	4,558	1,067	449	21,764	113,891
<b>Accumulated depreciation and impairment loss</b>									
As at 1 April 2014	979	4,763	18,453	1,063	2,293	883	393	-	28,827
Charge for the year	576	1,861	3,479	115	993	108	148	-	7,280
Written off	-	(4,505)	(1,336)	(42)	(61)	(61)	-	-	(6,005)
Disposals	-	-	(356)	(3)	(85)	(5)	(438)	-	(887)
Reclassification	-	-	110	(35)	(62)	(13)	-	-	-
Translation differences	(25)	(376)	(723)	(79)	(266)	(141)	(3)	-	(1,613)
As at 31 March 2015	1,530	1,743	19,627	1,019	2,812	771	100	-	27,602
<b>Net book values</b>									
As at 31 March 2015	41,147	2,254	18,503	230	1,746	296	349	21,764	86,289

\* Computer hardware constructed relating to software developed was reclassified from assets under development (Note 7) to office equipment upon completion.

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# NOTES TO THE FINANCIAL STATEMENTS

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**4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

<b>Group</b>	<b>Building \$'000</b>	<b>Leasehold improvements \$'000</b>	<b>Plant and equipment \$'000</b>	<b>Tools and dies \$'000</b>	<b>Office equipment \$'000</b>	<b>Furniture and fittings \$'000</b>	<b>Motor vehicles \$'000</b>	<b>Assets under construction \$'000</b>	<b>Total \$'000</b>
<b>Cost</b>									
As at 1 April 2013	17,425	6,553	34,919	1,307	3,202	1,121	934	1,663	67,124
Acquisition arising from business combinations (Note 45)	-	70	919	-	22	33	-	-	1,044
Additions	-	271	1,973	63	1,004	106	54	23,313	26,784
Written off	-	-	(130)	(5)	(29)	-	-	(70)	(234)
Disposals	-	(2)	(1,055)	(67)	(287)	(30)	-	-	(1,441)
Disposal of a subsidiary	-	(65)	(273)	-	(17)	(84)	(1)	-	(440)
Reclassification	-	187	78	-	-	-	-	(265)	-
Translation differences	295	11	199	(13)	48	33	14	56	643
As at 31 March 2014	17,720	7,025	36,630	1,285	3,943	1,179	1,001	24,697	93,480
<b>Accumulated depreciation and impairment loss</b>									
As at 1 April 2013	577	3,367	15,405	961	2,010	771	170	-	23,261
Charge for the year	393	1,418	3,894	148	565	124	213	-	6,755
Written off	-	-	(25)	-	(23)	-	-	-	(48)
Disposals	-	(2)	(754)	(36)	(278)	(36)	-	-	(1,106)
Disposal of a subsidiary	-	(21)	(64)	-	(7)	(10)	-	-	(102)
Translation differences	9	1	(3)	(10)	26	34	10	-	67
As at 31 March 2014	979	4,763	18,453	1,063	2,293	883	393	-	28,827
<b>Net book values</b>									
As at 31 March 2014	16,741	2,262	18,177	222	1,650	296	608	24,697	64,653

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## 4. **PROPERTY, PLANT AND EQUIPMENT** (CONTINUED)

### Capitalisation of borrowing costs

The Group's assets under construction include borrowing costs arising from bank loans borrowed specifically for the purpose of the construction. During the financial year, the borrowing costs capitalised as cost of assets under construction amounted to \$166,000 (2014: \$31,000). The rate used to determine the amount of borrowing costs eligible for capitalisation was 1.95% (2014: 1.95%), which is the effective interest rate of the specific borrowing.

### Assets held under finance leases

During the financial year, the Group acquired office equipment with an aggregate cost of \$62,000 (2014: \$Nil) under finance leases. The cash outflow for purchases of property, plant and equipment amounted to \$34,103,000 (2014: \$23,250,000).

The carrying amount of office equipment held under finance leases as at 31 March 2015 was \$71,000 (2014: \$59,000). Leased assets are pledged as security for the related finance lease liabilities.

### Assets pledged as security

The Group's leasehold land and building under construction were mortgaged to bank as security for the Group's bank loans (Note 22).

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**5. INVESTMENT IN SUBSIDIARIES**

	Company	
	2015 \$'000	2014 \$'000
Unquoted shares, at cost	590,293	590,293
Less: Allowance for impairment loss	(5,577)	(5,577)
	<b>584,716</b>	584,716

Details of subsidiaries at the end of the financial year are as follows:

Name of company	Principal activities	Country of incorporation	Effective equity interest		Cost of investment by the Company	
			2015	2014	2015	2014
			%	%	\$'000	\$'000
<u>Held by the Company</u>						
Biosensors International Pte Ltd ("BSI") <sup>(1)</sup>	Development, manufacture, assembly and sale of medical devices	Singapore	100	100	17,177	17,177
Biosensors Interventional Technologies Pte. Ltd. ("BIT") <sup>(1)</sup>	Development, manufacture, assembly and sale of medical devices	Singapore	100	100	26,505	26,505
Biosensors Investment Limited <sup>(2)</sup>	Investment holding	British Virgin Islands	100	100	546,603	546,603
Biosensors Investment (Singapore) Pte. Ltd. ("BINV") <sup>(1)</sup>	Investment holding and treasury management	Singapore	100	100	8	8
					<b>590,293</b>	590,293

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**5. INVESTMENT IN SUBSIDIARIES (CONTINUED)**

Name of company	Principal activities	Country of incorporation	Effective equity interest	
			2015 %	2014 %
<u>Held by subsidiaries</u>				
Biosensors BV ("Bio BV") <sup>(2)</sup>	Marketing and sale of medical devices	Netherlands	100	100
Biosensors Japan Co., Ltd. ("Bio Japan") <sup>(2)</sup>	Marketing and sale of medical devices	Japan	100	100
Biosensors Europe SA ("Bio Europe") <sup>(3)</sup>	Marketing and sale of medical devices, sub-licensing of proprietary medical technology	Switzerland	100	100
Biosensors France S.A.S. ("Bio France") <sup>(4)</sup>	Marketing and sale of medical devices	France	100	100
JW ICU Medical Limited ("JW ICU") <sup>(5)</sup>	Manufacture and distribution of medical devices	People's Republic of China	100	100
Biosensors Deutschland GmbH ("Bio Germany") <sup>(2)</sup>	Marketing and sale of medical devices	Germany	100	100
Wellgo Medical Investment Company Limited <sup>(6)</sup>	Investment holding	Hong Kong	100	100
JW Medical Systems Limited ("JWMS") <sup>(7)</sup>	Development, manufacture, distribution and sale of medical devices	People's Republic of China	100	100
Biosensors Iberia, SL <sup>(2)</sup>	Marketing and sale of medical devices	Spain	100	100
Biosensors Research USA, Inc. ("BRUSA") <sup>(2)</sup>	Research and development	United States of America	100	100
Spectrum Dynamics Medical, Inc. ("SDM USA") <sup>(2)</sup>	Marketing and sale of advanced medical imaging & clinical solutions	United States of America	100	100
Spectrum Dynamics Medical Ltd ("SDM ISL") <sup>(8)</sup>	Developing, manufacturing & marketing of advanced medical imaging & clinical solutions	Israel	100	100



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

### 5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

- (1) Audited by Ernst & Young LLP, Singapore.
- (2) Not required to present audited financial statements by the laws of its country of incorporation.
- (3) Audited by Moore Stephens Refidar SA, Switzerland.
- (4) Audited by Compagnie Fiduciaire Franco-Allemande, France.
- (5) Audited by Wei Hai Qi De United Certified Public Accountants, China.
- (6) Audited by Lixin C.P.A. Limited, Hong Kong.
- (7) Audited by Ernst & Young Hua Ming, China.
- (8) Audited by Kost Forer Gabbay & Kasierer, Israel.

### 6. OTHER INVESTMENTS

	<b>Group and Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Available-for-sale</b>		
– Unquoted shares, at cost	<b>14,836</b>	14,126
– Unquoted convertible bonds, at cost	<b>3,000</b>	1,500
	<b>17,836</b>	15,626
<b>Held for trading</b>		
– Unquoted equity warrants, at cost	<b>11,000</b>	11,000
	<b>28,836</b>	26,626

The unquoted convertible bonds bear interest at 7% (2014: 7%) per annum and mature on 20 October 2023.

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**7. INTANGIBLE ASSETS**

	Group						Total \$'000
	Computer software costs \$'000	Patents and Technical know-how \$'000	Development costs \$'000	Customer relationships \$'000	Land use rights \$'000	Assets under development \$'000	
<b>Cost</b>							
As at 1 April 2014	4,684	33,185	3,595	142,021	6,853	4,106	194,444
Additions	-	326	-	-	-	7,527	7,853
Written off	(58)	-	-	-	-	-	(58)
Reclassification to Property, plant and equipment (Note 4)	-	-	-	-	-	(504)	(504)
Reclassification	6,680	-	-	-	-	(6,680)	-
Translation differences	(391)	201	-	1,119	(399)	(635)	(105)
As at 31 March 2015	<u>10,915</u>	<u>33,712</u>	<u>3,595</u>	<u>143,140</u>	<u>6,454</u>	<u>3,814</u>	<u>201,630</u>
<b>Accumulated amortisation and impairment loss</b>							
As at 1 April 2014	2,029	7,385	1,089	36,097	431	-	47,031
Amortisation for the year	509	4,230	406	14,291	204	-	19,640
Written off	(43)	-	-	-	-	-	(43)
Translation differences	(168)	59	-	272	(36)	-	127
As at 31 March 2015	<u>2,327</u>	<u>11,674</u>	<u>1,495</u>	<u>50,660</u>	<u>599</u>	<u>-</u>	<u>66,755</u>
<b>Net book values</b>							
As at 31 March 2015	<u>8,588</u>	<u>22,038</u>	<u>2,100</u>	<u>92,480</u>	<u>5,855</u>	<u>3,814</u>	<u>134,875</u>

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**7. INTANGIBLE ASSETS (CONTINUED)**

	<b>Group</b>						<b>Total \$'000</b>
	<b>Computer software costs \$'000</b>	<b>Patents and Technical know-how \$'000</b>	<b>Development costs \$'000</b>	<b>Customer relationships \$'000</b>	<b>Land use rights \$'000</b>	<b>Assets under development \$'000</b>	
<b>Cost</b>							
As at 1 April 2013	2,145	23,198	750	139,647	6,889	286	172,915
Acquisition arising from business combinations (Note 45)	–	12,198	–	47	–	–	12,245
Additions	2,529	250	–	–	–	4,137	6,916
Written off	(344)	–	–	–	–	–	(344)
Reclassification	303	(2,845)	2,845	–	–	(303)	–
Translation differences	51	384	–	2,327	(36)	(14)	2,712
As at 31 March 2014	<u>4,684</u>	<u>33,185</u>	<u>3,595</u>	<u>142,021</u>	<u>6,853</u>	<u>4,106</u>	<u>194,444</u>
<b>Accumulated amortisation and impairment loss</b>							
As at 1 April 2013	1,652	3,774	750	21,377	232	–	27,785
Amortisation for the year	347	3,888	–	14,270	197	–	18,702
Reclassification	–	(339)	339	–	–	–	–
Translation differences	30	62	–	450	2	–	544
As at 31 March 2014	<u>2,029</u>	<u>7,385</u>	<u>1,089</u>	<u>36,097</u>	<u>431</u>	<u>–</u>	<u>47,031</u>
<b>Net book values</b>							
As at 31 March 2014	<u>2,655</u>	<u>25,800</u>	<u>2,506</u>	<u>105,924</u>	<u>6,422</u>	<u>4,106</u>	<u>147,413</u>

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**7. INTANGIBLE ASSETS (CONTINUED)**

	Company				Total \$'000
	Computer software costs \$'000	Patents and Technical know-how \$'000	Development costs \$'000	Assets under development \$'000	
<b>Cost</b>					
As at 1 April 2014	293	11,347	3,595	–	15,235
Additions	–	–	–	2,162	2,162
As at 31 March 2015	293	11,347	3,595	2,162	17,397
<b>Accumulated amortisation</b>					
As at 1 April 2014	293	1,676	1,089	–	3,058
Amortisation for the year	–	1,734	406	–	2,140
As at 31 March 2015	293	3,410	1,495	–	5,198
<b>Net book values</b>					
As at 31 March 2015	–	7,937	2,100	2,162	12,199
<b>Cost</b>					
As at 1 April 2013	293	1,744	750	–	2,787
Acquisition arising from business combinations (Note 45)	–	9,353	2,845	–	12,198
Additions	–	250	–	–	250
As at 31 March 2014	293	11,347	3,595	–	15,235
<b>Accumulated amortisation</b>					
As at 1 April 2013	293	422	750	–	1,465
Amortisation for the year	–	1,254	339	–	1,593
As at 31 March 2014	293	1,676	1,089	–	3,058
<b>Net book values</b>					
As at 31 March 2014	–	9,671	2,506	–	12,177

The Group recognised amortisation of \$14,291,000 (2014: \$14,270,000) in sales and marketing expenses, \$713,000 (2014: \$544,000) in general and administrative expenses, and \$4,636,000 (2014: \$3,888,000) in research and development expenses during the year.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

### 7. INTANGIBLE ASSETS (CONTINUED)

The average remaining amortisation periods for the computer software, patents, technical know-how, customer relationships and land use rights are as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
Computer software costs	<b>1 to 10 years</b>	1 to 10 years
Customer relationships	<b>2 to 6 years</b>	3 to 7 years
Patents	<b>6 to 9 years</b>	7 to 10 years
Development costs	<b>9 years</b>	10 years
Technical know-how	<b>9 years</b>	10 years
Land use rights	<b>27 and 42 years</b>	28 and 43 years

The land use rights to be amortised are as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Amount to be amortised:		
– Not later than 1 year	<b>203</b>	203
– Later than 1 year but not later than 5 years	<b>813</b>	813
– Later than 5 years	<b>4,839</b>	5,407

#### Patents

The patents acquired through business combination relate to exclusive use of certain cardiac imaging technologies.

Other patents relate to acquired intellectual property rights to certain stent and catheter related technologies.

#### Technical know-how

Technical know-how relates to know-how for the production of certain stents structures.

#### Customer relationships

Customer relationships relate to distributor relationships in China and Indonesia markets that were acquired in business combinations.

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**7. INTANGIBLE ASSETS (CONTINUED)**

Land use rights

Land use rights held by the Group relates to the following:

- (i) A plot of state-owned land in the People's Republic of China (PRC) where the Group's manufacturing and storage facilities reside. The land use right is not transferrable and has a remaining tenure of 42 years (2014: 43 years).
- (ii) A leasehold land located in Singapore which is used for the new manufacturing, research and development innovation centre and operations headquarter. The leasehold land is subject to a 30 years lease commencing from 1 April 2012. The Group has an option to renew the land lease for a further term of 30 years upon expiry of the initial lease.

**8. GOODWILL**

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Cost</b>				
As at 1 April	702,353	638,954	56,340	3,761
Additions via business combinations (Note 45)	–	52,579	–	52,579
Translation differences	4,439	10,820	–	–
As at 31 March	<b>706,792</b>	702,353	<b>56,340</b>	56,340
<b>Accumulated impairment loss</b>				
As at 1 April	14,256	13,942	3,761	3,761
Additions	253,803	–	–	–
Translation differences	(843)	314	–	–
As at 31 March	<b>267,216</b>	14,256	<b>3,761</b>	3,761
<b>Net book values</b>				
As at 31 March	<b>439,576</b>	688,097	<b>52,579</b>	52,579

Goodwill arising from acquisitions is allocated to the Group's cash-generating units as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Indonesia market for BIT	1,968	2,150	–	–
Cardiac diagnostic	50,354	50,354	50,354	50,354
JWMS	387,254	635,593	2,225	2,225
	<b>439,576</b>	688,097	<b>52,579</b>	52,579

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

### 8. GOODWILL (CONTINUED)

The Group has performed an impairment review of the carrying amount of goodwill in March 2015 and 2014. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators for impairment. As at 31 March 2015, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of goodwill and impairment of assets of the operating segments.

For the purpose of the impairment testing, goodwill acquired has been allocated to individual cash-generating units which are reviewed for impairment based on forecast operating performance and cash flows. Cash flow projections are based on budgets/forecasts for the next 5 years prepared on the basis of assumptions reflective of the prevailing market conditions, and are discounted appropriately. The value-in-use calculations are most sensitive to the following key assumptions:

	<b>JWMS</b>	<b>Indonesia market for BIT</b>	<b>Cardiac diagnostic</b>
	%	%	%
Average growth rate	9 (2014: 12)	10 (2014: 8)	25 (2014: 14)
Terminal growth rate <sup>1</sup>	2 (2014: 2)	– (2014: –)	– (2014: –)
Pre-tax discount rate	14 (2014: 12)	16 (2014: 18)	17 (2014: 20)

<sup>1</sup> Growth rate used to extrapolate cash flows beyond the forecasted period.

Management determined budgeted gross margin based on past performance and its expectations of market development. The discount rate used reflects business specific risks relating to the relevant industry, business life-cycle and geographical location.

#### Sensitivity to changes in assumptions

With regards to the assessment of value in use for the Indonesia market for BIT and cardiac diagnostic segments, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

For JWMS, the estimated recoverable amount approximates its carrying amount.

During the year, an impairment loss was recognised to write down the goodwill attributable to the cash-generating unit of JWMS amounting to \$253,803,000 (2014: \$Nil) as a result of weaker growth rate projection to reflect market conditions. The impairment loss is recorded within other operating expenses in the income statement.

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**9. LONG TERM LOANS TO SUBSIDIARIES**

Long term loans to subsidiaries with total principal amounts of \$53,733,000 (2014: \$37,233,000) are unsecured, bear effective interest at rates ranging from 1.80% to 4.89% (2014: 1.00% to 4.89%) per annum. The remaining balance relates to interest accrued amounting to \$2,883,000 (2014: \$2,136,000), arising from the loans. The interest will be accrued and the outstanding principal amount of the loans together with the accrued interest will be repayable between 5 to 10 years after the commencement date of the loan agreements which fall between April 2015 and September 2019 inclusive. The loans are to be settled in cash.

**10. RESTRICTED DEPOSITS**

Restricted deposits held by subsidiaries are pledged to banks to secure credit facilities (Note 22) granted to and utilised by the Company and its subsidiaries. The withdrawal of any part of the deposits is restricted until the liabilities under the said facilities have been fully discharged. The restricted fixed deposits are classified as current or non-current according to the maturity of the term loans drawn under these banking facilities.

Restricted deposits bear interest at rates ranging from 1.90% to 2.45% (2014: 0.39% to 3.75%) per annum.

**11. TERM LOAN TO A THIRD PARTY**

Term loan to a third party is unsecured, bears interest rate at 3.50% (2014: 3.50%) per annum, repayable on an annual basis over 3 yearly installments commencing from 6 March 2016. The term loan is classified as current or non-current according to the repayment date of the term loan.

**12. INVENTORIES**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Finished goods	<b>22,636</b>	23,228
Work-in-progress	<b>5,225</b>	7,147
Sub-assemblies	<b>4,192</b>	6,642
Raw materials	<b>11,507</b>	14,833
Goods-in-transit	<b>914</b>	2,971
Total inventories at lower of cost and net realisable value	<b>44,474</b>	54,821

The amount of write-down of inventories recognised as an expense in cost of sales is \$5,793,000 (2014: \$2,654,000). The write-down is based on management's identification of expired, obsolete and slow-moving inventories.

The amount of inventories recognised as an expense in cost of sales is \$74,262,000 (2014: \$68,244,000).



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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**13. TRADE RECEIVABLES**

	Group	
	2015	2014
	\$'000	\$'000
Trade receivables	79,075	81,060
Less: Allowance for doubtful trade debts	(5,954)	(8,515)
	<u>73,121</u>	<u>72,545</u>

The Group's trade receivables that are impaired at the end of the reporting period and the movements in the allowance account used to record the impairment are as follows:

	Individually impaired	
	2015	2014
	\$'000	\$'000
As at 1 April	8,515	4,494
(Write-back of)/allowance for the year	(449)	3,631
Written off against allowance	(555)	(23)
Translation differences	(1,557)	413
As at 31 March	<u>5,954</u>	<u>8,515</u>

The allowance was established subsequent to a debt recovery assessment performed on trade receivables, taking into consideration the financial position of the debtor and whether the debtor has defaulted on payments.

Trade receivables are non-interest bearing and repayable within the normal credit period of 30 to 120 days (2014: 30 to 120 days).

As at 31 March 2015, trade receivables arising from export sales amounting to \$1,555,000 (2014: \$2,046,000) are arranged to be settled via letters of credits issued by reputable banks in countries where the customers are based.

As at 31 March 2015, the Group's trade receivables that are not denominated in the functional currencies of the respective subsidiaries are approximately as follows:

	Group	
	2015	2014
	\$'000	\$'000
United States dollar	21,378	20,416
Swiss franc	598	1,325
Great British pound	1,122	1,540
Malaysia ringgit	1,007	2,109
Indonesian rupiah	18	3,555
Thai baht	10,113	9,262
Hong Kong dollar	<u>1,321</u>	<u>1,678</u>

**APPENDIX 7A – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE  
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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**13. TRADE RECEIVABLES (CONTINUED)**

The Group has trade receivables amounting to \$31,628,000 (2014: \$26,397,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Trade receivables past due:</b>		
Less than 30 days	<b>10,286</b>	8,197
30 to 60 days	<b>10,008</b>	6,580
61 to 90 days	<b>3,609</b>	6,096
91 to 120 days	<b>1,687</b>	2,320
More than 120 days	<b>6,038</b>	3,204
	<b>31,628</b>	26,397

**14. OTHER RECEIVABLES**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Other receivables	<b>4,446</b>	4,392
Less: Allowance for doubtful non-trade debts	<b>(387)</b>	(394)
	<b>4,059</b>	3,998

Other receivables are interest-free, unsecured and to be settled in cash. They are mainly advances to suppliers.

Movements in allowance for doubtful non-trade debts are as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
As at 1 April	<b>394</b>	377
Allowance during the year	<b>60</b>	54
Written back during the year	<b>(6)</b>	(6)
Translation differences	<b>(61)</b>	(31)
As at 31 March	<b>387</b>	394

The allowance was established subsequent to a debt recovery assessment performed on the non-trade debts, taking into consideration the financial position of the debtor.

Allowance for doubtful non-trade debts amounting to \$6,000 (2014: \$6,000) was written back as the debts provided for were recovered during the year.

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**15. DUE FROM A SUBSIDIARY (TRADE)**

Amounts due from a subsidiary are interest-free, unsecured, repayable within the normal credit period of 30 to 90 days (2014: 30 to 90 days) and to be settled in cash. The amounts due from a subsidiary are neither past due nor impaired.

Balances due from a subsidiary that are not denominated in the functional currency of the Company are approximately as follows:

	<b>Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Euro	<b>2,361</b>	882
Singapore dollar	<b>1,020</b>	656

**16. DUE FROM/(TO) SUBSIDIARIES (NON-TRADE)**

Amounts due from/(to) subsidiaries are interest-free, unsecured, repayable on demand and to be settled in cash.

Balances due from/(to) subsidiaries that are not denominated in the functional currency of the Company are approximately as follows:

	<b>Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Due from subsidiaries</b>		
Euro	-	132
Singapore dollar	-	2
<b>Due to subsidiaries</b>		
Japanese yen	<b>(1,730)</b>	(204)
Euro	<b>(29)</b>	(1,888)

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**17. CASH AND CASH EQUIVALENTS**

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash and bank balances	286,201	351,791	199,713	300,245
Fixed deposits	231,891	146,855	98,943	32,651
Money market deposits	161	13,142	-	-
	<b>518,253</b>	511,788	<b>298,656</b>	332,896

The Group and Company's fixed and money market deposits bear interest at rates ranging from 0.1% to 3.1% (2014: 0.2% to 3.1%) per annum, are readily convertible to cash and are subject to an insignificant risk of changes in value.

The Group's cash and cash equivalents that are not denominated in the functional currencies of the Company and the respective subsidiaries are approximately as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
United States dollar	17,529	11,272	-	-
Euro	5,244	3,660	119	155
Singapore dollar	169,281	187,055	169,258	187,014

**18. TRADE PAYABLES**

Trade payables are non-interest bearing and are normally settled on 30 to 90 days (2014: 30 to 90 days) term.

The Group's trade payables that are not denominated in the functional currencies of the respective subsidiaries are approximately as follows:

	Group	
	2015 \$'000	2014 \$'000
Euro	784	504
United States dollar	696	553
Israel new shekel	1,860	1,547

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**19. ACCRUALS**

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Accrued operating expenses	15,034	14,846	2,291	1,135
Accrued payroll expenses	11,402	10,638	-	282
Accrued purchases	266	1,035	-	-
	<u>26,702</u>	<u>26,519</u>	<u>2,291</u>	<u>1,417</u>

**20. PROVISIONS**

	Group			
	Asset retirement obligations	Warranty	Sales return	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 April 2014	601	120	743	1,464
Provisions for the year	1,396	95	951	2,442
Written back during the year	(44)	(47)	-	(91)
Utilisation during the year	(608)	(8)	(81)	(697)
Translation differences	(144)	(13)	(214)	(371)
As at 31 March 2015	<u>1,201</u>	<u>147</u>	<u>1,399</u>	<u>2,747</u>
As at 1 April 2013	609	157	1,146	1,912
Provisions for the year	-	226	929	1,155
Written back during the year	-	(22)	-	(22)
Utilisation during the year	-	(102)	(1,418)	(1,520)
Translation differences	(8)	(139)	86	(61)
As at 31 March 2014	<u>601</u>	<u>120</u>	<u>743</u>	<u>1,464</u>

Provisions for sales return and warranty are recognised for expected returns and warranty claims, based on past experience of the levels of returns and warranty claims. It is expected that all of these costs will have been incurred within three years from the end of the reporting period.

Provision for asset retirement obligations is recognised for obligations to reinstate premises rented under operating leases to its original condition upon the expiry of the relevant lease period, based on indicative quotations obtained for such reinstatement work.

During the financial year, based on the actual sales return and warranty claims experience within the most recent three-year period, the Group revised its estimate and provided provision for sales return of \$951,000 (2014: \$929,000).

During the financial year, based on a revised quotation obtained for the Group's premises, the Group revised its estimate and increased the provision for asset retirement obligations by \$1,396,000 (2014: \$Nil). The provision is expected to be utilised at the end of the lease terms.

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**21. FINANCE LEASE LIABILITIES**

	<b>Minimum lease payment \$'000</b>	<b>Group Interest \$'000</b>	<b>Present value of payments \$'000</b>
<b>2015</b>			
Payable within one year	22	(3)	19
Payable after one year but within five years	64	(4)	60
	<u>86</u>	<u>(7)</u>	<u>79</u>
<b>2014</b>			
Payable within one year	17	(3)	14
Payable after one year but within five years	57	(2)	55
	<u>74</u>	<u>(5)</u>	<u>69</u>

The Group has finance leases for certain items of office equipment. These leases have terms of 5 years (2014: 3 to 5 years). Certain leases have options to purchase or renew at the end of the lease term. There are no restrictions placed upon the Group by entering into these leases. The discount rates implicit in the leases range from 3.8% to 5% (2014: 3.8% to 5%) per annum.

**22. LOANS AND BORROWINGS**

	<b>Group</b>		<b>Company</b>	
	<b>2015 \$'000</b>	<b>2014 \$'000</b>	<b>2015 \$'000</b>	<b>2014 \$'000</b>
Medium term notes	216,708	235,830	-	-
Bank loans	78,985	53,680	39,000	39,000
Intercompany loan	-	-	213,865	231,374
	<u>295,693</u>	<u>289,510</u>	<u>252,865</u>	<u>270,374</u>
Due within 12 months	41,433	39,000	41,046	39,000
Due after 12 months	254,260	250,510	211,819	231,374
	<u>295,693</u>	<u>289,510</u>	<u>252,865</u>	<u>270,374</u>

Intercompany loan from a subsidiary of principal amount of \$211,819,000 (2014: \$231,374,000) is unsecured, bears interest at 5.875% (2014: 5.875%) per annum and is repayable on 31 December 2016. The loan is denominated in Singapore Dollars.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**22. LOANS AND BORROWINGS (CONTINUED)**

Medium term notes

On 23 January 2013, a wholly-owned subsidiary of the Company, Biosensors Investment (Singapore) Pte. Ltd., issued S\$300,000,000 fixed rate notes due on 23 January 2017 under a S\$800,000,000 Multicurrency Medium Term Note Programme (“MTN Programme”) established by the subsidiary on 4 January 2013. The notes bear interest at a nominal rate of 4.875% per annum payable on a semi-annual basis. Directly attributable transaction costs capitalised on issuance of the notes amounted to approximately \$3,734,000. The effective interest rate of the notes is 5.371% per annum. The notes are unsecured.

Bank loans

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Bank loan I	<b>20,000</b>	20,000	<b>20,000</b>	20,000
Bank loan II	<b>19,000</b>	19,000	<b>19,000</b>	19,000
Bank loan III	<b>39,985</b>	14,680	–	–
	<b>78,985</b>	53,680	<b>39,000</b>	39,000

Bank Loan I is repayable in November 2015 and bears interest at 1.45% (2014: 3.15%) per annum.

Bank Loan II is repayable in March 2016 and bears interest at 1.20% (2014: 0.5%) per annum above the prevailing London Inter Bank Offer Rate (LIBOR).

Bank loans I and II are secured by restricted deposits pledged to banks by a subsidiary (Note 10).

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**22. LOANS AND BORROWINGS (CONTINUED)**

Bank loan III is repayable on a monthly basis over 15 years starting from September 2014. The loan bears interest at the higher of 1.50% over the bank's cost of funds and 1.50% over the applicable Swap Offer Rate ("SOR") determined by the bank on the day of transaction, for an interest period of 3 months, with Lock in Period of 5 years. From 6th year until maturity, the interest rate will be the higher of 1.75% over the bank's cost of funds and applicable "SOR".

Bank loan III is secured by:

- (i) a legal mortgage over Lot/Mukim No 04215 Pt Mukim No 6. Jalan Tukang Road Singapore and the new manufacturing research and development innovation centre and operations headquarter;
- (ii) a letter of discharge and set-off over a restricted deposit as disclosed in Note 10 to the financial statements; and
- (iii) a corporate guarantee from the Company.

**23. CONTINGENT CONSIDERATION**

<b>Group and Company</b>	<b>Investment in Spectrum Dynamics, LLC \$'000</b>	<b>Investment in unquoted shares \$'000</b>	<b>Total \$'000</b>
As at 1 April 2014	-	<b>4,126</b>	<b>4,126</b>
Payments made for milestone met	-	<b>(4,000)</b>	<b>(4,000)</b>
Fair value adjustments for contingent consideration relating to investment in unquoted shares	-	<b>2,284</b>	<b>2,284</b>
As at 31 March 2015	-	<b>2,410</b>	<b>2,410</b>
As at 1 April 2013	-	-	-
Arising from business combination of Spectrum Dynamics, LLC (Note 45)	3,751	-	3,751
Arising from investment in unquoted shares	-	4,126	4,126
Total gains for the period included in income statement	<b>(3,751)</b>	-	<b>(3,751)</b>
As at 31 March 2014	-	4,126	4,126



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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## **23. CONTINGENT CONSIDERATION (CONTINUED)**

### Contingent arising from business combination of Spectrum Dynamics, LLC

As part of the asset purchase agreement with Spectrum Dynamics, LLC, the Company is obligated to pay contingent consideration of up to \$19,000,000 if certain performance benchmarks of the acquired business are met by certain specified dates. A contingent consideration at fair value of \$3,751,000 was recognised as at acquisition date. Details of the performance benchmarks could be found in Note 45.

In 2014, management had valued the aforementioned consideration at \$Nil as these performance benchmarks were not achieved. A gain on change in fair value of \$3,751,000 was recognised in "Other income". There was no change in the fair value during the financial year.

### Contingent arising from investment in unquoted shares

As part of an agreement for the acquisition of unquoted shares in an investee, the Company is obligated to pay contingent consideration of up to \$9,000,000 if the investee can meet certain non-financial milestones by certain specified dates. A contingent consideration at fair value of \$4,126,000 was recognised as at acquisition date.

\$4,000,000 was paid during the year as the investee had met its first milestone. \$5,000,000 remains payable subject to the investee meeting the remaining milestone.

A probability of success has been applied in valuing the contingent consideration and success in meeting the remaining milestones would result in an increase in the liability and a charge to the income statement of approximately \$2,590,000 (2014: \$4,874,000). If the remaining milestones are not met, no contingent consideration will be payable and the liability will be released through income statement.

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**24. PENSION FUNDS**

The Group has three defined benefit pension retirement plans, of which the Japan Plan is unfunded. The following tables summarise the components of net benefit expense recognised in the consolidated income statement and amounts recognised in the consolidated balance sheet for the respective financial years ended 31 March.

<b>2015</b>	<b>Group</b>			<b>Total</b>
	<b>Swiss Plan</b>	<b>Japan Plan</b>	<b>France Plan</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>Net benefit expense</i>				
Current service cost	1,239	189	104	1,532
Past service cost	(35)	(12)	–	(47)
Net interest cost	39	4	–	43
Administration cost and cost for managing plan assets	5	–	–	5
Net benefit expense recognised in consolidated income statement	<u>1,248</u>	<u>181</u>	<u>104</u>	<u>1,533</u>
<i>Remeasurement (gains)/losses</i>				
Return on plan assets (excluding amounts included in net interest expense)	274	–	–	274
Experience adjustment	(580)	–	–	(580)
Actuarial losses arising from change in financial assumptions	634	31	–	665
Remeasurement losses recognised in other comprehensive income	<u>328</u>	<u>31</u>	<u>–</u>	<u>359</u>
<i>Benefit liability</i>				
Benefit obligation	8,523	666	89	9,278
Fair value of plan assets	(6,577)	–	–	(6,577)
Benefit liability – non-current	<u>1,946</u>	<u>666</u>	<u>89</u>	<u>2,701</u>

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**24. PENSION FUNDS (CONTINUED)**

<b>2014</b>	<b>Swiss Plan</b>	<b>Group</b>	<b>Total</b>
	<b>\$'000</b>	<b>Japan Plan</b>	<b>\$'000</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>Net benefit expense</i>			
Current service cost	1,166	165	1,331
Net interest cost	35	3	38
Administration cost and cost for managing plan assets	4	–	4
Net benefit expense recognised in consolidated income statement	<u>1,205</u>	<u>168</u>	<u>1,373</u>
<i>Remeasurement (gains)/losses</i>			
Return on plan assets (excluding amounts included in net interest expense)	258	–	258
Experience adjustment	(130)	–	(130)
Actuarial (gains)/losses arising from change in financial assumptions	(131)	27	(104)
Remeasurement (gains)/losses recognised in other comprehensive income	<u>(3)</u>	<u>27</u>	<u>24</u>
<i>Benefit liability</i>			
Benefit obligation	9,757	682	10,439
Fair value of plan assets	(7,939)	–	(7,939)
Benefit liability – non-current	<u>1,818</u>	<u>682</u>	<u>2,500</u>

Movements in the benefit liability during the financial year are as follows:

<b>2015</b>	<b>Swiss Plan</b>	<b>Group</b>	<b>Total</b>
	<b>\$'000</b>	<b>Japan Plan</b>	<b>\$'000</b>
	<b>\$'000</b>	<b>France Plan</b>	<b>\$'000</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
As at 1 April 2014	<b>1,818</b>	<b>682</b>	<b>–</b>
Net benefit expense	<b>1,248</b>	<b>181</b>	<b>104</b>
Remeasurement losses	<b>328</b>	<b>31</b>	<b>–</b>
Benefits received	<b>–</b>	<b>(124)</b>	<b>–</b>
Contributions by employer	<b>(1,291)</b>	<b>–</b>	<b>–</b>
Translation differences	<b>(157)</b>	<b>(104)</b>	<b>(15)</b>
As at 31 March 2015	<u><b>1,946</b></u>	<u><b>666</b></u>	<u><b>89</b></u>

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**24. PENSION FUNDS (CONTINUED)**

	Group		
	Swiss Plan \$'000	Japan Plan \$'000	Total \$'000
<b>2014</b>			
As at 1 April 2013	1,798	541	2,339
Net benefit expense	1,205	168	1,373
Remeasurement (gains)/losses	(3)	27	24
Benefits received	–	(4)	(4)
Contributions by employer	(1,305)	–	(1,305)
Translation differences	123	(50)	73
As at 31 March 2014	<u>1,818</u>	<u>682</u>	<u>2,500</u>

Movements in the benefit obligation during the financial year are as follows:

	Group			
	Swiss Plan \$'000	Japan Plan \$'000	France Plan \$'000	Total \$'000
<b>2015</b>				
As at 1 April 2014	<b>9,757</b>	<b>682</b>	<b>–</b>	<b>10,439</b>
Current service cost	<b>1,239</b>	<b>189</b>	<b>104</b>	<b>1,532</b>
Past service cost	<b>(35)</b>	<b>(12)</b>	<b>–</b>	<b>(47)</b>
Interest cost	<b>206</b>	<b>4</b>	<b>–</b>	<b>210</b>
Benefits to be received	<b>(2,260)</b>	<b>(124)</b>	<b>–</b>	<b>(2,384)</b>
Actuarial losses arising from change in financial assumptions	<b>54</b>	<b>31</b>	<b>–</b>	<b>85</b>
Contributions by employer	<b>323</b>	<b>–</b>	<b>–</b>	<b>323</b>
Administration cost and cost for management plan assets	<b>5</b>	<b>–</b>	<b>–</b>	<b>5</b>
Translation differences	<b>(766)</b>	<b>(104)</b>	<b>(15)</b>	<b>(885)</b>
As at 31 March 2015	<u><b>8,523</b></u>	<u><b>666</b></u>	<u><b>89</b></u>	<u><b>9,278</b></u>

	Group		
	Swiss Plan \$'000	Japan Plan \$'000	Total \$'000
<b>2014</b>			
As at 1 April 2013	8,110	541	8,651
Current service cost	1,166	165	1,331
Interest cost	178	3	181
Benefits to be received	(369)	(4)	(373)
Experience adjustments	(130)	–	(130)
Actuarial (gains)/losses arising from change in financial assumptions	(131)	27	(104)
Contributions by employer	326	–	326
Administration cost and cost for management plan assets	4	–	4
Translation differences	603	(50)	553
As at 31 March 2014	<u>9,757</u>	<u>682</u>	<u>10,439</u>

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**24. PENSION FUNDS (CONTINUED)**

Movements in fair value of plan assets during the financial year are as follows:

	<b>Swiss Plan \$'000</b>
<b>2015</b>	
As at 1 April 2014	7,939
Interest income	167
Contributions by employees	323
Contributions by employer	1,291
Remeasurement losses	(274)
Benefits to be paid	(2,260)
Translation differences	(609)
As at 31 March 2015	6,577
<b>2014</b>	
As at 1 April 2013	6,312
Interest income	143
Contributions by employees	326
Contributions by employer	1,305
Remeasurement losses	(258)
Benefits to be paid	(369)
Translation differences	480
As at 31 March 2014	7,939

Plan assets relating to the Swiss Plan relate to placement in cash, bonds, shares, real estates and mortgages and alternative investments.

The Group's defined benefit pension plans are funded by its subsidiaries. The employees of the Group contribute 20% of the pensionable salary and the remaining residual contributions are paid by subsidiaries of the Group.

The Group expects to contribute approximately \$1,311,000 (2014: \$1,513,000) to its defined benefit pension plan in the next financial year.

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**24. PENSION FUNDS (CONTINUED)**

Amounts for the current and previous four financial years are as follows:

	<b>Japan Plan</b>				
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Defined benefit obligation	(666)	(682)	(541)	(777)	(711)
Experience adjustments on plan liabilities	19	27	103	19	50
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<b>Swiss Plan</b>				
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Defined benefit obligation	(8,523)	(9,757)	(8,110)	(7,343)	(5,079)
Plan assets	6,577	7,939	6,312	5,615	4,206
Deficit	(1,946)	(1,818)	(1,798)	(1,728)	(873)
Experience adjustments on plan liabilities	54	261	38	481	229
Experience adjustments on plan assets	(274)	(258)	(100)	(82)	(51)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<b>France Plan</b>				
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Defined benefit obligation	(89)	–	–	–	–
Experience adjustments on plan liabilities	–	–	–	–	–
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>%</b>	<b>%</b>
Discount rate		
– Swiss Plan	0.90	2.30
– Japan Plan	0.40	0.60
– France Plan	1.49	–
Future salary increase		
– Swiss Plan	0.75	0.75
– Japan Plan	3.00	3.00
	<u>          </u>	<u>          </u>

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**24. PENSION FUNDS (CONTINUED)**

The sensitivity analysis on possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant are presented below:

2015	Increase/ (Decrease)	Group	Japan Plan
		Swiss Plan \$'000	\$'000
Discount rates	+ 25 basis points	6,737	652
	- 25 basis points	9,347	680
Future salary increases	+ 3%	9,318	853
	- 3%	8,356	530
Life expectancy	+ 1 year	8,532	-
	- 1 year	8,513	-

2014	Increase/ (Decrease)	Group	Japan Plan
		Swiss Plan \$'000	\$'000
Discount rates	+ 25 basis points	9,561	669
	- 25 basis points	9,965	696
Future salary increases	+ 0.25%	9,822	-
	- 0.25%	9,696	-
Future pension increases	+ 3%	-	859
	- 3%	-	551
Life expectancy	+ 1 year	9,781	-
	- 1 year	9,734	-

The average duration of the defined benefit obligation at the end of the reporting period is 8.50 years for Japan (2014: 8.05 years for Japan).

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**25. SHARE CAPITAL**

	<b>Group and Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Authorised</u>		
– 2,400,000,000 ordinary shares with par value of 1/150 cent each	<u><b>160</b></u>	<u>160</u>
 <u>Issued and fully paid</u>		
As at 1 April		
– 1,757,242,523 (2014: 1,742,842,548) ordinary shares with par value of 1/150 cent each	<b>117</b>	116
During the year:		
– Issue of 2,125,888 (2014: 14,399,975) ordinary shares for cash via the exercise of share options	<u>–*</u>	<u>1</u>
As at 31 March		
– 1,759,368,411 (2014: 1,757,242,523) ordinary shares with par value of 1/150 cent each	<u><b>117</b></u>	<u>117</u>

\* Amounts are less than \$1,000.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

Share options

As at 31 March 2015, the Company has two share option arrangements, which are described below:

<u>Type of Plan</u>	<u>Pre-IPO ESOS Plan</u>	<u>2004 Plan</u>
Dates of grant	1 January 2000 to 13 May 2005	1 April 2006 to 6 June 2014
Total number granted	191,148,800 (2014: 191,148,800)	120,107,000 (2014: 115,132,000)
Contractual life	10 years	5 to 10 years

The exercise period of the options administered by the Pre-IPO ESOS Plan will forfeit:

- (i) within one month from the date of the option holder's termination of employment within the Group as a result of the termination by the Company or its subsidiaries or by voluntary resignation; or
- (ii) within one year from the date of the option holder's termination of employment within the Group for any reasons other than those stated in (i).



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**25. SHARE CAPITAL (CONTINUED)**

Share options (Continued)

The exercise period of the options administered by the 2004 Plan will forfeit:

- (i) immediately as of the last day of employment within the Group as a result of the termination by the Company or its subsidiaries or by voluntary resignation or in the event of misconduct on the part of the option holder or the bankruptcy of the option holder; or
- (ii) within the period of eighteen months after the date of cessation of employment or before the expiry of the exercise period of that option if termination of employment within the Group for any reasons other than those stated in (i) occurs after the first day of exercise period; or within the period of eighteen months after first day of exercise period of that option if termination of employment within the Group for any reasons other than those stated in (i) occurs before the first day of exercise period.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in share options during the year:

	2015		2014	
	No.	WAEP \$	No.	WAEP \$
Outstanding at the beginning of the year	<b>28,945,226</b>	<b>0.65</b>	43,883,201	0.57
Granted during the year	<b>4,975,000</b>	<b>0.69</b>	803,000	0.93
Exercised during the year*	<b>(2,125,888)</b>	<b>0.39</b>	(14,399,975)	0.38
Forfeited during the year	<b>(129,125)</b>	<b>0.72</b>	(1,341,000)	1.11
Outstanding at the end of the year	<b>31,665,213</b>	<b>0.69</b>	28,945,226	0.65
Exercisable at the end of the year	<b>25,133,338</b>	<b>0.69</b>	25,402,976	0.59

\* The weighted average share price at the date of exercise for the options exercised is \$0.64 (2014: \$0.80).

The remaining options will vest in various tranches over 2 to 3 years.

The weighted average remaining contractual life for the share options outstanding as at 31 March 2015 is 3.51 years (2014: 4.71 years).

The weighted average fair value of options granted during the year was \$0.39 (2014: \$0.27).

There are no cash settlement alternatives.

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**25. SHARE CAPITAL (CONTINUED)**

Share options (Continued)

The following table illustrates the number (No.) of options outstanding and the range of exercise prices as at 31 March:

<b>Exercise price</b>	<b>2015 No.</b>	<b>2014 No.</b>
\$0.0902	–	45,000
\$0.2100	<b>500,000</b>	500,000
\$0.2400	<b>5,497,390</b>	5,847,390
\$0.3600	–	1,134,000
\$0.3700	<b>125,000</b>	125,000
\$0.5200	<b>2,827,500</b>	3,041,924
\$0.5400	<b>1,253,545</b>	1,486,384
\$0.5500	<b>250,000</b>	452,000
\$0.5800	<b>2,375,111</b>	2,525,111
\$0.5900	<b>50,000</b>	50,000
\$0.6100	<b>1,657,500</b>	2,043,750
\$0.6400	<b>516,667</b>	516,667
\$0.7000	<b>869,000</b>	917,000
\$0.7400	<b>4,975,000</b>	–
\$0.8000	<b>2,000,000</b>	2,000,000
\$0.9200	<b>2,100,000</b>	2,100,000
\$0.9700	<b>1,000,000</b>	1,000,000
\$0.9300	<b>759,000</b>	759,000
\$1.1700	<b>4,909,500</b>	4,402,000
Total	<b>31,665,213</b>	28,945,226

The fair value of share options granted during the year is estimated as at the measurement dates using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	<b>2015</b>	<b>2014</b>
Dividend yield (%)	–	–
Expected volatility (%)	<b>57</b>	57
Historical volatility (%)	<b>57</b>	57
Risk-free interest rate (%)	<b>0.11 – 0.665</b>	0.14 – 0.665
Expected life of options (years)	<b>0.5 – 3.17</b>	1.3 – 3.47
Exercise price (\$)	<b>0.54</b>	0.93
Weighted average share price (\$)	<b>0.54</b>	0.93

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**25. SHARE CAPITAL (CONTINUED)**

Share options (Continued)

No other features of options granted were incorporated into the measurement of fair value.

Performance shares

The Company has a performance share plan known as Biosensors Performance Share Plan (“Biosensors PSP”). Under the terms of the Biosensors PSP, awards of fully paid-up shares will be granted, free of payment, to selected senior executives and key management of the Company and its subsidiaries, including executive directors with performance targets to be set over a performance period (typically a three-year period). Subject to the achievement of the prescribed performance targets and upon expiry of the prescribed performance period, fully paid shares free of charge will be allotted and issued.

The following table illustrates the number (No.) and weighted average fair value (WAFVP) of, and movements in performance shares during the year:

	2015		2014	
	No.	WAFVP \$	No.	WAFVP \$
Outstanding at the beginning of the year	17,000,000	1.07	17,000,000	1.07
Granted during the year	8,000,000	0.66	–	–
Vested during the year*	(9,000,000)	1.23	–	–
Forfeited during the year	(8,000,000)	0.89	–	–
Outstanding at the end of the year	<u>8,000,000</u>	<u>0.66</u>	<u>17,000,000</u>	1.07

\* The weighted average share price at the date of vesting for the performance shares vested is \$0.55 (2014: \$Nil).

The remaining performance shares are equity settled and are conditional upon the continued employment of the executives for a period of 3 years after the grant date. In addition, 4,000,000 performance shares granted to an executive director are conditional upon meeting performance targets by certain specific dates.

The weighted average fair value of performance shares granted during the year was \$0.66 (2014: \$Nil).

During the year, 8,000,000 performance shares were forfeited. A gain on forfeiture of \$4,352,000 was recognised which reduced the share-based payment expenses during the year.

On 31 March 2015, 9,000,000 performance shares were vested and settled using treasury shares of the Company (Note 27).

As at 31 March 2015, the total outstanding number of performance shares granted was 8,000,000 (2014: 17,000,000).

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**26. SHARE PREMIUM**

	<b>Group and Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
As at 1 April	<b>740,034</b>	731,778
– Arising from issuance of ordinary shares via the exercise of share options	<b>831</b>	5,472
– Transfer from other reserve pursuant to the exercise of share options	<b>327</b>	2,784
– Arising from transfer of treasury shares (Note 27)	<b>4,850</b>	–
As at 31 March	<b><u>746,042</u></b>	<u>740,034</u>

The share premium account may be applied only for the purposes specified in Part IV, S40 of The Companies Act 1981 of Bermuda (as amended) and the Bye-laws of the Company. Under the Companies Act, the application of the share premium account is limited, and amongst others can be applied in paying up unissued shares of the Company to be issued to the shareholders as fully paid bonus shares.

**27. TREASURY SHARES**

Treasury shares relate to ordinary shares of the Company that is held by the Company.

During the financial year, the Company acquired 27,421,400 (2014: 40,469,000) shares in the Company through purchases on the Singapore Exchange. The total amount paid to acquire the shares was \$12,159,000 (2014: \$30,785,000) and this was presented as a component within equity.

On 31 March 2015, 9,000,000 shares were transferred to an executive director when his performance shares vested (Note 25). The excess of \$4,850,000 represents the difference between the total share-based expenses recognised of \$11,109,000 and acquisition cost of treasury shares of \$6,259,000 was recorded in share premium (Note 26).

**28. TRANSLATION RESERVES**

Translation reserves record exchange differences arising from the translation of the financial statements of the foreign operations whose functional currencies are different from that of the Group's presentation currency.

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
As at 1 April	<b>50,839</b>	33,549
Net effect of exchange differences arising from translation of financial statements:		
– foreign subsidiaries	<b>(5,212)</b>	16,985
Realisation of translation loss on:		
– disposal of a subsidiary	<b>–</b>	305
As at 31 March	<b><u>45,627</u></b>	<u>50,839</u>

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**29. OTHER RESERVES**

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Equity component of convertible notes	3,617	3,617	3,617	3,617
Employee share-based payment reserve	13,301	21,644	13,301	21,644
Capital reserve	1,561	1,561	1,561	1,561
Statutory reserves	1,046	505	-	-
<b>Total other reserves</b>	<b>19,525</b>	<b>27,327</b>	<b>18,479</b>	<b>26,822</b>

**(a) Equity component of convertible notes**

This represents the residual amount of convertible redeemable notes after deducting the fair value of the liability component. This amount is presented net of transaction costs arising from the convertible notes.

**(b) Employee share-based payment reserve**

Employee share-based payment reserve represents the equity-settled share options and performance shares granted to employees and directors. The reserve is made up of the cumulative value of services received from employees and directors recorded on grant of equity-settled share options and performance shares, and are reduced by the expiry or exercise of the share options and issuance of performance shares.

	Group and Company	
	2015	2014
	\$'000	\$'000
As at 1 April	21,644	17,332
Share-based payments	3,093	7,096
Exercise of share options	(327)	(2,784)
Transfer of treasury shares	(11,109)	-
As at 31 March	<b>13,301</b>	<b>21,644</b>

**(c) Capital reserve**

	Group and Company	
	2015	2014
	\$'000	\$'000
Contribution from a shareholder, representing balance as at 31 March	1,561	1,561

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**29. OTHER RESERVES (CONTINUED)**

**(c) Capital reserve** (Continued)

Capital reserve represents the contribution from a shareholder. The contribution relates to the share option expense arising from grant of options over 9 million ordinary shares of 1/150 US cent each owned by the shareholder in the Company to another director of the Company. The grant of these options was in consideration of the director's agreement to accept appointment in the Company. These options were exercisable at S\$0.90 (equivalent to \$0.63) per share and the options expired on 31 December 2009. The fair value of options granted was \$0.17 as at the grant date.

**(d) Statutory reserves**

In accordance with the relevant laws and regulations of Switzerland, Bio Europe is required to set up a statutory reserve by way of appropriations from their statutory net profit. Bio Europe is required to allocate 5% of its annual statutory net profit after taxation to the statutory reserves until it has reached 20% of its paid-in capital. The statutory reserve may be used to offset accumulated losses but is not available for dividend distribution to shareholders.

In accordance with the relevant laws and regulations of France, Bio France is required to set up a legal reserve by way of appropriations from their statutory net profit. Bio France is required to allocate 5% of its annual statutory net profit after taxation to the statutory reserves until it has reached 10% of its paid-in capital. The legal reserve is not available for dividend distribution to shareholders.

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the People's Republic of China ("PRC"), the subsidiaries are required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
As at 1 April	<b>505</b>	–
Transfer from retained earnings	<b>541</b>	505
As at 31 March	<b>1,046</b>	505

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

### 30. REVENUE

Revenue represents licensing revenue, sales of goods and sales of services in the normal course of business.

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue comprises:</b>		
Interventional cardiology	<b>245,596</b>	255,777
Critical care products	<b>15,895</b>	13,983
Cardiac diagnostic	<b>20,003</b>	10,253
Total product revenue	<b>281,494</b>	280,013
Licensing revenue	<b>26,895</b>	43,805
	<b>308,389</b>	323,818

### 31. OTHER INCOME

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Gain on change in fair value of contingent consideration relating to a business combination (Note 23)	-	3,751
Other miscellaneous income	<b>687</b>	618
	<b>687</b>	4,369

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**32. (LOSS)/PROFIT FROM OPERATIONS**

(Loss)/profit from operations is determined after crediting/(charging) the following:

	Group	
	2015	2014
	\$'000	\$'000
Audit fees:		
– auditors of the Company	(303)	(345)
– other auditors*	(345)	(216)
Non-audit fees:		
– auditors of the Company	(20)	(29)
– other auditors*	(2)	(20)
Depreciation of property, plant and equipment	(7,280)	(6,755)
Loss/gain on disposal of property, plant and equipment	(44)	222
Property, plant and equipment written off	(282)	(186)
Amortisation of intangible assets	(19,640)	(18,702)
Intangible assets written off	(15)	(344)
Inventories written off	(751)	(1,358)
Write-down of inventories	(5,793)	(2,654)
Write-back of/(allowance for) doubtful trade debts, net	449	(3,631)
Allowance for doubtful non-trade debts, net	(54)	(48)
Bad debts written off	489	–
Personnel expenses (Note 33) <sup>(1)</sup>	(72,158)	(80,945)
Non-executive directors:		
– Directors' fees	(317)	(409)
– Share-based payment expenses	(1,781)	(52)
Operating lease expenses	(2,909)	(2,788)
Loss on change of fair value of contingent consideration (Note 23) <sup>(2)</sup>	(2,284)	–
Loss on disposal of subsidiaries <sup>(2)</sup>	–	(832)
Foreign exchange losses, net <sup>(2)</sup>	(220)	(1,373)
Impairment of goodwill (Note 8) <sup>(2)</sup>	(253,803)	–

\* Includes the network of member firms of Ernst & Young LLP.

(1) Includes amounts shown as key management personnel as disclosed in Note 39.

(2) These amounts are included as part of other operating (expenses)/income.



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**33. PERSONNEL EXPENSES**

	Group	
	2015 \$'000	2014 \$'000
Salaries, wages and bonuses	57,027	61,092
Pension contributions		
– defined contribution plans	5,940	4,510
– defined benefit plans	1,892	1,397
Staff benefits	2,863	3,817
Termination benefits	1,343	3,033
Share-based payment expenses	3,093	7,096
	<b>72,158</b>	<b>80,945</b>

**34. FINANCIAL INCOME**

	Group	
	2015 \$'000	2014 \$'000
Interest income		
– fixed deposits	6,408	5,209
– cash and bank balances	1,239	1,523
– others	85	15
	<b>7,732</b>	<b>6,747</b>

**35. FINANCIAL EXPENSES**

	Group	
	2015 \$'000	2014 \$'000
Interest expense		
– bank loans	1,149	838
– medium term notes	12,290	12,462
– others	159	68
	<b>13,598</b>	<b>13,368</b>

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**36. INCOME TAX AND DEFERRED TAX ASSETS/(LIABILITIES)**

	Group	
	2015 \$'000	2014 \$'000
Current tax		
– current year	6,422	5,898
– (over)/under provision in respect of prior years	(7,859)	885
Withholding tax		
– current year	1,360	150
– over provision in respect of prior years	–	(217)
Deferred tax		
– origination and reversal of temporary differences	(2,230)	(2,204)
	<u>(2,307)</u>	<u>4,512</u>

The Company is not subject to income tax in Bermuda pursuant to tax exemption granted under the Exempted Undertakings Tax Protection Act 1966 covering the period up to 31 March 2035.

Bio Europe has obtained a tax ruling that gives Bio Europe full exemption on Cantonal Tax and partial exemption from Federal Tax for a period of 5 years up to September 2010 and is renewable for another 5 years thereafter. In 2011, Bio Europe received the tax ruling renewing this exemption at a partial exemption of 60% until 2015, which results in an effective tax rate of 10.64%. The tax ruling is subject to certain conditions based on a business plan submitted to the relevant authority.

BIT was granted pioneer status by Singapore Economic Development Board which exempt BIT from tax arising from pioneer activities for an initial period of 5 years starting on 1 January 2008 and an additional period of 2 years subject to BIT meeting the qualifying conditions set for the first 5 years at the end of the fifth year. BIT met the qualifying conditions for the 2 years extension. The granting of pioneer status to BIT was also subject to the provisions of Part II of the Singapore Economic Expansion Incentives (Relief from Income Tax) Act, Chapter 86. The pioneer status ended on 31 December 2014.

In 2014, BIT was granted a 10-year Development and Expansion Incentive (DEI) which commenced on 1 January 2015 immediately once the pioneer status ended. Under the DEI, certain qualifying activities will be taxed at a concessionary rate of 5%.

JWMS has been granted a preferential corporate income tax rate of 15% for qualifying as a high technology enterprise in 2011. This preferential rate is valid for 3 years and is renewable if it is able to continue to meet the qualifying criteria. JWMS has met the qualifying criteria and has been granted renewal for additional period of 3 years till 31 December 2016.

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**36. INCOME TAX AND DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**

The reconciliation of the tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rates for the years ended 31 March are as follows:

	Group	
	2015 \$'000	2014 \$'000
(Loss)/profit before tax	<u>(227,120)</u>	<u>45,098</u>
Tax expense at the domestic rates applicable to profits in the countries where the Group operates	6,665	6,607
Tax effect of expenses that are not deductible in determining taxable profits	191	761
Deferred tax assets not recognised during the year	3,452	2,364
Tax effect of income not subject to tax	(4,333)	(6,083)
Benefit of income subject to concessionary rate	(1,164)	–
Utilisation of deferred tax asset not previously recognised	(502)	(66)
(Over)/under provision of current tax in respect of prior years	(7,859)	885
Over provision of withholding tax in respect of prior years	–	(217)
Withholding tax	1,360	150
Tax exemption	(53)	–
Others	(64)	111
	<u>(2,307)</u>	<u>4,512</u>

Tax effect of income not subject to tax includes items which are tax exempted as a result of the pioneer status granted to BIT.

Deferred tax balances as at 31 March relate to the following:

	Group	
	2015 \$'000	2014 \$'000
<u>Deferred tax assets</u>		
Temporary differences arising from provisions	<u>258</u>	<u>–</u>
<u>Deferred tax liabilities</u>		
Temporary differences arising from foreign exchange differences	(1,474)	(1,471)
Excess of net book value over tax written down value of		
– customer relationships	(13,673)	(15,765)
– property, plant and equipment	(14)	(23)
– intangible assets	(39)	(39)
Deferred revenue	(20)	(22)
Withholding tax on interest receivable	–	(283)
	<u>(15,220)</u>	<u>(17,603)</u>

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**36. INCOME TAX AND DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Reflected in the balance sheets as follows:		
Deferred tax assets	258	–
Deferred tax liabilities	(15,220)	(17,603)
<b>Deferred tax liabilities, net</b>	<b>(14,962)</b>	<b>(17,603)</b>

Tax losses

As at 31 March 2015, the Group had unrecognised unabsorbed tax losses of approximately \$5.6 million (2014: \$6.6 million), available for offsetting against future taxable profits, subject to the agreement of the relevant tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the subsidiaries operate. The tax losses have expiry dates between December 2022 and March 2024 (2014: December 2021 and March 2023).

The potential deferred tax asset arising from the unrecognised unabsorbed tax losses has not been recognised in the financial statements due to uncertainty of recoverability.

Unrecognised temporary differences relating to investments in subsidiaries

No deferred tax liability (2014: \$Nil) has been recognised for taxes that would be payable on the undistributed earnings of the Group's subsidiaries as the subsidiaries cannot distribute their profits until they obtain the consent of the Group. At the end of the reporting period, the Group does not foresee giving such consent.

As at 31 March 2015, the tax effect of the temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognised amounts to approximately \$16.8 million (2014: \$14.8 million).

**37. (LOSS)/EARNINGS PER SHARE**

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted (loss)/earnings per share is calculated by dividing the net (loss)/profit for the year by the weighted average number of ordinary shares in issue during the year after adjusting for the effects of dilutive securities.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**37. (LOSS)/EARNINGS PER SHARE (CONTINUED)**

The following reflects the net (loss)/profit for the year and share data used in the basic and diluted earnings per share computations for the years ended 31 March:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
(Loss)/profit for the year attributable to equity holders of the Company	<b>(224,813)</b>	40,586
Weighted average number of ordinary shares in issue applicable to basic earnings per share ('000)	<b>1,691,136</b>	1,707,753
Dilutive effect of options and warrants ('000)	<b>6,101</b>	17,104
Weighted average number of ordinary shares in issue applicable to diluted earnings per share ('000)	<b>1,697,237</b>	1,724,857
(Loss)/earnings per share		
– Basic (USD cents)	<b>(13.29)</b>	2.38
– Diluted (USD cents)	<b>(13.25)</b>	2.35

11,836,000 (2014: 3,438,000) of options on ordinary shares of 1/150 cent each were not included in the calculation of diluted earnings per share for the year ended 31 March 2015 and 2014 because these are anti-dilutive.

Other than the above, there have been no other transactions involving ordinary shares or potential ordinary shares subsequent to the end of the financial year and before the completion of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**38. COMMITMENTS AND CONTINGENT LIABILITIES**

**(i) Operating lease commitments**

In addition to the land use rights disclosed in Note 7, the Group has various non-cancellable operating lease commitments for office, factory, warehouse and residential premises. These leases have an average term of 3 years, and certain leases have renewal options and rental escalation clauses. Lease terms do not provide for contingent rents and do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Future minimum rental payable under non-cancellable operating lease (excluding land use rights) at the end of the reporting period are as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Future minimum lease payments		
– not later than 1 year	<b>881</b>	1,303
– later than 1 year but not later than 5 years	<b>243</b>	639
	<b>1,124</b>	1,942

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 March 2015 amounted to \$2,909,000 (2014: \$2,788,000) (Note 32).

**(ii) Other contractual commitments**

Contractual commitments other than lease commitments at the end of the reporting period, but not recognised in the financial statements are as follows:

- (a) Commitments to fund certain clinical studies of about \$14.2 million (2014: \$23.4 million). The funding will be provided based on completion of certain milestones by the research institute. These milestones are expected to be completed over the next three years (2014: two years).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## 38. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

### (iii) *Contingent liabilities*

#### Group

- (a) A provincial prosecutor (the “Prosecutor”) commenced investigations into alleged breaches by doctors in Modena, Italy, of regulations relating to the conduct of clinical studies. These studies were in respect of medical devices of certain companies, including the Group. The Group did not monitor and had no control over the said clinical studies.

The Group has not been formally served with any notice of investigation, but has pro-actively instructed its legal counsel to approach the Prosecutor and offer cooperation in the investigation. Management believes that neither the Group, nor any of its employees, has violated any laws and regulations. The Group’s exposure, if any, in relation to the abovementioned investigation is not expected to materially affect the Group’s results or operations. Accordingly, no provision for any contingent liability has been made in the financial statements for the years ended 31 March 2015 and 2014.

- (b) In December 2005, an action for a preliminary injunction was initiated in Netherlands against the Company and certain of its subsidiaries alleging that the Axxion stent products infringe on a patent held by Boston Scientific Corporation and Angiotech Pharmaceuticals Inc. The court denied the request for an injunction finding in the Company’s favour. An appeal has been filed by Boston Scientific Corporation and Angiotech Pharmaceuticals Inc., but the appeal has been dormant since mid-2006 and a date for the appeal has not yet been set.

The Group has been advised by its legal counsel that it is not possible to predict the outcome of the appeal if it is ever to be heard. Accordingly, no provision for any contingent liability has been made in the financial statements for the years ended 31 March 2015 and 2014.

#### Company

- (a) The Company has guaranteed the obligations of a subsidiary in relation to the MTN Programme (Note 22). The financial guarantee was not accounted for in the Company’s separate financial statements as the effect of recognising the financial guarantee was assessed to be insignificant.

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**39. RELATED PARTY INFORMATION**

**(i) Sale and purchase of goods and services**

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Income</b>				
Interest income on long term loans to subsidiaries	-	-	747	524
<b>Expenses</b>				
Interest expense on intercompany loan from a subsidiary	-	-	13,360	11,167
Research and development expenses charged by subsidiaries	-	-	18,864	20,101
Corporate expenses charged by subsidiaries	-	-	6,698	5,406
Professional fees paid to a company in which a director of the Company has a substantial interest	64	167	64	167
Consultancy fee paid to a company in which a director of the Company has a substantial interest	-	300	-	300

**(ii) Compensation of key management personnel**

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Salaries, wages and bonuses	4,572	6,112	-	-
Pension contributions				
– defined contribution plans	50	60	-	-
– defined benefit plans	40	276	-	-
Staff benefits	751	1,050	-	-
Share-based payment expenses	6,934	6,773	-	-
Total compensation to key management personnel	12,347	14,271	-	-
Comprise amounts paid to:				
Executive directors of the Company	9,680	11,033	-	-
Other key management personnel	2,667	3,238	-	-
	12,347	14,271	-	-

The remuneration of key management personnel are determined by the remuneration committee having regard to the performance of individuals and market trends.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**39. RELATED PARTY INFORMATION (CONTINUED)**

**(iii) Directors' interest in the Pre-IPO ESOS Plan and 2004 Plan**

Share options held by the executive and non-executive members of the Board of Directors under the Pre-IPO ESOS Plan and 2004 Plan to purchase ordinary shares have the following expiry dates and exercise prices:

Grant year	Expiry date	Exercise price	No. of options	
			2015	2014
2006	2016	0.7000	<b>210,000</b>	210,000
2007	2017	0.5800	<b>1,975,111</b>	1,975,111
2008	2018	0.5200	<b>1,000,000</b>	1,000,000
2009	2019	0.2400	<b>4,000,000</b>	4,000,000
2010	2015	0.6400	<b>450,000</b>	450,000
2010	2015	0.9200	<b>100,000</b>	100,000
2010	2020	0.8000	<b>2,000,000</b>	2,000,000
2010	2020	0.9200	<b>2,000,000</b>	2,000,000
2013	2017	1.1700	<b>416,000</b>	416,000
2014	2018	0.9300	<b>216,000</b>	216,000
2015	2025	0.7400	<b>2,000,000</b>	–
			<b>14,367,111</b>	12,367,111

**(iv) Directors' interest in the Biosensors PSP**

In 2013, the Company granted 8,000,000 and 9,000,000 performance shares to 2 executive directors of the Company. These performance shares are equity settled and conditional upon the continued employment of the directors for a period of 3 years after the grant date. During the year, 8,000,000 performance shares were forfeited. On 31 March 2015, 9,000,000 performance shares were vested.

During the financial year, the Company granted 2,000,000 and 4,000,000 performance shares to 2 executive directors of the Company. These performance shares are equity settled and conditional upon the continued employment of the directors for a period of 3 years after the grant date. In addition, 4,000,000 performance shares granted to an executive director are conditional upon meeting performance targets by certain specific date.

At 31 March 2015, the total outstanding number of performance shares granted to directors of the Company was 6,000,000 (2014: 17,000,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## **40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's and the Company's principal financial instruments, other than derivative financial instruments, comprise of fixed deposits, restricted deposits, cash and bank balances, finance lease liabilities and loans and borrowings. The main purpose of these financial instruments is to finance the Group's and the Company's operations. The Group has other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no trading in derivative financial instruments shall be undertaken.

The main risks arising from the Group's and the Company's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The management reviews and agrees policies for managing each of these risks and they are summarised below. There have been no changes to the Group's and the Company's exposures to risk, how they arise and the Group's and the Company's objectives, policies and processes for managing these risks and the methods used to measure these risks.

### ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their cash and cash equivalents and loans and borrowings.

The Group and the Company obtain additional financing through borrowings and issue of shares. Surplus funds are placed with reputable banks. The Group's and the Company's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

### Sensitivity analysis of interest rate risk

At 31 March 2015, if interest rate had increased/decreased by 25 basis points (2014: 25 basis points) with all other variables held constant, post-tax profit for the financial year would have been \$582,000 higher/lower (2014: \$367,000 higher/lower), as a result of the higher/lower interest income.

### ***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group and the Company ensure availability of funds through an adequate amount of cash and marketable securities and where necessary, fund raising exercise will be considered via issue of bonds or convertible notes, rights issues, private placements, or equity-related exercise.

The Group has a MTN Programme (Note 22) under which it may issue notes up to S\$800,000,000 and as of 31 March 2015, S\$500,000,000 (2014: S\$500,000,000) remains unutilised. Under the MTN Programme, notes issued by the Group may have varying maturities as agreed with the relevant financial institution.

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# NOTES TO THE FINANCIAL STATEMENTS

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**40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

**Liquidity risk** (Continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities based on the contractual undiscounted repayment obligations.

<b>Group</b>	<b>Less than 1 year \$'000</b>	<b>1 to 5 years \$'000</b>	<b>More than 5 years \$'0000</b>	<b>Total \$'000</b>
<b>2015</b>				
Finance lease liabilities	22	64	-	86
Other payables	18,939	-	-	18,939
Accruals other than accrued payroll expenses	15,300	-	-	15,300
Trade payables	6,605	-	-	6,605
Loans and borrowings	53,585	242,795	30,430	326,810
Contingent consideration	2,410	-	-	2,410
	<u>96,861</u>	<u>242,859</u>	<u>30,430</u>	<u>370,150</u>
<b>2014</b>				
Finance lease liabilities	17	57	-	74
Other payables	24,732	-	-	24,732
Accruals other than accrued payroll expenses	15,881	-	-	15,881
Trade payables	6,636	-	-	6,636
Loans and borrowings	54,394	274,962	34,778	364,134
Contingent consideration	4,126	-	-	4,126
	<u>105,786</u>	<u>275,019</u>	<u>34,778</u>	<u>415,583</u>
<b>Company</b>				
<b>2015</b>				
Due to subsidiaries	18,413	-	-	18,413
Other payables	768	78	-	846
Accruals other than accrued payroll expenses	2,291	-	-	2,291
Loans and borrowings	39,495	213,865	-	253,360
Contingent consideration	2,410	-	-	2,410
	<u>63,377</u>	<u>213,943</u>	<u>-</u>	<u>277,320</u>
<b>2014</b>				
Due to subsidiaries	9,115	-	-	9,115
Other payables	5,207	270	-	5,477
Accruals other than accrued payroll expenses	1,417	-	-	1,417
Loans and borrowings	40,660	231,374	-	272,034
Contingent consideration	4,126	-	-	4,126
	<u>60,525</u>	<u>231,644</u>	<u>-</u>	<u>292,169</u>

At 31 March 2015, the maximum amounts payable for the financial guarantee (Note 38) issued by the Company is \$239,661,000 (2014: \$323,474,000). The earliest period in which the guarantee could be called after the year end is 1 April 2015.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## **40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

### ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. Credit risk is monitored through the careful selection of customers and the application of monitoring procedures.

### Excessive risk concentration

Concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance on developments affecting the industry.

In order to avoid excessive concentration of risk, management monitors the country profile of its trade receivables on an on-going basis. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used with the Group to manage risk concentration profile at both the relationship and industry levels. The Group does not apply hedge accounting.

### Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets for the Group and the Company; and
- the maximum amounts payable under the finance guarantee (Note 38) issued by the Company in relation to the MTN Programme (Note 22).

Information regarding the credit enhancements for trade and other receivables is disclosed in Notes 13 and 14.

## NOTES TO THE FINANCIAL STATEMENTS

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#### 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### **Credit risk** (Continued)

##### Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	2015		2014	
	<u>\$'000</u>	<u>% of total</u>	<u>\$'000</u>	<u>% of total</u>
China	9,037	12	8,763	12
Cyprus	2,470	3	1,699	2
France	2,791	4	3,281	5
Indonesia	3,264	5	3,472	5
Japan	5,088	7	5,028	7
Korea	3,901	5	3,857	5
Singapore	2,863	4	3,464	5
Thailand	9,765	13	9,273	13
Others*	33,942	47	33,708	46
Total	<u>73,121</u>	<u>100</u>	<u>72,545</u>	<u>100</u>

\* Individually less than 5%

At the end of the reporting period, approximately 23% (2014: 26%) of the Group's trade receivables were due from 5 (2014: 5) major customers who are the Group's distributors.

##### Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable banks.

##### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Notes 13, 14, 15 and 16.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

***Foreign currency risk***

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States dollar, Singapore dollar and Euro. Foreign exchange risk arises when future commercial transactions, recognised assets or liabilities, investments in foreign operations whose net assets are denominated in a currency other than the respective functional currencies of the Group entities, primarily United States dollar, Singapore dollar (“SGD” or “S\$”) and Euro. The Group’s foreign operations are managed primarily through the engagement of services and purchases denominated in the respective functional currencies of the foreign subsidiaries.

The Group uses foreign currency denominated assets as a natural hedge against its foreign currency denominated liabilities. It is not the Group’s policy to enter into derivative forward foreign exchange contracts for hedging or speculative purposes.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group’s post-tax profit to a reasonably possible change in SGD and Euro against the Group’s functional currency arising from the translation of monetary assets and liabilities of the Group.

		<b>Group</b>	
		<b>2015</b>	<b>2014</b>
		<b>\$'000</b>	<b>\$'000</b>
SGD/USD	– strengthened by 3% (2014: 3%)	<b>-1,815</b>	-1,656
	– weakened by 3% (2014: 3%)	<b>+1,815</b>	+1,656
Euro/USD	– strengthened by 6% (2014: 6%)	<b>-1,131</b>	-1,091
	– weakened by 6% (2014: 6 %)	<b>+1,131</b>	+1,091

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**41. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

	Total carrying amounts		Fair values	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Group</b>				
<b>Financial assets</b>				
<i>Available-for-sale</i>				
Unquoted shares	14,836	14,126	– *	– *
Unquoted convertible bonds	3,000	1,500	– *	– *
	<u>17,836</u>	<u>15,626</u>	<u>– *</u>	<u>– *</u>
<i>Held-for-trading</i>				
Unquoted equity warrants	11,000	11,000	– *	– *
<i>Loans and receivables</i>				
Term loan to a third party	2,000	2,000	2,000	2,000
Trade receivables	73,121	72,545	73,121	72,545
Other receivables	4,059	3,998	4,059	3,998
Deposits	881	873	881	873
Restricted deposits	47,793	47,758	47,793	47,758
Cash and cash equivalents	518,253	511,788	518,253	511,788
	<u>646,107</u>	<u>638,962</u>	<u>646,107</u>	<u>638,962</u>
Total financial assets	<u>674,943</u>	<u>665,588</u>	<u>646,107</u>	<u>638,962</u>
<b>Financial liabilities</b>				
<i>Financial liabilities measured at amortised cost</i>				
Trade payables	6,605	6,636	6,605	6,636
Other payables	19,017	25,002	19,017	25,002
Accruals other than accrued payroll expenses	15,300	15,881	15,300	15,881
Finance lease liabilities	79	69	79	69
Loans and borrowings				
– Medium term notes	216,708	235,830	219,964	240,653
– Bank loans	78,985	53,680	78,985	53,680
	<u>336,694</u>	<u>337,098</u>	<u>339,950</u>	<u>341,921</u>
<i>Fair value through profit of loss</i>				
Contingent consideration	2,140	4,126	2,140	4,126
Total financial liabilities	<u>338,834</u>	<u>341,224</u>	<u>342,090</u>	<u>346,047</u>

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**41. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

	Total carrying amounts		Fair values	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<b>Company</b>				
<b>Financial assets</b>				
<i>Available-for-sale</i>				
Unquoted shares	14,836	14,126	– *	– *
Unquoted convertible bonds	3,000	1,500	– *	– *
	<u>17,836</u>	<u>15,626</u>	<u>– *</u>	<u>– *</u>
<i>Held-for-trading</i>				
Unquoted equity warrants	11,000	11,000	– *	– *
<i>Loans and receivables</i>				
Long term loans to subsidiaries	56,616	39,369	56,616	39,369
Deposits	162	81	162	81
Due from subsidiaries	20,345	15,786	20,345	15,786
Cash and cash equivalents	298,656	332,896	298,656	332,896
	<u>375,779</u>	<u>388,132</u>	<u>375,779</u>	<u>388,132</u>
Total financial assets	<u>404,615</u>	<u>414,758</u>	<u>375,779</u>	<u>388,132</u>
<b>Financial liabilities</b>				
<i>Financial liabilities measured at amortised cost</i>				
Due to subsidiaries	18,413	9,115	18,413	9,115
Other payables	846	5,477	846	5,477
Accruals other than accrued payroll expenses	2,291	1,417	2,291	1,417
Loans and borrowings				
– Intercompany loan	213,865	231,374	213,865	231,374
– Bank loans	39,000	39,000	39,000	39,000
	<u>274,415</u>	<u>286,383</u>	<u>274,415</u>	<u>286,383</u>
<i>Fair value through profit or loss</i>				
Contingent consideration	2,410	4,126	2,410	4,126
Total financial liabilities	<u>276,825</u>	<u>290,509</u>	<u>276,825</u>	<u>290,509</u>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**41. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

**(a) Fair value hierarchy**

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement.

**(b) Level 3 fair value measurements**

The Group held the following financial instruments measured at fair value:

	2015 \$'000	2014 \$'000
<b><u>Level 3</u></b>		
<b>Liabilities measured at fair value</b>		
Contingent consideration (Note 23)	2,410	4,126

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

*Contingent consideration for business combination*

The fair value of the contingent consideration was estimated based on the income approach using probability-weighted payout approach and discounted at a rate that commensurate the Company's own credit risk.

*Movements in Level 3 liabilities measured at fair value*

The movement in the contingent consideration measured at fair value is disclosed in Note 23.

*Valuation policies and procedures*

The assessment of the fair value of the contingent consideration is performed by the Group on an annual basis.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## **41. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

### **(b) Level 3 fair value measurements (Continued)**

*Valuation policies and procedures (Continued)*

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and IFRS 13 fair value measurement guidance to perform the valuation.

Management reviews and evaluates the appropriateness of the valuation methodologies and assumptions adopted and reliability of the inputs (including those developed internally by the Group) used in the valuations.

### **(c) Fair value of assets and liabilities that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value**

Management has determined that the carrying amounts of cash and short-term deposits, current trade and other receivables, term loan to a third party, deposits, restricted deposits with floating rates, current trade and other payables, accruals, current loans and borrowings and non-current loans and borrowings with floating rates, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or are repriced frequently.

Management believes that the carrying amount of finance leases and non-current fixed rate bank loans closely approximate its fair value as the interest rates of these instruments approximate the market interest rates on or at the end of the reporting period.

*Medium term notes*

The fair values of the medium term notes, which are not carried at fair value in the balance sheet, are determined by reference to their published price.

### **(d) Fair value of assets and liabilities that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value**

*Long term loans to subsidiaries*

The fair values of loans to subsidiaries, which are not carried at fair value in the balance sheet, are estimated using discounted cash flow analysis, based on the current applicable United States of America federal rate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**41. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

**(d) Fair value of assets and liabilities that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (Continued)**

\* *Unquoted investments carried at cost*

Fair value information has not been disclosed for the Group's investments in equity securities and convertible bonds that are carried at cost because fair value cannot be measured reliably. The equity securities and convertible bonds relates to investments in start-up companies that is not quoted on any market and does not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose off these investments in the foreseeable future.

**42. CAPITAL MANAGEMENT**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Certain loans and borrowings contain certain financial covenants which require the Group to maintain certain gearing ratios and minimum net assets values. These covenants are tested at the end of each reporting period. The Group has complied with all of its financial covenants and has neither requested nor gained any waivers during the financial period.

The Group's policy is to keep the gearing ratio at less than 20%. The gearing ratio is the net debt divided by total capital. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt. No changes were made to the objectives, policies or processes.

The Group defines net debt as loans and borrowings, less cash and cash equivalents. Total capital includes equity attributable to the owners of the Company and reserves.

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Loans and borrowings	<b>(295,772)</b>	(289,579)
Less: Cash and cash equivalents	<b>518,253</b>	511,788
Net cash	<b>222,481</b>	222,209
Total capital	<b>1,014,426</b>	1,253,045

The Group is in a net cash position as at 31 March 2015 and 2014 and has kept the gearing ratio at less than 20%.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## **43. SEGMENT INFORMATION**

For management purposes, the Group is organised into business units based on their products and services, and has four main reportable operating segments as follows:

- the interventional cardiology segment supplies the Group's proprietary drug-eluting stent products, coronary bare-metal stents, accompanying stent delivery balloon catheter systems, angioplasty balloons and catheters.
- the critical care segment supplies catheter systems and related accessories used during surgery and intensive care treatment and monitoring.
- the cardiac diagnostic segment supplies medical imaging and clinical applications.
- the licensing revenue segment relates to milestone payments and royalties associated with the licensing of the Group's proprietary drug-eluting stent technology and intellectual property.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. These performances are evaluated based on operating profit or loss and are measured consistently with operating profit or loss in the consolidated financial statements. Group financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

Segment assets, liabilities, capital expenditure and certain expenses are managed on a group basis and cannot be directly attributable to individual operating segments. It is impractical to allocate them to the segments.

Turnover by geographical markets is based on the location of customers regardless of where the goods are produced. Non-current assets are based on the location of those assets.

Segment accounting policies are the same as the policies of the Group as described in Note 2. There are no inter-segment sales or transfers within the Group.

**APPENDIX 7A – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE  
BIOSENSORS GROUP FOR FY2015**

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**43. SEGMENT INFORMATION (CONTINUED)**

	<b>Inter- ventional cardiology \$'000</b>	<b>Critical Care \$'000</b>	<b>Cardiac diagnostic \$'000</b>	<b>Licensing revenue \$'000</b>	<b>Total \$'000</b>
<b>2015</b>					
Segment revenue – External customers	<u>245,596</u>	<u>15,895</u>	<u>20,003</u>	<u>26,895</u>	<u>308,389</u>
Segment gross profit	<u>179,394</u>	<u>6,679</u>	<u>11,532</u>	<u>26,895</u>	<u>224,500</u>
Segment results	<u>(236,844)</u>	<u>3,412</u>	<u>(1,867)</u>	<u>26,895</u>	<u>(208,404)</u>
Unallocated corporate expenses					<u>(12,850)</u>
Financial income					<u>7,732</u>
Financial expenses					<u>(13,598)</u>
Loss before tax					<u>(227,120)</u>
Income tax					<u>2,307</u>
Net loss for the year					<u>(224,813)</u>

Goodwill impairment loss of \$253,803,000 has been allocated to the interventional cardiology segment.

Unallocated corporate expenses are managed on a group basis and are not allocated to individual operating segments.

	<b>Inter- ventional cardiology \$'000</b>	<b>Critical Care \$'000</b>	<b>Cardiac diagnostic \$'000</b>	<b>Licensing revenue \$'000</b>	<b>Total \$'000</b>
<b>2014</b>					
Segment revenue – External customers	<u>255,777</u>	<u>13,983</u>	<u>10,253</u>	<u>43,805</u>	<u>323,818</u>
Segment gross profit	<u>197,056</u>	<u>4,851</u>	<u>4,728</u>	<u>43,805</u>	<u>250,440</u>
Segment results	<u>32,965</u>	<u>2,049</u>	<u>(4,544)</u>	<u>43,805</u>	<u>74,275</u>
Unallocated corporate expenses					<u>(22,556)</u>
Financial income					<u>6,747</u>
Financial expenses					<u>(13,368)</u>
Profit before tax					<u>45,098</u>
Income tax					<u>(4,512)</u>
Net profit for the year					<u>40,586</u>

Unallocated corporate expenses are managed on a group basis and are not allocated to individual operating segments.

**APPENDIX 7A – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE  
BIOSENSORS GROUP FOR FY2015**

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**43. SEGMENT INFORMATION (CONTINUED)**

**Geographical information**

Revenue by geographical markets is as follows:

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
China	<b>82,724</b>	91,079
Japan	<b>52,214</b>	61,957
Others*	<b>173,451</b>	170,782
	<b>308,389</b>	323,818

\* Individual countries revenue does not contribute more than 10% (2014: 10%) of the total revenue.

Carrying amounts of segment non-current assets other than financial instruments by countries are as follows:

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
China	<b>502,081</b>	792,465
Singapore	<b>92,225</b>	42,861
Bermuda	<b>12,199</b>	12,177
Israel	<b>50,582</b>	50,569
Others*	<b>3,911</b>	2,091
	<b>660,998</b>	900,163

\* Non-current assets other than financial instruments of these individual countries do not contribute more than 1% (2014: 1%) of the total non-current assets other than financial instruments.

**Information about major customers**

Revenue from one major customer of the licensing revenue segment amounted to \$26,895,000 (2014: \$43,805,000).

**44. DIVIDENDS**

	<b>Group and Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Declared and paid during the financial year:</u>		
<i>Dividends on ordinary shares:</i>		
– Final dividend for 2015: \$Nil (2014: \$0.02) per share	–	34,550

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**45. BUSINESS COMBINATION**

**Acquisitions in 2014**

(i) Acquisition of business from Spectrum Dynamics, LLC

On 13 May 2013, the Company entered into an asset purchase agreement with Spectrum Dynamics, LLC (“Spectrum Dynamics”) and Spectrum Dynamics (USA) Inc. for the acquisition of substantially all assets and business of Spectrum Dynamics and its subsidiaries (the “Spectrum Acquisition”). The transaction was completed on 23 May 2013.

The Spectrum Acquisition allowed the Group to utilise the intellectual property, licenses and patents for its medical imaging and clinical applications business.

The fair values of the identifiable assets and liabilities acquired are as follows:

	<b>Fair values recognised on acquisition \$'000</b>
Property, plant and equipment	131
Intangible assets	9,617
Trade and other receivables	986
Inventories	2,234
Long-term deposits	54
Short-term deposits	79
<b>Total assets</b>	<b>13,101</b>
Deferred revenue	481
Trade and other payables	3,981
Deferred tax liabilities	77
Contingent liabilities acquired	200
Long-term deferred revenue	3,565
Other long-term payables	270
<b>Total liabilities</b>	<b>8,574</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**45. BUSINESS COMBINATION (CONTINUED)**

**Acquisitions in 2014 (Continued)**

(i) Acquisition of business from Spectrum Dynamics, LLC (Continued)

	<b>Fair values recognised on acquisition \$'000</b>
Total identifiable net assets at fair value	4,527
Goodwill arising from acquisition	50,354
	54,881
 <u>Consideration effectively transferred for the acquisition:</u>	
Cash paid representing net cash outflow on acquisition	51,130
Contingent consideration recognised at acquisition date*	3,751
	54,881

*Consideration transferred/transferrable for the Spectrum Acquisition*

The purchase consideration for the Spectrum Acquisition payable to Spectrum Dynamics is as follows:

- (i) Upon closing of the agreement, \$51,130,000 was paid in cash.
- (ii) In the event that certain performance benchmarks of the Business are met within 12 months of completion of the Spectrum Acquisition, \$4,000,000\* shall be paid in cash to Spectrum Dynamics in 2015.
- (iii) In the event that certain performance benchmarks of the Business for the financial years ending 31 March 2015 and 31 March 2016 are met, an amount of up to \$15,000,000\* is payable in cash to Spectrum Dynamics in 2016.

\* The fair value of the contingent consideration under (ii) and (iii) as at the acquisition date was estimated based on the income approach using probability-weighted payout approach and discounted at 5.27% per annum.

In 2014, the key performance indicators of the acquired business showed that performance benchmarks under (ii) and (iii) have not been achieved. Accordingly, the fair value of the contingent consideration was adjusted from \$3,751,000 to \$Nil to reflect this development and such change was recognised in the "other income" line item in the Group's income statement.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

### 45. BUSINESS COMBINATION (CONTINUED)

#### Acquisitions in 2014 (Continued)

(i) Acquisition of business from Spectrum Dynamics, LLC (Continued)

*Transaction costs*

In 2014, the Group incurred transaction costs related to the acquisition of \$388,000. Transaction costs related to the acquisition of \$388,000 were recognised in the “Administrative expenses” line item in the Group’s income statement.

*Goodwill arising from acquisition*

The goodwill arising from the acquisition comprises the value of expanding the Group’s products offerings and cost reduction synergies expected to arise from the acquisition. None of the goodwill recognised is expected to be deductible for tax purposes.

*Trade and other receivables acquired*

The fair value and gross amounts of trade and other receivables acquired amounted to \$992,000.

*Impact of the acquisition on profit and loss*

From the acquisition date, the acquired business contributed approximately 3% of revenue and lowered the Group’s profit for the year by 10%. If the business combination had taken place at the beginning of 2014, the Group’s revenue would have been 4% higher and the Group’s profit after tax would have been 12% lower.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**45. BUSINESS COMBINATION (CONTINUED)**

**Acquisitions in 2014 (Continued)**

(ii) Acquisition of business from 凯利(威海)生物科技有限公司 (“Kai Li”)

On 28 January 2014, one of the Company’s subsidiaries, JWMS, entered into an asset purchase agreement with 凯利(威海)生物科技有限公司 (the “Kai Li Acquisition”) for the acquisition of substantially all the business of Kai Li. The transaction was completed as the end of the reporting period.

The fair values of the identifiable assets acquired are as follows:

	<b>Fair values recognised on acquisition \$’000</b>
Property, plant and equipment	913
Intangible assets	2,628
Inventories	234
<b>Total assets</b>	<b>3,775</b>
<b>Fair values recognised on acquisition \$’000</b>	
Total identifiable net assets at fair value	3,775
Goodwill arising from acquisition	2,225
	<b>6,000</b>

The entire purchase consideration is payable in cash. \$4,853,000 (2014: \$1,147,000) was paid during the current financial year.

*Transaction costs*

In 2014, the Group incurred transaction costs related to the acquisition of \$22,000. Transaction costs related to the acquisition of \$22,000 are recognised in the “Administrative expenses” line item in the Group’s income statement.

*Goodwill arising from acquisition*

The goodwill arising from the acquisition comprises the value of expanding the Group’s products offerings and cost reduction synergies expected to arise from the acquisition. None of the goodwill recognised is expected to be deductible for tax purposes.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

## **45. BUSINESS COMBINATION (CONTINUED)**

### **Acquisitions in 2014 (Continued)**

- (ii) Acquisition of business from 凯利(威海)生物科技有限公司 (“Kai Li”) (Continued)

#### *Impact of the acquisition on profit or loss*

From the acquisition date, the acquired business did not contribute any revenue and had no immediate financial impact on the profitability of the Group. If the business combination had taken place at the beginning of 2014, it would contribute no revenue and have no material impact on the Group's profit after tax.

## **46. EVENTS AFTER THE REPORTING PERIOD**

### Share options

Subsequent to the end of the financial year, options of 2,686,783 ordinary shares of 1/150 cent each were exercised before the completion of these financial statements.

In May 2015, 12,246,000 share options under the 2004 plan with an exercise price of \$0.62 were granted by the Company.

### Performance share plans

In June 2015, 1,746,666 performance shares of the Company were vested upon the executive directors meeting their performance targets and settled through the issuance of ordinary shares of the Company.

## **47. AUTHORISATION OF FINANCIAL STATEMENTS**

The financial statements for the year ended 31 March 2015 were authorised for issue in accordance with a resolution of the directors dated 16 June 2015.

# APPENDIX 7B – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE BIOSENSORS GROUP FOR 9M2016



**BIOSENSORS INTERNATIONAL GROUP, LTD.**

**Third Quarter And Nine Months Financial Statements Announcement For The Period Ended 31 December 2015  
(In accordance with International Financial Reporting Standards)**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated Income Statement for the third quarter and nine months ended 31 December 2015**

	Note	The Group					
		3rd Quarter Ended			Nine Months Ended		
		31-Dec-15	31-Dec-14	Change	31-Dec-15	31-Dec-14	Change
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
<b>Revenue</b>							
Product revenue	A	62,198	71,665	(13)	179,434	210,997	(15)
Licensing and royalties revenue		1,449	5,801	(75)	11,250	21,465	(48)
<b>Total revenue</b>		<b>63,647</b>	<b>77,466</b>	(18)	<b>190,684</b>	<b>232,462</b>	(18)
<b>Total cost of sales</b>		(18,845)	(21,809)	(14)	(52,606)	(63,175)	(17)
<b>Gross profit</b>		<b>44,802</b>	<b>55,657</b>	(20)	<b>138,078</b>	<b>169,287</b>	(18)
<b>Operating expenses</b>							
Sales and marketing expenses	B	(21,670)	(22,801)	(5)	(61,834)	(75,684)	(18)
General and administrative expenses	C	(8,041)	(9,632)	(17)	(23,956)	(29,736)	(19)
Research and development expenses	D	(7,344)	(7,543)	(3)	(17,550)	(22,853)	(23)
		(37,055)	(39,976)	(7)	(103,340)	(128,273)	(19)
<b>Profit from operations</b>	E	<b>7,747</b>	<b>15,681</b>	(51)	<b>34,738</b>	<b>41,014</b>	(15)
Other (expenses)/income, net	F	(1,655)	(535)	> 100	2,306	(933)	NM
Financial income	G	1,877	2,153	(13)	5,748	5,699	1
Financial expenses	H	(3,270)	(3,452)	(5)	(9,887)	(10,318)	(4)
<b>Profit before exceptional and non-operating items</b>		<b>4,699</b>	<b>13,847</b>	(66)	<b>32,905</b>	<b>35,462</b>	(7)
Amortisation of customer lists and patents		(4,441)	(4,720)	(6)	(13,597)	(13,919)	(2)
Exceptional items							
Restructuring of operations		(219)	(2,476)	(91)	(4,179)	(1,966)	> 100
Amalgamation exercise		(162)	-	NM	(162)	-	NM
<b>(Loss)/Profit before tax</b>		<b>(123)</b>	<b>6,651</b>	NM	<b>14,967</b>	<b>19,577</b>	(24)
Income tax		(1,014)	785	NM	(2,633)	2,653	NM
<b>Net (loss)/profit for the period</b>		<b>(1,137)</b>	<b>7,436</b>	NM	<b>12,334</b>	<b>22,230</b>	(45)
<b>Attributable to:</b>							
Equity holders of the Company		(1,137)	7,436		12,334	22,230	
<b>(Loss)/Earnings per share (US cent)</b>							
<b>Before exceptional items</b>							
Basic		(0.04)	0.58		0.99	1.43	
Diluted		(0.04)	0.58		0.99	1.41	
<b>After exceptional items</b>							
Basic		(0.07)	0.44		0.73	1.31	
Diluted		(0.06)	0.44		0.73	1.30	

NM - Not meaningful

# APPENDIX 7B – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE BIOSENSORS GROUP FOR 9M2016

## Consolidated Statement of Comprehensive Income

	The Group					
	3rd Quarter Ended			Nine Months Ended		
	31-Dec-15	31-Dec-14	Change	31-Dec-15	31-Dec-14	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
<b>Net (loss)/profit for the period</b>	<b>(1,137)</b>	<b>7,436</b>	NM	<b>12,334</b>	<b>22,230</b>	(45)
<b>Other comprehensive (loss)/income:</b>						
Exchange differences on translation of financial statements of foreign subsidiaries	(14,831)	(1,104)	>100	(47,380)	(3,162)	>100
<b>Total comprehensive (loss)/income</b>	<b>(15,968)</b>	<b>6,332</b>		<b>(35,046)</b>	<b>19,068</b>	
<b>Attributable to:</b>						
Equity holders of the Company	(15,968)	6,332		(35,046)	19,068	
Footnotes						
<sup>1</sup> Weighted average ordinary shares issued ('000)	1,688,550	1,694,758		1,685,335	1,696,967	
<sup>2</sup> Weighted average ordinary shares and equivalents outstanding ('000)	1,770,214	1,704,687		1,690,427	1,710,118	

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of shares in issue during the period excluding ordinary shares purchased by the Company and held as treasury shares.

Diluted earnings per share is calculated by dividing the profit for the period by the weighted average number of shares in issue during the period excluding ordinary shares purchased by the Company and held as treasury shares adjusted for the effects of dilutive options.

## Notes to the Income Statements

### A Product revenue

	The Group			
	3rd Quarter Ended		Nine Months Ended	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	US\$'000	US\$'000	US\$'000	US\$'000
Critical care products	2,534	3,970	10,278	12,002
Interventional cardiology products	53,395	62,707	155,937	185,704
Cardiac diagnostic	6,269	4,988	13,219	13,291
	<b>62,198</b>	<b>71,665</b>	<b>179,434</b>	<b>210,997</b>

B Sales and marketing expenses decreased 5% to US\$21.7 million for the quarter ended 31 December 2015 from US\$22.8 million for the quarter ended 31 December 2014 mainly due to reduced payroll related expenses and doubtful debt expenses.

C General and administrative expenses decreased 17% to US\$8.0 million from US\$9.6 million in the corresponding quarter of last year mainly due to lower share-based payment expenses and payroll related expenses.

D Research and development expenses decreased 3% to US\$7.3 million from US\$7.5 million in the quarter ended 31 December 2014 mainly due to lower clinical trial expenses.

### E Profit from operations is determined after (charging)/crediting the following:

	The Group			
	3rd Quarter Ended		Nine Months Ended	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	US\$'000	US\$'000	US\$'000	US\$'000
Depreciation of property, plant and equipment	(1,390)	(1,747)	(4,230)	(5,459)
Amortisation of intangible assets (excluding customer lists and patents)	(473)	(265)	(1,426)	(771)
Realisation of deferred revenue	3,457	1,621	6,983	5,561
Write-back of doubtful trade debts, net	229	32	1,337	548
Write-back for doubtful non-trade debts, net	269	3	274	9
Inventories write-down, net	(358)	(649)	(1,222)	(4,726)
(Provision)/Reversal for warranty, net	(633)	10	(638)	(24)
Reversal/(Provision) for sales return	173	(164)	188	(656)
Impairment of property, plant and equipment	-	-	(58)	66
Property, plant and equipment written off	-	(2)	(7)	(75)
Inventories written off	(539)	(268)	(1,771)	(585)

## APPENDIX 7B – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE BIOSENSORS GROUP FOR 9M2016

F Other income/(expenses), net

	<u>The Group</u>			
	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>31-Dec-15</u>	<u>31-Dec-14</u>	<u>31-Dec-15</u>	<u>31-Dec-14</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Gain/(loss) on disposal of property, plant and equipment, net	2	(2)	(3)	(1)
Foreign exchange (loss)/gain, net	(1,722)	(349)	2,352	(724)
Other miscellaneous income /(expenses), net	65	(184)	(43)	(208)
	<u>(1,655)</u>	<u>(535)</u>	<u>2,306</u>	<u>(933)</u>

For the quarter foreign exchange loss arose from the depreciation of EUR against USD during the period.

G Financial income

	<u>The Group</u>			
	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>31-Dec-15</u>	<u>31-Dec-14</u>	<u>31-Dec-15</u>	<u>31-Dec-14</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Interest income				
- bank balances	242	276	680	985
- fixed deposits	1,615	1,856	5,010	4,653
- others	20	21	58	61
	<u>1,877</u>	<u>2,153</u>	<u>5,748</u>	<u>5,699</u>

H Financial expenses

	<u>The Group</u>			
	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>31-Dec-15</u>	<u>31-Dec-14</u>	<u>31-Dec-15</u>	<u>31-Dec-14</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Interest expense				
- long term loan	(402)	(351)	(1,212)	(828)
- notes payable	(2,839)	(3,075)	(8,632)	(9,431)
- others	(29)	(26)	(43)	(59)
	<u>(3,270)</u>	<u>(3,452)</u>	<u>(9,887)</u>	<u>(10,318)</u>

## APPENDIX 7B – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE BIOSENSORS GROUP FOR 9M2016

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

### Consolidated Balance Sheets as at 31 December 2015

	The Group		The Company	
	31-Dec-15	31-Mar-15	31-Dec-15	31-Mar-15
Note	US\$'000	US\$'000	US\$'000	US\$'000
<b>Non-Current Assets</b>				
Property, plant and equipment	80,125	86,289	-	-
Investment in subsidiaries	-	-	584,716	584,716
Other investments	36,434	28,836	38,844	28,836
Intangible assets	120,295	134,875	13,498	12,199
Deposit pledged for bank loan	1,060	1,092	-	-
Goodwill	416,941	439,576	52,579	52,579
Deferred tax assets	247	258	-	-
Long term loan to third parties	1,500	1,500	-	-
Long term loans to subsidiaries	-	-	59,253	56,616
	<u>656,602</u>	<u>692,426</u>	<u>748,890</u>	<u>734,946</u>
<b>Current Assets</b>				
Inventories	44,353	44,474	-	-
Trade receivables	62,454	73,121	-	-
Other receivables	3,631	4,059	744	-
Deposits and prepayments	16,733	15,058	1,435	523
Due from subsidiaries (non-trade)	-	-	15,973	13,303
Due from subsidiaries (trade)	-	-	3,616	7,042
Short term loan to a third party	556	500	-	-
Deposits pledged for bank loans	20,804	47,793	-	-
Cash and cash equivalents	520,054	518,253	267,383	298,656
	<u>668,585</u>	<u>703,258</u>	<u>289,151</u>	<u>319,524</u>
Less:				
<b>Current Liabilities</b>				
Trade payables	7,242	6,605	-	-
Other payables	13,267	18,939	302	768
Accruals	22,947	26,702	1,371	2,291
Provisions	1,987	2,747	-	-
Due to subsidiaries (non-trade)	-	-	10,438	18,413
Provision for income tax	6,412	6,845	356	23
Deferred revenue, current portion	1,001	1,678	-	-
Finance lease liabilities, current portion	20	19	-	-
Borrowings	25,960	41,433	24,092	41,046
Contingent consideration	-	2,410	-	2,410
	<u>78,836</u>	<u>107,378</u>	<u>36,559</u>	<u>64,951</u>
<b>Net Current Assets</b>	589,749	595,880	252,592	254,573
<b>Non-Current Liabilities</b>				
Deferred tax liabilities	12,912	15,220	-	-
Deferred revenue, non-current portion	822	1,561	-	-
Finance lease liabilities, non-current portion	50	60	-	-
Borrowings	245,970	254,260	205,824	211,819
Other payable - non current	25	78	25	78
Pension funds	2,710	2,701	-	-
	<u>262,489</u>	<u>273,880</u>	<u>205,849</u>	<u>211,897</u>
	<u>983,862</u>	<u>1,014,426</u>	<u>795,633</u>	<u>777,622</u>
<b>Capital and Reserves</b>				
Share capital	118	117	118	117
Share premium	750,266	746,042	750,266	746,042
Treasury shares	(54,692)	(54,692)	(54,692)	(54,692)
Translation reserves	(1,753)	45,627	-	-
Other reserves	19,782	19,525	18,736	18,479
Accumulated profits	270,141	257,807	78,795	67,676
	<u>983,862</u>	<u>1,014,426</u>	<u>793,223</u>	<u>777,622</u>
<b>Net assets values</b>				
Net assets per share (US cent)	58.27	60.36	46.98	46.27
Footnote				
Number of shares in issue at end of period ('000)	<u>1,688,550</u>	<u>1,680,706</u>	<u>1,688,550</u>	<u>1,680,706</u>

Net assets per share is calculated by dividing the net assets by the number of shares in issue as at the balance sheet date.

## APPENDIX 7B – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE BIOSENSORS GROUP FOR 9M2016

### Notes to the Balance Sheets

A	<u>Other investments</u>	<u>The Group</u>		<u>The Company</u>	
		<u>31-Dec-15</u>	<u>31-Mar-15</u>	<u>31-Dec-15</u>	<u>31-Mar-15</u>
		US\$'000	US\$'000	US\$'000	US\$'000
	Available-for-sale				
	Unquoted convertible bonds, at cost	7,500	3,000	7,500	3,000
	Unquoted shares, at cost	17,934	14,836	20,344	14,836
		<u>25,434</u>	<u>17,836</u>	<u>27,844</u>	<u>17,836</u>
	Held for trading				
	Unquoted equity warrants, at cost	11,000	11,000	11,000	11,000
		<u>36,434</u>	<u>28,836</u>	<u>38,844</u>	<u>28,836</u>
B	<u>Deposits and prepayments</u>	<u>The Group</u>		<u>The Company</u>	
		<u>31-Dec-15</u>	<u>31-Mar-15</u>	<u>31-Dec-15</u>	<u>31-Mar-15</u>
		US\$'000	US\$'000	US\$'000	US\$'000
	Deposits	1,351	881	-	162
	Prepayments	15,382	14,177	1,435	361
		<u>16,733</u>	<u>15,058</u>	<u>1,435</u>	<u>523</u>
C	<u>Inventories</u>	<u>The Group</u>			
		<u>31-Dec-15</u>	<u>31-Mar-15</u>	<u>31-Dec-15</u>	<u>31-Mar-15</u>
		US\$'000	US\$'000	US\$'000	US\$'000
	Finished goods			23,324	22,636
	Work-in-progress			4,607	5,225
	Sub-assemblies			4,688	4,192
	Raw materials			11,218	11,507
	Goods-in-transit			516	914
	Total inventories at lower of cost and net realisable value			<u>44,353</u>	<u>44,474</u>
D	<u>Trade receivables</u>	<u>The Group</u>			
		<u>31-Dec-15</u>	<u>31-Mar-15</u>	<u>31-Dec-15</u>	<u>31-Mar-15</u>
		US\$'000	US\$'000	US\$'000	US\$'000
	Trade receivables			66,899	79,075
	Less: allowance for doubtful trade debts			(4,445)	(5,954)
				<u>62,454</u>	<u>73,121</u>
	Movements in allowance for doubtful trade debts during the period were as follows:				
	At beginning of year			5,954	8,514
	Reversal for the year			(1,337)	(449)
	Written off against allowance			(195)	(555)
	Translation differences			23	(1,556)
	At end of year			<u>4,445</u>	<u>5,954</u>
E	<u>Accruals</u>	<u>The Group</u>		<u>The Company</u>	
		<u>31-Dec-15</u>	<u>31-Mar-15</u>	<u>31-Dec-15</u>	<u>31-Mar-15</u>
		US\$'000	US\$'000	US\$'000	US\$'000
	Accrued operating expenses	11,323	15,034	1,371	2,291
	Accrued payroll expense	11,409	11,402	-	-
	Accrued purchases	214	266	-	-
		<u>22,947</u>	<u>26,702</u>	<u>1,371</u>	<u>2,291</u>
F	<u>Deferred revenue</u>				
	This relates to the deferred revenue from the cardiac diagnostic business which will be realised over the service contracts period.				
G	<u>Loans and borrowings</u>	<u>The Group</u>			
		<u>31-Dec-15</u>	<u>31-Mar-15</u>	<u>31-Dec-15</u>	<u>31-Mar-15</u>
		US\$'000	US\$'000	US\$'000	US\$'000
	Cross-border loans			19,023	39,000
	Medium terms notes			211,204	216,708
	Mortgage loan			41,703	39,985
				<u>271,930</u>	<u>295,693</u>



## APPENDIX 7B – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE BIOSENSORS GROUP FOR 9M2016

### 1(b)(ii) Aggregate amount of group's borrowings and debt securities.

#### Amount repayable in one year or less, or on demand

As at 31-Dec-15	
Secured	Unsecured
US\$'000	US\$'000
25,980	-

As at 31-Dec-14	
Secured	Unsecured
US\$'000	US\$'000
41,452	-

#### Amount repayable after one year

As at 31-Dec-15	
Secured	Unsecured
US\$'000	US\$'000
246,020	-

As at 31-Dec-14	
Secured	Unsecured
US\$'000	US\$'000
254,320	-

#### Details of any collateral

- (i) The banking facilities of a subsidiary, amounting to approximately US\$1.2 million, granted by a bank are secured by corporate guarantees from the Company.
- (ii) The partially drawn mortgage loan facilities of a subsidiary, amounting to approximately US\$42.0 million, is secured by corporate guarantees from the Company and fixed deposit of S\$1.5 million.
- (iii) The finance lease obligations are secured on office equipment with net book values of approximately US\$60,000 (31 March 2015 : US\$71,000).
- (iv) The Company has been granted a US\$19 million credit facility for the purposes of facilitating cross-border cash management which has been secured by pledged deposits of a subsidiary.
- (v) Fixed rate notes of S\$300 million (approximate US\$212 million) issued by a subsidiary under the Group's medium term note programme are guaranteed by the Company.

## APPENDIX 7B – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE BIOSENSORS GROUP FOR 9M2016

- 1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

### Consolidated Statements of Cash Flow for the third quarter and nine months ended 31 December 2015

	The Group			
	3rd Quarter Ended		Nine Months Ended	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cash flows from operating activities</b>				
(Loss)/Profit before tax	(123)	6,651	14,967	19,577
Adjustments:				
Amortisation of intangible assets	4,914	4,985	15,023	14,690
Realisation of deferred revenue	(3,457)	(1,621)	(6,983)	(5,561)
Bad debts written off	(162)	(366)	(196)	(366)
Impairment of property, plant and equipment	-	-	58	(66)
Impairment of intangible assets	-	-	50	-
Depreciation of property, plant and equipment	1,390	1,747	4,230	5,459
Property, plant and equipment written off	-	2	7	75
(Gain)/Loss on disposal of property, plant and equipment	(2)	2	5	1
Inventories written off	539	268	1,771	585
Write-back of doubtful trade debts, net	(229)	(32)	(1,337)	(548)
Write-back of doubtful non-trade debts	(269)	(3)	(274)	(9)
Provision/(Reversal) for warranty, net	633	(10)	638	24
(Reversal)/provision for sales return	(173)	164	(188)	656
Intangible assets written off	-	-	-	15
Share-based expenses	845	2,249	2,989	940
Inventories write down, net	358	649	1,222	4,726
Interest expenses	1,422	3,452	8,039	10,318
Interest income	(1,877)	(2,153)	(5,748)	(5,699)
Translation differences	581	23	(1,260)	(1,203)
<b>Operating cash flows before working capital changes</b>	<b>4,390</b>	<b>16,007</b>	<b>33,013</b>	<b>43,614</b>
Decrease/(Increase) in:				
Inventories	566	1,726	(2,816)	736
Trade and other receivables	2,620	2,490	12,732	2,699
(Decrease)/Increase in:				
Trade and other payables	(2,583)	(8,040)	(5,626)	(2,526)
Deferred revenue	2,538	1,502	5,544	5,385
Pension funds	-	-	-	77
<b>Cash generated from operations</b>	<b>7,531</b>	<b>13,685</b>	<b>42,847</b>	<b>49,985</b>
Income tax paid, net	(1,327)	(1,467)	(4,908)	(4,873)
Interest income received	1,876	2,153	5,748	5,699
Interest expenses paid	(431)	(377)	(6,475)	(6,686)
<b>Net cash generated from operating activities</b>	<b>7,649</b>	<b>13,994</b>	<b>37,212</b>	<b>44,125</b>
<b>Cash flows from investing activities</b>				
Purchase of other investments	(8,000)	-	(10,008)	-
Purchase of property, plant and equipment	(493)	(6,964)	(1,666)	(33,237)
Purchase of intangible assets	(2,090)	(1,099)	(6,859)	(4,582)
Proceeds from sale of property, plant and equipment	26	746	223	770
<b>Net cash used in investing activities</b>	<b>(10,557)</b>	<b>(7,317)</b>	<b>(18,310)</b>	<b>(37,049)</b>
<b>Cash flows from financing activities</b>				
Repayment of finance leases	(4)	(10)	(16)	42
Uplift restricted deposit on long-term bank borrowing	22,841	-	22,841	-
(Repayment)/proceeds for bank borrowings	(20,579)	6,975	(21,785)	24,879
Purchase of treasury shares	-	(6,658)	-	(6,658)
Proceeds from issuance of new shares	-	4	1,492	783
<b>Net cash generated from financing activities</b>	<b>2,258</b>	<b>311</b>	<b>2,532</b>	<b>19,046</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(650)</b>	<b>6,988</b>	<b>21,434</b>	<b>26,122</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>523,686</b>	<b>525,872</b>	<b>518,253</b>	<b>511,788</b>
<b>Net effect of exchange rate changes on cash and cash equivalents</b>	<b>(2,982)</b>	<b>(9,837)</b>	<b>(19,633)</b>	<b>(14,887)</b>
<b>Cash and cash equivalents at end of the period (Note A)</b>	<b>520,054</b>	<b>523,023</b>	<b>520,054</b>	<b>523,023</b>

#### Note to the consolidated statements of cash flows:

##### A. Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, fixed deposits and money markets deposits. Cash and cash equivalents included in the consolidated statements of cash flows comprise the following balance sheet amounts:

	The Group			
	3rd Quarter Ended		Nine Months Ended	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	US\$'000	US\$'000	US\$'000	US\$'000
Cash and bank balances	133,342	281,630	133,342	281,630
Fixed deposits	356,195	227,847	356,195	227,847
Money markets deposits	30,517	13,546	30,517	13,546
	<b>520,054</b>	<b>523,023</b>	<b>520,054</b>	<b>523,023</b>

## APPENDIX 7B – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE BIOSENSORS GROUP FOR 9M2016

- 1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

### Statement of changes in equity for the third quarter and nine months ended 31 December 2015

	Attributable to equity holders of the Company						Total Equity
	Share Capital	Share Premium	Treasury Shares	Translation Reserves	Other Reserves	Accumulated Profit	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>The Group</b>							
<b>At 1 April 2015</b>	117	746,042	(54,692)	45,627	19,525	257,807	1,014,426
Profit net of tax	-	-	-	-	-	12,334	12,334
Exchange differences on translation of financial statements of foreign subsidiaries	-	-	-	(47,380)	-	-	(47,380)
<b>Total comprehensive income</b>	-	-	-	<b>(47,380)</b>	-	<b>12,334</b>	<b>(35,046)</b>
Contributions by and distributions to owners							
Issue of ordinary shares pursuant to the exercise of share options	1	1,492	-	-	-	-	1,493
Transfer of reserve pursuant to the exercise of share options	-	2,732	-	-	(2,732)	-	-
Share-based expenses	-	-	-	-	2,989	-	2,989
<b>Total contributions by and distributions to owners</b>	<b>1</b>	<b>4,224</b>	<b>-</b>	<b>-</b>	<b>257</b>	<b>-</b>	<b>4,482</b>
<b>At 31 December 2015</b>	<b>118</b>	<b>750,266</b>	<b>(54,692)</b>	<b>(1,753)</b>	<b>19,782</b>	<b>270,141</b>	<b>983,862</b>
<b>At 1 April 2014</b>	117	740,034	(48,792)	50,839	27,327	483,520	1,253,045
Profit net of tax	-	-	-	-	-	22,230	22,230
Exchange differences on translation of financial statements of foreign subsidiaries	-	-	-	(3,162)	-	-	(3,162)
<b>Total comprehensive income</b>	-	-	-	<b>(3,162)</b>	-	<b>22,230</b>	<b>19,068</b>
Contributions by and distributions to owners							
Issue of ordinary shares pursuant to the exercise of share options	-	*	783	-	-	-	783
Transfer of reserve pursuant to the exercise of share options	-	300	-	-	(300)	-	-
Purchase of treasury shares	-	-	(6,658)	-	-	-	(6,658)
Share-based expenses	-	-	-	-	940	-	940
<b>Total contributions by and distributions to owners</b>	-	<b>1,083</b>	<b>(6,658)</b>	<b>-</b>	<b>640</b>	<b>-</b>	<b>(4,935)</b>
<b>At 31 December 2014</b>	<b>117</b>	<b>741,117</b>	<b>(55,450)</b>	<b>47,677</b>	<b>27,967</b>	<b>505,750</b>	<b>1,267,178</b>

Footnote

\* Amounts are less than US\$1,000.

## APPENDIX 7B – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE BIOSENSORS GROUP FOR 9M2016

### Statement of changes in equity for the third quarter and nine months ended 31 December 2015

	Attributable to equity holders of the Company						Total Equity
	Share Capital	Share Premium	Treasury Shares	Translation Reserves	Other Reserves	Accumulated Profit	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>The Company</b>							
<b>At 1 April 2015</b>	117	746,042	(54,692)	-	18,479	67,676	777,622
Profit net of tax representing total comprehensive income	-	-	-	-	-	11,119	11,119
Contributions by and distributions to owners							
Issue of ordinary shares pursuant to the exercise of share options	1	1,492	-	-	-	-	1,493
Transfer of reserve pursuant to the exercise of share options	-	2,732	-	-	(2,732)	-	-
Share-based expenses	-	-	-	-	2,989	-	2,989
<b>Total contributions by and distribution to owners</b>	<b>1</b>	<b>4,224</b>	<b>-</b>	<b>-</b>	<b>257</b>	<b>-</b>	<b>4,482</b>
<b>At 31 December 2015</b>	<b>118</b>	<b>750,266</b>	<b>(54,692)</b>	<b>-</b>	<b>18,736</b>	<b>78,795</b>	<b>793,223</b>
<b>At 1 April 2014</b>	117	740,034	(48,792)	-	26,822	55,474	773,655
Profit net of tax representing total comprehensive income	-	-	-	-	-	19,805	19,805
Contributions by and distributions to owners							
Issue of ordinary shares pursuant to the exercise of share options	- *	783	-	-	-	-	783
Transfer of reserve pursuant to the exercise of share options	-	300	-	-	(300)	-	-
Purchase of treasury shares	-	-	(6,658)	-	-	-	(6,658)
Share-based expenses	-	-	-	-	940	-	940
<b>Total contributions by and distribution to owners</b>	<b>-</b>	<b>1,083</b>	<b>(6,658)</b>	<b>-</b>	<b>640</b>	<b>-</b>	<b>(4,935)</b>
<b>At 31 December 2014</b>	<b>117</b>	<b>741,117</b>	<b>(55,450)</b>	<b>-</b>	<b>27,462</b>	<b>75,279</b>	<b>788,525</b>

Footnote

\* Amounts are less than US\$1,000.

#### Note to the Statement of Changes in Equity:

Other reserves consist of the following:

	The Group		The Company	
	31-Dec-15 US\$'000	31-Dec-14 US\$'000	31-Dec-15 US\$'000	31-Dec-14 US\$'000
Employee share options reserve	13,557	22,283	13,557	22,283
Statutory reserve	1,046	505	-	-
Capital reserves	1,561	1,561	1,561	1,561
Equity component of convertible notes	3,618	3,618	3,618	3,618
	<u>19,782</u>	<u>27,967</u>	<u>18,736</u>	<u>27,462</u>

## APPENDIX 7B – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE BIOSENSORS GROUP FOR 9M2016

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

**A. Changes in share capital**

For the quarter ended 31 December 2015, the Company issued no new ordinary shares. As at 31 December 2015, the issued ordinary shares (excluding treasury shares) is 1,688,549,965 shares of par value 1/150 US cent each.

**B. Stock options and performance shares outstanding**

As at 31 December 2015, options in respect of a total of 32,419,193 (31 March 2015: 31,665,213) ordinary shares of par value 1/150 US cent each and 4,390,000 (31 March 2015: 8,000,000) performance shares pursuant to Biosensors Performance Share Plan were outstanding.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at <u>31-Dec-15</u> '000	As at <u>31-Mar-15</u> '000
Total number of issued shares	1,767,212	1,759,368
Less number of shares held as treasury shares	(78,662)	(78,662)
Number of shares in issue excluding treasury shares of the Issuer at end of period	<u>1,688,550</u>	<u>1,680,706</u>

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

	Number of Treasury Shares '000
Balance as at 1 April 2015 and 31 December 2015	<u>78,662</u>

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as in the audited financial statements for the financial year ended 31 March 2015 except for the adoption of new/revised IFRSs and IFRIC Interpretations that are effective for annual periods beginning on or after 1 April 2015.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group adopted the new/revised IFRSs and IFRIC Interpretations that are effective for annual periods beginning on or after 1 April 2015. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRSs and IFRIC Interpretations.

The following are the new or amended IFRSs that are relevant to the Group:	Effective date
Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions	1 July 2014
IFRS 2 – Share-based Payments	1 July 2014
IFRS 3 – Business Combinations	1 July 2014
IFRS 8 – Operating Segments	1 July 2014
IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets	1 July 2014
IAS 24 – Related Party Disclosures	1 July 2014
IFRS 13 – Fair Value Measurement	1 July 2014

The adoption of the above IFRSs and IFRIC interpretations do not have any significant impact on the financial statements of the Group.

## APPENDIX 7B – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE BIOSENSORS GROUP FOR 9M2016

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Earnings per ordinary share of the Group:-	3rd Quarter Ended		Nine Months Ended	
	31-Dec-15 US cent	31-Dec-14 US cent	31-Dec-15 US cent	31-Dec-14 US cent
(a) Based on the weighted average number of	1			
- Before exceptional items	(0.04)	0.58	0.99	1.43
- After exceptional items	(0.07)	0.44	0.73	1.31
(b) On a fully diluted basis	2			
- Before exceptional items	(0.04)	0.58	0.99	1.41
- After exceptional items	(0.06)	0.44	0.73	1.30
<sup>1</sup> Weighted average ordinary shares issued ('000)	<u>1,688,550</u>	<u>1,694,758</u>	<u>1,685,335</u>	<u>1,696,967</u>
<sup>2</sup> Weighted average ordinary shares and equivalents outstanding ('000)	<u>1,770,214</u>	<u>1,704,687</u>	<u>1,690,427</u>	<u>1,710,118</u>

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of shares in issue during the period excluding ordinary shares purchased by the Company and held as treasury shares.

Diluted earnings per share is calculated by dividing the profit for the period by the weighted average number of shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares, adjusted for the effects of dilutive options.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-  
(a) current financial period reported on; and  
(b) immediately preceding financial year.**

Net assets per ordinary share	As at 31-Dec-15 US cent	As at 31-Mar-15 US cent
	- Group	58.27
- Company	46.98	46.27
Number of shares in issue at end of period ('000)	<u>1,688,550</u>	<u>1,680,706</u>

Net assets per share is calculated by dividing the net assets by the number of ordinary shares in issue as at the balance sheet date.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must include a discussion of the following:-  
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and  
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**Financial Review for the third quarter and nine months ended 31 December 2015**

**Overview:**

In Q3 FY16, the Company continued to achieve operation efficiency from its cost reduction strategies, operating operating income excluding licensing and royalty revenue grew by 17% from the immediate preceding quarter. On the total revenue front, the Company's performance for the quarter was still dragged down by weak licensing revenue, negative FX and soft sales in China.

**Revenue:**

Total revenue, including licensing and royalty revenue, for the quarter decreased 18% to US\$63.6 million from US\$77.5 million in the previous year's corresponding quarter. Total product revenue for the quarter ended 31 December 2015 was US\$62.2 million, compared to US\$71.7 million recorded in the previous year's corresponding quarter. The cardiac diagnostic revenue increased to US\$6.3 million from US\$5.0 million in the previous year's corresponding quarter. Interventional Cardiology product revenue fell to US\$53.4 million from US\$62.7 million in the same quarter last year. Critical care product revenue fell to US\$2.5 million from the US\$4.0 million in the same quarter last year.

For the nine months ended 31 December 2015, total product revenue decreased 15% to US\$179.4 million from US\$211.0 million in the previous year's corresponding period, contributed mainly by reduced revenue in the interventional cardiology business unit as a result of market competition and pricing pressure. The decrease in licensing revenue and royalties for the nine months ended 31 December 2015 was due to a reduction in the licensee's DES sales in Japan, consequentially total revenue including licensing and royalty revenue decreased 18% to US\$190.7 million from US\$232.5 million in the previous year's corresponding period.

## APPENDIX 7B – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE BIOSENSORS GROUP FOR 9M2016

The table below shows the Group's revenue and the principal components of the revenue, as a percentage of total revenue, for the periods indicated:

<u>Revenue by business segments - 3rd Quarter</u>	<u>Q3 FY 2016</u> <u>US\$'000</u>	<u>%</u>	<u>Q3 FY 2015</u> <u>US\$'000</u>	<u>%</u>
Critical care	2,534	4%	3,970	5%
Interventional cardiology	53,395	84%	62,707	81%
Cardiac diagnostic	6,269	10%	4,988	6%
Total product revenue	<u>62,198</u>	<u>98%</u>	<u>71,665</u>	<u>93%</u>
Licensing and royalties revenue	1,449	2%	5,801	7%
Total revenue	<u><u>63,647</u></u>	<u><u>100%</u></u>	<u><u>77,466</u></u>	<u><u>100%</u></u>

<u>Revenue by business segments - Nine months ended</u>	<u>YTD FY 2016</u> <u>US\$'000</u>	<u>%</u>	<u>YTD FY 2015</u> <u>US\$'000</u>	<u>%</u>
Critical care	10,278	5%	12,002	5%
Interventional cardiology	155,937	82%	185,704	80%
Cardiac diagnostic	13,219	7%	13,291	6%
Total product revenue	<u>179,434</u>	<u>94%</u>	<u>210,997</u>	<u>91%</u>
Licensing and royalties revenue	11,250	6%	21,465	9%
Total revenue	<u><u>190,684</u></u>	<u><u>100%</u></u>	<u><u>232,462</u></u>	<u><u>100%</u></u>

### Cost of sales and gross profit:

Overall gross margin for products for the quarter ended 31 December 2015 was comparable to 70% from the previous year's corresponding quarter.

The table below shows the Group's gross profit by business segments, as a percentage of segment revenue, for the periods indicated:

<u>Gross profit by business segments - 3rd Quarter</u>	<u>Q3 FY 2016</u> <u>US\$'000</u>	<u>Gross Margin</u> <u>%</u>	<u>Q3 FY 2015</u> <u>US\$'000</u>	<u>Gross Margin</u> <u>%</u>
Critical care	1,094	43%	1,669	42%
Interventional cardiology	38,560	72%	45,265	72%
Cardiac diagnostic	3,699	59%	2,922	59%
Total product gross profit	<u>43,353</u>	<u>70%</u>	<u>49,856</u>	<u>70%</u>
Licensing and royalties revenue	1,449	100%	5,801	100%
Total gross profit	<u><u>44,802</u></u>	<u><u>70%</u></u>	<u><u>55,657</u></u>	<u><u>72%</u></u>

<u>Gross profit by business segments - Nine months ended</u>	<u>YTD FY 2016</u> <u>US\$'000</u>	<u>Gross Margin</u> <u>%</u>	<u>YTD FY 2015</u> <u>US\$'000</u>	<u>Gross Margin</u> <u>%</u>
Critical care	4,500	44%	5,156	43%
Interventional cardiology	114,404	73%	134,847	73%
Cardiac diagnostic	7,924	60%	7,819	59%
Total product gross profit	<u>126,828</u>	<u>71%</u>	<u>147,822</u>	<u>70%</u>
Licensing and royalties revenue	11,250	100%	21,465	100%
Total gross profit	<u><u>138,078</u></u>	<u><u>72%</u></u>	<u><u>169,287</u></u>	<u><u>73%</u></u>

### Operating expenses:

The Group's total operating expenses for the third quarter were US\$37.1 million compared to US\$40.0 million for the third quarter in the previous year. Total operating expenses as a percentage of product revenue for the quarter was 60%, compared to 56% in the same quarter of the previous year. For the nine months ended 31 December 2015, total operating expenses were US\$103.3 million compared to US\$128.3 million in the previous year.

- (i) Sales and marketing expenses  
Sales and marketing expenses decreased 5% to US\$21.7 million for the quarter ended 31 December 2015 compared to US\$22.8 million for the quarter ended 31 December 2014. For the nine months ended 31 December 2015, the sales and marketing expenses were US\$61.8 million, comparing to US\$75.7 million in the corresponding period of last year. The decrease was from reduced payroll related expenses and doubtful debt expenses.
- (ii) General and administrative expenses  
General and administrative expenses were US\$8.0 million for the quarter ended 31 December 2015 compared to US\$9.6 million in the previous year's corresponding quarter, a decrease of 17%. For the nine months ended 31 December 2015, compared to the corresponding period for last year, general and administrative expenses reduced to US\$24.0 million from US\$29.7 million. The decrease for the period was mainly due to lower share-based payment expenses and payroll related expenses.
- (iii) Research and development expenses  
Research and development expenses decreased 3% to US\$7.3 million for the quarter ended 31 December 2015 compared to US\$7.5 million in the quarter ended 31 December 2014. For the nine months ended 31 December 2015, the research and development expenses were US\$17.5 million compared to US\$22.9 million for the same period in prior year. The decrease was mainly due to lower clinical trial expenses.
- (iv) Other operating income/(expenses)  
Other operating expenses for the quarter was mainly due to exchange loss from the depreciation of EUR against USD during the period.

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## APPENDIX 7B – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE BIOSENSORS GROUP FOR 9M2016

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**Net result after tax:**

The net result for the quarter ended 31 December 2015 was a net loss after tax of US\$1.1 million as compared to a net profit after tax of US\$7.4 million for the same quarter in the previous year. The reduction was due to lower product and licensing revenue.

**Use of proceeds from the issue of 4.875% fixed rate notes due 2017**

The Company refers to its announcement on 23 January 2013 in relation to the issuance of an aggregate of S\$300 million (approximate US\$222 million) in principal amount of 4-year notes with interest at a rate of 4.875%, payable semi-annually in arrear.

As at 31 December 2015, out of the total net proceeds of S\$295.4 million (approximate US\$208.9 million) from the issuance of 4-year notes, the Company paid US\$86.7 million for the acquisition of the business of Spectrum Dynamics, technical know-how of DES and other unquoted investments.

The Company will continue to make periodic announcements on the utilisation of the proceeds from the notes issue as and when such proceeds are materially deployed.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not Applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Although efforts have been put in to improve operating efficiency, the Company's operating results continue to be affected by the overall revenue reduction despite some savings from continuous operating efficiency enhancement, moving forward there are still a lot of market uncertainty including but not limited continuous ASP erosion, China overall market weakness, uncertainty of FX impact as well as our Japan sales transforming from licensing sales from Terumo to company's direct sales of BMX-J stents. Company is continue working toward taking necessary steps to mitigate these risks.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? None

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? None

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared or recommended during the period under review.

**13. Interested person transactions**

There were no new interested person transactions during the second quarter ended 30 September 2015 under Chapter 9 of the Listing Manual.

**BY ORDER OF THE BOARD**

**Yoh-Chie Lu**  
Chairman  
3 March 2016



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## APPENDIX 7B – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE BIOSENSORS GROUP FOR 9M2016

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**Statement by Directors**  
**Pursuant to SGX Listing Rule 705(4)**

In the opinion of management, the accompanying unaudited consolidated interim financial statements have been prepared on a consistent basis with the March 31, 2015 audited consolidated financial statements. The unaudited consolidated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the reporting periods, and therefore the actual results may differ from those estimates. The consolidated interim financial statements should be read in conjunction with the consolidated financial statements and accompanying notes thereto included in our FY 2014/15 annual report.

To the best of our knowledge, nothing has come to the attention of the Directors which may render the interim financial results to be false or misleading. Based on our knowledge, the financial statements and other financial information included in this report, present fairly in all material respects the financial conditions, results of operations and cash flows of the Group as of, and for, the periods presented in this announcement.

**On Behalf of the Board**

**Yoh-Chie Lu**  
**Chairman**

**Jose Calle Gordo**  
**CEO**

**3 March 2016**

**BIOSENSORS INTERNATIONAL GROUP, LTD.**  
Registered Address : Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda  
Mailing Address : 36 Jalan Tukang, Singapore 619266

[www.biosensors.com](http://www.biosensors.com)

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## APPENDIX 8 – NOTICE OF 2016 SGM

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### **BIOSENSORS INTERNATIONAL GROUP, LTD.**

(Incorporated in Bermuda as an exempted company limited by shares)  
(Company Registration Number: 24983)

### **NOTICE OF SPECIAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that a special general meeting (“**SGM**”) of Biosensors International Group, Ltd. (the “**Company**”) will be held at Genting Ballroom, Genting Hotel Jurong, Level 1, 2 Town Hall Link, Singapore 608516 on 5 April 2016 at 10.00 a.m. for the purpose of considering and, if thought fit, passing, the following resolutions:

#### **SPECIAL RESOLUTION 1**

#### **APPROVAL OF THE PROPOSED AMALGAMATION BETWEEN BIOSENSORS INTERNATIONAL GROUP, LTD. (“COMPANY”) AND CB MEDICAL HOLDINGS LIMITED (“CBMHL”)**

THAT subject to and conditional on Resolution 2 being passed:-

- (a) the proposed amalgamation of the Company and CBMHL (the “**Amalgamation**”) on the terms and conditions set out in the Amalgamation Agreement dated 3 November 2015 made between the Company, CBMHL, CB Cardio Holdings I Limited and CB Cardio Holdings II Limited, as amended by the Supplemental Agreement dated 10 February 2016 (collectively, the “**Amalgamation Agreement**”), be and is hereby approved; and
- (b) the Directors of the Company and each of them be and is hereby authorised and empowered to complete and to do all such acts and things as they/he may consider necessary or expedient to give effect to the Amalgamation, the Amalgamation Agreement and/or this Resolution, with such modification thereto (if any) as they or he shall deem fit in the interests of the Company and its Shareholders.

(All capitalised terms used in this Resolution which are not defined herein shall have the same meaning ascribed to them in the Amalgamation Document dated 3 March 2016 issued by the Company.)

#### **RESOLUTION 2**

#### **APPROVAL FOR THE VOLUNTARY DELISTING OF THE COMPANY**

THAT subject to and conditional on Special Resolution 1 being passed: -

- (a) The voluntary delisting of the Company from the Official List of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) under Rule 1307 of the Listing Manual of the SGX-ST (the “**Delisting**”) pursuant to the Amalgamation, on the terms and conditions set out in the Amalgamation Document be and is hereby approved; and
- (b) The Directors of the Company and each of them be and are hereby authorised and empowered to complete and to do all such acts and things as they/he may consider necessary or expedient to give effect to the Delisting and/or this Resolution, with such modification thereto (if any) as they shall deem fit in the interests of the Company.

(All capitalised terms used in this Resolution which are not defined herein shall have the same meaning ascribed to them in the Amalgamation Document dated 3 March 2016 issued by the Company.)

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## APPENDIX 8 – NOTICE OF 2016 SGM

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### ORDINARY RESOLUTION 3

**AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE BIOSENSORS EMPLOYEE SHARE OPTION SCHEME 2004 APPROVED BY THE COMPANY ON 28 JANUARY 2005 AND EFFECTIVE ON 20 MAY 2005, AS AMENDED ON 23 JULY 2007 AND 15 JUNE 2011, THE DURATION OF WHICH SCHEME HAS BEEN EXTENDED UP TO 27 JANUARY 2025 (“ESOS”) AND THE BIOSENSORS PERFORMANCE SHARE PLAN OF THE COMPANY WHICH WAS APPROVED AT THE SPECIAL GENERAL MEETING OF THE COMPANY ON 27 MAY 2006, AND AS AMENDED ON 23 JULY 2007 (“PSP”)**

THAT subject to and conditional on both Special Resolution 1 and Resolution 2 being passed, authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of shares in the capital of the Company (the “**Shares**”) as may be required to be issued from time to time pursuant to the exercise of options granted under the ESOS and/or the vesting of awards under the PSP, provided always that the aggregate number of new Shares to be allotted and issued pursuant to the ESOS and the PSP shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held, whichever is earlier.

AND THAT the new Shares to be issued shall, upon payment in full on allotment and issuance, rank pari passu with the then existing issued and fully paid-up Shares except that the new Shares to be issued shall not be entitled to any rights, dividends, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new Shares, and will be subject to all the provisions of the Memorandum of Association and Bye-laws of the Company.

(All capitalised terms used in this Resolution which are not defined herein shall have the same meaning ascribed to them in the Amalgamation Document dated 3 March 2016 issued by the Company.)

By Order of the Board  
**Biosensors International Group, Ltd.**

Ronald H. Ede  
Company Secretary

Singapore, 3 March 2016

**Notes:**

1. A summary of the key terms of the Amalgamation Agreement is contained in Appendix I to the Amalgamation Document dated 3 March 2016. A copy of the Amalgamation Agreement is available for inspection at the office of the Company's subsidiary, Biosensors Interventional Technologies Pte. Ltd., at 36 Jalan Tukang, Singapore 619266 during normal business hours for three (3) months from the date of this Amalgamation Document or up until the Effective Date, whichever is the later.
2. With respect to the Special Resolution 1 proposed above, for the purposes of Section 106(2)(b) of the Bermuda Companies Act, the Cash Consideration of S\$0.84 in cash per Share has been determined as the fair value of the Shares by the directors of CBMHL and the Directors of the Company who are considered independent for the purpose of the Amalgamation. All Shareholders (including dissenting Shareholders) are entitled to be paid the fair value of their Shares.
3. Shareholders who/which do not vote in favour of the Amalgamation and who/which are not satisfied that they have been offered fair value for their Shares are entitled to make an application to the Supreme Court of Bermuda within one (1) month of the giving of this notice of SGM to have the fair value of their Shares assessed or appraised by the Court and, if the Amalgamation proceeds, to be paid the fair value as appraised by the Court under the provisions of Section 106 of the Bermuda Companies Act. Failure to comply strictly with the relevant procedures may result in the loss of such rights.

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## APPENDIX 8 – NOTICE OF 2016 SGM

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4. *Depositors and persons who/which do not hold Shares in their own name but who/which may have an interest in Shares who/which are not satisfied that they have been offered fair value for their Shares, are not entitled to exercise any rights under Section 106(6) of the Bermuda Companies Act directly and must, without delay, make appropriate arrangements with the nominee registered in the register of members of the Company as the holder of the legal title to their Shares (a) to not vote in favour of the Amalgamation and (b) to exercise any appraisal rights. Alternatively such Depositors and persons who/which do not hold Shares in their own name must make all arrangements necessary to have their Shares registered in their own name in sufficient time prior to the SGM to exercise their appraisal rights themselves.*
5. *The Amalgamation must be approved by a majority vote of at least three-fourths of the Shares present and voting at the SGM at which a quorum of two (2) Shareholders is present in person or by proxy, holding more than one-third of the issued Shares of the Company. CBMHL holds 19.57% of the Shares as at the Latest Practicable Date but is not able to vote those Shares in favour of the Amalgamation.*
6. *The Resolution 2 proposed above must be approved by a majority of at least 75% of the total number of issued Shares held by Shareholders (excluding treasury shares) present and voting, either in person or by proxy at the SGM, and must not be voted against by 10% or more of the total number of issued Shares held by Shareholders (excluding treasury shares) present and voting, either in person or by proxy at the SGM (the directors and controlling shareholders of the Company (including CBMHL and its concert parties) need not abstain from voting on Resolution 2).*
7. *The Ordinary Resolution 3 proposed above, if passed, will empower the Directors, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of options granted under the ESOS and/or vesting of awards under the PSP The aggregate number of Shares which may be issued pursuant to the ESOS and the PSP which the Company may have in place shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time.*
8.
  - (a) *A Shareholder (other than CDP) entitled to attend and vote at the SGM and who/which holds two (2) or more Shares is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.*
  - (b) *If a Shareholder is unable to attend the SGM and wishes to appoint person(s) other than himself to attend and vote at the SGM in his stead, then he should complete and sign the relevant Proxy Form and deposit the duly completed Proxy Form at the office of the Company's Singapore Share Registrar, M&C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902, not less than forty-eight (48) hours before the time appointed for the SGM. Otherwise the Proxy Form will be invalid.*
  - (c) *A Depositor whose/which name is shown in the Depository Register of The Central Depository (Pte) Limited ("CDP") as at seventy-two (72) hours prior to the time of the SGM who/which is (i) an individual but is unable to attend the SGM personally and wishes to appoint a nominee to attend and vote on his behalf as CDP's proxy; or (ii) a corporation, must complete, sign and return the Depositor Proxy Form and deposit the duly completed Depositor Proxy Form at the office of the Company's Singapore Share Registrar, M&C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902, not less than forty-eight (48) hours before the time appointed for the SGM.*
  - (d) *If a Shareholder who/which has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members of the Company is unable to attend the SGM and wishes to appoint a proxy, he should use the Depositor Proxy Form and the Shareholder Proxy Form for, respectively, the Shares entered against his name in the Depository Register and the Shares registered in his name in the Register of Members of the Company.*
  - (e) *A Depositor who is an individual and whose name is shown in the Depository Register as at a time not earlier than forty-eight (48) hours prior to the time of the SGM and who wishes to attend the SGM in person need not take any further action and can attend and vote at the SGM as CDP's proxy without the lodgement of any proxy form.*

### PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the SGM 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the SGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the SGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) 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 or service providers), 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 or service providers) 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.