

ROWSLEY LTD.

(Incorporated in the Republic of Singapore)
Company Registration No. 199908381D

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- (A) PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF SASTERIA PTE. LTD.; AND
- (B) PROPOSED BONUS ISSUE OF FREE WARRANTS TO EXISTING SHAREHOLDERS
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1. INTRODUCTION

1.1 Background

The board of directors (the “**Board**” or “**Directors**”) of Rowsley Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcement dated 18 July 2017 (the “**18 July Announcement**”) wherein the Company announced *inter alia* that:

- (a) the Company had entered into a non-legally binding term sheet with Mr Lim Eng Hock (the “**Vendor**” or “**Peter Lim**”), a controlling shareholder of the Company, setting out the principal indicative terms in relation to the proposed acquisition by the Company and/or its wholly-owned subsidiary of 100,000 ordinary shares (the “**Sale Shares**”) representing 100% of the issued share capital of Sasteria Pte. Ltd. (the “**Target Company**”); and
- (b) the Company is proposing, subject to *inter alia* the definitive agreement being entered into for the Proposed Acquisition and consummation of the Proposed Acquisition, a bonus issue of bonus warrants and piggyback warrants.

Information on the proposed bonus issue of bonus warrants and piggyback warrants (the “**Proposed Bonus Issue**”) is set out in paragraph 3 of this announcement.

1.2 Definitive Agreement

Further to the 18 July Announcement and pursuant to subsequent negotiations between the Company and the Vendor (collectively, the “**Parties**”), the Board is pleased to announce that the Company has on 18 December 2017 entered into a sale and purchase agreement (such agreement, the “**Acquisition Agreement**”) to acquire from the Vendor:

- (a) the Sale Shares (such acquisition, the “**Proposed Shares Acquisition**”); and
- (b) an aggregate of 597,319,140 TMCLS Warrants (as defined below) (such TMCLS Warrants, the “**Sale Warrants**”) (such acquisition, the “**Proposed Warrants Acquisition**”).

Further information on the Proposed Shares Acquisition and the Proposed Warrants Acquisition (collectively, the “**Proposed Acquisition**”) is set out below.

The Company has appointed Credit Suisse (Singapore) Limited as its financial adviser in relation to the Proposed Acquisition and the Proposed Bonus Issue (collectively, the “**Proposed Transactions**”).

2. THE PROPOSED ACQUISITION

2.1 Information on the Target Company

The Target Company is a private company limited by shares incorporated in Singapore on 26 March 2010. As at the date of this announcement, the Target Company has an issued and paid-up share capital of S\$100,000 comprising 100,000 ordinary shares and the sole shareholder of the Target Company is the Vendor. The sole director of the Target Company is Mr Heng Kim Chuan Freddie. The Target Company and its subsidiaries are collectively referred to as the “**Target Group**”.

The principal businesses of the Target Company are investment holding and the provision of business and management consultancy services. Its principal subsidiaries are Thomson Medical Pte Ltd (“**Thomson Medical**”) and TMC Life Sciences Berhad (“**TMCLS**”).

Thomson Medical

Since commencing operations in 1979, Thomson Medical is one of Singapore’s leading providers of healthcare services for women and children. Thomson Medical is a wholly-owned subsidiary of the Target Company. It owns and operates Thomson Medical Centre, a fully integrated private hospital that provides a comprehensive range of facilities and services with a focus on obstetrics and gynaecology and paediatric services. Thomson Medical also operates a network of 33 clinics and centres located throughout Singapore. Over the years, Thomson Medical has expanded its operations to include new areas of specialties and services to care for women beyond maternity and their families across generations.

Thomson Medical will continue to grow beyond its current core obstetrics and gynaecology services into an integrated country-wide healthcare network by expanding its current service offerings and opening more new specialist clinics.

TMCLS

Listed on Bursa Malaysia Securities Berhad (“**Bursa Securities**”), TMCLS is a multidisciplinary healthcare company. It operates mainly through Tropicana Medical Centre, a 205-bed hospital. TMCLS also operates 6 fertility centres located throughout Malaysia.

With the continuous strong demand for quality healthcare, TMCLS has in place plans to expand Tropicana Medical Centre to become one of the largest integrated healthcare campus in the Klang Valley, Kuala Lumpur.

The expansion plan, which is adjacent to Tropicana Medical Centre to house another 400 beds at the end of 2020, has been approved to commence construction. The expansion plan will also include additional critical care beds, operating theatres, specialist outpatient clinics as well as additional commercial/retail space. The commercial/retail space will focus on offering healthcare products and services for patients.

When the new expansion plan is completed and fully operational, the hospital is expected to have a capacity of up to 600 beds, offering comprehensive tertiary healthcare services.

In addition, TMCLS has plans to expand in Johor Bahru through Thomson Iskandar Medical Hub. Located in the Vantage Bay Healthcare City development in Johor Bahru, Thomson Iskandar Medical Hub, as planned, entails an integrated development that comprises a 500-bed hospital, 400-suite medical tower and complementary retail space to facilitate and provide ancillary services to the operation of hospital and medical suites. The hospital, Hospital Iskandariah, will be equipped with state-of-the-art facilities and equipment. It will also develop 7 Centers of Excellence in phases, spanning cardiology, diabetes, fertility, gastroenterology, oncology, orthopaedics and urology.

TMCLS Warrants

As at the date hereof, there are 866,344,784 warrants in TMCLS, issued on 23 June 2015 and expiring on 21 June 2019 (the “**TMCLS Warrants**”).

Restructuring of the Target Group

In connection with the group restructuring to be undertaken by the Target Company (the “**Target Restructuring**”), the Target Company (or its wholly-owned subsidiary) will, prior to completion of the Proposed Acquisition (the “**Completion**”), acquire, *inter alia*,

- (a) 320,000,000 ordinary shares in TMCLS held by Incanto Investment Ltd (“**Incanto**”) and Best Blend Sdn Bhd (“**Best Blend**”) (representing approximately 18.43% of the issued share capital of TMCLS as at the date hereof), which will be an addition to the 901,638,155 shares of TMCLS currently held by the Target Group (representing approximately 51.93% of the issued share capital of TMCLS as at the date hereof) resulting in an aggregate shareholding of 70.36% in TMCLS; and
- (b) 186,666,666 TMCLS Warrants held by Incanto (the “**Incanto Warrants**”).

Further information on the Target Restructuring is set out in **Annex B** hereto.

2.2 Financial Information

The Target Group achieved an audited consolidated net profit after tax attributable to the owner of the Target Company of approximately S\$24.7 million in the financial year ended 31 August (“**FY31/08**”) 2015, S\$26.7 million in FY31/08/2016 and of approximately S\$32.8 million in FY31/08/2017.

A summary of the audited consolidated financial information of the Target Group for FY31/08/2015 and FY31/08/2016 and FY31/08/2017 is set out in **Annex C** hereto.

2.3 Valuation

The Company has commissioned BDO Advisory Pte Ltd to undertake an independent valuation of the Target Group and the valuation report will be disclosed in the circular to shareholders (the

“Shareholders”) of the Company (the “Shareholders’ Circular”) in relation to the Proposed Transactions.

2.4 Consideration and Payment

The consideration for the Proposed Acquisition was arrived at on a willing-buyer willing-seller basis taking into account amongst others the profitability of Thomson Medical, TMCLS and the unique opportunity to tap their growth potential.

The Proposed Shares Acquisition

The consideration for the Proposed Shares Acquisition (the “**Sale Shares Consideration**”) shall be S\$1,600,000,000, representing the consideration ascribed to the Sale Shares.

The Sale Shares Consideration will be payable by the Company to the Vendor or as he may direct by way of the allotment and issuance of up to 21,333,333,334 ordinary shares (“**Shares**”) in the capital of the Company at an issue price of S\$0.075 (the “**Issue Price**”) per Consideration Share (as hereafter defined), credited as fully paid up (such Shares, the “**Consideration Shares**”).

The Proposed Warrants Acquisition

The Sale Warrants comprise:

- (a) 410,652,474 TMCLS Warrants held by Sasteria (M) Pte Ltd (a wholly-owned subsidiary of the Target Company); and
- (b) the Incanto Warrants.

The Parties acknowledge and agree that the ownership of the Sale Warrants (particularly the 410,652,474 TMCLS Warrants held by Sasteria (M) Pte Ltd) is not transferred to the Company by reason only of the Proposed Shares Acquisition, and accordingly a separate consideration has been ascribed to the Sale Warrants.

The consideration for the Proposed Warrants Acquisition (the “**Sale Warrants Consideration**”) shall be a sum equivalent to (a) the volume weighted average price of TMCLS Warrants traded on Bursa Securities for the one (1) month period immediately preceding the date falling four (4) market days (of Bursa Securities) prior to the date of the extraordinary general meeting (the “**EGM**”) as stated in the Shareholders’ Circular, multiplied by (b) the number of Sale Warrants.

For illustrative purposes only, based on the volume weighted average trading price of TMCLS Warrants traded on Bursa Securities for the one (1) month period on 15 December 2017, being the date immediately preceding the date of this announcement, the Sale Warrants Consideration would be S\$40,210,000 (based on an exchange rate of S\$1 to Malaysian Ringgit 3.0349).

Based on the above illustration, for the purposes of paragraph 7 and **Annex D** of this announcement, the Sale Warrants Consideration shall be taken to be S\$40,210,000.

The Sale Warrants Consideration will be satisfied in cash.

2.5 Conditions Precedent

The Proposed Shares Acquisition

The obligation of the Company to complete the Proposed Shares Acquisition is conditional upon the satisfaction of the conditions precedent listed in **Annex A** hereto.

One of the conditions precedent requires the Company to obtain the approval of its Shareholders for the Proposed Shares Acquisition and the issue of the Consideration Shares at the EGM to be convened.

If any one of the conditions precedents is not fulfilled or waived such that Completion does not take place, or if for any reason Completion does not take place, on or before twelve (12) months from the date of the Acquisition Agreement, or such other later date as the Company and the Vendor may mutually agree, the Acquisition Agreement shall cease and determine.

The Proposed Warrants Acquisition

Unless otherwise waived by the Company, completion of the Proposed Warrants Acquisition is conditional upon:

- (a) Completion taking place concurrently;
- (b) where applicable, the Proposed Warrants Acquisition being approved by the SGX-ST and where such approval is obtained subject to any conditions, such conditions being reasonably acceptable to the Parties;
- (c) where applicable, the approval of the Shareholders for the Proposed Warrants Acquisition being obtained at the EGM;
- (d) (i) all approvals, authorisations, clearances, confirmations, consents, exemptions, grants, licences, orders, permissions, recognitions and waivers as may be required by applicable laws in connection with the Proposed Warrants Acquisition having been obtained and not withdrawn or revoked, and where any such approvals, authorisations, clearances, confirmations, consents, exemptions, grants, licences, orders, permissions, recognitions and waivers are obtained subject to any conditions, such conditions being reasonably acceptable to the Parties; and (ii) all necessary or appropriate filings having been made and all appropriate waiting periods (including any extensions thereof) pursuant to applicable laws having expired, lapsed or been terminated, in each case for or in connection with the Proposed Warrants Acquisition; and
- (e) Sasteria (M) Pte Ltd having acquired the Incanto Warrants in connection with the Target Restructuring (as described in Part II of **Annex B**), and Incanto having irrevocably assigned, to the Vendor, all its rights to receive payment from Sasteria (M) Pte Ltd. The Vendor acknowledges and agrees that the payment of the Sale Warrants Consideration to him in accordance with the Acquisition Agreement shall be satisfaction in full of his right to receive payment (i) in respect of the Incanto Warrants from Sasteria (M) Pte Ltd, and (ii) for the avoidance of doubt, in respect of the 410,652,474 TMCLS Warrants held by Sasteria (M) Pte Ltd as at the date of the Acquisition Agreement, and the payment of

the Sale Warrants Consideration to him shall constitute a good, full and final discharge of Sasteria (M) Pte Ltd's obligation to make such payment.

For the avoidance of doubt, Completion is conditional upon the conditions stated in the above paragraphs (a) to (e) being fulfilled.

2.6 Moratorium

The Vendor shall undertake to comply with any applicable moratorium requirements imposed by the SGX-ST (namely, not to sell, assign transfer or otherwise dispose of any of the Consideration Shares allotted and issued to him on Completion, for the applicable period after Completion), unless such applicable moratorium requirements have been reduced or lifted by the SGX-ST. For the purposes of such moratorium, the Vendor shall and (where applicable) shall procure that any person to whom he directs the issue of the Consideration Shares shall, open a moratorium account with The Central Depository (Pte) Limited ("**CDP**") into which the Consideration Shares under moratorium shall be credited upon issue and allotment.

2.7 Proposed Change of Name of Company

The Company also intends to change its name from "Rowsley Ltd." to "Thomson Medical Group Limited" upon completion of the Proposed Acquisition and will seek Shareholders' approval for the same. An application was made to the Accounting and Corporate Regulatory Authority on 8 December 2017 for the reservation of the name of "Thomson Medical Group Limited", and the name has been reserved with the Accounting and Corporate Regulatory Authority until 12 April 2018.

3. PROPOSED PRINCIPAL TERMS OF THE PROPOSED BONUS ISSUE

3.1 The Proposed Bonus Issue

The Company is proposing the Proposed Bonus Issue of:

- (a) up to 9,476,834,822 bonus warrants (the "**Bonus Warrants**") on the basis of two (2) Bonus Warrants for every one (1) existing Share held by the Shareholders as at a books closure date to be determined by the directors (the "**Books Closure Date**"), fractional entitlements to be disregarded, each Bonus Warrant carrying the right to subscribe for one (1) new Share (each, a "**New Share**") at the exercise price of S\$0.09 for each New Share (the "**Bonus Warrant Exercise Price**"), and which is exercisable during the period commencing from the date of its issue up to the market day immediately preceding the first anniversary of its date of issue; and
- (b) up to 9,476,834,822 additional company warrants (the "**Piggyback Warrants**") on the basis of one (1) Piggyback Warrant for every one (1) Bonus Warrant which is exercised, fractional entitlements to be disregarded, each Piggyback Warrant carrying the right to subscribe for one (1) New Share at the exercise price of S\$0.12 for each New Share (the "**Piggyback Warrant Exercise Price**"), and which is exercisable from the date of its issue up to the market day immediately preceding the fourth anniversary of date of issue of the Bonus Warrants (and, for the avoidance of doubt, not the fourth anniversary of the date of issue of the Piggyback Warrant).

The Bonus Warrants and the Piggyback Warrants are collectively referred to as the “**Warrants**”.

3.2 Terms and Conditions of Warrants

The Warrants will be in registered form and be constituted in an instrument by way of one or more deed polls (the “**Deed Poll(s)**”) that set out the terms and conditions of the Warrants and which may from time to time be amended or supplemented.

3.3 Exercise Period

Each Bonus Warrant will be credited and allotted free to all existing Shareholders as at the Books Closure Date and each Piggyback Warrant will be credited and allotted free to the holder of the underlying Bonus Warrant upon exercise of his underlying Bonus Warrant.

Each Bonus Warrant will, subject to the terms and conditions in the Deed Poll(s), carry the right to subscribe for one (1) New Share at the Bonus Warrant Exercise Price during the exercise period commencing on and including the date of issue of the Bonus Warrants and expiring at 5.00 p.m. on the market day immediately preceding the first anniversary of the date of issue of the Bonus Warrants. Any Bonus Warrant remaining unexercised at the end of such exercise period shall lapse and cease to be valid for all purposes.

Each Piggyback Warrant (which will only be issued if the underlying Bonus Warrant is first exercised) will, subject to the terms and conditions in the Deed Poll(s), carry the right to subscribe for one (1) New Share at the Piggyback Warrant Exercise Price during the exercise period commencing on and including the date of issue of the Piggyback Warrant and expiring at 5.00 p.m. on the market day immediately preceding the fourth anniversary of the date of issue of the Bonus Warrants (and, for the avoidance of doubt, not the fourth anniversary of the date of issue of the Piggyback Warrant). Any Piggyback Warrant remaining unexercised at the end of such exercise period shall lapse and cease to be valid for all purposes.

3.4 Exercise Price

The Bonus Warrant Exercise Price of S\$0.09 represents a premium of approximately 23.3% to the last transacted price of S\$0.073 per Share on the SGX-ST on 14 July 2017 (being the last market day on which the Shares were traded prior to the 18 July Announcement).

The Piggyback Warrant Exercise Price of S\$0.12 represents a premium of approximately 64.4% to the last transacted price of S\$0.073 per Share on the SGX-ST on 14 July 2017 (being the last market day on which the Shares were traded prior to the 18 July Announcement).

The New Shares arising from the exercise of Warrants will rank *pari passu* in all respects with the then existing issued Shares for any dividends, rights, allotments or other distributions, the record date for which falls after the exercise date of the Warrants, save as may be otherwise provided in the Deed Poll(s). The exercise price and the number of Warrants will be subject to adjustments under certain circumstances to be provided for in the Deed Poll(s).

3.5 Eligibility

The Bonus Warrants will be issued to existing Shareholders for free on the basis of two (2) Bonus Warrants for every one (1) existing Share held as at the Books Closure Date. For the avoidance of doubt, the Vendor and/or his nominees who will receive the Consideration Shares will not be entitled to the Proposed Bonus Issue in respect of such Consideration Shares.

For practical reasons and in order to avoid any violation of the relevant legislation applicable in countries other than Singapore, the Bonus Warrants will not be offered to Shareholders with registered addresses outside Singapore and who have not, at least three (3) market days prior to the Books Closure Date, provided to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**"). The Bonus Warrants which would otherwise be allotted to Foreign Shareholders will, if practicable, be sold on the SGX-ST and the net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register as at the Books Closure Date and sent to them at their own risk by ordinary post. If the amount of net proceeds distributable to any single Foreign Shareholder is less than S\$10.00, such amount will be retained for the sole benefit of the Company or otherwise dealt with as the Directors in their absolute discretion deem fit and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP in connection therewith.

Where such Bonus Warrants are sold on the SGX-ST, they will be sold at such price or prices as the Company, may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company in respect of such sales.

3.6 Listing Status

The Bonus Warrants will, subject to the approval of the SGX-ST, be listed and traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system.

It is also the intention of the Company that the Piggyback Warrants be listed and traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system and such listing shall be sought if and when the requirements for such listing are met.

The listing of and quotation for the Warrants and the New Shares on the SGX-ST, if approved, is expected to be subject to *inter alia* there being an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants.

3.7 Conditions and Approvals

The Proposed Bonus Issue is subject to *inter alia* the following:

- (a) Completion taking place;
- (b) the receipt of approval in-principle of the SGX-ST for the listing of and quotation for all the Bonus Warrants and the New Shares on the SGX-ST; and
- (c) the Proposed Bonus Issue being approved by the Shareholders at the EGM.

For the avoidance of doubt, the Proposed Acquisition is not conditional upon the Proposed Bonus Issue being proceeded with.

4. RATIONALE FOR THE PROPOSED ACQUISITION AND THE PROPOSED BONUS ISSUE

4.1 The Proposed Acquisition

Opportunity to acquire two established healthcare assets in Singapore and Malaysia

The Proposed Acquisition will allow the Company to acquire two well-established hospitals in Singapore and Malaysia as well as a network of affiliated clinics. Thomson Medical Centre located in Singapore and Tropicana Medical Centre located in Kuala Lumpur, Malaysia, are top-tier private hospitals with a strong heritage and brand equity as leading providers of healthcare services in their respective geographies.

Thomson Medical Centre is a 187-bed private hospital located in Singapore specialising in providing O&G and paediatrics services. It also provides tertiary healthcare services in the area of neonatal intensive care. Thomson Medical Centre offers a comprehensive range of medical, surgical, therapeutic, diagnostic and preventive healthcare services. Together with its tenant doctors who practice in clinics located within the Centre and a network of 33 clinics and centres spread across the country, Thomson Medical offers a convenient and integrated healthcare network for patients who require O&G, paediatrics and other related services. Since commencing operations in 1979, Thomson Medical Centre has established itself as the one of the largest private women's and children's healthcare group in Singapore.

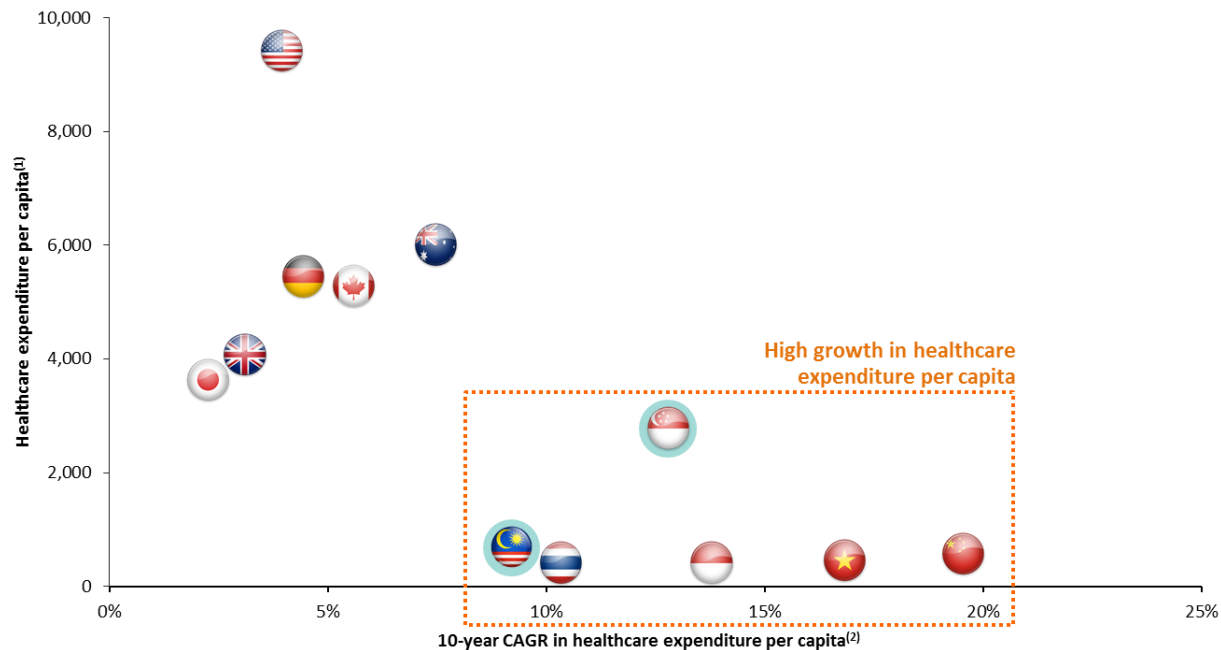
Tropicana Medical Centre is a 205-bed hospital located in Kuala Lumpur Malaysia. It is a multi-disciplinary tertiary care hospital with a comprehensive range of specialties. The hospital operations comprise of integrated medical healthcare facilities and services for tertiary, diagnostic imaging services, pharmacy, laboratory and services provided by outpatient clinics. It also offers specialised fertility services through TMC Fertility Centre located within the Tropicana Medical Centre and five other branches located in Johor Bahru, Penang, Puchong, Kepong and Ipoh. TMC Fertility Centre is the market leader in the IVF services sector in Malaysia.

Participate in an expanding healthcare sector

The demand for healthcare services in Singapore and Malaysia is increasing, driven by rising and ageing populations and an increased incidence of chronic diseases. Greater health awareness, increasing disposable incomes and the aspirations to seek out quality services are also driving higher demand for healthcare coverage. Moreover, growth in affluence and the disposable income and middle-class population is expected to lead to more people switching to the private healthcare sector for more personalized services, advanced procedures and shorter waiting times.

Based on statistics reported by World Health Organization, the healthcare services sector in Singapore and Malaysia has seen a compounded annual growth rate of 12.8% and 9.5% in healthcare expenditure per capita (at average exchange rate in US\$) from 2004 to 2014 respectively. In addition, healthcare spending per capita in Singapore and Malaysia are approximately US\$2,752 and US\$456 respectively, below that of developed countries such as Australia, Germany, and the United States of America. Through the Proposed Acquisition, the

Company would gain access to a platform which could participate in the growth of the healthcare sector.



Source: World Health Organization

Notes:-

- (1) Per capita total expenditure on health expressed at average exchange rate for that year in US\$ as of 2014.
- (2) 10-year compounded annual growth rate in healthcare expenditure per capita (at average exchange rate in US\$) from 2004 to 2014.

The Target Group is well-positioned to capitalise on this growth potential and has multiple initiatives underway, which are expected to drive long-term organic growth.

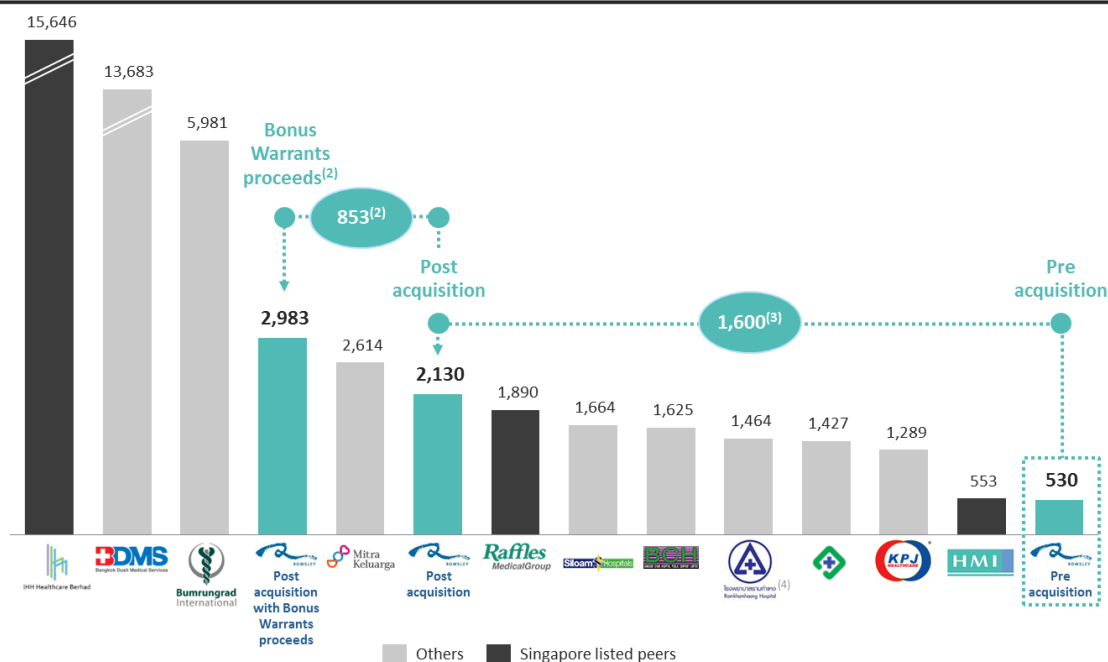
- Thomson Medical: Continued expansion beyond current core services into areas such as oncology, cardiology and wellness.
- Tropicana Medical Centre: approval obtained to commence construction of 400-bed expansion with target completion in 2020.
- Thomson Iskandar Medical Hub: Expects to obtain approval to commence the construction of a new 500-bed hospital, Hospital Iskandariah, in 2018, with target completion by 2021, to serve Johor and its surrounding regions. This will be synergistic with the Company's Vantage Bay Healthcare City development.

Besides organic growth, the Target Group also offers a regional platform and possesses expertise which could facilitate inorganic growth opportunities through acquisitions or joint ventures.

Raise the profile of the Company, increase the Company's market capitalisation, and generate investor interest

Following Completion, the Company's market capitalisation is expected to increase by S\$1.6 billion, transforming it into one of the largest listed healthcare players in Southeast Asia by market capitalisation.

Market capitalisation of select hospital players in Southeast Asia (in S\$m)⁽¹⁾



Source: Bloomberg as at 15 December 2017.

Note: For illustration purposes only. Actual Rowsley's post-acquisition market capitalisation may differ.

(1) Market capitalisation calculated based on a sum equivalent to the volume weighted average price of the shares on 15 December 2017, multiplied by the shares outstanding.

(2) Assume all 9,476,834,822 Bonus Warrants are exercised at the Bonus Warrants' exercise price of S\$0.09.

(3) Assume Rowsley's post-acquisition market capitalisation to increase by Share Purchase Considerations of S\$1,600m.

(4) Market capitalisation calculated based on a sum equivalent to the volume weighted average price of the shares on 8 December 2017, multiplied by the shares outstanding.

The Company believes that the enhanced scale will allow the Company to raise its profile in the investment community, potentially enhance the liquidity of the shares, and build up its institutional investor base, all of which will further improve access and ability to raise capital to support its long-term growth plans.

4.2 The Proposed Bonus Issue

Proceeds from exercise of the Warrants will strengthen balance sheet and fund expansion plans and future working capital

The Directors are proposing the Proposed Bonus Issue to reward existing Shareholders and to raise funds for the Group in the future. The Directors believe that the Proposed Bonus Issue will provide Shareholders with the opportunity to increase their equity participation in the Company, and potentially increase the Company's capital base and strengthen its balance sheet. Based on the Company's issued and paid-up share capital of 4,738,417,411 Shares as at the date of this announcement, the Proposed Bonus Issue will comprise 18,953,669,644 Warrants in aggregate. Assuming all the Warrants issued pursuant to the Proposed Bonus Issue are exercised, the

Company will receive gross proceeds of approximately S\$1,990,135,312. The Company intends to use the proceeds arising from the exercise of the Warrants for working capital and expansion plans, including any strategic acquisitions of further healthcare assets.

5. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

The financial year-end of the Company is 31 December while the financial year-end of the Target Group is 31 August.

The financial effects of the Proposed Transactions on the Group are set out in **Annex D** hereto.

6. WAIVER OF MANDATORY OFFER OBLIGATION

As at the date of this announcement, the Target Company is 100% beneficially owned by Peter Lim. Peter Lim is also the Company's controlling Shareholder and as at the date of this announcement, Peter Lim indirectly owns approximately 45.36% of the Company's total issued Shares through Garville Pte Ltd, Garville (Hong Kong) Limited, Jovina Investments Limited and Bellton International Limited (together with Peter Lim, the **"Relevant Shareholders"**).

Immediately upon Completion (without taking into account the New Shares (if any) from the exercise of the Warrants), for illustrative purposes, assuming 21,333,333,334 Consideration Shares are issued to Peter Lim and/or his nominees, the aggregate shareholding interest of the Relevant Shareholders will increase from approximately 45.36% to 90.07% of the enlarged issued share capital of the Company.

In the circumstance described above, the Relevant Shareholders and their respective concert parties will then be required under the Singapore Code on Take-overs and Mergers (the **"Code"**) to make a mandatory general offer for the Shares not already owned or controlled by them pursuant to Rule 14.1 of the Code unless the said obligation is waived by the Securities Industry Council (the **"SIC"**) and the whitewash resolution (the **"Whitewash Resolution"**) is approved by the Shareholders (other than the Relevant Shareholders and their respective concert parties) (the **"Independent Shareholders"**) at the EGM.

An application has been made to the SIC for a waiver (the **"Whitewash Waiver"**) of the obligations of the Relevant Shareholders and their respective concert parties to make a mandatory general offer for the Company under Rule 14.1 of the Code as a result of the issuance of the Consideration Shares pursuant to the Proposed Shares Acquisition.

7. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

For illustrative purposes, the computations in accordance with Rule 1006 of the listing manual (the “Listing Manual”) of the SGX-ST with respect to the Proposed Acquisition is set out below.

Rule 1006 of the Listing Manual	Bases	Relative Figures
(a)	The aggregate net asset value of the assets to be disposed of, compared with the Group’s net asset value.	Not applicable ⁽¹⁾
(b)	The aggregate net profits attributable to the assets acquired, compared with the Group’s net profits.	Not applicable ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares.	309.34% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	450.22% ⁽⁴⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves.	Not applicable ⁽⁵⁾

Notes:-

- (1) Rule 1006(a) is not applicable to an acquisition of assets.
- (2) The Group announced unaudited net loss of S\$10.6 million for the nine-month period ended 30 September 2017.
- (3) Based on the aggregate of (i) the Sale Shares Consideration, being S\$1,600,000,000; and (ii) the Sale Warrants Consideration, which for the purposes of paragraph 7 of this announcement, shall be taken to be S\$40,210,000. The Company’s market capitalisation of approximately S\$530,229,000 is determined by multiplying 4,738,417,411 Shares by the volume weighted average price of the Shares transacted on 15 December 2017 (being the last market day preceding the date of the Acquisition Agreement) of S\$0.1119.
- (4) Based on the consideration of S\$1,600,000,000 for the Proposed Shares Acquisition and the Issue Price per Share, 21,333,333,334 Consideration Shares will be issued. The Company has an issued and paid-up share capital of 4,738,417,411 Shares as at the date of this announcement.
- (5) Not applicable, as the Company is not a mineral, oil and gas company.

As the relative figures computed under Rule 1006(c) and 1006(d) exceed 100% on an aggregate basis, the Proposed Acquisition constitutes a “very substantial acquisition” pursuant to Rule 1015

of the Listing Manual. Accordingly, the Proposed Acquisition is subject, *inter alia*, to the approval of the SGX-ST and of the Shareholders.

8. INTERESTED PERSON TRANSACTION

8.1 Interested Person Transaction under Chapter 9 of the Listing Manual

As stated in paragraph 6, the Target Company is 100% beneficially owned by Peter Lim. Peter Lim is also the Company's controlling Shareholder and as at the date of this announcement, Peter Lim indirectly owns approximately 45.36% of the Company's total issued Shares through Garville Pte Ltd, Garville (Hong Kong) Limited, Jovina Investments Limited and Bellton International Limited.

As the Target Company is 100% beneficially owned by Peter Lim, the Proposed Acquisition will constitute an interested person transaction under Chapter 9 of the Listing Manual.

The consideration for the Proposed Acquisition represents approximately 509.47% of the audited consolidated net tangible assets ("NTA") of the Group as at 31 December 2016. In accordance with Chapter 9 of the Listing Manual, the Proposed Acquisition is an interested person transaction, the value of which is more than 5% of the latest audited NTA of the Group, and is hence subject to the approval of Shareholders at the EGM. Peter Lim and his associates will abstain from voting on the Proposed Acquisition in respect of their respective shareholdings in the Company. Accordingly, the Proposed Acquisition will be subject to a simple majority approval of independent shareholders present and voting at the EGM.

8.2 Total Value of all Interested Person Transactions

The total value of all interested person transactions, excluding transactions which are less than S\$100,000 and those transactions that are exempted from compliance with Rule 905, Rule 906 and Rule 907 of the Listing Manual, with (a) Peter Lim and his associates; and (b) all interested persons of the Company, for the period between 1 January 2017 to the date hereof, and the percentage of the Group's audited consolidated NTA as at 31 December 2016 represented by such values are as follows:

	Before the Proposed Acquisition		After the Proposed Acquisition	
	Amount (S\$'000)	Percentage of audited consolidated NTA	Amount (S\$'000)	Percentage of audited consolidated NTA
Total value of all transactions with Peter Lim and his associates	868	0.27%	1,641,078	509.74%
Total value of all transactions with all interested persons of the Company	868	0.27%	1,641,078	509.74%

9. COMPLIANCE PLACEMENT

In connection with the Proposed Acquisition, the Company or the Vendor shall, if required by the SGX-ST and/or the Listing Manual, undertake a placement of Shares, to meet the requirements of the Listing Manual. The number and issue prices of the Shares stated in this announcement have not been adjusted for any share consolidation or placement of Shares.

10. RECONSTITUTION OF THE BOARD AND SERVICE CONTRACTS

In conjunction with and subject to the consummation of the Proposed Acquisition, it is intended that the Board will be reconstituted. The Company does not intend to enter into any service contract with any person proposed to be appointed as a Director in connection with the Proposed Acquisition. As at the date of this announcement, the Company has not entered into any service contract with any person proposed to be appointed as a Director in connection with the Proposed Acquisition.

11. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER

As stated in paragraph 6, the Target Company is 100% beneficially owned by Peter Lim. Peter Lim is also the Company's controlling Shareholder and as at the date of this announcement, Peter Lim indirectly owns approximately 45.36% of the Company's total issued Shares through Garville Pte Ltd, Garville (Hong Kong) Limited, Jovina Investments Limited and Bellton International Limited.

Ms Chan Lay Hoon is a director of Sasteria (M) Pte Ltd as well as an employee of companies controlled by the controlling Shareholder. Mr Tan Wee Tuck, a Director, is the nephew of Peter Lim, the controlling Shareholder.

Dr Lam Lee G is an independent director of Thomson Medical, a subsidiary of the Target Company and Mr Gary Ho Kuat Foong is an independent director of TMCLS, a subsidiary of the Target Company.

Save as disclosed in this announcement and through their holding of securities of the Company, none of the Directors or the controlling Shareholder has any interest, direct or indirect, in the Proposed Transactions.

12. INDEPENDENT FINANCIAL ADVISER

The Company has appointed Provenance Capital Pte. Ltd. as the independent financial adviser to advise:

- (a) in respect of the Whitewash Resolution; and

- (b) on whether the Proposed Acquisition as an interested person transaction is on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders.

The opinion of the independent financial adviser in respect of the Whitewash Resolution and Proposed Acquisition, and the views of the Company's independent Directors in respect of the Proposed Acquisition, will be set out in the Shareholders' Circular.

13. SHAREHOLDERS' CIRCULAR AND DOCUMENTS FOR INSPECTION

The Shareholders' Circular containing, *inter alia*, further details of the Proposed Transactions and enclosing the notice of the EGM will be despatched to the Shareholders in due course. The EGM is expected to be held in the first quarter of 2018.

The Acquisition Agreement will be made available for inspection during normal business hours at the registered office of the Company at 1 Kallang Junction, #03-01, Singapore 339263 for a period of three (3) months from the date of this announcement.

14. RESPONSIBILITY STATEMENTS

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this announcement (save for information relating to the Target Company and the Target Group) and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this announcement are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this announcement misleading. Where information in this announcement 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 this announcement in its proper form and context.

The sole director of the Target Company accepts full responsibility for the accuracy of the information contained in this announcement relating to the Target Company and the Target Group and confirm after making all reasonable enquiries, that to the best of his knowledge and belief, the facts stated and opinions expressed in this announcement in respect of the Target Company and the Target Group are fair and accurate in all material respects as at the date hereof, and that there are no material facts in respect of the Target Company and the Target Group, the omission of which would make any statement in respect of the Target Company and the Target Group misleading.

15. CAUTION TO SHAREHOLDERS

The Board would like to advise Shareholders that, although the Acquisition Agreement has been entered into, completion of the Proposed Transactions is subject to conditions precedent being fulfilled and there is no assurance that completion of any or all of the Proposed Transactions will take place. Accordingly, Shareholders are advised to exercise caution in dealings in the Shares. Shareholders are advised to read this announcement and any further update announcement(s)

released by the Company in relation to the Proposed Transactions carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

**BY ORDER OF THE BOARD OF
ROWSLEY LTD.**

Hasan Malik
Company Secretary
18 December 2017

ANNEX A

CONDITIONS PRECEDENT TO THE PROPOSED SHARES ACQUISITION

The Proposed Shares Acquisition shall be conditional upon the satisfaction (or waiver, as the case may be) of the following conditions precedent specified in the Acquisition Agreement:

- (1) the Company being satisfied (acting reasonably) with the results of the Company's due diligence investigations into the financial, legal, contractual, tax and trading position of the Target Group Companies and the titles of each Target Group Company to its respective properties and assets (including intellectual property);
- (2) the Proposed Shares Acquisition and the Company's issue of the Consideration Shares in payment of the Sale Shares Consideration upon the terms of the Acquisition Agreement being approved by the SGX-ST and where such approval is obtained subject to any conditions, such conditions being reasonably acceptable to the Parties;
- (3) approval being given and not having been withdrawn by the SGX-ST for the admission to the Main Board of the SGX-ST and the dealing and quotation of the Consideration Shares upon allotment and issue to the Vendor and, if applicable, the new Shares to be issued pursuant to the compliance placement and if there are any conditions attached to such approval, such conditions being reasonably acceptable to the Parties;
- (4) the SIC having granted the Vendor and his concert parties, and not having revoked or repealed such grant, the Whitewash Waiver subject to (i) any conditions that the SIC may impose which are reasonably acceptable to the Parties; and (ii) the Shareholders approving at the EGM the Whitewash Resolution, provided that they and any persons not independent of them, abstain from voting on the Whitewash Resolution at the EGM;
- (5) the Whitewash Resolution being duly passed at the EGM;
- (6) the Securities Commission of Malaysia having ruled that the transactions contemplated in the Acquisition Agreement will not result in the Company or its concert parties having to make a general offer for TMCLS and such ruling not having been revoked or repealed;
- (7) the approval of the Shareholders for the Proposed Shares Acquisition and the issue of the Consideration Shares and, to the extent required, any other transactions pursuant to the requirements imposed by the Listing Manual or the SGX-ST being obtained at the EGM;
- (8) (a) all approvals, authorisations, clearances, confirmations, consents, exemptions, grants, licences, orders, permissions, recognitions and waivers as may be required by applicable laws in connection with the Proposed Shares Acquisition or the transactions contemplated in the Acquisition Agreement (other than the Proposed Warrants Acquisition) and to carry on the business of the Target Group Companies in their ordinary course having been obtained and not withdrawn or revoked, and where any such approvals, authorisations, clearances, confirmations, consents, exemptions, grants, licences, orders, permissions, recognitions and waivers are obtained subject to any conditions, such conditions being reasonably acceptable to the Parties; and (b) all necessary or appropriate filings having been made and all appropriate waiting periods (including any extensions thereof) pursuant to applicable laws having expired, lapsed or been

terminated, in each case for or in connection with the Proposed Shares Acquisition and to carry on the business of the Target Group Companies in their ordinary course; Provided Always That any reference to the business of the Target Group Companies in their ordinary course in the Acquisition Agreement shall, for the avoidance of doubt, exclude any expansion plan in relation to the business of any such Target Group Companies (whether contemplated or having already commenced as at the date of the Acquisition Agreement);

- (9) the Target Company having completed the Target Restructuring described in Part I of **Annex B** (and if the terms of any of the aforesaid are varied or modified, such variation and modification being agreed to in writing by the Company), and pursuant thereto Incanto and/or Best Blend (as the case may be) having irrevocably assigned, to the Vendor, all their rights to receive payment from Sasteria (M) Pte Ltd to which the 320,000,000 ordinary shares in TMCLS (currently held by Incanto and Best Blend) have been transferred. The Vendor acknowledges and agrees that the payment of the Sale Shares Consideration to him in accordance with the Acquisition Agreement shall be satisfaction in full of his right to receive payment in respect of the 320,000,000 ordinary shares in TMCLS from Sasteria (M) Pte Ltd and the payment of the Sale Shares Consideration to him shall constitute a good, full and final discharge of Sasteria (M) Pte Ltd's obligation to make such payment;
- (10) the Target Group having repaid S\$350,000,000 of the existing amounts owing by the relevant Target Group Company(ies) to the Vendor (such amounts, the "**Shareholder Loan**") by replacing the Shareholder Loan to the extent repaid as at Completion with a new loan from a financial institution on terms and conditions reasonably acceptable to the Company, and the irrevocable assignment by the Vendor to the Company, for a consideration of S\$1.00, of all rights, title, interests and benefits of the Shareholder Loan to the extent not repaid as at Completion and otherwise on such terms and conditions reasonably acceptable to the Vendor and the Company;
- (11) the acceptance by the Purchaser, acting reasonably, of the exceptions to the Vendor's representations and warranties in the Acquisition Agreement as disclosed in the disclosure letters;
- (12) the securities of TMCLS which are listed on Bursa Securities as at the date of the Acquisition Agreement remaining so listed and not having been halted or suspended from trading for a continuous period of more than five (5) market days unless in circumstances where such trading halt or suspension is in connection with the Acquisition Agreement or is imposed by Bursa Securities by reason of insufficient information being provided in relation to the transactions referred to in the Acquisition Agreement;
- (13) the Shares remaining listed on the Main Board of the SGX-ST and not having been halted or suspended from trading for a continuous period of more than five (5) market days unless in circumstances where such trading halt or suspension is in connection with the Acquisition Agreement or is imposed by the SGX-ST by reason of insufficient information being provided in relation to the transactions referred to in the Acquisition Agreement;
- (14) there being no circumstance amounting to, or an event of, force majeure occurring on or prior to Completion that may have a material adverse effect on the businesses, operations, prospects or condition (financial or otherwise) of the Group taken as a whole and/or the Target Group; and
- (15) completion of the Proposed Warrants Acquisition taking place concurrently.

ANNEX B

TARGET RESTRUCTURING

PART I

	Shareholding interest held by the Target Company		Nature of agreement and principal terms (if applicable)
	As at the date hereof	After completion of the Target Restructuring	
<u>Acquisitions</u> TMCLS Shares	51.93%	70.36%	To be carried out in accordance with the rules of Bursa Malaysia Securities Clearing Sdn Bhd and Bursa Malaysia Depository Sdn Bhd pursuant to which Incanto and Best Blend will transfer to Sasteria (M) Pte Ltd an aggregate of 320,000,000 ordinary shares of TMCLS representing approximately 18.43% of the issued share capital of TMCLS as at the date hereof

PART II

	Shareholding interest held by the Target Company		Nature of agreement and principal terms (if applicable)
	As at the date hereof	After completion of the Target Restructuring	
<u>Acquisitions</u> TMCLS Warrants	410,652,474	597,319,140 ⁽¹⁾	To be carried out in accordance with the rules of Bursa Malaysia Securities Clearing Sdn Bhd and Bursa Malaysia Depository Sdn Bhd

Notes:

- (1) For the avoidance of doubt, the Proposed Warrants Acquisition is for the aggregate 597,319,140 TMCLS Warrants.

ANNEX C

SUMMARY FINANCIAL INFORMATION OF THE TARGET GROUP

A summary of the audited consolidated financial statements of the Target Group for FY31/08/2015, FY31/08/2016 and FY31/08/2017 are set out below:

1. **Summary of consolidated statements of comprehensive income**

	← Audited →		
	FY31/08/2015 ⁽¹⁾ S\$'000	FY31/08/2016 ⁽¹⁾ S\$'000	FY31/08/2017 ⁽²⁾ S\$'000
Revenue	177,249	193,290	199,376
EBITDA	40,897	46,474	53,171
Profit before tax	31,115	36,465	43,376
Profit after tax	27,151	28,964	37,349
Profit after tax attributable to the owner of the Target Company	24,699	26,671	32,795

2. **Summary of consolidated statements of financial position**

	← Audited →		
	FY31/08/2015 ⁽¹⁾ S\$'000	FY31/08/2016 ⁽¹⁾ S\$'000	FY31/08/2017 ⁽²⁾ S\$'000
Assets			
Non-current assets	799,517	824,720	818,918
Current assets	142,266	145,749	139,357
Total assets	941,783	970,469	958,275
Liabilities			
Non-current liabilities	104,415	106,564	107,449
Current liabilities	556,203	532,439	493,138
Total liabilities	660,618	639,003	600,587
Equity			
Equity attributable to the owner of the Target Company	171,125	220,113	248,297

Notes:

- (1) Including the 100% shareholding in Thomson Medical and its subsidiaries and 52.03% shareholding in TMCLS and its subsidiaries
- (2) Including the 100% shareholding in Thomson Medical and its subsidiaries and 51.93% shareholding in TMCLS and its subsidiaries

ANNEX D

FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

1. Assumptions

The financial effects of the Proposed Transactions set out below:

- (i) are based on (a) the audited consolidated financial information of the Target Group for FY31/08/2017; and (b) the unaudited consolidated financial information of the Group for FY31/08/2017;
- (ii) assume, in respect of the statement of comprehensive income, that the Proposed Acquisition had taken place on 1 September 2016, and assume, in respect of the statement of financial position, that the Proposed Acquisition had taken place on 31 August 2017;
- (iii) assume the issuance of the Consideration Shares pursuant to the Proposed Shares Acquisition and the issuance of the New Shares pursuant to the exercise of the Warrants, as the case may be, had occurred in respect of the statement of financial position on 31 August 2017 and in respect of the statement of comprehensive income on 1 September 2016;
- (iv) assume that the consideration transferred in connection with the Proposed Acquisition is equivalent to the value of the Shares at an assumed price of S\$0.075 per Share, and assume the application of the pooling of interests method to effect the Proposed Acquisition;
- (v) assume that acquisition related costs relating to the Proposed Acquisition is approximately S\$7.5 million;
- (vi) have not taken into account any expenses incurred in connection with the Proposed Bonus Issue; and
- (vii) save for the Proposed Acquisition and the Proposed Bonus Issue and as described in the sub-paragraphs above, have not been adjusted for the impact of any other transactions or events.

2. Financial Effects

	Before the Proposed Transactions		After the Proposed Transactions					
			Assuming none of the Bonus Warrants are exercised		Assuming all the Bonus Warrants are exercised but none of the Piggyback Warrants are exercised		Assuming all the Bonus Warrants are exercised and all the Piggyback Warrants are exercised	
	No. of Shares	\$'000	No. of Shares	\$'000	No. of Shares	\$'000	No. of Shares	\$'000
Share Capital	4,738,417,411	788,267	26,071,750,745	2,388,267	35,548,585,567	3,241,183	45,025,420,389	4,378,403
NTA per Share (cents)	6.40		0.62		2.86		4.78	
Earnings per Share and Diluted earnings per Share (cents)	(1.49)		(1.15)		(1.15)		(1.14)	