

CESSATION OF INTERESTS IN SHANGHAI MEDICAL AND POST-NATAL CENTRES

The Board of Directors (the “**Board**”) of AsiaMedic Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the half-year results announcement made on 12 August 2015 where the Company informed that the Group is assessing its options with regards to its investments, in particular, the Shanghai medical and post-natal centres (the “**Centres**”).

The Company wishes to announce that its wholly-owned subsidiaries, AsiaMedic China Co., Ltd and AMC Healthcare Pte Ltd, have, on 27 November 2015, entered into a settlement and termination agreement (the “**Agreement**”) with Dr Li Weiyi (“**Dr Li**”), Li Jian, Shanghai Weijian Hospital Investment Management Co., Ltd. (“**Shanghai post-natal centre**”), Shanghai Xin Hua Tang Men Zhen Bu Co., Ltd. (“**Shanghai medical centre**”) and Shanghai Wei Rong Investment Management Co., Ltd. (collectively the “**Shanghai Parties**”) on the following:

- (a) the assumption and repayment of the convertible loan owing by Shanghai medical centre to the Group, by Dr Li for RMB 1,388,450 (approximately S\$307,000);
- (b) closure of Shanghai post-natal centre; and
- (c) cessation of the Group’s interests in the Centres as a result of (a) and (b),

collectively, the “**Transaction**”.

Background and rationale for the Transaction

In 2012, the Group entered into convertible loan arrangements with the Shanghai Parties. The convertible loans were provided for the set-up, development and operations of the Centres. The loan period is from February 2013 to January 2016. Pursuant to the terms of the arrangement, the Group has the rights to convert the convertible loans into 70% and 80% equity interests in Shanghai medical centre and Shanghai post-natal centre respectively during the loan period. The Group has also extended loans and advances to the Centres for working capital purposes. It was the Group’s intention to convert the convertible loans into equity when the Centres become profitable.

However, the Centres have been incurring losses since their inception in 2012 and are in a net tangible liabilities position. Therefore, the Group has reviewed its options and decided that it is not in the Group’s interest to hold the convertible loans, convert the convertible loans into equity, and to continue to provide funding to the Centres in the form of working capital loans. Accordingly, the Group is terminating its interests in the Centres by way of the Agreement.

Shanghai medical centre

The Group extended to Shanghai medical centre, convertible loan totalling RMB 1,750,000 (approximately S\$387,000) and working capital loan totalling RMB 2,493,000 (approximately S\$552,000). The total net carrying amount of both loans was RMB 3,417,000 (approximately S\$756,000) after impairments made on the loans in prior years. Dr Li has agreed to assume and repay RMB 1,388,450 (approximately S\$307,000), being part of the convertible loan owing by Shanghai medical centre, to the Group.

As Shanghai medical centre is in a net tangible liabilities position, the working loan is not recoverable. Accordingly, the Group will be writing off the net balance of the convertible loan and the entire working capital loan owing by Shanghai medical centre amounting to RMB 2,029,000 (approximately S\$449,000). The completion is expected to be on or before 15 December 2015. Upon completion, the Group will cease to have any interest in Shanghai medical centre.

The relative figures for the assumption and repayment of the convertible loan owing by Shanghai medical centre to the Group by Dr Li computed on the bases set out in Catalist Rule 1006 of the Catalist Rules (“**Catalist Rules**”) of Section B of the Listing Manual of the Singapore Exchange Securities Trading Limited are as follows:

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| (a) The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets. | Based on the carrying value of the convertible loan owing by Shanghai medical centre to the Group of RMB 1,257,000 (approximately S\$278,000) and the Group's net asset value of S\$14,349,099 as at 30 June 2015, the relative figure is approximately 1.9%. |
| (b) The net profits attributable to the assets acquired or disposed of, compared with the group's net profits. | Based on the loss incurred by Shanghai medical centre for first half ended 30 June 2015 (“ 1H2015 ”) of approximately RMB 853,000 (approximately S\$187,000 based on the average exchange rate for the period of RMB 1.00 to S\$0.2195) and the Group's profit before income tax of S\$392,195 for 1H2015, the relative figure is approximately 47.7%. |
| (c) The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares. | Based on the consideration of approximately S\$307,000 payable by Dr Li as settlement of the convertible loan owing by Shanghai medical centre to the Group, and the Company's market capitalisation of approximately S\$22.14 million (determined by multiplying the Company's issued share capital of 338,988,125 shares and the volume-weighted average price of the Company's shares of S\$0.0653 on 27 November 2015, the date of the Agreement), the relative figure is approximately 1.4%. |
| (d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue. | Not applicable as no new equity securities will be issued by the Company in relation to the transaction. |
| (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 as the basis is applicable to a mineral, oil and gas company. |

As set out above, the above settlement constitutes a discloseable transaction under Chapter 10 of the Catalist Rules.

Shanghai post-natal centre

The Group extended to Shanghai post-natal centre, convertible loan totalling RMB 1,750,000 (approximately S\$387,000) and working capital loan totalling RMB 4,474,000 (approximately S\$990,000). The total net carrying amount of both loans was RMB 5,108,000 (approximately S\$1,130,000) after impairments made on the loans in prior years. As Shanghai post-natal centre has ceased operations in September 2015 and is in a net tangible liabilities position, the loans are not recoverable. Accordingly, the Group will be writing off the entire amount owing by Shanghai post-natal centre to the Group.

Cessation of interests in the Centres

The Group will not have any interest in the Centres upon completion of the Transaction.

Effect of the Transaction

The completion of the Transaction will result in an impairment loss of approximately S\$1,579,000 to the Group. This loss will be recognised in the financial year ending 31 December 2015. Accordingly, the Group is expected to incur a loss for the financial year ending 31 December 2015.

Assuming that the Transaction had been effected on 1 January 2014, the Group would have a consolidated loss per share of S\$0.003 instead of a consolidated earnings per share of S\$0.002 for the financial year ended 31 December 2014. Assuming that the Transaction had been effected on 31 December 2014, the consolidated net tangible asset per share of the Group as at 31 December 2014 would have been S\$0.030 instead of S\$0.035.

Interests of directors or controlling shareholders of the Company

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Transaction.

Document for inspection

The Agreement will be available for inspection during normal business hours at the Company's registered address at 350 Orchard Road, #08-00 Shaw House, Singapore 238868 for three (3) months from the date hereof.

RMB/S\$ exchange rate

Unless otherwise stated, the RMB/S\$ exchange rate used in this announcement is based on the rate as at 31 October 2015 of RMB 1.00 to S\$0.2213.

BY ORDER OF THE BOARD

Ms Foo Soon Soo
Company Secretary

1 December 2015

*This announcement has been prepared by the Company and reviewed by the Company's sponsor, Xandar Capital Pte Ltd (the "**Sponsor**"), for compliance with the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements made, opinions expressed or reports contained in this announcement. This announcement has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor assume no responsibility for the contents of this announcement including the correctness of any of the statements made, opinions expressed or reports contained in this announcement.*

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