



ASIAN HEALTHCARE SPECIALISTS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 201727543R)

PROPOSED ACQUISITION OF A 51.0% INTEREST IN CORNERSTONE ASIA HEALTH PTE. LTD.

1. INTRODUCTION

The board of directors (the "**Board**" or the "**Directors**") of Asian Healthcare Specialists Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the announcements made by the Company on 5 July 2019 and 2 October 2019 (collectively, the "**Announcements**") and wishes to announce that the Company has on 4 December 2019 entered into a sale and purchase agreement ("**SPA**") with the Vendors (as defined herein) in relation to the proposed acquisition by the Company of an aggregate of 51.0% of the issued and paid-up shares in Cornerstone Asia Health Pte. Ltd. (the "**Target**") from its shareholders¹ (the "**Vendors**") (the "**Proposed Acquisition**").

Unless otherwise defined herein, all capitalised terms used in this announcement shall have the same meaning ascribed to them in the Announcements.

2. INFORMATION ON THE TARGET GROUP

2.1 Background of the Target Group

The Target was incorporated in Singapore on 28 June 2017, and is a company limited by shares, with a share capital of S\$37,488,880.84 comprising 68,357,917 issued and fully paid-up ordinary shares. The principal activities of the Target and its subsidiaries (the "**Target Group**") lie in the provision of multidisciplinary healthcare services across different specialisations, offering key services in ophthalmology, urology, dermatology and gastroenterology as well as family medicine. The Target Group's operations in the five (5) medical disciplines comprise eight (8) specialists and family medicine clinics that are founded by doctors who each have over 20 years of experience in their respective fields. There are currently six (6) specialists and medical doctors in the Target Group operating the eight (8) specialists and family medicine clinics.

Among the Vendors are five (5) of the specialists and medical doctors referred to in the paragraph above namely, Dr. Ng Tay Meng, Dr. Khoo Shih Wee @ Lawrence Khoo, Dr. Ho Siew Hong, Dr. Cheng Ching Li and Dr. Seah Sheng Heang Geoffry (the "**Vendor Doctors**"). The Vendor Doctors, in aggregate, will continue to hold 49.0% in the Target following the Completion Date (as defined herein).

¹ Dr. Ng Tay Meng, Mak Yuet Kuen, Eleen, Dr. Seah Sheng Heang Geoffry, Dr. Khoo Shih Wee @ Lawrence Khoo, Chin Lee Kuen, Dr. Ho Siew Hong, Chong Mei Ling, Dr. Cheng Ching Li, Lau Hui Ming Winnie and BlueCove Investments Pte. Ltd.

2.2 Certain Financial Information of the Target Group

Based on the Target Group's unaudited consolidated financial statements for its financial year ended 30 June 2019, the Target Group's net profit after tax was S\$3,924,780, and its net book value and net tangible assets were S\$3,184,846 and S\$3,181,876, respectively, as at 30 June 2019.

The Target Group's pro forma unaudited consolidated net profit after tax for its financial year ended 30 June 2019, after adjustments for, *inter alia*, the Employment Agreements (as defined herein) and other one-off or non-recurring expenses, is S\$4,839,300. The Target Group's pro forma unaudited consolidated net book value and net tangible assets as at 30 June 2019, after adjustments for dividends declared subsequent to the end of the financial year ended 30 June 2019 were S\$755,746 and S\$752,776, respectively.

No independent valuation was conducted on the Target Group. The Target's operating subsidiaries operate as asset light entities with few tangible assets. Accordingly, the Company had not commissioned an independent property valuation. In arriving at the Consideration (as defined herein), the Company had considered the valuation of similar acquisitions made by other comparable listed healthcare providers. In addition, the Company had also considered the nature of the Target Group's business, and that the real value is intrinsic in the reputation and experience of the specialists and medical doctors in the Target Group. Due to the foregoing, the Company had concluded that an independent business valuation would not be necessary in the context of the Proposed Acquisition.

On completion of the sale and purchase of the Sale Shares ("**Completion**"), the remaining shareholding of the Vendor Doctors in the Target will be as follows:

Vendor Doctor	No. of Shares held by Each Vendor Doctor in the Target Post-Completion	Percentage of Shares to Total Issued Capital of the Target Post-Completion
Dr. Ng Tay Meng	5,623,728	8.23%
Dr. Seah Sheng Heang Geoffry	2,825,011	4.13%
Dr. Khoo Shih Wee @ Lawrence Khoo	6,529,826	9.55%
Dr. Ho Siew Hong	8,391,042	12.28%
Dr. Cheng Ching Li	10,125,772	14.81%
Total:	33,495,379	49.00%

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 Consideration

The consideration ("**Consideration**") for the Proposed Acquisition is S\$32,084,559, which was arrived at on a willing buyer and willing seller basis after arm's length negotiations between the Company and the Vendors, after taking into account, *inter alia*, market comparables for other similar transactions in the healthcare industry, the business prospects of the Target Group and the track record of the specialists and medical doctors in the Target Group, and the capabilities and synergies between the Company and Target Group.

The Consideration will be satisfied by the Company as follows:

- (a) S\$5,000,000 in cash ("**Cash Consideration**") to the Vendors on the completion date under the SPA (the "**Completion Date**"), which will be funded by the proceeds of the placement of 46,900,000 ordinary shares in the share capital of the Company ("**Shares**") in April 2018; and
- (b) S\$27,084,559 by the issue and allotment of 104,171,380 new Shares to the Vendors (and/or their designated nominees) credited as fully paid up at the issue price of S\$0.260 (the "**Consideration Shares**") on the Completion Date².

The issue price for the Consideration Shares is at a premium of 17.43% over the volume weighted average price of S\$0.2214 for trades done on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the full market day on 26 November 2019, being the last full market day for which trades were done on the SGX-ST prior to the signing of the SPA. The Consideration Shares represent approximately 31.96% of the existing share capital of the Company and approximately 24.22% of the enlarged share capital of the Company, respectively.

The Consideration Shares will be allotted and issued pursuant to the general share issue mandate granted by the shareholders of the Company (the "**Shareholders**") by way of ordinary resolution at the annual general meeting of the Company held on 28 January 2019.

The Consideration Shares, when issued and allotted, shall rank *pari passu* in all respects with the then existing issued and paid-up ordinary shares in the capital of the Company. The Consideration Shares will be issued to the Vendors (and/or their designated nominees) free from all encumbrances and will carry all rights similar to the existing Shares of the Company, except that they will not rank for any dividend, rights, allotment or other distribution, the record date for which falls on or before the date of issuance and allotment of the Consideration Shares.

The Company will be making an application to the SGX-ST via its continuing sponsor as soon as reasonably practicable after the signing of the SPA for the listing of, and quotation for, the Consideration Shares on Catalist and will make the relevant announcements upon receipt of the listing and quotation notice from the SGX-ST.

² (i) BlueCove Investments Pte. Ltd. will only receive Consideration Shares ("**BlueCove Consideration Shares**") and no Cash Consideration; (ii) the Consideration Shares due to the Vendor Doctors, Mak Yuet Kuen, Eleen, Chin Lee Kuen, Chong Mei Ling and Lau Hui Ming Winnie shall all be issued to the Vendor Doctors ("**Doctors' Consideration Shares**"); and (iii) without prejudice to (ii), the Vendor Doctors may designate the issuance of up to 5.0% of the Doctors' Consideration Shares, being a maximum of 4,745,225 Shares, to business associates and other employees of the Target Group who have contributed to the success of the Target Group ("**Reserved Consideration Shares**") provided that the Vendor Doctors notify the Company in writing no later than five (5) business days prior to Completion Date.

A breakdown of the Cash Consideration and Consideration Shares entitlement to each Vendor pursuant to the SPA is set out below:

Vendor	Cash Consideration Entitlement	Consideration Shares Entitlement
BlueCove Investments Pte. Ltd.	-	9,266,876
Mak Yuet Kuen, Eleen	S\$830,669.68	15,766,859, which will be issued and allotted to Dr. Ng Tay Meng
Dr. Ng Tay Meng	S\$8,808.62	167,195
Dr. Seah Sheng Heang Geoffry	S\$421,701.18	8,004,269
Chin Lee Kuen	S\$964,507.85	18,307,228, which will be issued and allotted to Dr. Khoo Shih Wee @ Lawrence Khoo
Dr. Khoo Shih Wee @ Lawrence Khoo	S\$10,227.78	194,132
Dr. Ho Siew Hong	S\$13,143.00	249,466
Dr. Cheng Ching Li	S\$15,860.21	301,041
Lau Hui Ming Winnie	S\$1,495,657.81	28,388,932, which will be issued and allotted to Dr. Cheng Ching Li
Chong Mei Ling	S\$1,239,423.87	23,525,382, which will be issued and allotted to Dr. Ho Siew Hong
Total:	S\$5,000,000	104,171,380

Based on the proposed issuance and allotment of 104,171,380 Consideration Shares pursuant to the Proposed Acquisition, the enlarged share capital of the Company will consist of 430,064,237 Shares (the "**Enlarged Share Capital**"). Upon the issuance of the Doctors' Consideration Shares to the Vendor Doctors but prior to the designation of any Reserved Consideration Shares, the shareholding of BlueCove Investments Pte. Ltd., Dr. Ng Tay Meng, Dr. Khoo Shih Wee @ Lawrence Khoo, Dr. Ho Siew Hong, Dr. Cheng Ching Li and Dr. Seah Sheng Heang Geoffry in the Company based on the Enlarged Share Capital will be 2.15%, 3.71%, 4.30%, 5.53%, 6.67% and 1.86%, respectively.

3.2 Conditions Precedent

Completion is conditional upon, *inter alia*, the following conditions being satisfied:

- (a) there not having been at any time hereafter and until Completion any material adverse change in relation to the affairs, operations, businesses, properties, financial condition (including liabilities, assets and results) and/or prospects of the Target Group;
- (b) all the representations and warranties on the part of the Vendors under the SPA being true,

accurate and not misleading as at the Completion Date;

- (c) the entry by the Vendor Doctors into the Employment Agreements (as defined herein); and
- (d) the approval-in-principle of the SGX-ST for the listing of and quotation for the Consideration Shares on Catalist.

3.3 Completion

The Completion Date shall be five (5) business days after the last in time of the Conditions Precedent are satisfied or waived (as the case may be) (or such other date as may be agreed in writing between the Vendors and the Company), provided that such date shall fall after the Record Date³ which shall be announced by the Company after the next annual general meeting of the Company assuming the proposed dividends distribution is approved by Shareholders.

3.4 Employment Agreements

Prior to the Completion of the Proposed Acquisition, each of Dr. Ng Tay Meng, Dr. Seah Sheng Heang Geoffry, Dr. Khoo Shih Wee @ Lawrence Khoo, Dr. Ho Siew Hong and Dr. Cheng Ching Li will also be entering into new employment agreements with the Target Group for a period of five (5) years ("**Employment Agreements**").

3.5 Shareholders Agreement

Prior to the Completion of the Proposed Acquisition, each of the Vendor Doctors and the Company will also enter into a shareholders' agreement to govern their rights *inter se* as shareholders of the Target.

3.6 Moratorium on the Consideration Shares Held by the Vendor Doctors

The Vendor Doctors undertake to the Company in relation to the Consideration Shares held by them (which, for the avoidance of doubt, does not include the BlueCove Consideration Shares and the Reserved Consideration Shares) (the "**Moratorium Shares**") that they shall not, during the periods as set out below, do or agree to do any of the following acts:

- (a) sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of the Moratorium Shares;
- (b) enter into any transaction or other arrangement, in whole or in part, (including any swap, hedge or derivative transaction) with a similar economic effect to the foregoing, whether such transaction is to be settled by delivery of the Moratorium Shares, in cash or otherwise;
- (c) deposit all of his effective interest, in any Moratorium Shares in any depository receipt facility; or
- (d) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; and

³ "**Record Date**" means date on which Shareholders must be registered with the Company or The Central Depository (Pte) Limited, as the case may be, in order to participate in the proposed dividends distribution announced by the Company on 26 November 2019.

(e) publicly announce any intention to do any of the above,

(collectively, the "**Restrictions**")

Upon the allotment and issuance of the Moratorium Shares, the Restrictions shall apply to the Vendor Doctors as follows:

- (i) for the first 12-month period after Completion, the Restrictions shall apply to 100.0% of the Moratorium Shares issued to the Vendor Doctors;
- (ii) for the second 12-month period after Completion, the Restrictions shall apply to 80.0% of the Moratorium Shares issued to the Vendor Doctors;
- (iii) for the third 12-month period after Completion, the Restrictions shall apply to 60.0% of the Moratorium Shares issued to the Vendor Doctors;
- (iv) for the fourth 12-month period after Completion, the Restrictions shall apply to 40.0% of the Moratorium Shares issued to the Vendor Doctors; and
- (v) for the fifth 12-month period after Completion, the Restrictions shall apply to 20.0% of the Moratorium Shares issued to the Vendor Doctors.

For the avoidance of doubt, after the fifth 12-month period after Completion, the Restrictions shall not apply to the Vendor Doctors in respect of any Moratorium Shares.

4. RATIONALE FOR THE PROPOSED ACQUISITION

The Board believes that the Proposed Acquisition is in the best interests of the Group and is in line with the Group's business strategies and future plans outlined in the Offer Document of the Company dated 12 April 2018 to invest in management and healthcare professionals. The Proposed Acquisition provides the Group the opportunity to acquire several established healthcare assets in variety of medical specialisations and diversify the Company's current portfolio and strengthen the Company's existing business. The specialists and medical doctors in the Target Group are also each well regarded in their respective fields and will bring further experience to the Group's growing portfolio of specialists and medical doctors.

5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The proforma financial effects of the Proposed Acquisition on the net tangible assets ("**NTA**") per share and the earnings per share ("**EPS**") of the Group are set out below. The proforma financial effects have been prepared based on (i) the unaudited financial results of the Group for the financial year ended 30 September 2019 and (ii) the unaudited pro forma financial results of the Target Group for the financial year ended 30 June 2019. The proforma financial effects are purely for illustration purposes only and are therefore not necessarily indicative of the actual financial position of the Group after Completion.

5.1 NTA

For illustrative purposes only, the proforma financial effects of the Proposed Acquisition on the Group's NTA per share, assuming that the Proposed Acquisition had been completed on 30

September 2019, being the end of the most recently completed financial year, are set out below:

NTA	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$'000)	13,211	8,964 ⁽¹⁾
Number of issued shares ('000)	325,893	430,064 ⁽²⁾
NTA per Share (cents)	4.05	2.08

Notes:

- (1) Based on the Target Group's net tangible assets of S\$3,181,876 as at 30 June 2019 adjusted for (i) an aggregate of S\$2,429,100 dividends declared on 23 September 2019, and (ii) S\$5,000,000 Cash Consideration.
- (2) Pursuant to the allotment and issuance of the Consideration Shares.

5.2 EPS

For illustrative purposes only, the proforma financial effects of the Proposed Acquisition on the consolidated earnings of the Group, assuming that the Proposed Acquisition had been completed on 1 October 2018, being the beginning of the most recently completed financial year, are set out below:

EPS	Before the Proposed Acquisition	After the Proposed Acquisition
Profits attributable to the owners of the Company (S\$'000)	2,867	5,335 ⁽¹⁾
Weighted average number of issued shares ('000)	320,091	424,262 ⁽²⁾
EPS – Basic (cents)	0.90	1.26

Notes:

- (1) Based on 51.0% of the unaudited consolidated pro forma net profits after tax of the Target Group for the financial year ended 30 June 2019 and the unaudited consolidated net profits after tax of the Group for the financial year ended 30 September 2019, being S\$2,468,043 and S\$2,866,665, respectively.
- (2) Pursuant to the allotment and issuance of the Consideration Shares.

6. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

Relative figures of the Proposed Acquisition under Listing Rule 1006 of the SGX-ST Listing Manual Section B: Rules of Catalyst ("**Catalist Rules**"):

Rule 1006	Bases	Relative Figures (%) (Based on the Unaudited Consolidated Financial Statements of the Target Group)	Relative Figures (%) (Based on the Pro Forma Unaudited Consolidated Financial Statements of the Target Group)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable ⁽¹⁾	Not applicable ⁽¹⁾
(b)	The net profits ⁽²⁾ attributable to the assets acquired or disposed of, compared with the Group's net profits	72.9% ⁽³⁾	86.6% ⁽⁴⁾
(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	42.8% ⁽⁵⁾	42.8% ⁽⁵⁾
(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	32.0% ⁽⁶⁾	32.0% ⁽⁶⁾

Notes:

- (1) This basis is not applicable to the Proposed Acquisition.
- (2) Pursuant to Rule 1002(3)(b) of the Catalyst Rules, "net profits" means profit before income tax, minority interests and extraordinary items.
- (3) Based on 51.0% of the unaudited consolidated net profits of the Target Group for the financial year ended 30 June 2019 and the unaudited consolidated net profits of the Group for the financial year ended 30 September 2019, being S\$2,453,739 and S\$3,366,815, respectively.
- (4) Based on 51.0% of the unaudited consolidated pro forma net profits of the Target Group for the financial year ended 30 June 2019 and the unaudited consolidated net profits of the Group for the financial year

- ended 30 September 2019, being S\$2,916,752 and S\$3,366,815, respectively.
- (5) Based on the Consideration and market capitalisation of the Company of approximately S\$74.96 million as at the close of trading on 4 December 2019.
 - (6) The number of Consideration Shares to be issued by the Company as consideration for the Proposed Acquisition is 104,171,380 new Shares. The Company currently has 325,892,857 Shares in issue.

Based on the above figures, the Proposed Acquisition constitutes a "discloseable transaction" under Rule 1010 of the Catalist Rules and is not subject to shareholders' approval under Rule 1014(2) of the Catalist Rules. Pursuant to Rule 1014(2) of the Catalist Rules, the requirement for shareholders' approval does not apply in the case of an acquisition of profitable assets if the only limit breached is Rule 1006(b).

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the above transactions, other than through their respective directorships and/or shareholdings in the Company.

8. DIRECTORS' SERVICE CONTRACTS

It is proposed that Dr. Cheng Ching Li will be appointed to the Board of Directors of the Company as an Executive Director on the Completion Date for an initial term of three (3) years. Dr. Cheng Ching Li will assist the Company's Executive Chairman and Chief Executive Officer, Dr. Chin Pak Lin, in relation to the operations and the business operations of the enlarged group. Dr. Cheng Ching Li will receive a nominal fee of S\$1.00 per annum for his service as a director to the Company. He will additionally be remunerated as an employee of the Target Group.

Save as disclosed above, no person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, save as disclosed above, no service contract is proposed to be entered into between the Company and any such person.

9. DOCUMENTS AVAILABLE FOR INSPECTION

The SPA is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office of the Company at 38 Irrawaddy Road, #09-42, Singapore 329563 for a period of three (3) months from the date of this announcement.

10. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders of the Company are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

By Order of the Board of
Asian Healthcare Specialists Limited

Dr Chin Pak Lin
Executive Chairman and CEO
4 December 2019

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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