

Our Ref: REG/LC/ET/ATJW/Camsing

29 March 2019

The Board of Directors
Camsing Healthcare Limited
4 Shenton Way
#17-01 SGX Centre 2
Singapore 068807

Dear Sirs

**CAMSING HEALTHCARE LIMITED (THE "COMPANY")
NOTICE OF COMPLIANCE (THE "NOTICE")**

1. Singapore Exchange Regulation ("**SGX RegCo**") refers to:-
 - (a) the Company's SGXNet announcements dated 21 March 2019, entitled "*Change – Announcement of Cessation::Resignation of Independent Director*" (the "**Resignation Announcements**"); and
 - (b) the Company's SGXNet announcement dated 29 March 2019, entitled "*Update in relation to trading halt*" (the "**Update Announcement**").

2. We note that:-
 - (a) the Company has announced the resignation of all three of its independent directors, namely, Mr Kenneth Chin Hock Raphael Lau, Mr Maurice Tan Huck Liang and Mr Ong Wei Jin (collectively, the "**Former IDs**"), with effect from 20 March 2019; and
 - (b) according to the Resignation Announcements, the Former IDs have resigned because of "personal reasons and the matters set out below". In this regard, the Former IDs have indicated in the Resignation Announcements that:-
 - (i) there are "*unresolved differences in opinion on material matters between the IDs and the Board, including matters which would have a material impact on the Group or its financial reporting*";
 - (ii) there are "[matters] *in relation to [their resignations] that needs to be brought to the attention of the shareholders*"; and
 - (iii) "*the auditors have raised certain matters arising from their audit work and pending resolution of those questions are stopping their audit*".

3. According to the Company's Update Announcement, the Company's auditors had identified and highlighted various audit matters (the "**Audit Matters**") to the Company during the course of the audit for the financial year ended 31 January 2019. The auditors will also not be able to finalise the audit for the financial year ended 31 January 2019, pending receipt of satisfactory responses and resolution of the Audit Matters. The Audit Matters relate to, *inter alia*, the following:-
 - (a) whether the parties in certain distribution agreements and consignment agreements are related parties, and whether the Company retained the risks and rewards embodied in the products originally sold under the distribution agreements. The total sales under these distribution agreements amount to approximately S\$9,687,000 in FY2017 and FY2018, representing 32.8% and 25.7% of sales in FY2017 and FY2018 respectively;
 - (b) whether the parties involved in a certain purchase agreement, amounting to approximately HK\$15,600,000 for FY2019, are related parties, related payments made, and refunds to be received;
 - (c) uncertainty over the recoverability of licence fee income amounting to S\$299,000 in FY2018, and the reversal of the licence fee income amounting to S\$294,750 in FY2019; and
 - (d) uncertainty over whether the Group's cashflow can meet its operating and financing needs for the next twelve (12) months after the end of the reporting period in view of the breach of certain bank covenants for credit facilities arising from two loans, of which the outstanding amounts are approximately S\$3.4 million.
4. SGX RegCo notes that the Audit Matters raise serious concerns about the state of affairs of the Company. In light of the above and pursuant to Listing Rule 1405(1)(f), SGX RegCo hereby requires the Company to appoint a special auditor, to investigate the Audit Matters raised.
5. In this regard, please note that:-
 - (a) the special auditor to be appointed, and the scope of the special audit are subject to SGX RegCo's approval; and
 - (b) the special auditor should report their findings directly to SGX RegCo and the Company's Audit Committee.
6. In light of the above, the Company's state of affairs is unknown. Trading in the Company's share should therefore be suspended, pursuant to Listing Rule 1303(5).
7. The suspension will remain until the Exchange is satisfied that:-
 - (a) the Company's state of affairs is known; and
 - (b) the shares of the Company can be traded on a fair, orderly and transparent basis.

8. Last but not least, SGX RegCo is of the view that the review of these Audit Matters falls clearly within the responsibilities of the Audit Committee and its written terms of reference to ensure the integrity of the Company's financial statements. We wish to express our disappointment that the Former IDs have chosen to resign at the point when the Audit Matters were raised by the auditors and the Audit Matters have yet to be resolved. The resignation of the Former IDs (and by implication, the entire Audit Committee) places the Company in jeopardy as there is no continuity in the independent oversight of the Audit Matters which took place in the financial period prior to their resignations.
9. SGX RegCo therefore directs the Company to obtain and disclose via SGXNet by **Friday, 5 April 2019**, detailed explanations from each of the Former IDs as to why he considered it proper and appropriate to resign when the Audit Matters have yet to be resolved and the auditors have suspended their audit pending resolution of the Audit Matters. Based on the responses to be provided by each of the Former IDs, SGX RegCo will make an assessment of each of the Former IDs' suitability for appointment as a director and/or executive officer in any issuer listed on the SGX-ST.
10. Pursuant to Listing Rule 1405(4), failure to comply with the requirements imposed by SGX RegCo shall be deemed to be a contravention of the Listing Rules.
11. Please note that compliance with this Notice does not constitute a waiver of any kind, and SGX RegCo reserves the right to take disciplinary action against the Company and/or any Relevant Person(s) for breaches of the Listing Rules, including any failure to comply with the requirements imposed by SGX RegCo.

Yours faithfully

June Sim
Senior Vice President
Head, Listing Compliance
SGX RegCo