ASIAMEDIC LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 197401556E)

PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF LUYEELLIUM HEALTHCARE CO., LTD

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1. INTRODUCTION

The Board of Directors (the "**Board**" and the directors, the "**Directors**", and each a "**Director**") of AsiaMedic Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 20 January 2017 (the "**Term Sheet Announcement**") wherein the Company announced that it had entered into a binding term sheet dated 20 January 2017 with Luye Medicals Group Pte Ltd ("**LMG**"), Dr Park Heeseok ("**Dr Park**"), Mr Hong Yong Su ("**Mr Hong**") and Dr Choi Jinseok ("**Dr Choi**", and together with LMG, Dr Park and Mr Hong, the "**Vendors**") in respect of the proposed acquisition by the Company of the entire issued and paid up share capital of LuyeEllium Healthcare Co., Ltd (the "**Target**") (the "**Proposed Acquisition**").

Further to the Term Sheet Announcement, the Board is pleased to announce that the Company has, on 20 April 2017, entered into a conditional sale and purchase agreement (the "**SPA**") with the Vendors in relation to the Proposed Acquisition.

Upon completion of the Proposed Acquisition ("**Completion**"), the Target will be a wholly-owned subsidiary of the Company.

The Proposed Acquisition, if completed, will constitute:

(a) a "very substantial acquisition" pursuant to Rule 1015 of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and

(b) an interested person transaction as defined under Chapter 9 of the Catalist Rules,

and is subject to various conditions precedent, including, *inter alia*, satisfactory due diligence by the Company on the Target, and the approvals of the SGX-ST and the shareholders of the Company ("**Shareholders**") at an extraordinary general meeting ("**EGM**") to be convened.

Unless otherwise indicated, Korean Won ("**KRW**") amounts in this announcement have been translated into Singapore dollars, based on the closing exchange rate of S$1.00 : KRW834 as at 30 December 2016 quoted by Bloomberg L.P.

2. INFORMATION ON THE TARGET AND THE VENDORS

2.1 Information on the Target

The Target is a company incorporated in the Republic of Korea ("**South Korea**") which is principally engaged in the provision of non-clinical management and administration services to medical institutions in South Korea and the People's Republic of China (the "**PRC**"), including a women's hospital and a children's hospital in Busan, South Korea. As at the date of this announcement, the principal services provided by the Target are hospital management and operations services, hospital administration services, purchasing functions for the hospitals, leasing of medical equipment to the hospitals and other services such as marketing and information technology services. The Target also owns and operates a post-partum centre in Busan, South Korea.

2.2 Financial Information of the Target and Enlarged Group

For the financial year ended 31 December ("**FY**") 2016, the Target had an unaudited net profit after tax of approximately KRW3.48 billion (equivalent to approximately S$4.14 million[1]). Please refer to **Appendix A** to this announcement for a summary of the unaudited financial statements of the Target for FY2015 and FY2016 and the proforma financial information of the enlarged group comprising the Group and the Target (the "**Enlarged Group**") for FY2016.

2.3 Valuation of the Target

As at 31 December 2016, the net asset value ("**NAV**") and net tangible assets ("**NTA**") of the Target was approximately KRW5.62 billion (equivalent to approximately S$6.74 million[2]).

The Company will be appointing an independent valuer ("**Independent Valuer**") to prepare a valuation report on the Target which shall satisfy all applicable requirements of the Catalist Rules. The valuation report will be set out in the circular in relation to the Proposed Acquisition to be despatched to Shareholders in due course (the "**Circular**").

2.4 Information on the Vendors

LMG is a controlling shareholder of the Company and holds 95,431,396 ordinary shares in the capital of the Company ("**Shares**"), representing 24.44% of the total number of Shares.

Mr Hong is a director and part of the key management of the Target.

Dr Park and Dr Choi are doctors and owners of a Korean hospital which is a customer of the Target.

The interests of the Vendors in the Target are as follows:

Vendors	**Number of shares held in the Target**	**Shareholding in the Target (%)**
LMG	317,800	70
Dr Park	54,480	12
Mr Hong	54,480	12
Dr Choi	27,240	6
Total	**454,000**	**100**

[1] Based on the month-end average exchange rate of S$1.00 to KRW840 for FY2016.
[2] Based on the closing exchange rate of S$1.00 to KRW834 as at 30 December 2016.

3. PRINCIPAL TERMS OF THE SPA

3.1 Consideration and Issue Price of the Consideration Shares

The aggregate consideration payable by the Company to the Vendors for the Proposed Acquisition ("**Consideration**") is S$42,168,000, which was determined on a willing-buyer willing-seller basis after arm's length negotiations between the Company and the Vendors, taking into account:

(a) the purchase consideration of Renminbi ("**RMB**") 131.60 million (equivalent to approximately S$28.70 million based on the closing exchange rate of S$1.00 to RMB4.5858 as at 31 December 2015) in the agreement entered into between LMG and Dr Park, Mr Hong and Dr Choi for the acquisition of a 70% equity interest in the Target by LMG in December 2015; and

(b) the profit guarantees provided by the Vendors for FY2016, FY2017, FY2018, FY2019 and FY2020, details of which are set out herein.

The Consideration will be satisfied in full by the allotment and issuance of an aggregate of 527,100,000 new Shares ("**Consideration Shares**") at the issue price of S$0.080 per Consideration Share ("**Issue Price**") to the Vendors in accordance with their respective shareholding proportion in the Target as follows:

(c) 368,970,000 Consideration Shares, representing 70.0% of the total number of Consideration Shares, to LMG;

(d) 63,252,000 Consideration Shares, representing 12.0% of the total number of Consideration Shares, to Dr Park;

(e) 63,252,000 Consideration Shares, representing 12.0% of the total number of Consideration Shares, to Mr Hong; and

(f) 31,626,000 Consideration Shares, representing 6.0% of the total number of Consideration Shares, to Dr Choi.

The Consideration Shares will be credited as fully paid-up and ranking *pari passu* in all respects with the Company's existing Shares, and will be subject to a moratorium, further details of which are set out in paragraph 3.4 below.

The Issue Price represents a 8.1% premium to the volume-weighted average price of S$0.074 of the Shares on 20 April 2017, being the market day on which the SPA was signed.

The Issue Price represents a 6.0% premium to the volume-weighted average price of S$0.0755 of the Shares on 20 January 2017, being the market day on which the Term Sheet was signed.

3.2 Profit Guarantee

Under the terms of the SPA, the Vendors have provided the following profit guarantees ("**Profit Guarantee**") to the Company based on their respective shareholding proportion in the Target as at the date of the SPA:

Period	Profit after tax based on International Financial Reporting Standards
FY2016	KRW2,822,750,000 (equivalent to approximately S$3.38 million)
FY2017	KRW3,104,500,000 (equivalent to approximately S$3.72 million)
FY2018	KRW3,414,250,000 (equivalent to approximately S$4.09 million)
FY2019	KRW3,500,000,000 (equivalent to approximately S$4.20 million)
FY2020	KRW3,500,000,000 (equivalent to approximately S$4.20 million)

Under the terms of the SPA, the Profit Guarantee will be assessed in the following tranches:

(a) FY2016 and FY2017, upon completion of the audit of the Target for FY2017;

(b) FY2018 and FY2019, upon completion of the audit of the Target for FY2019; and

(c) FY2020, upon completion of the audit of the Target for FY2020,

where any excess of profits in FY2016 and FY2018 can be used to offset any shortfall in FY2017 and FY2019, respectively, and *vice versa*.

Under the terms of the SPA, in the event of any shortfall in the Profit Guarantee, each Vendor shall make the following payments in cash to the Company ("**Shortfall Payment**") within 14 days from the date of notification of the profit shortfall by the Purchaser:

(a) for each of FY2016, FY2017 and FY2018, such amount based on the following formula:

KRW35 billion x (profit shortfall for the year / guaranteed profit for the year) x Vendor's shareholding proportion in the Target as at the date of the SPA

(b) for each of FY2019 and FY2020, such amount based on the following formula:

profit shortfall for the year x Vendor's shareholding proportion in the Target as at the date of the SPA

The Board's preliminary view on the Profit Guarantee is that the Profit Guarantee is beneficial to the Company. The Board, in accepting the Profit Guarantee, took into consideration the following factors:

(a) the unaudited net profit of the Target for FY2016 of approximately KRW3.48 billion (equivalent to approximately S$4.14 million) is approximately equal to or exceeds the net profit guaranteed for each of FY2016 to FY2020 as set out above; and

(b) a substantial portion of the revenue of the Target is derived from fixed fees under the contracts with the customers of the Target.

The Board's view on the Profit Guarantee, as well as other relevant information required under the Catalist Rules in relation to the Profit Guarantee, will be included in the Circular.

3.3 **Profit Forecast**

Under the terms of the SPA, the Vendors have undertaken to cause the Target to prepare a detailed profit forecast to substantiate the Profit Guarantee. The principal bases and assumptions of the profit forecast, including the report by the auditors and the opinion of the financial adviser to the Company on the profit forecast, will be included in the Circular in compliance with the requirements of the Catalist Rules.

3.4 **Moratorium**

To ensure the Company's right of recourse in the event that the Profit Guarantee is not met, the parties have agreed that upon Completion, the share certificates of the Consideration Shares will be held in escrow by an independent escrow agent to be appointed ("**Escrow Agent**"). The Consideration Shares will be released to the Vendors in tranches as follows (less such number of Consideration Shares that may have been cancelled or repurchased by the Company or sold by the Escrow Agent, if any):

	Consideration Shares released from moratorium(1)		
Vendors	**FY2016 and FY2017 Tranche(2)**	**FY2018 and FY2019 Tranche(3)**	**FY2020 Tranche(4)**
LMG	133,829,662	156,114,850	79,025,488
Dr Park	22,942,228	26,762,546	13,547,226
Mr Hong	22,942,228	26,762,546	13,547,226
Dr Choi	11,471,114	13,381,272	6,773,614
Total	**191,185,232**	**223,021,214**	**112,893,554**

Notes:

(1) All the Consideration Shares for each tranche will be released to the Vendors within 14 days from the completion of the audit of the Target for the relevant financial year and the Board being satisfied that the Profit Guarantees for the relevant financial years have been met.

(2) In the event that the Profit Guarantee for FY2016 and FY2017 is not met, the 191,185,232 Consideration Shares (less such number of Consideration Shares that may have been sold by the Escrow Agent, if any, to make up the Shortfall Payment for FY2016 and FY2017 in the event that the Company did not receive the full amount of the Shortfall Payment within 14 days from the date of notification of the profit shortfall by the Company) will only be released to the Vendors after the Company receives the Shortfall Payment for FY2016 and FY2017 from such Vendor, whichever applicable.

(3) In the event that the Profit Guarantee for FY2018 and FY2019 is not met, the 223,021,214 Consideration Shares (less such number of Consideration Shares that may have been sold by the Escrow Agent, if any, to make up the Shortfall Payment for FY2018 and FY2019 in the event that the Company did not receive the full amount of the Shortfall Payment within 14 days from the date of notification of the profit shortfall by the Company) will only be released to the Vendors after the Company receives the Shortfall Payment for FY2018 and FY2019 from such Vendor, whichever applicable.

(4) In the event that the Profit Guarantee for FY2020 is not met, the 112,893,554 Consideration Shares (less such number of Consideration Shares that may have been sold by the Escrow Agent, if any, to make up the Shortfall Payment for FY2020 in the event that the Company did not receive the full amount of the Shortfall Payment within 14 days from the date of notification of the profit shortfall by the Company) will only be released to the Vendors after the Company receives the Shortfall Payment for FY2020 from such Vendor, whichever applicable.

Under the terms of the SPA, if the proceeds from the sale of the Consideration Shares by the Escrow Agent are insufficient to satisfy the outstanding Shortfall Payment in full, the respective Vendor(s) shall remain liable to pay the balance of the outstanding Shortfall Payment to the Company.

3.5 **Conditions Precedent**

The obligation of the parties under the SPA to complete the Proposed Acquisition are conditional upon, *inter alia*, the following salient conditions being satisfied, fulfilled or waived, as the case may be, before Completion:

(a) the approval of the Board and the approvals of Shareholders at an EGM being obtained for the transactions contemplated under the SPA;

(b) the independent financial adviser to the independent Directors of the Company providing an opinion expressing that:

(i) the Proposed Acquisition, being the subject of the Whitewash Resolution (as defined herein), is fair and reasonable, and advising the independent Directors of the Company to recommend that independent Shareholders vote in favour of the Whitewash Resolution;

(ii) the transactions contemplated under the SPA which are interested person transactions (and all other transactions which are the subject of aggregation pursuant to Rule 906 of the Catalist Rules) are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders; and

(iii) the review procedures for a general mandate for interested person transactions to be adopted are sufficient to ensure that such interested person transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders;

(c) the approval of independent Shareholders being obtained at the EGM for the Whitewash Resolution;

(d) the approval of the SGX-ST for the Circular and the transactions contemplated under the SPA, and the receipt of approval in-principle of the SGX-ST for the admission to Catalist and the listing of and quotation for all the Consideration Shares on Catalist, and if such approval is subject to conditions, such conditions being reasonably acceptable to the parties and if required by the SGX-ST, such conditions being fulfilled or satisfied before Completion, and such approval remaining in full force and effect;

(e) the Securities Industry Council ("**SIC**") having granted LMG and its concert parties a waiver of their obligation to make a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers ("**Code**") for the Shares not owned or controlled by LMG and its concert parties and from having to comply with the requirements of Rule 14 of the Code, subject to the passing of the Whitewash Resolution and such other conditions that the SIC may impose which are reasonably acceptable to the parties, and such waiver remaining in full force and effect;

(f) the Company having undertaken and completed a due diligence exercise on the Target, and (i) the results of the same being reasonably satisfactory to the Company and (ii) the Vendors having furnished a supplemental deed of warranties in relation to the Target addressing the findings of the Company in such due diligence exercise in form and substance reasonably satisfactory to the Purchaser;

(g) the valuation report produced by the Independent Valuer valuing the Target at no less than S$42,168,000;

(h) with regards to the potential conflicts of interests between the Vendors and the Target, the Vendors having entered into a non-compete agreement (including call option and/or first right of refusal provisions over the Vendors' business and assets) in such form and substance agreed by the parties and (where necessary) approved by the SGX-ST;

(i) no exercise by the Vendors of the put and call options under the shareholders' agreement dated 27 December 2015 entered into amongst the Vendors and the Target;

(j) no distribution of capital or profits having been declared, made or paid by the Target from 1 January 2016 until (and including) the date of Completion;

(k) satisfactory opinions being issued by the auditors of the Target and the Company and the financial adviser to the Company on the profit forecast provided by the Target;

(l) all approvals, filings (including foreign investment report of the Company), exemptions, consents or waivers (including waivers of any pre-emption rights in respect of the issued shares of the Target and any anti-trust or competition filings) as may be required or appropriate for or in connection with this Agreement and the transactions contemplated under the SPA and to carry on the business of the proforma group comprising the Group and the Target being obtained or made on terms reasonably acceptable to the parties, and all such approvals, filings, exemptions, consents or waivers remaining in full force and effect on Completion;

(m) no government authority or court of competent jurisdiction having enacted, issued, promulgated, enforced or entered any law, rule, regulation, judgment, decree, executive order or award having the effect of making any of the transactions contemplated under the SPA illegal or otherwise prohibiting consummation thereof;

(n) the Shares remaining listed on the SGX-ST and trading of the Shares not having been halted or suspended for a period of more than 30 market days in aggregate unless in circumstances where such trading halt or suspension is in connection with the SPA and the transactions contemplated under the SPA;

(o) there being no material adverse change in the prospects, operations and financial condition of the Target and no event which would affect or would be likely to affect generally all companies carrying on similar business to the Target;

(p) all representations, warranties and undertakings of the parties under the SPA being complied with, and remaining true, accurate and correct in all material respects as at Completion, so long as and to the extent that any breach of any representation, warranty and undertaking of the Vendors under the SPA does not result, or would not be reasonably expected to result, in a material adverse effect on the Target; and

(q) the directors and statutory auditor nominated by the Company having been appointed in accordance with the Articles of Incorporation of the Target, as amended.

Under the terms of the SPA, if any of the conditions precedent are not fulfilled or waived by 31 October 2017, or such other date as may be mutually agreed between the Company and the Vendors, save for certain surviving provisions of the SPA, the SPA shall lapse and cease to have further effect and all obligations and liabilities of the parties under the SPA shall cease and determine and subject to certain exceptions in the SPA, no party shall have any claim against the other parties.

3.6 **Put Option**

Under the terms of the SPA, during the period commencing on Completion up to and including 31 December 2021, the Company shall have the option (but not the obligation) to sell any and all of the shares in the Target then held by the Company ("**Put Option Shares**"), and the Vendors shall have the corresponding obligation to purchase the Put Option Shares in accordance with their respective shareholding proportions in the Target as at the date of the SPA, upon the occurrence of any of the following events:

(a) any Vendor or the Target has committed a breach of any agreement, covenant, representations and warranties or other terms of the SPA, which breach results, or would be reasonably expected to result, in a material adverse effect on the Target and has not been cured within 14 business days of the receipt of written notice from the Company requesting cure of such breach;

(b) in the event that (i) a transaction agreement entered into by and between the Target and its key customer is terminated due to a cause attributable to the key customer, (ii) the key customer rejects the renewal of such transaction agreement upon its expiry without a justifiable reason, or (iii) the key customer and the Target fail to renew such transaction agreement within 3 months upon its expiry due to the inability to agree on the major terms and conditions of such transaction agreement despite such major terms and conditions not being significantly deviated or otherwise different from those of the existing transaction agreement, which event results, or would be reasonably expected to result, in a material adverse effect on the Target;

(c) in the event that (i) an action is commenced against the Target or any Vendor in respect of any of their violation of any law of South Korea (including the Medical Service Act) or (ii) any of the government approvals of the Target is terminated, suspended or adversely modified, and as a result of (i) or (ii) above, and it is determined by reasonable judgment of the Company that continuing the daily business operations of the Target has become difficult for a period exceeding six (6) months; or

(d) in the event that (i) an action is commenced against a key customer of the Target in respect of the key customer's violation of any law of South Korea (including the Medical Service Act) or (ii) any of the government approvals of a key customer of the Target is terminated, suspended or adversely modified, and as a result of (i) or (ii) above, and it is determined by reasonable judgment of the Purchaser that the key customer has become unable to fulfil its debt obligations in the ordinary course of business for a period exceeding six (6) months.

Under the terms of the SPA, the purchase price for the Put Option Shares ("**Put Option Price**") shall be calculated as follows:

(i) 100% of the Consideration *minus* 50% of the aggregate amount of dividends actually distributed by the Target to the Company from Completion to the date the Company receives full payment of the Put Option Price;

plus

(ii) simple interest on the Consideration at the rate of 10% per annum from Completion to the date the Purchaser receives full payment of the Put Option Price,

but shall not in any event exceed 150% of the Consideration.

3.7 **Non-Competition and Non-Solicitation**

Under the terms of the SPA, the Vendors have jointly and severally undertaken to the Company that they will not, and shall procure that the Vendors and their affiliates shall not, directly or indirectly, whether itself or together with any other person, firm or company (other than the Company or the Target) or in any other manner and whether through the medium of any company controlled by it or as principal, owner, investor, partner, director, employee, consultant or agent, during the period from the calendar day immediately following the date of the SPA to 31 December 2020:

(a) carry on in, or be engaged, concerned or interested in any business or activity which is same or similar to the business carried out by the Target or competes with the business carried out by the Target in South Korea, the PRC and Singapore, save for the provision of non-clinical support and consultancy services by the Vendors to hospitals owned directly by the Vendors and indirectly through their affiliates in South Korea, the PRC and Singapore;

(b) canvass, solicit or entice away, in competition with the business carried out by the Target, the custom of any person who has within three (3) years prior to the date of the SPA been a customer, supplier or partner of the Target; or

(c) induce or seek to induce any person which is an employee of the Target to become employed, whether as employee, consultant or otherwise, by the Vendors and their affiliates.

Under the terms of the SPA, the aforesaid non-competition and non-solicitation restrictions shall not apply to the Vendors and their affiliates with respect to any holding of or trading in: (i) less than 5% of the outstanding share capital of a company the shares of which are listed on any stock exchange; or (ii) any participation interests in any collective investment fund managed by an independent professional fund manager.

3.8 **Share Consolidation**

The parties have agreed that the Company will undertake a share consolidation on such ratio and at such time and date to be determined by the Board to meet the minimum issue price requirements under the Catalist Rules ("**Share Consolidation**"). The number of Consideration

Shares to be issued, and the issue price of S$0.080 relating thereto, is set out herein on a pre-consolidation basis.

4. RATIONALE FOR THE POTENTIAL ACQUISITION

The Company is constantly looking for expansion opportunities to boost growth and enhance its shareholders' value.

The Proposed Acquisition represents a good opportunity for the Group to broaden the range of healthcare services it offers. In addition to the existing advanced diagnostics imaging and wellness services, the Proposed Acquisition will enable the Group to provide non-clinical support and consultancy services to medical institutions as well as be involved in the operation of the post-partum centre. The Proposed Acquisition will also widen the geographical reach of the Group from Singapore to South Korea and the PRC.

The risk profile of the Group may also be altered with the enlarged healthcare services offerings and wider geographical coverage arising from the Proposed Acquisition. Nonetheless, the Group expects to be able to leverage on the Target's expertise and experience to provide premium healthcare services to its customers. The business operations of the Target will provide the Group with regular revenue streams and is expected to contribute positively to the earnings of the Group.

The satisfaction of the Consideration by way of the allotment and issuance of the Consideration Shares will also reduce the cash outlay to be incurred by the Company in relation to the Proposed Acquisition.

5. INTERESTED PERSON TRANSACTION

5.1 Relative Figures under Chapter 9 of the Listing Manual

As at the date of this announcement, LMG, which holds 24.44% of the Shares and is accordingly a controlling shareholder of the Company, directly holds 70.0% of the issued and paid-up share capital of the Target. Accordingly, LMG is an interested person, and the Proposed Acquisition, if undertaken, would constitute an interested person transaction pursuant to Chapter 9 of the Catalist Rules.

Under Rule 906(1)(a) of the Catalist Rules, where the value of an interested person transaction is equal to or exceeds 5% of the Group's latest audited NTA, the approval of the Shareholders must be obtained.

Under Rule 918 of the Catalist Rules, Shareholders' approval is required to be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to completion of the transaction, as the case may be.

As the proportion of the Consideration attributable to LMG (being the interested person) is approximately S$29.52 million, which represents approximately 249.30% of the Group's latest audited consolidated NTA as at 31 December 2016 of S$11.84 million. Shareholders' approval is required for the Proposed Acquisition under Rule 906(1)(a) of the Catalist Rules.

5.2 **Existing Interested Person Transactions**

Save for the Proposed Acquisition, there are no interested person transactions (excluding transactions below S$100,000) entered into by the Group with LMG and/or its associates for the financial period from 1 January 2017 up to the date of this announcement.

The total value of all reportable interested person transactions entered into by the Company with its interested persons (including the Vendors and their respective associates), including the Proposed Acquisition, for the financial period from 1 January 2017 up to the date of this announcement is S$29,517,600, which represents approximately 249.30% of the Group's latest audited consolidated NTA as at 31 December 2016 of S$11.84 million.

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

Based on the audited consolidated financial statements of the Group for FY2016, the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
(b)	Net profits attributable to the assets to be acquired, compared with the Group's net profits[(1)]	259.74%
(c)	Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares[(2)]	146.13%
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue[(3)]	134.98%
(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 Company is not a mineral, oil and gas company

Notes:

(1) Net profits is defined as profit before income tax, minority interests and extraordinary items. Based on the aggregated net profits of the Target and the net losses of the Group for FY2016 being KRW4.43 billion (equivalent to approximately S$5.27 million) and S$2.03 million respectively.

(2) Based on the Consideration and the market capitalisation of the Company of S$28,857,072, which is determined by multiplying the total number of 390,488,125 issued Shares (excluding treasury shares) with the volume-weighted average price of S$0.0739 transacted on the Catalist

of the SGX-ST on 19 April 2017 (being the last market day for which the Shares were traded prior to the date of the SPA).

(3) Based on 527,100,000 Consideration Shares and the total number of 390,488,125 issued Shares (excluding treasury shares) as at the date of this announcement.

As the relative figures computed based on Rules 1006(c) and (d) of the Catalist Rules exceed 100% and the Proposed Acquisition will not result in a change in control of the Company (since LMG will remain the controlling shareholder of the Company), the Proposed Acquisition, if undertaken and completed, will constitute a "very substantial acquisition" under Chapter 10 of the Catalist Rules.

7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The following financial effects were prepared based on the audited consolidated financial statements of the Group for FY2016 and the unaudited financial statements of the Target for FY2016.

The financial effects of the Proposed Acquisition are for illustrative purposes only and do not necessarily reflect the actual and future results and financial position of the enlarged group. The financial effects have been prepared based on, *inter alia*, the following assumptions:

(i) the financial effects on the NTA of the Group are computed on the assumption that the Proposed Acquisition had been completed on 31 December 2016;

(ii) the financial effects on the earnings and earnings per Share ("**EPS**") of the Group are computed on the assumption that the Proposed Acquisition had been completed on 1 January 2016;

(iii) expenses in connection with the Proposed Acquisition have been disregarded for the purpose of calculating the financial effects;

(iv) reverse acquisition accounting is applied;

(v) goodwill of approximately S$6.61 million is calculated being the excess of the cost of the business combination over the estimated net fair value of the Group's identifiable assets and liabilities at 31 December 2016 and as the final goodwill can only be determined after Completion, the actual goodwill could be materially different from this assumption; and

(vi) the Share Consolidation is not undertaken.

7.1 Share Capital

As at 31 December 2016	Without the Proposed Acquisition	With the Proposed Acquisition
Issued Share Capital (S$)	24,761,027	22,711,841
Number of Shares	390,488,125	917,588,125

7.2 **NTA**

As at 31 December 2016	Without the Proposed Acquisition	With the Proposed Acquisition
NTA (S$)	11,840,003	18,581,012
Number of Shares	390,488,125	917,588,125
NTA per Share (S$ cents)	3.03	2.02

7.3 **EPS**

FY2016	Without the Proposed Acquisition	With the Proposed Acquisition
(Loss)/Profit after tax (S$)	(1,628,440)	2,513,798
Number of Shares	390,488,125	917,588,125
(Loss)/Earnings per Share (S$ cents)	(0.42)	0.27

7.4 **Gearing**

As at 31 December 2016	Without the Proposed Acquisition	With the Proposed Acquisition
Total borrowings (S$)	3,003,404	3,003,404
Total equity (S$)	13,381,895	26,731,028
Gearing (times)	0.22	0.11

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Mr Guo Wenfei, a Non-Executive Director of the Company, is the chief executive officer of a group of companies under Luye Medical Group in the PRC ("**Luye China**"). Mr Koh Boon How, the Alternate Non-Executive Director to Mr Guo Wenfei, is the deputy chief financial officer of Luye Pharma Group Ltd ("**Luye Pharma**"). Mr Tan Soo Kiat, the Non-Executive Chairman of the Company, is a director of Intergate Pte Ltd, which provides corporate advisory services to, among others, LMG.

Luye China, Luye Pharma and LMG have the same controlling shareholder, namely, The Asoka Trust. Mr Liu Dianbo, his spouse Mdm Wang Cuilian, and his daughters Ms Aona Liu and Ms Alina W Liu are the beneficiaries of The Asoka Trust and are deemed interested in the Shares that The Asoka Trust has an interest in.

Save as disclosed herein, none of the Directors or controlling shareholders of the Company and their associates has any interests, direct or indirect, in the Proposed Acquisition, other than through their respective shareholding interests in the Company.

9. WAIVER OF OBLIGATION TO MAKE A MANDATORY GENERAL OFFER

If the Proposed Acquisition is undertaken and completed, LMG's interest in the Company will increase from 24.44% to 50.61% of the voting shares comprised in the enlarged share capital of the Company upon Completion. LMG and its concert parties will therefore be required to make a mandatory general offer for all the remaining issued shares in the Company not already owned, controlled or agreed to be acquired by them pursuant to Rule 14 of the Code. As such, LMG and its concert parties will be seeking a waiver of their obligation to make a mandatory general offer under Rule 14 of the Code from the SIC.

An ordinary resolution will be tabled at the EGM to be convened which if passed, will result in a waiver by the independent Shareholders of their right to receive a mandatory general offer from LMG and its concert parties in connection with the allotment and issuance of the Consideration Shares (the "**Whitewash Resolution**").

10. FINANCIAL ADVISER AND INDEPENDENT FINANCIAL ADVISER

Xandar Capital Pte. Ltd. has been appointed as the financial adviser to the Company in respect of the Proposed Acquisition.

The Company will also appoint an independent financial adviser in due course to (i) advise the independent Directors on whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders and (ii) advise independent Shareholders on whether the Whitewash Resolution is fair and reasonable and not prejudicial to the interests of the independent Shareholders. The opinion of the independent financial adviser will be set out in the Circular.

11. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of the Company comprises Mr Goh Kian Chee (the Lead Independent Director), Dr Hong Hai (an Independent Director) and Mr Tan Soo Kiat (the Non-Executive Chairman). The Chairman of the Audit Committee is Mr Goh Kian Chee. Save for Mr Tan Soo Kiat, all members of the Audit Committee do not have any interests in the Proposed Acquisition and are accordingly deemed to be independent for the purposes of the Proposed Acquisition.

The Audit Committee will form its view as to whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders after considering the independent financial adviser's opinion to be obtained in due course. The Audit Committee's view on the Proposed Acquisition will be set out in the Circular.

12. DIRECTORS' SERVICE CONTRACTS

Subject to the approval of Shareholders, Mr Hong is proposed to be appointed as a Director of the Company on Completion. A service contract will be entered into between the Company and Mr Hong. The details of the service contract will be set out in the Circular.

13. FURTHER ANNOUNCEMENTS AND CIRCULAR

The Company will release such further announcements, in compliance with the requirements of the Catalist Rules, when there are material updates or developments in respect of the Proposed Acquisition.

Subject to the completion of due diligence and the relevant approvals from authorities, the Circular setting out, *inter alia*, the terms of the Proposed Acquisition, the independent valuation report, the opinion and the recommendation of the independent financial adviser, together with the notice of EGM, will be despatched to Shareholders in due course.

14. DOCUMENTS AVAILABLE FOR INSPECTION

The SPA 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 a period of three (3) months from the date hereof.

15. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing in the Shares. The Proposed Acquisition is subject to, *inter alia*, the fulfilment of the conditions of the SPA. There is no certainty or assurance that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors 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

Ms Foo Soon Soo
Company Secretary

20 April 2017

*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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Appendix A

HISTORICAL FINANCIAL INFORMATION OF THE TARGET

The historical financial summary of the Target is prepared based on the unaudited management accounts of the Target.

Income Statements

	FY2015		FY2016	
	KRW'million	**S$'million (1)**	**KRW'million**	**S$'million (2)**
Revenue	1,845.15	2.24	12,121.16	14.43
Profit before tax	62.41	0.08	4,427.59	5.27
Profit after tax	46.91	0.06	3,479.48	4.14

Notes:

(1) Based on the month-end average exchange rate of S$1.00 to KRW823 for FY2015.

(2) Based on the month-end average exchange rate of S$1.00 to KRW840 for FY2016.

Balance Sheets

	FY2015		FY2016	
	KRW'million	**S$'million (1)**	**KRW'million**	**S$'million (2)**
Current assets	888.75	1.07	8,019.89	9.62
Current liabilities	(726.28)	(0.87)	(2,241.95)	(2.69)
Net current assets	162.47	0.20	5,777.94	6.93
Non-current assets	274.03	0.33	558.80	0.67
Non-current liabilities	(455.36)	(0.55)	(714.73)	(0.86)
Shareholders' equity	(18.86)	(0.02)	5,622.01	6.74

Notes:

(1) Based on the closing exchange rate of S$1.00 to KRW832 as at 31 December 2015.

(2) Based on the closing exchange rate of S$1.00 to KRW834 as at 30 December 2016.

PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following summary of the unaudited combined pro forma financial information of the Enlarged Group for FY2016 has been prepared:

(a) based on the audited results of the Group for FY2016 and the unaudited management accounts of the Target for FY2016; and

(b) has been prepared for illustrative purposes only.

The unaudited combined pro forma financial information below is presented in Singapore Dollar. The unaudited financial information of the Target for FY2016 has been converted to Singapore Dollars based on the exchange rates set out above.

For illustrative purposes only, the unaudited combined pro forma financial information of the Enlarged Group is computed based on, *inter alia*, the following assumptions:

(i) the pro forma income statement is computed assuming that the Proposed Acquisition was completed on 1 January 2016;

(ii) the pro forma balance sheet is computed assuming that the Proposed Acquisition was completed on 31 December 2016;

(iii) expenses in connection with the Proposed Acquisition have been disregarded;

(iv) reverse acquisition accounting is applied;

(v) goodwill of approximately S$6.61 million is calculated being the excess of the cost of the business combination over the estimated net fair value of the Group's identifiable assets and liabilities at 31 December 2016 and as the final goodwill can only be determined after the Completion of the Proposed Acquisition, the actual goodwill could be materially different from this assumption; and

(vi) no adjustment for the impact of any other transactions or events other than the Proposed Acquisition.

Income Statement

S$'million	**The Enlarged Group FY2016**
Revenue	35.00
Profit before tax	3.24
Profit after tax attributable to equity holders	2.51

Balance Sheet

S$'million	The Enlarged Group As at 31 December 2016
Current assets	19.20
Current liabilities	(8.97)
Net current assets	10.23
Non-current assets	18.91
Non-current liabilities	(2.41)
Total equity	26.73