

CAMSING HEALTHCARE LIMITED
(Company Registration No. 197903888Z)
(Incorporated in Singapore)

ENTRY INTO SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED DISPOSAL OF 51% EQUITY INTEREST IN CAMSING HEALTHCARE (FUZHOU) MEDICAL INSTRUMENT CO., LTD (“THE PROPOSED DISPOSAL”)

1. THE PROPOSED DISPOSAL

1.1 Introduction

The Board of Directors (“**Board**”) of Camsing Healthcare Limited (the “**Company**” and together with its subsidiaries the “**Group**”) wishes to announce that the Company’s indirect wholly-owned subsidiary, Nature’s Farm Pte Ltd (the “**Vendor**” or “**Nature’s Farm**”), has on 29 January 2019 entered into a conditional sale and purchase agreement (the “**Agreement**”) with Camsing Medicare Company Limited (the “**Purchaser**”), pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase, the 51% equity interest (the “**Sale Shares**”) in Camsing Healthcare (Fuzhou) Medical Instrument Co., Ltd (“**Camsing Fuzhou**”) held by the Vendor (the “**Proposed Disposal**”), free from all encumbrances and together with all rights, dividends, benefits and entitlements attaching therefrom as from Completion (as defined below). Upon Completion of the Proposed Disposal, Camsing Fuzhou will cease to be a subsidiary of the Company.

The Proposed Disposal constitutes a major transaction under Chapter 10 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and also constitutes an interested person transaction under Chapter 9 of the Listing Manual. Accordingly, the Company is seeking the approval of its independent shareholders for the Proposed Disposal as a major transaction under Chapter 10 of the Listing Manual as well as an interested person transaction under Chapter 9 of the Listing Manual, at an extraordinary general meeting (“**EGM**”) to be convened. A circular setting out, *inter alia*, further details of the Proposed Disposal, together with a Notice of the EGM, (the “**Circular**”) will be despatched to shareholders of the Company (“**Shareholders**”) in due course.

1.2 Rationale of the Proposed Disposal

The Board considers that the Proposed Disposal is in the interest of the Company, taking into consideration the following factors:

- (a) the Proposed Disposal will allow the Group to reallocate its resources to focus on stabilizing and expanding its existing business of distribution and retail of health supplements and food regionally and in Singapore as well as to pursue any future business opportunity going forward with the aim of enhancing shareholders’ value;
- (b) that Camsing Fuzhou would require a substantial amount of funding to maximize its potential and profitability. If the Group were to continue investing in Camsing Fuzhou, it would mean having to continue absorbing Camsing Fuzhou’s losses and until Camsing Fuzhou makes a profit, this could have an impact on the Group’s overall financial performance;
- (c) the Purchaser is willing to pay a price more than the indicative valuation of the Sale Shares (details of which are set out in section 4.3 below). The Proposed Disposal will generate a gain on disposal of approximately RMB 4.615 million (approximately SGD 922,000 at the exchange rate of RMB 5.0075 to SGD 1 as at 31 July 2018) (details of which are set out in section 4.4 below);

- (d) the Proposed Disposal will enable the Company to recover all investments made in Camsing Fuzhou, reflect a gain on disposal, and be able to redeploy the funds to expand its existing core business and for other working capital requirements; and
- (e) as Camsing Fuzhou is only at its initial stage of operations and business which are conducted through the Company indirect wholly-owned subsidiary, Nature's Farm, the Proposed Disposal is not expected to have a material impact on the Group's core business.

1.3 Information on Camsing Fuzhou

Camsing Fuzhou is a company incorporated in Fuzhou, People's Republic of China on 4 December 2017 with a registered capital of RMB 45 million and a paid-up capital of SGD 2 million. The paid-up capital of SGD 2 million was contributed by Nature's Farm.

Camsing Fuzhou is in the business of trading of medical supplies and medical instrument as well as the provision of relevant storage and logistics services. Camsing Fuzhou has since incorporation embarked on the initial stages of the business and operations only.

Camsing Fuzhou was set up as a joint venture between Nature's Farm and Fuzhou Zhongxing BaoKang Trading Co. Ltd ("**Zhongxing Baokang**"), the other shareholder holding 49% equity interest in Camsing Fuzhou, with the initial purpose of leveraging on each other's strengths to venture into the distribution and trading of medical instruments and medical supplies and to provide logistic services to the healthcare industry in China.

As at 31 July 2018, Camsing Fuzhou reported a net loss of SGD 348,000 for the period between 1 February 2018 and 31 July 2018 due to expenses incurred for starting up such as employee remuneration, rent and office equipment, marketing and distribution and other admin purposes.

1.4 Information on the Purchaser

The Purchaser is a company incorporated in Hong Kong on 19 September 2018. The Purchaser is in the business of investment and trading.

Under the terms of the Agreement, the Purchaser will, through a wholly foreign-owned enterprise to be nominated in the People's Republic of China (the "**Purchaser's Nominee**"), acquire the Sale Shares from Nature's Farm at Completion (as defined in section 2.3 below).

Further, the Company wishes to disclose the following:

- (a) Liu Hui, an Executive Director of the Company will be appointed as director of the Purchaser's Nominee; and
- (b) Hua Min, the Chief Executive Officer of Nature's Farm will be appointed as legal representative and Director of the Purchaser's Nominee.

2. SALIENT TERMS OF THE AGREEMENT

2.1 Consideration of the Proposed Disposal

The consideration ("**Consideration**") for the Sale Shares shall be the aggregate amount of RMB 12 million, payable by the Purchaser upon Completion and in cash.

The Consideration was arrived at on a willing buyer willing seller basis after arm's length negotiations, and taking into account, *inter alia*, the net assets value ("**NAV**") value of

Camsing Fuzhou of RMB 7.383 million as at 31 July 2018 (approximately SGD 1.474 million at the exchange rate of RMB 5.0075 to SGD 1 as at 31 July 2018).

The Consideration shall be satisfied by cash and paid in full by the Purchaser on the Completion Date (as defined below).

In addition, it is a term of the Agreement that the Consideration payable by the Purchaser shall be paid in full, free of any restriction or condition, without set-off or counterclaim and without any deduction or withholding for or on account of any taxes or otherwise. In the event that the Consideration received by the Vendor is less than the full amount payable due to any requirements under the prevailing laws and regulations of PRC (including but not limited to any deduction or withholding of taxes to the relevant authorities), the Purchaser shall forthwith within five (5) working days pay such additional amount to the Vendor as may be necessary in order that the net amount received by the Vendor after such withholding or deduction shall equal the Consideration which would have been received by the Vendor in the absence of such withholding or deduction.

2.2 Conditions Precedent

Completion of the Proposed Disposal is subject to, *inter alia*, the following conditions precedent (“**Conditions Precedent**”) being satisfied:

- (a) all necessary consents, approvals and waivers which are required for the transactions contemplated in the Agreement, including shareholders’ approval, approvals by relevant governmental and regulatory authorities or other third parties having been obtained by the Purchaser;
- (b) all necessary consents, approvals and waivers which are required for the transactions contemplated in the Agreement, including shareholders’ approval, approvals by relevant governmental and regulatory authorities or other third parties having been obtained by the Vendor and the Company (including, without limitation, the approval of SGX-ST being obtained by the Company for the circular to be issued to Shareholders in relation to the Proposed Disposal), and such consents, approvals and waivers not having been amended or revoked before the Completion Date (as defined in section 2.3 below) and to the extent that such consents, approvals and waivers are subject to any conditions required to be fulfilled before the Completion Date, all such conditions having been duly so fulfilled;
- (c) to the extent required by the Listing Manual of the SGX-ST and/or applicable laws, approval from the Shareholders being obtained for the entry into and completion of, the transactions contemplated to be entered into by the Agreement;
- (d) the approval of the Board of the Company having been obtained for the entry into and completion of, the transactions contemplated to be entered into the Agreement;
- (e) repayment of all amounts owing by Camsing Fuzhou to the Company and its subsidiaries;
- (f) termination of the joint venture agreement between the Vendor and Zhongxing Baokang dated 30 November 2017; and
- (g) Zhongxing Baokang having waived all rights of first refusal and pre-emption rights over the Sale Shares.

2.3 Completion of Proposed Disposal

Completion of the Proposed Disposal (“**Completion**”) shall take place on the twentieth (20th) business day after the satisfaction or waiver of all of the Conditions Precedent (“**Completion Date**”).

Within twenty (20) business days from the Completion Date (or such other period as the parties may agree), the Vendor shall cooperate with the Purchaser to effect the transfer and registration of the Sale Shares in the name of the Purchaser’s Nominee.

2.4 Cut-off Date

Pursuant to the terms of the Agreement, if Completion does not take place within 180 days from the date of the Agreement, the Vendor shall be entitled to terminate the Agreement by way of a notice in writing to the Purchaser.

3. THE PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION

3.1 Interested Persons

Lo Ching is an Executive Director and Chairman of the Company as well as the sole beneficial shareholder of the Purchaser and the Purchaser’s Nominee through her a hundred per cent. shareholding in Camsing Wellbeing Company Limited (a company incorporated in the British Virgin Islands) which wholly owns all of the shares in the Purchaser. In addition, as at the date of the Announcement, Lo Ching is deemed to be interested in 25,008,120 shares in the Company, representing 83.40% of the Company’s existing total issued and paid-up share capital held by Creative Elite Holdings Ltd, by virtue of Lo Ching being the sole legal and beneficial owner of the entire issued share capital in Creative Elite Holdings Ltd.

Accordingly, Lo Ching is an “interested person”, Nature’s Farm is an “entity at risk” and the Proposed Disposal constitutes an “interested person transaction” as defined under Chapter 9 of the Listing Manual.

Based on the Company’s latest audited financial statements for FY2017/2018, the Group’s NTA amounted to SGD 11 million as at 31 January 2018. Accordingly, the Consideration constitutes 21.7% of the latest audited NTA of the Group. This exceeds 5% of the Group’s latest audited NTA. As such, pursuant to Rule 906 of the Listing Manual, the Company will seek the approval of its Shareholders for the Proposed Disposal as an “interested person transaction”.

Save as disclosed above, there are no other transactions entered into by the Group with Lo Ching or her associates during the current financial year which are required to be disclosed under Chapter 9 of the Listing Manual.

3.2 Abstention from Voting

Lo Ching, being an interested person of the Company in relation to the Proposed Disposal, has undertaken to abstain and ensure that her associates will abstain from voting in respect of their respective shareholding in the Company and will not accept nominations as proxy or otherwise for voting at the EGM to be convened in relation to the Proposed Disposal.

3.3 Independent Financial Adviser

The Company has appointed CEL Impetus Corporate Finance Pte. Ltd. as the independent financial adviser (“**IFA**”) to advise the Directors who are considered independent of the Proposed Disposal and the audit committee of the Company on the Proposed Disposal as an interested person transaction.

3.4 Opinion of the Audit Committee

Pursuant to Rule 917(4)(a)(ii) and Rule 921 of the Listing Manual, the audit committee of the Company will obtain an opinion from an independent financial advisor, on whether or not the Proposed Disposal is:

- (a) on normal commercial terms; and
- (b) prejudicial to the interests of the Company and its minority shareholders.

The audit committee will form its views on the Proposed Disposal after taking into account the opinion of the IFA.

4. THE PROPOSED DISPOSAL AS A MAJOR TRANSACTION

4.1 Relative Figures under Rule 1006 of the Listing Manual

Rule	Basis	Relative Figure
1006(a)	NAV of the assets to be disposed of, compared with the Group's NAV	15.7% ⁽¹⁾
1006(b)	Net losses attributable to the assets disposed of, compared with the Group's net losses	21.1% ⁽²⁾
1006(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	7.5% ⁽³⁾
1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
1006(e)	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

Notes:

- (1) Based on the NAV of Camsing Fuzhou being approximately SGD 1.474 million and the NAV of the Group of approximately SGD 9.4 million based on the Group's latest announced unaudited consolidated financial statements for the half year ended 31 July 2018 ("**HY2018 Results**").
- (2) Based on the net losses attributable to Camsing Fuzhou being approximately SGD 348,000 and the Group's net losses of approximately SGD 1.648 million in the HY2018 Results.
- (3) Based on the Consideration of RMB 12 million (approximately SGD 2.396 million based on the exchange rate of RMB 5.0075 to SGD 1 as at 31 July 2018) and the Company's market capitalisation of approximately SGD 32.1 million as determined by multiplying 29,999,993 Shares in issue by the volume weighted average price of SGD 1.07 of such Shares transacted as at 29 January 2019, being the market day preceding the date of the Agreement.

As the relative figure calculated pursuant to Rule 1006(b) exceeds 20%, the Proposed Disposal will be classified as a “major transaction” within the meaning of Rule 1014 of the Listing Manual, and will be subject to the approval of the shareholders of the Company.

4.2 Financial Effects of the Proposed Disposal

The financial effects of the Proposed Disposal on the Group set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after the completion of the Proposed Disposal.

The financial effects have been prepared on a proforma basis using the latest audited consolidated financial statements of the Group for the financial year ended 31 January 2018 (“FY2017/2018”).

(a) Effect of Proposed Disposal on NTA per Share

The effect of the Proposed Disposal on the NTA per share of the Group for FY2017/2018 assuming that the Proposed Disposal had been effected at the end of FY2017/2018 is as follows:

As at 31 January 2018	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	11,047	10,107
NTA per share (S\$ cents)	36.98	33.69

(b) Effect of Proposed Disposal on Earning/(Loss) per Share

The effect of the Proposed Disposal on the EPS of the Group for FY2017/2018, assuming that the Proposed Disposal had been effected at the beginning of FY2017/2018 is as follows:

FY2017/2018	Before the Proposed Disposal	After the Proposed Disposal
Profit after tax and minority interests (S\$'000)	53	101
Earnings per share (S\$ cents)	0.18	0.34

Notes:

Based on 29,999,993 Shares in issue as at the date of this announcement and the loss for Camsing Fuzhou being SGD 94,000 in FY2017/2018.

(c) Effect of Proposed Disposal on Group's Gearing

The effect of the Proposed Disposal on the NTA per share of the Group for FY2017/2018 assuming that the Proposed Disposal had been effected at the end of FY2017/2018 is as follows:

As at 31 January 2018	Before the Proposed Disposal	After the Proposed Disposal
Gearing (times)	0:1	0:1

(d) Effect of Proposed Disposal on Company's Share Capital

The Proposed Disposal will have no effect on the share capital of the Company.

4.3 Value of the Sale Shares and Valuation of Camsing Fuzhou

The Company has commissioned Shandong Dao Qin Assets Appraisal Co., Ltd. (山东道勤资产评估有限公司) (“Valuer”) to undertake an independent valuation on Camsing Fuzhou to provide the Shareholders with an opinion of the market value of the entire equity interest in Camsing Fuzhou. Based on discussions with the Valuer, as at 31 August 2018, the market valuation of the entire equity interest in Camsing Fuzhou is indicated to be RMB 7,836,400. As the indicative valuation calculates the equity value attributable to shareholders based on paid-in capital and as at 31 August 2018, the paid-in capital of Camsing Fuzhou was wholly paid by Nature’s Farm, the valuation of 51% equity interest held by Nature’s Farm in Camsing Fuzhou is correspondingly RMB 7,836,400.

Details of the valuation will be provided in the Circular to shareholders.

4.4 Gain on Disposal

The NAV of Camsing Fuzhou as at 31 July 2018 was RMB 7.383 million (approximately SGD 1.474 million based on exchange rate of RMB 5.0075 to SGD 1 as at 31 July 2018). The Proposed Disposal at the Consideration will give rise to an estimate gain on disposal of approximately SGD 922,000 for the Group and the Consideration represents an excess of approximately SGD 922,000 over the book value of Camsing Fuzhou.

4.5 Use of Proceeds

The estimated net proceeds from the Proposed Disposal, after deducting estimated expenses to be incurred in connection with the Proposed Disposal of approximately SGD 96,000, is approximately SGD 2.3 million (“**Net Proceeds**”).

The Company intends to use the Net Proceeds for the following purposes:

- (a) general working capital requirements of the group; and
- (b) funding future business expansion, investments and acquisitions when suitable opportunities arise.

Pending the deployment of the unutilized proceeds for the purposes mentioned above, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may deem appropriate in the interests of the Group.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for Lo Ching who is interested in the Proposed Disposal which is an interested person transaction, none of the Directors or controlling shareholders of the Company have any direct or indirect interest in the Agreement or the Proposed Disposal, other than through their respective shareholdings in the Company.

For good corporate governance, the Company wishes to disclose that the law firm Eversheds Harry Elias LLP is providing legal services to the Company in connection with the transaction. Our independent director is a salaried partner of the law firm.

6. SERVICE CONTRACTS

No person will be appointed as a Director of the Company or any of its subsidiaries in connection with the Proposed Disposal. Accordingly, no service contract in relation thereto will be entered into between the Company and any such person.

7. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Agreement, the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in 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 the announcement in its proper form and context.

8. Circular Documents for Inspection

The Circular containing, *inter alia*, further information on the Proposed Disposal and enclosing the notice of the EGM of the Company and the opinion of the IFA, will be despatched by the Company to its Shareholders in due course.

A copy of the Agreement is available for inspection during normal business hours at the Company's registered office at SGX Centre 2 #17-01 4 Shenton Way, Singapore 068807 for three (3) months from the date hereof.

9. CAUTIONARY STATEMENT

Shareholders and potential investors should note that the Proposed Disposal is subject to the fulfilment of the Conditions Precedent set out above and accordingly, should exercise caution when trading in the Shares. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

The Company will make the necessary announcements, in compliance with the requirements of the Listing Manual, as and when there are material developments in respect of the Proposed Disposal, the Agreement and other matters contemplated in this announcement.

BY ORDER OF THE BOARD

Lau Chin Hock Kenneth Raphael
Audit Committee Chairman
Date: 29 January 2019