



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

**PROPOSED ISSUANCE OF A CONVERTIBLE BOND AND PROPOSED GRANT OF AN OPTION TO
SUBSCRIBE FOR NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY**

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**”) wishes to announce that the Company has, on 15 October 2018 entered into an investment agreement (“**Investment Agreement**”) with Vanda 1 Investments Pte. Ltd. (the “**Investor**”), in relation to:

- (a) the proposed issue by the Company of one (1) zero-coupon convertible bond to the Investor (“**Convertible Bond Issuance**”) in the aggregate principal amount of S\$5,000,000 due in 2021 (“**Convertible Bond**”), convertible in whole or in part into fully-paid ordinary shares in the capital of the Company (“**Conversion Shares**”) at a conversion price of S\$0.25 per Conversion Share (“**Conversion Price**”), which is subject to adjustments in accordance with the provisions of the Investment Agreement (“**Adjustment Events**”); and
- (b) the proposed grant by the Company of one (1) non-listed share option (“**Option**”) (“**Grant of Option**”) to be exercised in whole or in part, carrying the right to subscribe for such number of ordinary shares in the capital of the Company (“**Option Shares**”) for an aggregate consideration of S\$5,000,000 at the exercise price of S\$0.325 per Option Share (“**Option Price**”), which is subject to the Adjustment Events.

The Conversion Price represents a premium of 0.2% and the Option Price represents a premium of 30.3% over S\$0.2495, being the volume weighted average price for trades done on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 12 October 2018, which is the full market day for which trades were done immediately preceding the signing of the Investment Agreement.¹

2. INFORMATION ON THE INVESTOR

The Investor is a Singapore incorporated company managed and controlled by Heliconia Capital Management Pte. Ltd. (“**Heliconia**”). Heliconia is an investment company incorporated in Singapore and a wholly-owned subsidiary of Temasek Holdings (Private) Limited (“**Temasek**”). Heliconia provides growth capital to Singapore's leading small and medium-sized enterprises to help them become globally competitive companies. Heliconia is an independently managed Temasek portfolio company. Temasek is not involved in Heliconia's business or operating decisions, including those regarding the transactions contemplated by the Investment Agreement.

¹ Trading in the Company's shares was not available on the date the Investment Agreement was signed.

The Investor is a strategic investor in the Company. As at the date hereof, the Investor is not related to any of the Directors, substantial shareholders of the Company or their respective associates. The Investor is not a restricted person under Rule 812(1) of the SGX-ST Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”). There is also no connection (including business relationships) between the Directors or substantial shareholders of the Company and the Investor, its directors and substantial shareholders. No person is proposed to be appointed to the Board in connection with Investment Agreement.

As at the date of this announcement, the Investor does not have any shareholding interests in the Company. The Conversion Shares and the Option Shares when issued represent approximately 12.2% of the existing issued and fully-paid up ordinary shares (“**Shares**”) in the Company² (“**Existing Shares**”), and would represent approximately 10.9% of the enlarged issued share capital of the Company after the issue and allotment of the Conversion Shares and the Option Shares (assuming the Investor fully converts the Convertible Bond and fully exercises the Option). Please refer to Paragraph 10.1 of this announcement for more information.

The allotment and issuance of the Conversion Shares and the Option Shares will not result in a transfer of controlling interest in the Company.

3. PRINCIPAL TERMS OF THE CONVERTIBLE BOND AND THE OPTION

Pursuant to the Investment Agreement, the principal terms of the Convertible Bond are summarised as follows:

Principal Sum	S\$5,000,000
Interest	The Convertible Bond is a zero-coupon instrument and shall accordingly not bear any interest.
Status of the Convertible Bond	The Convertible Bond constitutes direct, unconditional and unsubordinated obligations of the Company. The payment obligations of the Company under the Convertible Bond shall at all times rank at least equally with all of the Company’s other present and future unsecured and unsubordinated obligations.
Title and Transfer	The Convertible Bond shall be issued in the name of the Investor. Save for permitted transfers to the Investor’s affiliates in accordance with the Investment Agreement, the Convertible Bond is non-transferrable and accordingly the Investor shall not be entitled to sell, transfer, assign, dispose of, realise, create any encumbrance over or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of all or any part of the Convertible Bond.
Conversion Right and Conversion Period	The right of the Investor to convert all or part of the outstanding principal amount (“ Designated Principal Amount ”) of the Convertible Bond (in whole or in single denominations of S\$1,000,000) (“ Conversion Right ”)

² As at the date of this Announcement, the Company has 290,000,000 Shares in issue (the “**Existing Shares**”).

	may be exercised at any time, at the option of the Investor, from the Convertible Bond Closing Date (as defined below) until the date falling three (3) years of the Convertible Bond Closing Date.
Conversion Price	S\$0.25 per Conversion Share, subject to adjustments pursuant to the Adjustment Events.
Adjustment Events	<p>The Conversion Price and number of Conversion Shares to be issued are subject to certain anti-dilution adjustments under certain circumstances provided for in the Investment Agreement, including, <i>inter alia</i>:</p> <p>(a) any consolidation, subdivision, or reclassification of Shares;</p> <p>(b) issue by the Company of Shares credited as fully-paid by way of capitalization of profits or reserves; and</p> <p>(c) issuance of securities, other than specific excluded events.</p> <p>The Option and the grant of any new options or awards pursuant to the Company's existing AHS Performance Share Plan adopted on 22 March 2018 shall not result in any adjustments.</p>
Conversion Shares and Status	<p>The number of Conversion Shares (rounded up to the nearest whole number) to be issued on any conversion of the whole or part of the Convertible Bond shall be determined as follows:</p> $\text{Number of Conversion Shares (rounded up to the nearest whole number)} = \frac{\text{Designated Principal Amount}}{\text{Conversion Price}}$ <p>Assuming that there are no Adjustment Events which will result in adjustments to the Conversion Price and that the Conversion Right is fully exercised in respect of the entire principal amount of the Convertible Bond, the maximum number of Conversion Shares of 20,000,000 Shares when allotted and issued, will represent approximately 6.9% of the Existing Shares, 6.5% of the enlarged share capital of 310,000,000 Shares, after the full conversion of the Convertible Bond, and approximately 6.1% of the enlarged share capital of 325,384,615 Shares after the full conversion of the Convertible Bond and the full exercise of the Option.</p> <p>The Conversion Shares when issued will be duly authorized, validly issued and fully-paid Shares which are free from encumbrances and will rank <i>pari passu</i> in all respects with the then existing Shares of the Company, save that they will not rank for any dividends, rights, allotments or other distributions, the record date which falls before the date of issue of the Conversion Shares.</p>
Maturity and	The maturity date of the Convertible Bond shall be the date falling three

redemption	(3) years of the Convertible Bond Closing Date (" Redemption Date "). Within seven (7) business days of Redemption Date, if the Investor has not exercised its Conversion Right during the Conversion Period, the Company shall redeem the Convertible Bond by paying an amount equivalent to the outstanding principal amount of the Convertible Bond to the Investor. .
Conditions precedent to the Convertible Bond Issuance	The issue of the Convertible Bond shall be conditional upon, <i>inter alia</i> , the following: (a) the approval of the shareholders of the Company for the issue of the Convertible Bond and the Conversion Shares being obtained (including a general mandate obtained from such shareholders), and such shareholders' approval remaining in full force and effect and not having been revoked or varied; and (b) the approval in-principal from the SGX-ST for the listing and quotation of the Conversion Shares on Catalist having been obtained and such approval being in full force and effect as at the Convertible Bond Closing Date, and not having been revoked or varied, and where such approval is subject to conditions, such conditions being reasonably acceptable to the parties, and to the extent that any such conditions are required to be fulfilled on or before the Closing Date, such conditions having been fulfilled or waived by the SGX-ST.
Convertible Bond Closing Date	31 October 2018 or any other date as otherwise agreed by the Investor and the Company.
Long-Stop Date	If any of the conditions precedent to the Convertible Bond Issuance is not satisfied or waived (as the case may be) before the date falling two (2) months from the date of the Investment Agreement (or such other date as the parties may agree in writing) (" Long-Stop Date "), the Investment Agreement shall terminate.
Governing Law	Singapore law.

Pursuant to the Investment Agreement, the principal terms of the Option are summarised as follows:

Option Shares Consideration	S\$5,000,000
Title and Transfer	The Option is granted in the name of the Investor. Save for permitted transfers to the Investor's affiliates in accordance with the Investment Agreement, the Option is non-transferable and accordingly the Investor shall not be entitled to sell, transfer, assign, dispose of, realise, create any encumbrance over or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of all or any part of

	the Option.
Exercise Right of Option	The Option may be exercised in whole or in part at any time from the period commencing on the Convertible Bond Closing Date to the Investor and expiring on the third anniversary of the Convertible Bond Closing Date (both dates inclusive) (" Exercise Period "), provided that the relevant portion of the Option Shares Consideration payable by an Investor at each completion of the Investor's subscription of the Option Shares (" Designated Option Shares Consideration ") shall be in denominations of S\$1,000,000.
Option Price	S\$0.325 per Option Share, subject to adjustments pursuant to the Adjustment Events.
Adjustment Events	<p>The Exercise Price and number of Option Shares to be issued are subject to certain anti-dilution adjustments under certain circumstances provided for in the Investment Agreement, including, <i>inter alia</i>:</p> <ul style="list-style-type: none"> (a) any consolidation, subdivision, or reclassification of Shares; (b) issue by the Company of Shares credited as fully-paid by way of capitalization of profits or reserves; and (c) issuance of securities, other than specific excluded events. <p>The Convertible Bond and the grant of any new options or awards pursuant to the Company's existing AHS Performance Share Plan adopted on 22 March 2018 shall not result in any adjustments.</p>
Aggregate Gross Proceeds (assuming that the Option is fully exercised)	S\$5,000,000
Number of Option Shares and Status	<p>The number of Option Shares to be issued pursuant to any exercise of the Option in whole or in part (rounded up to the nearest whole number) shall be calculated in accordance with the following formula:</p> $\text{Number of Option Shares (rounded up to the nearest whole number)} = \frac{\text{Designated Option Shares Consideration}}{\text{Option Price}}$ <p>Assuming that there are no adjustments to the Option Price pursuant to an Adjustment Event and that the Option is exercised in full by the Investor, the maximum number of Option Shares of 15,384,615 Shares when allotted and issued, will represent approximately 5.3% of the Existing Shares and 4.7% of the enlarged share capital of 325,384,615 Shares after the full conversion of the Convertible Bond and the full exercise of the Option.</p> <p>The Option Shares when issued will be duly authorized, validly issued and fully-paid Shares which are free from encumbrances and will rank <i>pari</i></p>

	<i>passu</i> in all respects with the then existing Shares of the Company, save that they will not rank for any dividends, rights, allotments or other distributions, the record date which falls before the date of issue of the Option Shares.
Conditions precedent to the Exercise of the Option	<p>The issue of the Option Shares pursuant to the exercise of the Option shall be conditional upon, <i>inter alia</i>, the following:</p> <ul style="list-style-type: none"> (a) the conversion of the Convertible Bond by the Investor in full and the allotment and issue of the Conversion Shares in accordance with the Investment Agreement; (b) the approval of the shareholders of the Company for grant of the Option and the issue of the Option Shares being obtained (including a general mandate obtained from such shareholders), and such shareholders' approval remaining in full force and effect and not having been revoked or varied; and (c) the approval in-principal from the SGX-ST for the listing and quotation of the Option Shares on Catalist having been obtained and such approval being in full force and effect as at the date falling three (3) business days from the date an exercise notice in connection with the Option is received by the Company, and not having been revoked or varied, and where such approval is subject to conditions, such conditions being reasonably acceptable to the parties, and to the extent that any such conditions are required to be fulfilled on or before the closing date of the allotment and issuance of the Option Shares, such conditions having been fulfilled or waived by the SGX-ST.

4. RATIONALE

The Group is a growing private healthcare provider known for its highly subspecialised orthopaedic services, with a strong presence in Singapore. Through various funds that it manages, Heliconia has invested in leading Singapore enterprises, helping them to further expand and internationalise their business operations. As ageing populations in both emerging and developed countries continue to drive increasing demand for healthcare, particularly in the specialist areas of musculoskeletal care and services, the Group intends to tap into this demand as part of its growth strategy. With Heliconia as a strategic investor, the Company hopes to leverage Heliconia's value creation resources and strategic networks to facilitate the Company's growth in the ASEAN region.

Dr Chin Pak Lin, CEO of the Company commented: "The Company is pleased to have Heliconia's support on its growth journey. This partnership reflects the Company's strategy to build value-added relationships that will help chart sustainable growth in a fast-growing sector and enhance shareholders' value, as the Group continues to provide its expertise to the people that it is privileged to serve. With support from Heliconia and the Group's strengthened financial position, the Group is well-positioned to cater to the increasing demand for musculoskeletal care and services locally, and

in time to come, regionally."

5. USE OF PROCEEDS

The estimated net proceeds, after deducting estimated expenses, from the issue and subscription of the Convertible Bond and the full exercise of the Option are approximately S\$9,920,000 ("**Net Proceeds**"). The Group, after taking into account its working capital position, intends to apply the 100% of the Net Proceeds to finance the Group's business expansion and to grow the existing business. Pending the deployment of the Net Proceeds, the Group intends to place the Net Proceeds with banks or other financial institutions or use the Net Proceeds for other purposes on a short-term basis, as the Directors may deem fit.

The Company will make periodic announcements on the use of the Net Proceeds as and when such proceeds are materially disbursed.

6. AUTHORITY TO ISSUE THE CONVERSION SHARES AND THE OPTION SHARES

The Conversion Shares and the Option Shares will be issued pursuant to the general mandate ("**Share Issue Mandate**") approved by the shareholders of the Company ("**Shareholders**") on 22 March 2018, as disclosed in the offer document dated 12 April 2018 issued in connection with the listing of the Shares on Catalist of the SGX-ST by way of a placement ("**Placement**").

The Share Issue Mandate authorises the Directors to allot and issue new Shares and/or convertible securities of not more than 100% of the post-Placement issued share capital of 290,000,000 Shares (excluding treasury shares and subsidiary holdings) ("**Post-Placement Share Capital**") in the capital of the Company as at the date of the Share Issue Mandate, of which the aggregate number of Shares to be issued other than on a *pro rata* basis to existing shareholders shall not be more than 50% of the Post-Placement Share Capital as at the date of the Share Issue Mandate.

No Shares were previously issued under the Share Issue Mandate prior to the date of the Investment Agreement and as such, the total number of Shares that may be issued pursuant to the Share Issue Mandate is 290,000,000 Shares, of which the number of Shares to be issued other than on a *pro rata* basis is 145,000,000 Shares.

Assuming (1) the Convertible Bond is fully converted, (2) the Option is fully exercised, by the Investor in accordance with the terms of the Investment Agreement, and (3) there are no Adjustment Events, based on the Conversion Price S\$0.25 and the Option Price of S\$0.325, up to 20,000,000 Conversion Shares and 15,384,615 Option Shares will be issued respectively, and accordingly, the proposed issuance and allotment of the Conversion Shares and the Option Shares is within the limits of the Share Issue Mandate. Accordingly, specific shareholder approval from Shareholders for the issuance and allotment of the Conversion Shares and the Option Shares is not required.

7. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The Convertible Bond Issuance and the Grant of Option (and the issuance and allotment of the Conversion Shares and the Option Shares) will be undertaken by way of a private placement pursuant to the exemption of Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As

such, no prospectus or offer information statement will be issued by the Company and/or lodged with the SGX-ST in connection therewith.

8. APPROVALS

The Company, through its sponsor, RHT Capital Pte. Ltd., will be making an application to the SGX-ST for the listing and quotation of the Conversion Shares and the Option Shares on Catalist. The Company will make the necessary announcements once the Listing Approval in respect of the Conversion Shares and the Option Shares has been obtained.

9. DIRECTORS' OPINION

The Directors are of the opinion that, after taking into consideration the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements. As at the date of this announcement, the Group does not have any present bank facilities.

10. FINANCIAL EFFECTS OF THE CONVERSION SHARES AND THE OPTION SHARES

The financial effects of the issuance and allotment of the Conversion Shares and Option Shares on the net assets value ("**NAV**") per share and the earnings per share ("**EPS**") of the Group are set out below. The financial effects which have been prepared based on the audited consolidated financial statements of the Group for its most recently completed financial year ended 30 September 2017 ("**FY2017**"), are purely for illustrative purposes only and do not reflect the actual financial position of the Group after the Convertible Bond Issuance and the Grant of Option, as well as the allotment and issuance of the Conversion Shares and the Option Shares thereunder.

10.1 Share Capital

	Before the issuance of the Conversion Shares and the Option Shares	Maximum number of Conversion Shares⁽¹⁾	After the issuance of the Conversion Shares	Maximum number of Option Shares⁽¹⁾	After the issuance of the Conversion Shares and the Option Shares
Number of Shares	290,000,000	20,000,000	310,000,000	15,384,615	325,384,615

Note:

- (1) Assuming that there are no Adjustment Events which will result in adjustments to the Conversion Price or Option Price (as the case may be).

As at the date of this announcement, the existing share capital of the Company is approximately S\$13,218,000 divided into 290,000,000 Shares. Upon completion of the Convertible Bond Issuance and the Grant of Option, and the allotment and issuance of the Conversion Shares and the Option Shares (assuming the Investor fully converts the Convertible Bond and fully exercises the Option),

the Company will have an enlarged issued share capital of approximately S\$23,218,000 comprising 325,384,615 Shares (assuming that there are no Adjustment Events which will result in adjustments to the Conversion Price or Option Price (as the case may be)).

10.2 NAV

For illustrative purposes and assuming the Conversion Shares and Option Shares had been allotted and issued at the end of FY2017, at the Conversion Price and Option Price respectively and assuming that there are no Adjustment Events which will result in adjustments to the Conversion Price or Option Price (as the case may be), the NAV as at 30 September 2017 is as follows:

	Before the issuance of the Conversion Shares and the Option Shares⁽¹⁾	Maximum number of Conversion Shares⁽²⁾	After the issuance of the Conversion Shares	Maximum number of Option Shares⁽²⁾	After the issuance of the Conversion Shares and the Option Shares
NAV (S\$'000)	10,569	5,000	15,569	5,000	20,569
Number of Shares	290,000,000	20,000,000	310,000,000	15,384,615	325,384,615
NAV per Share (cents)	3.64	-	5.02	-	6.32

Notes:

- (1) Pro-forma NAV after adjusting for the estimated net proceeds of the Placement.
- (2) Assuming that there are no Adjustment Events which will result in adjustments to the Conversion Price or Option Price (as the case may be).

10.3 EPS

For illustrative purposes and assuming the Conversion Shares and Option Shares had been allotted and issued at the beginning of FY2017, at the Conversion Price and Option Price respectively and assuming that there are no Adjustment Events which will result in adjustments to the Conversion Price or Option Price (as the case may be), the EPS for FY2017 was as below:

	Before the issuance of the Conversion Shares and the Option Shares⁽¹⁾	Maximum number of Conversion Shares⁽²⁾	After the issuance of the Conversion Shares	Maximum number of Option Shares⁽²⁾	After the issuance of the Conversion Shares and the Option Shares
Profit attributable to owners of the	438	-	438	-	438

Company (S\$'000)					
Weighted Average Number of Shares	290,000,000	20,000,000	310,000,000	15,384,615	325,384,615
EPS (cents)	0.15 ⁽¹⁾	-	0.14	-	0.13

Notes:

- (1) The EPS has been derived based on the profit for the year attributable to the owners of the Company divided by the Existing Shares.
- (2) Assuming that there are no Adjustment Events which will result in adjustments to the Conversion Price or Option Price (as the case may be).

11. INTERESTS OF DIRECTORS AND SUBSTANTIAL 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.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The Investment Agreement 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.

13. 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

15 October 2018

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.

The contact person for the Sponsor is: Name: Mr Mah How Soon, Registered Professional, RHT Capital Pte. Ltd. Address: 9 Raffles Place #29-01 Republic Plaza Tower 1, Singapore 048619 Tel: (65) 6381 6757