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

PROPOSED ACQUISITION OF ASIAN ANAESTHESIA CARE PTE. LTD.

1. INTRODUCTION

The board of directors (the "**Board**" or the "**Directors**") of Asian Healthcare Specialists Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 26 October 2018 entered into a sale and purchase agreement ("**SPA**") with Dr Lim Tet Chen Roy (the "**Vendor**"), in relation to the proposed acquisition of the entire issued and paid up shares ("**Sale Shares**") in the share capital of Asian Anaesthesia Care Pte. Ltd. ("**AAC**") by the Company (the "**Proposed Acquisition**").

2. INFORMATION ON AAC AND THE VENDOR

2.1 Background of the AAC and the Vendor

AAC was incorporated in Singapore on 12 September 2018, and is a company limited by shares, with a share capital of S$19,792 comprising 19,792 issued and fully paid-up ordinary shares. It is engaged in the business of providing anaesthetic and other related medical services to patients in Singapore.

The Vendor is an anaesthesiologist with subspecialty training in paediatric and adult cardiothoracic anaesthesia, and it’s the holder of the entire shareholding interest in AAC. The Vendor has been responsible for the development, management and operation of AAC. AAC had on as part of its internal corporate restructuring, acquired the anaesthetic and medical services businesses of the Vendor on 30 September 2018. The business of the Vendor had commenced in 2014.

2.2 Certain Financial Information of AAC

As AAC was only incorporated in September 2018, no financial results of AAC are available. However, as AAC was restructured to acquire the anaesthetic and medical services businesses of the Vendor, the unaudited pro forma financial results of AAC for the 12 months period ended 31 December 2017 have been prepared. The unaudited pro forma net tangible assets of AAC (“**NTA**”) was S$31,783 as at 31 December 2017. Based on the unaudited pro forma financial results of AAC for the 12 months period ended 31 December 2017, after adjusting for the financial effects of the Service Agreement (as defined herein)[1], the pro forma profit after tax of AAC was S$845,000.

No independent valuation was conducted on AAC.

[1] Assuming a basic salary of S$350,000 and a discretionary incentive bonus of S$150,000.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 Consideration

The consideration ("**Consideration**") for the Proposed Acquisition is S$11.05 million, which was arrived at on a willing buyer and willing seller basis after arm's length negotiations between the Company and the Vendor, after taking into account, *inter alia*, market comparables for other similar transactions in the healthcare industry, the business prospects of AAC and the track record of the Vendor, and the capabilities and synergies between the Company and AAC.

The Consideration will be satisfied by the Company as follows:

(a) S$1,000,000 in cash ("**Cash Consideration**") to the Vendor on the completion date under the SPA (the "**Completion Date**"), which will be funded by the proceeds of the placement of 46,900,000 ordinary shares in the share capital (the "**Placement**") of the Company ("**Shares**") in April 2018;

(b) S$10,050,000 by the issue and allotment of 35,892,857 new Shares to the Vendor credited as fully paid up at the issue price of S$0.280 (the "**Consideration Shares**") on the Completion Date.

The issue price for the Consideration Shares is at a premium of 2.1% over the volume weighted average price of S$0.274 for trades done on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the full market day on 26 October 2018, being the full market day prior to which the SPA was signed. The Consideration Shares represent approximately 12.4% of the existing share capital of the Company and approximately 11.0% of the enlarged share capital of the Company, respectively.

The Consideration Shares will be allotted and issued pursuant to the general share issue mandate granted by the shareholders of the Company (the "**Shareholders**") by way of ordinary resolution at the extraordinary general meeting of the Company held on 22 March 2018 (the "**2018 General Mandate**"). Pursuant to the Investment Agreement entered into on 15 October 2018 between the Company and Vanda 1 Investments Pte. Ltd., up to an aggregate 35,384,615 new ordinary shares have been approved for issuance to the Investor in connection with the Convertible Bond and the Option (subject to any adjustments in connection therewith), representing approximately 12.2% of the Company's existing share capital. Subject to the approval of the SGX-ST for the listing and quotation of the Consideration Shares, approximately 24.6% of the Company's existing share capital will have been approved for issuance under the Company's 2018 General Mandate.

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

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

3.2 Conditions Precedent

Completion of the sale and purchase of the Sale Shares ("**Completion**") is conditional upon, *inter alia*, the following conditions satisfied:

(a) there not having been at any time hereafter and until Completion any material adverse change in relation to the affairs, operations, businesses, properties, financial condition (including liabilities, assets and results) and/or prospects of AAC;

(b) all the representations and warranties on the part of the Vendor under the SPA being true, accurate and not misleading as at the Completion Date;

(c) the entry by the Vendor into an employment agreement between the Company and the Vendor (the "**Service Agreement**"); and

(d) the approval-in-principle of the SGX-ST for the listing of and quotation for the Consideration Shares on Catalist.

3.3 Service Agreement

As a condition to the Completion of the Proposed Acquisition, the Vendor will also be entering into the Service Agreement with the Company for a period of five (5) years from the date of Completion. The Service Agreement will be extendable for a further period of five (5) years. The Parties have also agreed under the SPA to adjust the number of Consideration Shares should the Service Agreement be terminated at any time within the initial five (5) year period.

3.4 Moratorium on the Consideration Shares

The Vendor undertakes to the Company that he shall not, during the periods as set out below, do or agree to do any of the following acts (the "**Moratorium**"):

(i) sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of the Consideration Shares;

(ii) enter into any transaction or other arrangement, in whole or in part, (including any swap, hedge or derivative transaction) with a similar economic effect to the foregoing, whether such transaction is to be settled by delivery of the Consideration Shares, in cash or otherwise;

(iii) deposit all of his effective interest, in any Consideration Shares in any depository receipt facility; or

(iv) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; and

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

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

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

(i) for the first 12-month period after Completion, the Restrictions shall apply to 100.0% of the Consideration Shares;

(ii) for the second 12-month period after Completion, the Restrictions shall apply to 90.0% of the Consideration Shares;

(iii) for the third 12-month period after Completion, the Restrictions shall apply to 80.0% of the Consideration Shares;

(iv) for the fourth 12-month period after Completion, the Restrictions shall apply to 70.0% of the Consideration Shares; and

(v) for the fifth 12-month period after Completion, the Restrictions shall apply to 40.0% of the Consideration Shares.

4. RATIONALE FOR THE PROPOSED ACQUISITION

The Board believes that the Proposed Acquisition is in the best interests of the Group as the Vendor is a reputable senior anaesthesiologist whose medical practice brings about synergies with the Group's existing surgical businesses, where anaesthetic services are generally required. Additionally, the Proposed Acquisition is another step in the Group's plans to establish a pain management centre.

5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The proforma financial effects of the Proposed Acquisition on the net tangible assets ("**NTA**") per share and the earnings per share ("**EPS**") of the Group are set out below. The proforma financial effects have been prepared based on (i) the unaudited pro forma financial results of the Group for the financial year ended 30 September 2017 as disclosed in the Offer Document of the Company dated 12 April 2018 ("**FY2017 Unaudited Pro Forma Results**"), as adjusted for the effects of the Placement, and (ii) the unaudited pro forma financial results of AAC for the financial year ended 31 December 2017, as adjusted for the Service Agreement. The proforma financial effects are purely for illustration purposes only and are therefore not necessarily indicative of the actual financial position of the Group after Completion.

5.1 NTA

For illustrative purposes only, the proforma financial effects of the Proposed Acquisition on the Group's NTA per share, assuming that the Proposed Acquisition had been completed on 30 September 2017, being the end of the most recently completed financial year, are set out below:

NTA	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S$'000)	10,569	9,601
Number of issued shares ('000)	290,000[(1)]	325,893[(2)]
NTA per Share (cents)	3.64	2.95

Notes:

(1) Adjusted for the Placement.
(2) Pursuant to the allotment and issuance of the Consideration Shares.

5.2 EPS

For illustrative purposes only, the proforma financial effects of the Proposed Acquisition on the consolidated earnings of the Group, assuming that the Proposed Acquisition had been completed on 1 October 2016, being the beginning of the most recently completed financial year, are set out below:

EPS	Before the Proposed Acquisition	After the Proposed Acquisition
Profits attributable to the owners of the Company (S$'000)	4,461	5,306
Weighted average number of issued shares ('000)	290,000[(1)]	325,893[(2)]
EPS – Basic (cents)	1.54	1.63

Notes:

(1) Adjusted for the Placement.
(2) Pursuant to the allotment and issuance of the Consideration Shares.

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

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

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable[(1)]
(b)	The net profits[(2)] attributable to the assets acquired or disposed of, compared with the Group's net profits	24.6% [(3)]
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	13.6%[(4)]
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	12.4%[(5)]

Notes:

(1) This basis is not applicable to the Proposed Acquisition.

(2) Pursuant to Rule 1002(3)(b) of the Catalist Rules, "net profits" means profit before income tax, minority interests and extraordinary items.

(3) Based on the unaudited pro forma net profits of AAC for the six months ended 31 December 2017 and the unaudited net profits of the Group for the six months ended 31 March 2018, being S$417,867 and S$1,701,972, respectively.

(4) Based on the Consideration and market capitalisation of the Company of S$81.2 million as at the close of trading on 26 October 2018.

(5) The number of Consideration Shares to be issued by the Company as consideration for the Proposed Acquisition is 35,892,857 new Shares. The Company currently has 290,000,000 Shares in issue.

The Proposed Acquisition constitutes a "discloseable transaction" as defined in Chapter 10 of the Catalist Rules.

7. 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.

8. DIRECTORS' SERVICE CONTRACTS

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

9. DOCUMENTS AVAILABLE FOR INSPECTION

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

10. CAUTIONARY STATEMENT

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

By Order of the Board of
Asian Healthcare Specialists Limited

Dr Chin Pak Lin
Executive Chairman and CEO
26 October 2018

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

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

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