



# Notice of Annual General Meeting and Explanatory Statement

Asian American Medical Group Limited  
ABN 42 091 559 125

Date: 18 December 2017  
Time: 10.30 am  
Venue: The Business Centre, Collins Square  
Level 6, Tower 2, 727 Collins Street  
Melbourne VIC 3008

**THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE  
TRANSACTION (THE PROPOSED ACQUISITION) IS FAIR AND  
REASONABLE TO SHAREHOLDERS**

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## Important Dates

Deadline for return of Proxy Forms: 10:30 am, Melbourne time on 16 December 2017

Voting Entitlement date: 7:00 pm, Melbourne time on 16 December 2017

Date and time of Meeting: 10.30 am Melbourne time on 18 December 2017

## Meeting Procedure

The Meeting will be conducted by the Chairperson, subject to the discretion of the Chairperson to adjourn or reconvene the Meeting. Each Resolution will be voted on separately.

## Share Registry Details

**Computershare Investor Services Pty Ltd**  
GPO Box 242  
Melbourne VIC 3001

### Contact

T: 1300 652 721  
F: 1800 783 447

# Notice of Annual General Meeting

## Notice

Notice is hereby given that the Annual General Meeting of the Shareholders of Asian American Medical Group Limited will be held at The Business Centre, Collins Square, Level 6, Tower 2, 727 Collins Street, Melbourne, Victoria on Monday, 18 December 2017 at 10:30 am (Melbourne time). Attached to and forming part of this Notice of Meeting is an Explanatory Statement, that provides Shareholders with background information and further details to assist you in understanding the reasons for and the effect of the Resolutions if approved.

This information is presented in accordance with the regulatory requirements of the Corporations Act.

If you are unable to attend the Meeting, you are requested to complete the Proxy Form enclosed with this Notice. The entitlement for Shareholders to vote at the Meeting will be determined by reference to those persons on the register of Shareholders as at 7.00 pm Melbourne time on 16 December 2017. The Proxy Form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company, at least 48 hours before the time for holding the Meeting (being no later than 10.30 am Melbourne time on 16 December 2017) at the Company's share registry, Computershare Investor Services:

**Custodian**

For Intermediary Online subscribers (Custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.

**By Fax**

1800 783 447 (within Australia)  
+61 3 9473 2555 (outside Australia)

**By Mail**

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001

A number of defined terms are used in the Notice of Meeting. These terms are contained in the Explanatory Statement and the Proxy Form.

## Ordinary Business of the Meeting - Agenda

### 1. DISCUSSION OF FINANCIAL STATEMENTS

To receive and consider the financial report, the Director's report and the Auditor's report for the year ended 31 August 2017.

Each year, we are required to communicate information to Shareholders, including Annual Reports, notices of Meetings and other advices. The *Corporations Legislation Amendment (Simpler Regulatory System) Act 2007* provides us with the ability to make the annual financial report available on a website and provide a hard copy of the Annual Report only to those Shareholders who elect to receive them in that form, subject to certain administrative requirements. We have made the Annual Report available online and it can be accessed at: [www.aamg.co/investor-relations/financial-info](http://www.aamg.co/investor-relations/financial-info).

### 2. ADOPTION OF REMUNERATION REPORT

To consider and if thought fit to pass the following as an ordinary Resolution:

*"That the Remuneration Report, as set out in the Director's Report for the Company and its controlled entities for the financial year ended 31 August 2017, be adopted".*

### Voting exclusion statement

The Company will disregard any votes cast (in any capacity) in respect of Resolution 2 by Key Management Personnel or their Closely Related Parties (or any person voting on their behalf). However, the Company will not disregard a vote on Resolution 2 if:

- (a) it is cast by a person as proxy for a member who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the Chairman of the meeting as proxy for a member who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

A person appointed as proxy must not vote on Resolution 2 on the basis of that appointment if:

- that person is either a member of the Key Management Personnel or a Closely Related Party of such a member; and
- the appointment does not specify how the proxy is to vote on the proposed Resolution,

unless the person appointed is the Chair of the Meeting and the appointment expressly authorised the Chair to exercise the proxy even if the proposed Resolution is connected directly or indirectly with the remuneration of the Key Management Personnel of the Company.

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

### **3. RE-ELECTION OF DIRECTOR – Mr Evgeny Tugolukov**

To consider and if thought fit to pass the following Resolution as an ordinary Resolution:

*"That Mr Evgeny Tugolukov, who retires in accordance with the Company's Constitution and the ASX Listing Rules, be re-elected as a director of the Company."*

### **4. RE-ELECTION OF DIRECTOR – Mr Paul Vui Yung Lee**

To consider and if thought fit to pass the following Resolution as an ordinary Resolution:

*"That Mr Paul Vui Yung Lee, who retires in accordance with the Company's Constitution and the ASX Listing Rules, be re-elected a director of the Company."*

### **5. APPROVAL FOR PROPOSED ACQUISITION FROM RELATED PARTY OF DIRECTOR, DATO' DR KAI CHAH TAN, INCLUDING THE ISSUE OF SHARES BY THE COMPANY**

To consider and if thought fit to pass the following Resolution as an ordinary Resolution:

*"That for the purposes of ASX Listing Rules 10.1 and 10.11, and for all other purposes approval is given for the acquisition by the Company (via its subsidiary Million Health Ventures Pte Ltd (Company No. 201620757D) (**MHV**)) of a 95.1% interest in Hippocrates Development Sdn Bhd (Company No. 1237949-A) (**HD Company**), a company which is a related party of a Director, Dato' Dr Kai Chah Tan, in accordance with the Subscription Agreement between MHV, HD Company and Dato' Dr Kai Chah Tan dated 20 October 2017 (**Proposed Acquisition**), including the issue of Shares to the Land Vendor by the Company as part consideration, and on the terms and conditions set out in the Explanatory Statement."*

#### **Voting Exclusion Statement for Resolution 5**

In accordance with ASX Listing Rules 10.10.1 and 10.13.6, the Company will disregard any votes cast on Resolution 5 by:

- (a) Dato' Dr Kai Chah Tan or any party to the transaction;
- (b) any person who is to receive securities in relation to the Company; and
- (c) any associate of those persons,  
(each of whom will be a '**Prohibited Person**').

However, the Company will not disregard a vote if:

- it is cast by a Prohibited Person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by a Prohibited Person who is chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## **6. OTHER BUSINESS**

To transact any other business that may be brought forward in accordance with the Company's Constitution.

The Explanatory Statement attached to this Notice forms part of this Notice. A detailed explanation of the background and reasons for the proposed Resolutions are set out in the Explanatory Statement.

**By order of the Board.**

Dario Nazzari  
**Company Secretary**  
14 November 2017

# Explanatory Statement

The Explanatory Statement accompanies the Notice of Annual General Meeting for Asian American Medical Group Limited (**Company**) to be held on 18 December 2017 at 10.30 am, Melbourne time at the Business Centre, Collins Square, Level 6, Tower 2, 727 Collins Street, Melbourne VIC 3008.

Information relevant to the business to be considered at the Annual General Meeting is provided in this Explanatory Statement and Shareholders should read this document in full.

## **AGENDA ITEM 1. ANNUAL REPORT**

The Annual Report for consideration at the AGM will consist of the financial statements of the Company for the financial year ended 31 August 2017, the notes to those financial statements, the Directors' Report, the Directors' declaration and the auditor's report including their Independence Statement.

The Annual Report is available at the Company's website at [www.aamg.co](http://www.aamg.co).

Neither the *Corporations Act 2011 (Cwth)* nor the Company's constitution requires the Shareholders to vote on the financial statements or the accompanying reports. However, Shareholders will be given the opportunity to raise questions or comments on the financial statements at the Meeting. In addition, Shareholders will be given the opportunity to ask the Company's auditor, Grant Thornton Audit Pty Ltd, questions relevant to the conduct of the audit, the independence of the auditor, the Company's accounting policies and the preparation and content of the auditor's report.

## **AGENDA ITEM 2. ADOPTION OF REMUNERATION REPORT**

The Remuneration Report contained in the 2017 Annual Report is required to be considered by Shareholders in accordance with section 250R of the *Corporations Act 2011 (Cwth)*. The Remuneration Report as set out in the Director's Report, which details the Company's policy on remuneration of non-executive directors, executive directors and key executive as set out on Pages 26 to 34 of the Annual Report.

The vote on the adoption of the Remuneration Report is advisory only and is not binding. However, the Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies and practices.

Further, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGM's, Shareholders will be required to vote at the second AGM on a "Board Spill Resolution" to determine whether another Meeting should be held within 90 days at which all of the Company's Directors (other than the Chief Executive Officer) must stand for re-election.

There are restrictions on who can vote in respect of any Resolution to approve the Remuneration Report. A vote on this Resolution must not be cast, and the Company will disregard any votes cast, (in any capacity) by or on behalf of the following persons:

- (a) A member of the Key Management Personnel; or
- (b) A Closely Related Party of such a member.

### **Directors' Recommendation**

The Board recommends that Shareholders vote in favour of the Remuneration Report.

The Chairman of the Meeting will be casting undirected proxies in favour of this Resolution.

## **AGENDA ITEMS 3 & 4. RE-ELECTION OF DIRECTORS**

In accordance with the Company's Constitution and the ASX Listing Rules, which require that one third of the Directors must retire at each Annual General Meeting (rounded down to the nearest whole number), Mr Evgeny Tugolukov and Mr Paul Vui Yung Lee will retire at the Annual General Meeting and, being eligible, offer themselves for re-election.

### **Ordinary Resolution 3 – Re-election of Mr Evgeny Tugolukov - Director**

Mr Evgeny Tugolukov is a Non-Executive Director of the Company. He was appointed on 3 June 2013.

Mr Tugolukov has over 20 years of rich entrepreneurial background in various business fields. He is currently involved in industries such as agriculture, green technology, natural resources, healthcare real estate and strategic investments in Russia as well as other countries. He holds a degree in Economics and Enterprise Management from the Ural State Technical University.

#### **Directors' Recommendation**

The Directors (other than Mr Evgeny Tugolukov who makes no recommendation) unanimously recommend that Shareholders approve Ordinary Resolution 3 for the re-election of Mr Evgeny Tugolukov as a Director of the Company. The Chairman of the Meeting will be casting undirected proxies in favour of this Resolution.

#### **Ordinary Resolution 4 – Re-election of Mr Paul Vui Yung Lee - Director**

Mr Paul Vui Yung Lee is a Non-Executive Director of the Company. He was appointed on 31 January 2013.

Mr Paul Lee has over 20 years' experience in business development, quality control and cost management. He has been serving on a few boards of companies in Malaysia and Australia. He has broad experience in diverse industries and international businesses such as public utilities infrastructure construction, building materials, property development, and oil palm plantations. With a Business Degree from Edith Cowan University in Perth and strong analytical skills, he has aided companies in both identifying and implementing strategic growth opportunities.

#### **Directors' Recommendation**

The Directors (other than Mr Paul Vui Yung Lee who makes no recommendation) unanimously recommend that Shareholders approve Ordinary Resolution 4 for the re-election of Mr Paul Vui Yung Lee as a Director of the Company. The Chairman of the Meeting will be casting undirected proxies in favour of this Resolution.

#### ***AGENDA ITEM 5. APPROVAL FOR PROPOSED ACQUISITION FROM RELATED PARTY OF DIRECTOR, DATO' DR KAI CHAH TAN, INCLUDING THE ISSUE OF SHARES BY THE COMPANY***

Resolution 5 is proposed to seek Shareholder approval for the Company to acquire shares in a company which is a related party of the Company, as described below (**Proposed Acquisition**). The company is considered to be a related party due to its control by Dato' Dr Kai Chah Tan, a Director and related party of the Company. The Shareholder approval sought includes the proposed issue of Shares by the Company, as part of the consideration for the acquisition.

#### **Background – details of the Proposed Acquisition**

As announced on 23 October 2017, the Company has, via its subsidiary Million Health Ventures Pte Ltd (Company No. 201620757D) (**MHV**), agreed to acquire a 95.1% interest in Hippocrates Development Sdn Bhd (Company No. 1237949-A) (**HD Company**), in accordance with the Subscription Agreement between MHV, HD Company and Dato' Dr Kai Chah Tan dated 20 October 2017 (**Subscription Agreement**).

Currently all of the issued shares in HD Company (500,000) are held by a director of the Company, Dato' Dr Kai Chah Tan. HD Company's main asset is the 5-acre block of land in Iskandar Puteri, in the Southern Malaysian state of Johor (**Land**) which will contribute towards the development of the proposed integrative cancer centre in Johor (**Johor Project**). The Johor Project is in line with the Company's business strategies to expand its markets in to other Asian countries and to expand its radiation and oncology service offerings.

The Proposed Acquisition is intended to be:

- funded by a combination of cash (paid by MHV) and equity funding (with the Company issuing Shares to the Land Vendor and while these Shares are not being directly issued to Dato' Dr Kai Chah Tan and to a third party who is not a related party of the Company, but rather as part of the Proposed Acquisition with related parties the Company is seeking shareholder approval under ASX Listing Rule 10.11 – please refer to section below entitled "ASX Listing Rule 10.11" on page 9 for further information) in return for HD Company issuing HD Shares to MHV; and
- completed within 7 days of obtaining shareholder approval with a sunset date of 31 January 2018.

This is subject to various conditions, including the Company obtaining shareholder approval for the issue of Shares and the other transactions contemplated under the Subscription Agreement.

MHV is incorporated in Singapore, and is a wholly owned subsidiary of the Company. The Company has determined that it is in the interests of the Company to have MHV acquire the HD Shares, rather than the

Company directly, and therefore has entered into a separate overarching deed, for more information refer below on page 8, under the heading ***Connecting the transactions***.

### **Subscription Agreement**

The terms of the Subscription Agreement are summarised below:

- MHV agrees to subscribe for 19,408,163 HD Shares at an issue price of RM1.00 each (**Subscription Price**), with the Subscription Price made up of cash payable by MHV and the issue of Shares by the Company (see below);
- Dato' Dr Kai Chah Tan agrees to subscribe for 500,000 HD Shares at an issue price of RM0.001 each;
- completion is proposed to take place within 7 days of obtaining shareholder approval but will take place on 31 January 2018 (or any other date agreed in writing by MHV and Dato' Dr Kai Chah Tan) (**Cut-Off Date**);
- on completion of the subscription, MHV will hold 19,408,163 of the HD Shares (95.1%) and Dato' Dr Kai Chah Tan will hold 1,000,000 of the HD Shares (4.9%);
- the Subscription Price consists of RM5,606,963 paid by MHV to HD Company, together with the issue of approximately 40,000,000 Shares by the Company in part satisfaction of amounts due to the Land Vendor by HD Company, equivalent to the balance of the Subscription Price for MHV of RM13,801,200 (**AAMG Shares**).
- the parties to the Subscription Agreement acknowledge that the number of AAMG Shares to be issued to the Land Vendor may be varied in accordance with variations to the relevant currency exchange rates at the time the AAMG Shares are issued by the Company;
- the subscription and issue of the HD shares are subject to various conditions precedent, including by way of summary:
  - the issue of the HD Shares and MHV's obligation to subscribe for the HD Shares not being prohibited or impeded by any statute, rule or order of any government authority or court etc;
  - the approval of MHV's shareholders at a general meeting to the acquisition of the HD Shares under the Subscription Agreement; and
  - to the extent required, the approval of the Company's shareholders at a general meeting for the transactions contemplated under the Subscription Agreement, including the issue of the AAMG Shares in part payment for the Subscription Price
- MHV and the Company must use their best endeavours to satisfy the conditions precedent by the Cut-Off Date, and if any of the conditions precedent are not satisfied by the Cut-Off Date, the Subscription Agreement will terminate, unless MHV and Dato' Dr Kai Chah Tan waive the conditions precedent; and
- the Subscription Agreement will become unconditional from the date all of the conditions precedent have been waived or fulfilled.

### **Other transactions relevant to the Proposed Acquisition**

In order to effect the Proposed Transaction there are a number of other relevant transactions which also need to occur, as illustrated in the diagram at Part 1.1 on page 10 of the Independent Expert's Report and Financial Services Guide.

#### *Acquisition of the Land for the Project*

The first stage in the process was for HD to acquire the Land under the Sale and Purchase Agreement between HD Company and the Land Vendor dated 5 September 2017 (**Sale and Purchase Agreement**) under which:

- HD acquires the Land for a purchase price of RM2,178,400 (excluding GST) to be partly paid in cash (RM1,065,340) and partly through the issuance of shares by the Company (to the amount of RM1,112,660) (**Consideration Shares**);
- HD undertakes to construct a hospital/medical facility and related facilities/services to support the same on the Land which will provide advanced medical treatment;

- there are various milestones to be achieved by HD Company which may incur consequences. For example HD Company is required to lodge development plans for the Project within one year from the date that the Land is registered in favour of HD Company, then the Land Vendor may terminate the agreement requiring the Land to be transferred to the Land Vendor at HD Company's expense (**HD Company Obligation**).

The Company has received notification from HD Company that the HD Obligation has been satisfied in accordance with the terms of the Sale and Purchase Agreement and the Directors are of the view that this obligation has been reasonably satisfied. The HD Obligation has not been confirmed by the Land Vendor, as at the date of this Notice.

If it is the case that the HD Obligation has not been reasonably satisfied, in accordance with the terms of the Sale and Purchase Agreement, the risk to HD is that it may forfeit the RM1,065,340 (excluding GST). If the AAMG Shares have been issued, as partial consideration by AAMG under the Subscription Agreement the parties will arrange for this part of the transaction to be unwound.

#### *Development of the Project*

As announced by the Company on 28 September 2017, the Company via its subsidiary AAMGPL has entered into a Services Agreement with HD to provide services to the HD Company for the development of the Project on the Land. The key terms of the Services Agreement are:

- AAMGPL is appointed for a three-year period to provide various advisory and project management services to assist HD Company with the development of the Project; and
- AAMGPL will receive service fees of RM3,000,000 based on achieving various milestones by 26 September 2018 and cost plus 20% service fee on expenses and fees incurred by AAMGPL in relation to the Project.

As outlined in respect of the Proposed Transaction, HD Company is a wholly owned special purpose vehicle of Dato' Dr Kai Chah Tan, the Group Executive Chairman and the entering into of the Services Agreement constitutes giving a financial benefit and Dato' Dr Kai Chah Tan is a related party of the Company by virtue of being a director of the Company.

The Board (excluding Dato' Dr Kai Chah Tan) considered that shareholder approval pursuant to Chapter 2E of the Act was not required because the terms of the Services Agreement are considered to be commercially reasonable and were negotiated on an arm's length basis with HD Company.

For clarification, none of the other directors or substantial shareholders of the Company have any interest, direct or indirect in respect of the Services Agreement, except as outlined in respect of Dato' Dr Kai Chah Tan.

#### *Connecting the transactions*

There is also an overarching deed to ensure the obligations of various parties in respect of the series of transactions between the Company, MHV, HD and Dato' Dr Kai Chah Tan. The key terms of the deed are:

#### *Sale and Purchase Agreement*

- to secure the Company's obligation to issue the Consideration Shares under the Sale and Purchase Agreement, which will ultimately be satisfied by the Company issuing the AAMG Shares as partial consideration under the Subscription Agreement;
- to secure the Company's obligation to pledge a percentage of the net profits after tax for a period of ten years earned by that portion of the medical centre set up for the Project to the Land Vendor;
- to effect mechanical issues regarding the flow through of the payment of the applicable purchase price under the Sale and Purchase Agreement and the Subscription Agreement;
- to obtain various acknowledgements and indemnities from HD Company and Dato' Dr Kai Chah Tan;

### *Subscription Agreement*

- to secure the Company to pay the RM5,606,963 in accordance with the Subscription Agreement;
- to secure the Company's obligation to issue the AAMG Shares as partial consideration under the Subscription Agreement; and
- to obtain various acknowledgements and indemnities from MHV.

The Proposed Transaction and the series of transactions to purchase the land and the subsequent development of the land is consistent with the Company's strategy to expand and diversify its existing operations into related healthcare areas.

There are a number of risks with the Proposed Transaction and the associated transactions, and the list below highlights the material risks, however it is not exhaustive. Consequently, Shareholders should read this Notice and the attached Independent Expert's Report in its entirety and consider these risks, and if necessary, consult an independent advisor, in particular (this is not an exhaustive list):

- issues impacting on the Company in respect of HD Company's exposure to penalties under the Sale and Purchase Agreement which the Company believes it has reasonably mitigated its exposure by seeking acknowledgements from HD Company that this has been reasonably satisfied;
- inability to satisfy conditions precedent under the Subscription Agreement and obtain the necessary approvals etc;
- inability to meet the performance milestones under the Services Agreement; and
- dilution of Non-Associated Shareholders interests in the Company.

### **Independent Expert's Report**

In order to assist Shareholders in considering Resolution 5, the Company has requested Grant Thornton Corporate Finance Pty Ltd ACN 003 265 987 (a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389 (**Independent Expert**) to prepare an independent report on the Proposed Acquisition. Shareholders should note that the Independent Expert's Report is not a report or valuation by the Directors of the Company.

A complete copy of the Independent Expert's Report is attached to this Notice. Shareholders should read the Independent Expert's Report in full, including the limitations and reliance on information disclosures in the Independent Expert's Report.

In summary, the Independent Expert has concluded in the Independent Expert's Report that the Proposed Acquisition is *fair and reasonable* to the Non- Associated Shareholders whose votes are not to be disregarded.

In deciding how to vote on Resolution 5. Shareholders should give consideration to the Independent Expert's Report, in addition to the other matters set out in this Notice.

### **ASX Listing Rule 10.1**

Listing Rule 10.1 requires a listed company to obtain shareholder approval prior to the acquisition of a substantial asset from a related party or an associate of a related party. Dato' Dr Kai Chah Tan would be a related party of the Company, by virtue of the fact that he is a Director of the Company. Currently all of the HD Shares are held by Dato' Dr Kai Chah Tan, so the Company considers that HD Company is controlled by Dato' Dr Kai Chah Tan. Accordingly both HD Company and Dato' Dr Kai Chah Tan are considered to be "**related parties**" of the Company.

Listing Rule 10.10 of the ASX Listing Rules sets out a number of matters which must be included in a Notice of Meeting for a proposed approval under Listing Rule 10.1. The following information is provided to Shareholders for the purposes of Listing Rule 10.10:

- (a) the Company has obtained a report on the Proposed Acquisition from an Independent Expert (see above), which is given to each Shareholder with the Notice using the same method (ie by post or electronically);

- (b) Dato' Dr Kai Chah Tan, any person who is to receive securities in relation to the Company, and their associates may not vote on Resolution 5; and
- (c) the Independent Expert's Report is available at the Company's website at [www.aamg.co](http://www.aamg.co);
- (d) on request, the Independent Expert's Report will be posted free of charge to any Shareholder (please contact the Company's Share Registry or the Company Secretary to request a hard copy).

### **ASX Listing Rule 10.11**

Listing Rule 10.11 requires a listed company to obtain Shareholder approval prior to the issue of securities (including an option) to a related party.

Dato' Dr Kai Chah Tan would be a related party of the Company by virtue of the fact that he is a Director of the Company. While the Company will not directly issue any Shares to Dato' Dr Kai Chah Tan as part of the Proposed Acquisition, under the Subscription Agreement the Company will issue Shares to a third party (the Land Vendor) as part of the consideration for the Proposed Acquisition, in part satisfaction of amounts due to the Land Vendor by HD Company. Dato' Dr Kai Chah Tan has informed the Company that neither he nor HD Company are related parties of the Land Vendor. Accordingly, the Company does not consider that the Land Vendor is a related party of Dato' Dr Kai Chah Tan or the Company. However, since the Company proposes to issue Shares to a third party as part of a transaction with related parties (HD Company and Dato' Dr Kai Chah Tan), the Company considers that Shareholder approval may be required under Listing Rule 10.11 as well as Listing Rule 10.1.

Listing Rule 10.13 of the ASX Listing Rules sets out a number of matters which must be included in a Notice of Meeting for a proposed approval under Listing Rule 10.11. The following information is provided to Shareholders for the purposes of Listing Rule 10.13:

- (a) The Shares to be issued under Resolution 5 as part of the Proposed Acquisition are to be issued to a third party, the Land Vendor, as part consideration for the acquisition of the HD Shares, and as agreed under the Subscription Agreement with HD Company (a related party of the Company) and Dato' Dr Kai Chah Tan, a Director of the Company (also a related party of the Company);
- (b) the maximum number of ordinary AAMG Shares to be issued is that number equivalent to the balance of the Subscription Price for MHV of RM13,801,200, being approximately 40,000,000 Shares. The final number of AAMG Shares issued may be varied in accordance with variations in the applicable currency exchange rates (ie Australian/Malaysian) at the time of issue, in accordance with the Subscription Agreement;
- (c) the ordinary AAMG Shares are proposed to be issued within 7 days of obtaining shareholder approval and will be issued no later than one month from the date of approval (or such later date as approved by ASX);
- (d) the ordinary AAMG Shares will be issued at an issue price of not less than A\$0.105; and
- (e) the funds raised from the issue of the ordinary AAMG Shares will be used by the Company for partially funding the Proposed Acquisition of the 95.1% interest in HD Company as outlined above.

Listing Rule 7.1 requires the prior approval of Shareholders in general meeting to issue securities if the number of those securities exceeds 15% of the number of the same class of securities at the commencement of the relevant 12 month period. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

### **Chapter 2E of the Corporations Act – related party transactions**

Section 208 of the Corporations Act provides that a public company must not, subject to certain exceptions, give a financial benefit to a related party without approval of the company's members. Section 228 of the Corporations Act defines a related party for the purposes of Chapter 2E to include:

- directors of the public company (section 228(2)(a)); and
- an entity controlled by directors of the public company (section 228(4)).

A "**financial benefit**" is defined broadly, and includes buying an asset from, or issuing shares to, a related party (section 229). This also includes where a subsidiary of the public company buys the asset.

Section 210 of the Corporations Act provides an exception to the requirement to obtain shareholder approval for giving a financial benefit to a related party, where the financial benefit is on terms which would be reasonable in the circumstances if the public company and the related party were dealing at "**arm's length**".

As noted above, currently all of the HD Shares are held by a Director of the Company, Dato' Dr Kai Chah Tan, so the Company considers that HD Company is controlled by Dato' Dr Kai Chah Tan. Accordingly, both HD Company and Dato' Dr Kai Chah Tan are considered to be "**related parties**" of the Company.

HD Company and Dato' Dr Kai Chah Tan are parties to the Subscription Agreement, and the Company intends to provide financial benefits to them under the Proposed Acquisition. Under the Subscription Agreement, MHV, HD Company and Dato' Dr Kai Chah Tan have agreed the terms on which MHV proposes to acquire 95.1% of the HD Shares (with payment to be made up of the issue of Shares and the payment of cash by the Company). As noted above, while the Company will not issue any of the AAMG Shares directly to Dato' Dr Kai Chah Tan as part of the Proposed Acquisition, under the Subscription Agreement the Company will issue AAMG Shares to the Land Vendor as part of the Proposed Acquisition, in part satisfaction of amounts due to the Land Vendor by HD Company.

The Company has assessed the value of HD Company, which effectively consists of the land held by HD Company, and has determined that the terms on which it proposes to acquire 95.1% of the HD Shares would be reasonable if the Company and Dato' Dr Kai Chah Tan and HD Company were dealing at arm's length. Essentially under the Proposed Acquisition the Company will control HD Company and have access to the Land, and the terms on which the Company is acquiring the HD Shares are no more favourable to HD Company and Dato' Dr Kai Chah Tan than the terms on which the Company would have been prepared to acquire the HD Shares from a third party.

For the reasons discussed in this Explanatory Statement, the Company considers that the Proposed Acquisition would fall within the "**arm's length**" exception as set out in section 210 of the Corporations Act, including the intended participation in the Proposed Acquisition by HD Company and Dato' Dr Kai Chah Tan, and the Company's subsequent acquisition of HD Shares and issue of Shares to the Land Vendor. Accordingly, the Company is not required to obtain shareholder approval of the Proposed Acquisition, for the purposes of the related party provisions of the Corporations Act (Chapter 2E). As a separate issue the Company however is required to obtain shareholder approval of the Proposed Acquisition for the purposes of the ASX Listing Rules, as explained above.

The Directors (other than Dato' Dr Kai Chah Tan for Resolution 5) believe that the Proposed Acquisition, including the acquisition of HD Shares and issue of Shares under the Subscription Agreement, and the participation of Dato' Dr Kai Chah Tan and HD Company in the Subscription Agreement, is appropriate and reasonable in all the circumstances.

### **Directors' Recommendation**

The Directors (other than Dato' Dr Kai Chah Tan) recommend that Shareholders vote in favour of Resolution 5. The Chairman of the Meeting will be casting undirected proxies in favour of this Resolution 5.

# Glossary

In this Explanatory Statement, the following terms have the following unless the context otherwise requires:

**"AAMGPL"** means Asian American Medical Group Pte. Ltd., a wholly owned subsidiary of the Company.

**"Annual Report"** means the 2017 annual report of the Company, a copy of which was lodged with ASX.

**"ASX"** means ASX Limited ACN 008 624 691 or the securities exchange operated by ASX Limited (as the context requires);

**"Board"** means the Board of Directors from time to time.

**"Closely Related Party"** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member, in the member's dealings with the Company; or
- (e) a company that the member controls.

**"Company"** means Asian American Medical Group Limited ABN 42 091 559 125.

**"Constitution"** means the constitution of the Company from time to time.

**"Corporations Act"** means the *Corporations Act 2001* (Cth).

**"Cut-Off Date"** has the meaning given in the Subscription Agreement, being 31 January 2018, or such other date as may be determined by written agreement of MHV and Dato' Dr Kai Chah Tan.

**"Directors"** means the Directors of the Company from time to time and **"Director"** means any one of them.

**"Equity Securities"** has the meaning given to that term in the Listing Rules.

**"Explanatory Memorandum"** means this explanatory memorandum.

**"HD Company"** means Hippocrates Development Sdn. Bhd (Company No. 1237949-A), a company incorporated in Malaysia with its registered address at Level 19-1, Menara Milenium, Jalan Damanlela, Pusat Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

**"HD Share"** means a fully paid ordinary share in the capital of HD Company.

**"Independent Expert"** means Grant Thornton Corporate Finance Pty Ltd ACN 003 265 987 (a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389).

**"Independent Expert's Report"** means the Independent Expert's Report on the Proposed Acquisition prepared by the Independent Expert for the purposes of ASX Listing Rule 10.10, and attached to this Notice.

**"Key Management Personnel"** means those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any Director (whether executive or otherwise).

**"Land Vendor"** means His Majesty, the Sultan of Johor, Sultan Ibrahim Ismail ibni Almarhum Sultan Iskandar Al-Haj.

**"Listing Rules"** means the listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

**"Meeting"** has the meaning given in the introductory paragraph of the Notice.

**"MHV"** means Million Health Ventures Pte Ltd (Company No. 201620757D), a company incorporated in Singapore with its registered address at 150 Cecil Street, #03-00 Singapore 069543 and its business address at 6A, Napier Road, Gleneagles Hospital, Annexe Block #02-37 Singapore 258500, which is a wholly owned subsidiary of the Company.

**"Non-Associated Shareholders"** means Shareholders of the Company excluding Dato' Dr Kai Chah Tan and related parties for the purposes of Chapter 10 of the ASX Listing Rules.

**"Notice"** means this notice of Meeting.

**"Proposed Acquisition"** means the proposed acquisition by MHL of the 95.1% interest in HD Company, in accordance with the Subscription Agreement.

**"Proxy Form"** means the Proxy Form attached to the Notice.

**"Related party"** has the meaning given to that term in Section 228 of the Corporations Act.

**"Resolution"** means a resolution contained in this Notice.

**"RM"** means the lawful currency of Malaysia.

**"Services Agreement"** means the agreement between AAMGPL and HD dated 26 September 2017.

**"Share"** means a fully paid ordinary share in the capital of the Company.

**"Shareholder"** means a holder of Shares in the Company.

**"Subscription Agreement"** means the subscription agreement between MHV, HD Company, and Dato' Dr Kai Chah Tan dated 20 October 2017, under which MHV and Dato' Dr Kai Chah Tan agreed to subscribe for ordinary shares of HD Company, and on completion hold all of the share capital of MHV, as described in this explanatory memorandum.

**"Subscription Price"** means the sum of RM19,408,163 payable to HD Company by MHV for its portion of the Subscription Shares.

**"Subscription Shares"** means the 19,408,163 HD Shares to be subscribed by MHV and where the context requires in addition the 500,000 HD Shares to be subscribed by Dato' Dr Kai Chah Tan in HD Company.

**"Trading Day"** means a day determined by ASX to be a trading day in accordance with the Listing Rules.