

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT

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The Manager
Companies Announcement Officer
Australian Securities Exchange
Electronic Lodgement

Dear Sir/Madam

ASX RELEASE – PROFIT GUIDANCE; CORPORATE AND BUSINESS UPDATE

The Board of Directors (“the Board” or “the Directors”) of **Asian American Medical Group Limited** (“AAMG” or “the Company”) wishes to update the shareholders on recent corporate developments and its performance outlook.

I. Operating Environment

While Singapore remains a major medical tourism hub for Asia, rising costs of local healthcare, the relative weakness of regional currencies such as the Indonesian rupiah and the Malaysian ringgit and the emergence of competing medical hubs in the region have combined to affect patient flow from neighbouring countries. Countries such as Malaysia and Thailand, which have invested heavily in promoting their own medical tourism industries, have benefited from this rising disparity in costs and improving domestic medical standards.

The Directors believe that by executing its current and forward strategies outlined below effectively, AAMG will be able to retain and further strengthens its market position in this competitive environment and continue to seek growth outside Singapore.

II. Outline of Recent Corporate and Operational Developments

In view of the operating environment, the Board wishes to outline strategies it has undertaken recently to differentiate itself as a provider of highly specialised medical services:

- A. UPMC Collaboration** – The successful collaboration between AAMG and UPMC, a leading U.S. healthcare group – formalised in 2012 – was followed in 2013 by a rebranding of AAMG to better reflect this partnership. The partnership has allowed AAMG to expand its capacity and

offerings and has led to the establishment of the Comprehensive Transplant Centre (“CTC”) based in Singapore.

- B. Comprehensive Transplant Centre** – The CTC seeks to extend the transplant capabilities beyond liver specialisation carried out by AALC. Accordingly, the Asian American Blood & Marrow Transplant Centre (“AABMTC”) was opened in February 2013 as part of the CTC. Led by Dr. Yvonne Loh, the AABMTC provides treatment for patients with leukaemia, lymphoma, myeloma and other haematological malignancies and blood disorders.
- C. Status of Hub-and-Spoke Model** – The hub-and-spoke strategy was established in 2010 when the joint-venture Asian Liver Centre was set up **Ho Chi Minh City**, Vietnam. This establishment has resulted in a steady flow of patients and referrals to Singapore for surgery and treatment of patients with complicated hepatitis.

Building on the success of this first regional “spoke”, the Company extended its activities to Malaysia in January 2014, conducting liver-related surgery out of iHeal Medical Centre – the first time that AAMG has practised such procedure in this centre in **Kuala Lumpur**, the capital city, by AAMG. Patients requiring major surgeries or transplantations of liver or bone marrow are referred to CTC in Singapore.

In June 2013, AAMG set up the Vietnamese-American Liver Center in Vinmec International Hospital, **Hanoi**, the capital city of Vietnam, offering international-standard liver surgery.

III. Forward Strategy To Deal With Challenges in Operating Environment

Taking into account the challenges in the operating environment (outlined above) and the Company’s existing strengths – including its collaboration with UPMC, its two core capabilities in liver and bone marrow, its existing regional “spokes” – the Directors have outlined a forward strategy as follows:

- A. Sharpening Focus on Target Markets** – AAMG will focus marketing resources in particular on two key markets – Vietnam and Myanmar. These countries are geographically close to Singapore, well-served by regular flights and have substantial local population with a sufficient critical mass of potential liver and bone marrow patients.
- B. Myanmar Liver Clinic** – Having established presence via referral centres in Ho Chi Minh City, Hanoi and Kuala Lumpur, the Company is currently in talks to form a joint-venture liver centre in Yangon, Myanmar, under the AAMG-UPMC alliance. This collaboration will likely lead to the

joint-venture operating out of a newly built and renovated premise equipped with modern equipment to support liver treatment by visiting AALC surgeons.

- C. *Scaling Up Partnership and Capabilities in Vietnam*** – In view of the physical proximity of Singapore to Vietnam, as well as the market opportunity in the latter, the Company is actively exploring opportunities to conduct LDLT in Ho Chi Minh City or Hanoi. Intended to operate under the AAMG-UPMC brand, this liver transplantation programme will allow the Company's surgeons to operate in Vietnam, but with significantly lower costs in associated healthcare of comparable standards. Such a development will mean that apart from patients from Vietnam, patients from the region will have the option to seek liver transplantation by AAMG specialists in a centre other than Singapore.
- D. *Project in the Russian Federation*** – AAMG, together with UPMC, is currently in discussion with a Russian group to create a network of out-patient imaging centres in Russia. UPMC and AAMG aim to offer their services in the design, implementation and management of the network of imaging centres. Such projects underscore the close working relationship between AAMG and UPMC and we hope will be a prelude to more of such collaborations in the future.
- E. *Continued Growth of our Bone Marrow segment*** – Started in February 2013, AABMTC has performed two bone marrow transplants since its opening. Patient number has almost doubled in the September 2013-February 2014 period compared to the March-August 2013 period, reflecting the steady growth of this segment and increased importance in the contribution to the overall business of AAMG. We will continue to expand the bone marrow segment by increasing our marketing initiatives and awareness campaigns for AABMTC and Dr Yvonne Loh.

IV. Outlook and Guidance on Financial Performance for FY2014

AAMG continues to build upon its collaboration with UPMC, improve capabilities of the CTC in Singapore and fine-tune its regional hub-and-spoke model with particular emphasis on Myanmar and Vietnam. As result of this continued build-up of capabilities and expansion in the region, including start-up costs of AABMTC, the Company is expected to report a consolidated group loss for the six months ended 28 February 2014 ("1H2014"). However, AABMTC is expected to be profitable in the second half of FY2014 if it is able to continue its upward momentum. The Company will be announcing its results for 1H2014 on or around 11 April 2014.

On behalf of the Board

DARIO NAZZARI
Company Secretary

About Asian American Medical Group

Asian American Medical Group ("AAMG") is based on Singapore and has been listed on the Australian Securities Exchange since September 2009. The Group's operations include the Asian American Liver Centre Pte Ltd ("AALC"), formerly known as Asian Centre for Liver Diseases and Transplantation ("ACLDT"), established in 1994 in Singapore, and the Asian Centre for Blood and Bone Marrow Transplantation ("ACBBMT"), now called Asian American Blood & Marrow Transplant Centre Pte Ltd ("AABMTC").

AALC, one of Asia's foremost liver centres, is led by renowned hepatobiliary expert and liver transplant surgeon, Dr Tan Kai Chah (Dr K C Tan), who helped start the Liver Transplant Programme at the King's College Hospital London, the UK and pioneered the highly successful Living Donor Liver Transplantation (LDLT) Programme in Singapore.

AABMTC was established in 2013 as an extension to AAMG's medical capabilities. It is spearheaded by Dr Yvonne Loh, a Haematologist who specialises in haematopoietic cell transplantation and who has performed close to 100 transplants. Dr Loh also has had specific training in transplant for immunological diseases.

In 2012, AAMG entered into a strategic collaboration with UPMC, one of the top 10 medical institutions in the United States. This has enhanced AAMG's clinical capabilities through shared protocols, rigorous quality standards and technology leading to the establishment of the Comprehensive Transplant Centre – a first-of-its-kind one-stop medical hub for treatment of liver, gastrointestinal and haematological diseases and transplantation in Asia.

Other strategic collaborations of AAMG in Asia include a satellite liver centre in Ho Chi Minh City since 2010, and the Vietnamese-American Liver Center located at Vinmec International Hospital JSC, in Hanoi, both joint ventures in Vietnam.

For further information, please visit www.aamg.co.

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