



19 November 2020

By email: ListingsComplianceSydney@asx.com.au,

Mr Corey Lian
ASX Limited
Exchange Centre, 20 Bridge Street
SYDNEY NSW 2000

Dear Mr Lian

Asian American Medical Group Ltd (AJJ or Company) - Response to ASX Aware Query

Introduction

This letter responds to each of the questions and requests for information raised in your letter dated 12 November 2020 (**ASX Request**).

In the event any additional information is required beyond what is contained in this letter in response to the ASX Request, I ask that you please contact me.

I have attempted to respond to each of the separate requests and queries raised in the ASX Request in turn. Where appropriate, definitions and references to defined terms are consistent with those in the announcement titled Preliminary Final Report released on the ASX Market Announcements Platform on 30 October 2020 (**Announcement**).

Response to queries in ASX Request:

1. ***Does AJJ consider the Information, or part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?***
 - 1.1 Yes, the Company considers part of the Information as defined in the ASX Request would be information that a reasonable person would expect to have a material effect on the price or value of its securities given the nature of the Proposed Transactions effect on the Company. It has disclosed that Information in its Interim Financial Report (**Interim Report**) dated 14 April 2020. More detail is provided in the response to question 3.
2. ***If the answers to question 1 is "no", please advise the basis for that view.***
 - 2.1 Not applicable.
3. ***If the answer to question 1 is "yes" did AJJ disclose this information prior to the date of the Announcement? If so, please provide the details. If no, please explain why this information was not released to the market at an earlier time, as it appears to ASX that AJJ was aware of significant developments on 10 February 2020 and 22 October 2020 (paragraph A). In your answer, please comment specifically on when you believe AJJ was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps AJJ took to ensure that the information was released promptly and without delay.***

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- 3.1 The Information as defined in the ASX Request concerns both the proposed sale of shares in AARO by the Company to Dr Tan, and Dr Tan's exercise of the Option under his employment agreement. This response will deal with each component of the Information in turn, but maintains that during all relevant times it has complied with its disclosure obligations.
- 3.2 AJJ had not disclosed information that was confidential information prior to the point of the Announcement as at that stage the Information concerning the Proposed Transaction (being the sale of AARO shares to Dr Tan) was not finalised (i.e. final board approval for the sale of the AARO shares as part of the Proposed Transaction had not been obtained, the NTA value per ordinary share (and therefore the price) was not determined and formal sale documentation has not been finalised).
- 3.3 The Company relies on the exception contained in Rule 3.1A.1 concerning "information concerns an incomplete proposal or negotiation" and "the information comprises matters of supposition or is insufficiently definite to warrant disclosure" as to why certain information was not disclosed prior to the Announcement in relation to the Proposed Transaction.
- 3.4 At no point in the previous correspondence between the Company and the ASX, nor prior to the Announcement, had the approval from the Board been granted for the Company to sell its AARO shares to Dr Tan. Approval in principle to a sale of AJJ's shares in AARO was only granted at a board meeting held on the 22 October 2020 at 5pm Adelaide time, after which the Company made the Announcement setting out the details of the Proposed Transaction that were no longer confidential as defined in the Listing Rules. This is consistent with the Company's immediate disclosure obligations under the Listing Rules.
- 3.5 Further, the Company notes that the negotiations are still currently ongoing with Dr Tan. As a result, AJJ relies on the exception from the requirement to make immediate disclosure in Listing Rule 3.1.A.1 "the information concerns an incomplete proposal or negotiation". The Company indicated in its Annual Report and the Announcement that negotiations with Dr Tan are still ongoing. As at the date of this response, those negotiations are still ongoing as the price and the terms of the sale (as well as the formal sale agreement) have yet to be finally agreed. As a result, there are no further details to be disclosed at this point in time.
- 3.6 In relation to the component of the Information concerning Dr Tan's exercise of Option under his employment agreement, at part 9b of the Interim Financial Report announced on the ASX on 14 April 2020, the Company noted the following under the "Other payable" heading:
- "As at 29 February 2020, there is an outstanding option for Dr Tan in AARO for 210,000 shares at the price of S\$1.00 each. The Board of Directors and the Shareholders are yet to approve the issue of any shares relating to this option. If the proposed share option exercise is completed as it currently stands, it will result in a dilution of the Group's controlling shareholding in AARO by 20% from the current 68.6% to 48.6% of the enlarged share capital. The Group is currently in discussion with Dr Tan to adjust the number of share options so that the Group will retain at least 50% of the enlarged share capital, Dr Tan holding 48% and Dr Jonathan Teh holding 2%."*
- 3.7 Accordingly, the Information as defined concerning the potential exercise of Option by Dr Tan and its impact on the Company was disclosed by the Company to the market on 14 April 2020. The disclosure in the interim financial report was accurate as at the date of disclosure, and the Company was not "aware" as defined in Chapter 19 of the Listing Rules of any other information that it was required to disclose immediately. The delay between the 10 February notification by Dr Tan and the 14 April 2020 interim report was due to the ongoing disagreement concerning Dr Tan's entitlement to the quantum of shares on exercise of the Option.
- 3.8 The Company further submits that the information concerning the ongoing negotiations with Dr Tan is confidential information in line with the commentary provided in section 5.8 of Guidance Note 8 *Continuous Disclosure*. In particular, the terms of the Proposed Transaction which have yet to be decided still maintain their confidentiality and have not been subject to any disclosure from those who are privy to the negotiations. Accordingly, such information is

and should continue to be treated as confidential as a matter of fact, not merely the Company's intention.

- 3.9 In direct response to the query raised in the ASX request, the Company believes it has taken all necessary steps to disclose the relevant information
4. **ASX notes that AJJ stated "negotiations with Dr Tan are ongoing" (paragraph A.i) while also stating the AJJ's board of directors had approved the sale of AARO shares to Dr Tan (paragraph A.ii). If AJJ's board of directors has approved the sale, why are negotiations with Dr Tan ongoing?**
- 4.1 AJJ's board of directors approved in principle, a sale of AARO shares to Dr Tan, however negotiations concerning the specifics of the transaction are ongoing. As noted at page 23 of the Company's Annual Report (released on the ASX on 9 November 2020) "The parties tentatively agreed, on a without prejudice basis, that the Company will sell its entire shareholding in AARO to Dr Tan, as investing in an associate is not in line with the Company's strategic plan". It goes on to state, in the next paragraph that "Negotiations with Dr Tan are ongoing".
- 4.2 As at the date of this response, the AJJ Board is yet to provide final approval to the sale of the shares including approval as to actual price and terms of the sale. That is to say, the Board had approved an "in principle" sale of AARO shares to Dr Tan, but has not approved "the sale" of AARO shares to Dr Tan (e.g. a finalised sale with all details confirmed).
5. **Please provide all relevant information about the transaction with Dr Tan as required by paragraph 4.15 of Guidance Note 8 as a separate announcement on MAP.**
- 5.1 The relevant information as currently known to the Company, has previously been provided in the Company's Annual Report on page 23, including the following:
- (a) Dr Tan elected to exercise an Option under his employment agreement for an additional 20% shareholding in AARO;
 - (b) Dr Tan's exercise of Options will cause him to hold 50% of all issued shares in AARO and the Company's shareholding will be reduced from 69% (a subsidiary) to 48% (an associate);
 - (c) Based on AARO's unaudited financial statements for FY20 and enlarged share capital to include 210,000 ordinary shares to be issued to Dr Tan, the NTA value per ordinary share in AARO is SGD \$2.058;
 - (d) The expected sale date is to be within a year from the reporting date.
- 5.2 When the Company concludes the ongoing negotiations with Dr Tan and a formal sale is agreed upon, the Company will provide all relevant information about the transaction as required by paragraph 4.15 of Guidance Note 8 as a separate announcement on MAP. As the negotiations are still ongoing, the Company is not able to provide a separate announcement on MAP including all relevant information as set out in paragraph 4.15.
6. **Please confirm that AJJ is complying with the Listing Rules and, in particular, Listing Rule 3.1.**
- 6.1 The Company confirms it is currently complying with the Listing Rules, and in particular its obligations under Listing Rule 3.1 in providing any information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities.
- 6.2 As provided for above, the Company relies on the exception to immediate disclosure in Listing Rule 3.1A.1 for information that concerns an incomplete proposal or negotiation.

7. ***Please confirm that AJJ's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of AJJ with delegated authority from the board to respond to ASX on disclosure matters.***
- 7.1 The Company has authorised and approved the responses to each of the questions raised above in accordance with its published continuous disclosure policy.

As indicated above, if you have any additional queries or requests for information from the Company, please contact me via telephone or email at your convenience.

As the Company is relying on the exception mentioned in Listing Rule 3.1A concerning ongoing negotiations it will not be disclosing any additional information "immediately". The Company will continue to comply with its continuous disclosure obligations in relation to the Proposed Transaction and any additional materials that it would be required to disclose under Listing Rule 3.1.

Yours sincerely



Dario Nazzari

Company Secretary



12 November 2020

Reference: 27485

Mr Dario Nazzari
Company Secretary
Asian American Medical Group Limited
25 Peel Street
ADELAIDE, SA, AUSTRALIA, 5000

By email:

Dear Mr Nazzari

Asian American Medical Group Limited ('AJJ'): Aware Query

ASX refers to the following:

A. AJJ's announcement titled "Preliminary Final Report" released on the ASX Market Announcements Platform ('MAP') on 30 October 2020 (the 'Announcement'), disclosing (emphasis added):

- i. ***"On 10 February 2020, Dr Daniel Tan (Dr Tan) notified Asian American Radiation & Oncology Pte Ltd (AARO) regarding the exercise of Option under his employment agreement for an additional 20% shareholding in AARO. No shareholders' resolution and directors' resolution were passed by AARO for the purpose of authorizing the issuance of shares to Dr Tan as there was disagreement concerning Dr Tan's entitlement to the quantum of shares. After the exercise of option Dr Tan will hold 50% of all issued shares in AARO and AAMG's shareholding in AARO will be reduced from 69% (a subsidiary) to 49% (an associate). The exercise of options is not within AAMG's control but will lead to significant change in Group revenue as a result of the deconsolidation of AARO.***

The Parties tentatively agreed, on without prejudice basis, that AAMG will sell its entire shareholding in AARO to Dr Tan, as investing in an associate is not in line with AAMG's strategic plan. Disposal of the Group's entire shareholding in AARO after deconsolidation will not result in a significant change in the financial metrics of the Group. This proposed transaction will be based on the Net Tangible Asset (NTA) value of AARO's audited financial statements for FY20.

Based on AARO's unsigned audited financial statements for FY20 and enlarged share capital to include 210,000 ordinary shares to be issued to Dr Tan, the NTA value per ordinary share is SGD 2.058. Negotiations with Dr Tan are ongoing."

- ii. ***"On 22 October 2020 the board of directors approved the plan to sell the Group's entire shareholding in its 69% owned subsidiary Asian American Radiation & Oncology Pte Ltd (AARO) to an existing shareholder Dr Danial (sic) Tan. The sale is expected to be completed within a year from the reporting date. At 31 August 2020 AARO was classified as a disposal group held for sale and a discontinued operation. The business of AARO represented the entirety of the Group's radiation and oncology segment. With AARO being classified as discontinued operations the Radiation & Oncology segment is no longer presented in the segment note (Note 15)".***

(together, the 'Information').

- B. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- C. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

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“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity” and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information.”

- D. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

- E. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Request for information

Having regard to the above, ASX asks AJJ to respond separately to each of the following questions and requests for information:

1. Does AJJ consider the Information, or part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. If the answer to question 1 is “yes” did AJJ disclose this information prior to the date of the Announcement? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, as it appears to ASX that AJJ was aware of significant developments on 10 February 2020 and 22 October 2020 (paragraph A). In your answer, please comment specifically on when you believe AJJ was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps AJJ took to ensure that the information was released promptly and without delay.

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4. ASX notes that AJJ stated “negotiations with Dr Tan are ongoing” (paragraph A.i) while also stating that AJJ’s board of directors had approved the sale of AARO shares to Dr Tan (paragraph A.ii). If AJJ’s board of directors has approved the sale, why are negotiations with Dr Tan ongoing?
5. Please provide all relevant information about the transaction with Dr Tan as required by paragraph 4.15 of Guidance Note 8 as a separate announcement on MAP.
6. Please confirm that AJJ is complying with the Listing Rules and, in particular, Listing Rule 3.1.
7. Please confirm that AJJ’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of AJJ with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 AM AEDT Wednesday, 18 November 2020**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, AJJ’s obligation is to disclose the information ‘immediately’. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require AJJ to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in AJJ’s securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in AJJ’s securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to AJJ’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that AJJ’s obligation

to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Kind regards

Corey Lian
Listings Adviser, Listings Compliance (Sydney)

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