

Hainan Project Updates and Next Steps

Asian American Medical Group Limited

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Melbourne, Australia

In collaboration with **UPMC**

Hainan Boao Lecheng International Medical Pilot Zone (“Pilot Zone”)

The Pilot Zone offers incentives and special policies that are not available elsewhere within China. Selected examples:

1 Medical devices

- Shorten processing time for importing medical devices: 30-40 days faster
- Reduced duty rates
- Simplified approval process for large-scale medical devices

2 Importation of medicines

- Special & fast-track approval for drugs unregistered in China, but approved by foreign authorities
- Reduced duty rates

3 Foreign investments in medical institutions

- Gradual easing of foreign ownership restrictions
- Long term goal: Special approval for 100% foreign-owned medical institutions

4 Foreign physicians & workers

- Longer practicing period for foreigners: Up to 5 years, instead of 1.
- Facilitation of work permits for selected medical professionals/management

5 Medical R&D

- Special approval for stem cells & genomics research

AAMG's Hainan Clinic in BIH



Liver Diseases in China

Of the 350 million to 400 million individuals worldwide infected with the hepatitis B virus (“HBV”), **one-third** reside in China, with **130 million** carriers and **30 million** chronically infected.

During a 5-year period, 10.0% of patients with chronic hepatitis will develop cirrhosis, 20.3% of the cases will progress to decompensated cirrhosis and 6.5% of the people with cirrhosis and chronic hepatitis will develop hepatocellular carcinoma (“HCC”). 5-year survival for compensated cirrhosis is 55%, that for decompensated cirrhosis is 14%, and that for HCC is less than 5%. Every year, 300,000 people die from HBV-related diseases in China, including 180,000 patients with HCC. Since the Expanded Program on Immunization (“EPI”) beginning 1992, the prevalence of HBV has declined, especially among children 3 to 12 years old. However, the incidence of hepatitis B is still increasing, from 21.9 in 100,000 people in 1990 to 53.3 in 100,000 in 2003. This increase has occurred because of better screening programmes.

China Aesthetic Market

- China's Market for Beauty Care & Aesthetic Medical Expected to Exceed US\$150bn from Plastic Surgery to Home Beauty & Medical Devices

Most Common Procedures in China		
Type of Procedure	No. of Procedures	World Rank
<i>Surgical</i>		
Breast augmentation	222,530	1st
Liposuction	212,670	3rd
Blepharoplasty (eyelid surgery)	175,228	1st
Rhinoplasty (nose surgery)	97,453	2nd
Abdominoplasty	92,565	2nd
<i>Nonsurgical</i>		
Botulinum (Botox) injection	305,958	3rd
Laser hair removal	186,618	3rd
Hyaluronic acid injection	176,120	3rd
Autologous fat injection	67,320	2nd
Polymethyl methacrylate injection	41,183	1st

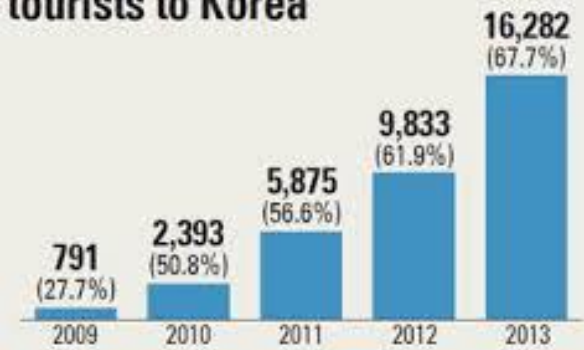
800
billion yuan

Value of China's cosmetic surgery industry by 2019

50,000
surgeries

Minimum number of breast enhancements yearly in China

Chinese plastic surgery tourists to Korea



*Percentage of Chinese patients out of all foreign patients.

Source: Ministry of Health and Welfare

Updates on collaborations in Hainan



Signed Letter of Intent ("LOI") with King's College in Sept 2019, followed by a Summary of Commercial Terms in Nov 2019. Currently working on the definitive agreement.



Signed LOI with Dream Plastics Surgery in Oct 2019. Currently working on the financial model and definitive agreement.



LOI signed in Sept 2019 with Hainan Boao Lecheng International Medical Tourism Pilot Zone Development and Construction Co., Ltd., the investment platform company jointly invested by China Merchants Group, Qionghai Municipal People's Government and Hainan Development Holding Co., Ltd.



Signed LOI with Lahey Hospital & Medical Center in Oct 2019. Currently working on the definitive agreement.

Next steps

1. Continue to aggressively promote AAMG's Singapore Specialists Centre in Hainan through digital and conventional marketing.
2. Stabalise the liver clinic's revenue and control the cost, continue to support the growth of AARO.
3. Continue to push, together with the Sultan of Johor 's support, for the 5-acre Iskandar land to be gazetted as a special zone for employment of foreign medical specialists.
4. Finalise the Joint Ventures for 5-acre Iskandar land in Malaysia, including the collaboration with ROSATOM for a nuclear medicine facility.
5. In addition to the salary cost cutting in Jan 2018 and May 2019, further reduction of 20%-40% in 1st quarter of 2020.
6. Human resource rationalisation which will include retrenchments and redesignations.
7. Reduction in clinic and office space to lower rental cost.

Thank you!

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