

13 August 2015

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VISION EYE INSTITUTE LIMITED (ASX: VEI)

LETTER TO SHAREHOLDERS

Attached is a copy of a letter being sent to all Vision Eye Institute Limited shareholders.

Karen Lopreiato
Company Secretary
Vision Eye Institute Limited

For personal use only

13 August 2015

Dear Vision Shareholder

JANGHO'S ALL-CASH TAKEOVER OFFER OF \$1.10 PER SHARE

I am pleased to announce that Vision Eye Institute Limited (**Vision**) has entered into a takeover bid implementation deed (**Implementation Deed**) with Jangho Group Co., Ltd (**Jangho**) under which Jangho (or a wholly owned subsidiary) has agreed to make an all-cash off-market takeover offer for Vision.

Jangho will offer to acquire all the outstanding voting shares in Vision that it does not already own for **\$1.10 cash per share** (the **Jangho Offer**).¹ Jangho is a public company headquartered in Beijing and listed on the Main Board of the Shanghai Stock Exchange and it presently holds a 19.99% stake in Vision. Jangho's Bidder's Statement will detail how and when you can accept the Jangho Offer.

The Jangho Offer highlights the strategic value of our business, in particular its day surgery clinics, the program of strategic initiatives being undertaken and Vision's strong prospects for future growth. Further, Vision has a long history of charitable, philanthropic and educational activities in SE Asia and the proposed partnership with Jangho provides further opportunities to build on and expand these activities.

The signing of the Implementation Deed follows recent discussions between Jangho and the Vision Board about the future direction and growth of Vision.

Each Vision director, including all doctor executive directors and non-executive directors, intends to recommend that you **ACCEPT THE JANGHO OFFER**, subject to there being no superior alternative proposal. Each director intends to accept the Jangho Offer in respect of the Vision shares they own or control, subject to no superior alternative proposal being received.

Reject the Pulse Offer

You are reminded that Vision directors unanimously continue to recommend that you **REJECT** the inferior all-scrip off-market takeover offer from Pulse Health Limited (**Pulse**) and continue to ignore all documents received from Pulse.

Attractive Premium under the Jangho Offer

The \$1.10 cash payable under the Jangho Offer represents a premium to the trading price of Vision's voting shares as indicated below:

- 64% to the 1 month volume weighted average price to 3 July 2015² of \$0.67;

¹ Jangho's \$1.10 offer price will be reduced by the per share amount of any dividends declared or paid by Vision after the date of this announcement. As announced to ASX on 28 July 2015, Vision expects to declare a full year FY15, fully franked dividend of 2.5 cents per share.

² The last trading day before the announcement of the Pulse Offer.

- 59% to the 3 month volume weighted average price to 3 July 2015 of \$0.69; and
- 25% to the implied value of \$0.88 per share under the Pulse Offer.

Further, the \$1.10 all-cash amount is in the mid-range of the Independent Expert's valuation range of \$1.04 to \$1.18 as set out in its report (a copy of which is attached to Vision's Target's Statement in respect of the Pulse Offer).

Implementation Deed

Key conditions to the Jangho Offer include:

- 50.1% minimum acceptance;
- no regulatory actions;
- no prescribed occurrences and various other standard restrictions for offers of this nature on the conduct of Vision's business during the Jangho Offer period;
- no material adverse change in respect of Vision during the Jangho Offer period; and
- other than certain permitted actions, no material acquisitions, disposals or new commitments during the Jangho Offer period.

The Jangho Offer is not subject to any funding conditions or any regulatory approvals, including FIRB.

A complete copy of the Implementation Deed can be found on the Vision investor website (www.investor.visioneyeinstitute.com.au) or the ASX website (www.asx.com.au).

Further information

Vision will keep you informed of any developments and the Vision Board advises that you do not need to do anything in relation to the Jangho Offer at this stage. However, you should continue to REJECT the Pulse Offer.

Yours sincerely



Shane Tanner
Chairman