From: "jeffrey E." <jeevacation@gmail.com>
To: David Stern <[redacted]>
Subject: Re: AG CHINA DRAFT
Date: Mon, 17 Nov 2014 18:14:08 +0000

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On Mon, Nov 17, 2014 at 1:30 PM, David Stern <[redacted]> wrote:

> Draft to General Counsel of Informa. Total loan from Informa US$16m plus 10% compounded interest [redacted].
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> Dear Rupert,
>
> I urgently need your feedback please.
> I informed you on 13 October that the we are out of funds and described that I want to proceed in a fully transparent and mutual process with Informa.
>
> I am obliged as Director to take steps of closing based on the current disastrous situation and at the same time I can not be in breach of the agreements between the Company and Informa which requires Informa consent for a wind-down of any business.
>
> As this is a matter of highest urgency I summarise the current situation.
> This is my view only and based on legal advice I received.
>
> 1. In absence of the ability to fund this November and beyond, and in absence of Informa responding to the request for solvent liquidation, the Directors will trigger an insolvency in Hong Kong for CMDS HK. This would be a waste, especially since there are no meaningful assets to be recovered (you have received the relevant information). In addition, I suggested that Informa can buy the business for US$ 1 if preferred in order to handle the solvent liquidation yourself to ensure the fact that there are no assets of meaningful value.
> The HK insolvency means the HK liquidator will deal with the Chinese business liquidation which is very tedious and not straightforward. Most likely bankruptcy will not be be permitted by the PRC court (see attached legal memo from a leading Chinese law firm addressed to me).
>
> 2. Solvent liquidation in HK is an option once Informa agrees to waive the loan. In this case a HK law firm will be appointed by the Company to proceed with the liquidation of the business, once the PRC business went through a voluntary liquidation process. This is a preferred, cleaner and better process while also not straight forward due to costs and process in PRC. Once Informa makes it position clear re loan waiver I can explain this process and whether/how we can do this.
>
> 3. As we discussed I am continuously trying all avenues to keep the business afloat and find investors - the business model of AG remains sound and we have first revenues coming in. This week we signed our first hospital contract for our solution which pays a yearly maintenance fee of RMB 30k.
> There appears to be one possible source of funding: a Russian investor based in Moscow who is looking at us as distressed high risk case.
> There is a chance that they invest US$ 5 million but they require the cancellation of the data rights agreement with Informa (since they see our history as too messy and complicated, the agreement too ambiguous) and a US$ 10million haircut of the loan. I am trying to move them to a more logical loan haircut which is Informa reduces the current loan by US$ 6.2 million in return for the Company also giving up its right to the additional total of US$ 6.2 million that is still due from Informa after we are in four cities (i.e. US$ 200k per additional city).
> I am in discussions and need your position asap on this option - if Informa rejects this then I will cease

discussions which requires trips (& associated costs) to Moscow.

I kindly urge you to reply to me on the points by latest tomorrow evening - I am also always available for a call or meeting.

Thanks
David

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please note