G Medical Innovations Holdings Ltd
ARBN 617 204 743

27 March 2018

Ms Hayley Pratt
Adviser, ASX Listings Compliance (Perth)
ASX Compliance Pty Ltd
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

By email: tradinghaltsperth@asx.com.au and Hayley.Pratt@asx.com.au

Dear Hayley

Response to ASX query

I refer to the letter from ASX to G Medical Innovations Holdings Ltd (**GMV** or **G Medical**) dated 23 March 2018 (**Query Letter**).

Capitalised terms used in this letter have the meaning given in the Query Letter, unless expressly defined otherwise.

On behalf of GMV, I respond to the Query Letter as follows:

1. **Has GMV commenced the product trial referred to in its announcement of 9 May 2017? If not, when does GMV expect the product trial to commence?**

   It was agreed between G Medical and SilverLake that the trial was no longer required. A number of G Medical partners, including SilverLake, have received the first released units for internal assessment purposes.

2. **Has SilverLake purchased any units from GMV in accordance with the distribution and co-operation agreement between GMV and SilverLake? If so, please advise how many units and the payments received by GMV. If not, when does GMV expect that SilverLake will purchase units in accordance with the distribution and co-operation agreement with SilverLake?**

   SilverLake has not yet purchased any units from GMV.

   In order for GMV to be in a position to supply its devices to SilverLake for distribution, GMV must first receive the requisite CFDA approvals. As noted below, and previously disclosed through ASX announcements, GMV anticipates receiving CFDA approval in the second quarter of 2018. GMV anticipates that SilverLake will commence purchasing units from GMV within a few weeks of GMV receiving the requisite CFDA approvals.

3. **Has GMV received any payments from MEDTEL pursuant to the exclusive distribution agreement between GMV and MEDTEL? If not, when does GMV expect to receive payments pursuant to the exclusive distribution agreement with MEDTEL?**

   Yes we have received US$15,000 from MEDTEL following their receipt of the first commercially ready Prizma Cases. As G Medical intends to manufacture the bulk of its product in China where the costs of production will be cheaper, the distribution of the Prizma medical smartphone remains subject only to the receipt of the CFDA

approval. G Medical will provide an update to the market in accordance with its continuous disclosure obligations as and when required.

4. Has FCL purchased any units from GMV pursuant to the binding memorandum of understanding between GMV and FCL? If so, please advise how many units and the payments received by GMV. If not, when does GMV expect that FCL will purchase units in accordance with the binding memorandum of understanding with FCL?

No, FCL have not purchased any units from GMV. It was noted in the announcement that:

> *"…the Tier 1 partners of FCL have not yet formalised a definitive arrangement with FCL, and thus FCL have not yet established their "Letter of Credit"…* ***On this basis, the Company cannot categorically state that the full anticipated revenues under this Agreement with FCL can be achieved, until such time as the above have been formalised."***

These discussions for definitive agreements remain in progress. As noted in GMV's announcement of 10 November 2017, GMV has met with the counterparties and is satisfied that these parties intend to enter into the necessary definitive arrangements with GMV. GMV will release a further announcement in due course once these definitive agreements have been executed.

GMV continues to consider that the necessary definitive agreements will be entered into as anticipated. In the event that such agreements are not entered into, and the memorandum of understanding between GMV and FCL is terminated, GMV will make an announcement to ASX in accordance with its continuous disclosure obligations.

5. Noting that GMV has been granted "green channel" approval by the CFDA, has GMV been granted regulatory approval for the Prizma medical smartphone case by the CFDA? If not, when does GMV expect the regulatory approval for the Prizma medical smartphone case to be granted by the CFDA?

No, G Medical has not yet been granted regulatory approval for the Prizma medical smartphone case by the CFDA. The Green Channel granting is an acknowledgement by the regulators that G Medical's submissions will be treated as a priority approval process.

All technical tests have been passed which is why the Green Channel was granted. Clinical trials are anticipated to be finalised within the next few weeks. G Medical's final submission will then be lodged for CFDA approval. It is on this basis that G Medical considers it has a reasonable basis to expect to receive CFDA approval in the second quarter of 2018, which it has previously announced. GMV will release a further announcement in due course once it receives updates from the regulator.

6. Are the Prizma medical smartphone cases commercially ready? If not, please advise when GMV expects the Prizma medical smartphone cases to be commercially ready.

Yes, the Prizma medical smartphone cases are commercially ready. As G Medical intends to manufacture the bulk of its product in China where the costs of production will be cheaper, the distribution of the Prizma medical smartphone remains subject only to the receipt of the CFDA approval. G Medical will provide an update to the market in accordance with its continuous disclosure obligations as and when required.

7. Has FCL formalised its arrangements with its Tier 1 Partners? If not, when does GMV expect that FCL will formalise its arrangements with its Tier 1 Partners?

Refer to the answer to question 4. FCL has not formalised its arrangements with its Tier 1 Partners. These discussions are still ongoing and G Medical is meeting with FCL in the second quarter of 2018 and will provide an update to the market in accordance with its continuous disclosure obligations as and when required.

8. Has FCL established its letter of credit? If not, when does GMV expect that FCL will establish their letter of credit?

Refer to the answer to question 7.

9. Please provide a breakdown of the receipts received from customers totalling US$22,000.

The US$22,000 related to receipts from services provided by G Medical Diagnostic Services (previously CardioStaff) in the US and does not reflect any sales related to our Prizma product.

10. Please confirm that GMV is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

I confirm that GMV is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

11. Please confirm that GMV'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 GMV with delegated authority from the board to respond to ASX on disclosure matters.

I confirm that the responses set out in this letter have been approved by a resolution of the board of directors of GMV.

I trust this letter addresses the Query Letter to the satisfaction of ASX. Please contact me if you have any further queries.

Yours sincerely

Stephen Buckley
Company Secretary

23 March 2018

Mr Stephen Buckley
Company Secretary
G Medical Innovations Holdings Ltd.
C/- 50 Kings Park Road
WEST PERTH WA 6005

By email: stephen@companysecsol.com.au

Dear Mr Buckley

G Medical Innovations Holdings Ltd. ("GMV"): Query

ASX Limited ("ASX") refers to the following:

A. GMV's announcement entitled "GMV Distribution Agreement for Smartphone Cover in China" lodged on the ASX Market Announcements Platform ("MAP") and released at 10:55 am on 9 May 2017, disclosing that GMV had entered into a distribution and co-operation agreement with Beijing SilverLake Investment Co. Ltd ("SilverLake") for the distribution of the G Medical smartphone cover in the People's Republic of China. The minimum quantities of smartphone covers to be purchased by SilverLake were agreed as follows:

Year 1	100,000 units
Year 2	250,000 units
Year 3	1,000,000 units
Year 4	1,350,000 units
Year 5	1,350,000 units
Total	4,050,000 units

The announcement also disclosed that the agreement will commence following the completion of a product trial, in which SilverLake will purchase an additional 5,000 units for the purposes of the trial. The trial was to start no later than 30 September 2017.

B. GMV's announcement entitled "G Medical Signs Binding MOU for China Distribution" lodged on MAP and released at 09:18 am on 27 July 2017, disclosing that GMV's subsidiary had executed a binding memorandum of understanding with Shandong Boletong Information S&T Co. Ltd ("Boletong"). Pursuant to the terms of the agreement, Boletong has agreed to puchase a minimum quantity of units within the 1st year of the G Medical Smartphone Prizma with minimum commitments being no less than US$67,500,000. The obligation to acquire the units commences on the granting of the CFDA certification to GMV.

C. GMV's announcement entitled "G Medical Signs Distribution Agreement for Greece and Cyprus" lodged on MAP and released at 08:53 am on 2 October 2017, disclosing that GMV had entered into an exclusive distribution agreement for Greece and Cyprus with MEDTL Medical Technologies Ltd to distribute the Prizma Medical Smartphone Case and certain planned future products of GMV. The announcement also disclosed that MEDTEL had agreed to purchase a certain number of Prizma Cases

during the first 12 months following the date of receipt of the first commercially ready Prizma Cases. The total payments anticipated to be received for units purchased by MEDTEL during that 12 month period was US$10.5 million with the minimum purchases in each subsequent year being 25% above the prior year's minimum purchases.

D. GMV's announcement entitled "Binding MOU for Distribution in India and Taiwan" lodged on MAP and released at 09:39 am on 10 November 2017, disclosing that GMV's subsidiary had executed a binding memorandum of understanding with First Channel Ltd ("FCL") for the distribution of GMV's products and services in India and Taiwan. Pursuant to the agreement, FCL had agreed to purchase a minimum quantity of units within the 1st year of the Prizma Medical Smartphone case, with minimum total payments during that period anticipated to be US$90 million. The announcement disclosed that the total value of the agreement is based on the minimum commitments of US$405 million within a 3 year period broken down as:

Year 1 – US$90 million;
Year 2 – US$135 million; and
Year 3 – US$180 million.

The announcement also disclosed that for all purchase orders submitted, FCL will obtain a letter of credit from a first class bank. FCL will provide this letter of credit to GMV at the time of making the purchase order and GMV will exchange this letter of credit with an Israeli government insurance company to receive immediate payment. The announcement also disclosed that the Tier 1 partners of FCL had not yet formalised a definitive arrangement with FCL and thus FCL had not yet established their letter of credit. On that basis, GMV could not categorically state that the full anticipated revenues under the agreement with FCL will be achieved until such time as the above has been formalised.

E. GMV's announcement entitled "Quarterly Activities Report & Appendix 4C" lodged on MAP and released at 11:35 am on 31 January 2018, disclosing that GMV has an operating production line established in Israel and a production line setup for operation in April 2018 in China, with GMV ready to reach production capabilities of up to a million units in the first year. The announcement also disclosed that GMV is anticipating launching a direct sales online store during February 2018 whereby customers will be able to purchase a Prizma directly. The Appendix 4C disclosed receipts from customers of US$22,000 for the year to date.

F. GMV's announcement entitled "G Medical China is Granted Green Channel by CFDA" lodged on MAP and released at 10:02 am on 5 February 2018, disclosing that GMV's subsidiary has been granted acceptance to the green channel expedited Guangdong Provincial China Food and Drug Administration ("CFDA") regulatory approval process for the Prizma medical smartphone case.

G. ASIC's Regulatory Guide 170: *Prospective financial information*, in particular:

a. RG 170.11 - *We believe the general test of whether prospective financial information must be disclosed is whether it is:*

(a) relevant to its audience; and

(b) reliable (i.e. there must be a reasonable basis for it: see GIO Australia Holdings Ltd v. AMP Insurance Investment Holdings Pty Ltd (1998) 29 ACSR 584).

b. RG 170.17 - *The making of a statement that contains prospective financial information (i.e. a forward-looking statement) must have reasonable grounds or it will be taken to be misleading*

under s728(2) or 769C of the Corporations Act. What are 'reasonable grounds' should be determined objectively in light of all of the circumstances at the time of the statement, so that a reasonable person would view as reasonable the grounds for the statement.

c. RG 170.18 - *We consider that prospective financial information based on hypothetical assumptions (rather than reasonable grounds) is likely to be misleading and provide little information value to investors. In our view, prospective financial information without reasonable grounds is not material to investors, nor would an investor reasonably require it or reasonably expect to find it in a disclosure document or PDS.*

d. RG 170.41 - *We generally consider that prospective financial information for a period of more than two years may require independent or objectively verifiable sources of information to establish that there are reasonable grounds to provide it. However, for an existing business preparing a statement on estimates for up to two years, we will generally not regard as necessary independent verification if there otherwise appear to be reasonable grounds to make the statement. Directors should state why they believe the information is objectively reasonable. We may still take action on a statement on estimates for up to two years if we believe there are no reasonable grounds to provide it.*

e. RG 170.42- *The reasonable grounds requirement means that there should be a relevant factual foundation for the prospective financial information and that the information is not contrived: see George v. Rockett (1990) 170 CLR 104 and Re Aldred & Dept of the Treasury (1994) 35 ALD 685.*

f. RG 170.50 - ***The general principles in this regulatory guide also apply to advertising because of the interaction of s769C and 1041H***. [emphasis added]

Section 769C states:

For the purposes of this Chapter, or of a proceeding under this Chapter, if:

(a) a person makes a representation with respect to any future matter (including the doing of, or refusing to do, any act); and

(b) the person does not have reasonable grounds for making the representation; the representation is taken to be misleading.

Section 1041H states:

A person must not, in this jurisdiction, engage in conduct, in relation to a financial product or a financial service, that is misleading or deceptive or is likely to mislead or deceive.

g. RG 170.59 - *Investors should be given enough information to enable them to:*

(a) assess whether the prospective financial information is relevant and reliable (i.e. to form their own view about how reasonable the grounds are for making the statement); and

(b) identify with certainty the facts and circumstances that support prospective financial information, as well as being able to demonstrate that the information is reasonable.

h. RG 170.61 - *A disclosure document or PDS must specifically disclose any assumptions used in compiling prospective financial information that materially affect the forecast outcome. The assumptions should be detailed and specific enough to enable the investor to work through all of the prospective financial information. This may require details about how returns are*

calculated during each year that the information covers. Among other things, assumptions about expenditures, revenues, inflation rates and other such variables should be clearly disclosed and highlighted if different assumptions have been used for different parts of the term that the prospective financial information covers.

i. *RG 170.62 Investors must be able to assess:*

   (a) the validity of the assumptions on which the prospective financial information is based;

   (b) the likelihood of the assumptions actually occurring; and

   (c) the effect on the prospective financial information if the assumptions vary.

j. RG 170.63 - *We expect a disclosure document or PDS to disclose material assumptions about:*

   (a) specific future economic conditions; and

   (b) particular circumstances affecting a company or financial product and the industries relevant to that company or financial product.

k. RG 170.64 - *Disclosure of the material assumptions allows an investor or adviser to make an informed assessment of an issuer's prospects, or a person as a retail client to make an informed decision whether to acquire the product.*

l. RG 170.65 - *An assessment of the impact of these assumptions on prospective financial information should also be included. However, a disclosure document or PDS does not have to:*

   (a) state general assumptions, such as the absence of war or natural disasters, unless the forecast takes these events into account; or

   (b) disclose assumptions that would not materially affect the prospective financial information.

m. RG 170.66 - *It is not sufficient to state the general nature of an assumption. Specific quantities or amounts should be set out. For example, it may not be sufficient to state that prospective financial information is based on an anticipated recovery in equity markets, without setting out the amount of the required recovery: see GIO Australia Holdings Ltd v. AMP Insurance Investment Holdings Pty Ltd (1998) 29 ACSR 584*.

n. RG 170.67 - *We consider that because the presence or absence of reasonable assumptions is a factor in any determination of whether an issuer has satisfied the relevant disclosure obligation, the basis for the assumptions underlying the prospective financial information should be stated in the disclosure document or PDS in order that an investor has some means of assessing that information: see Miba Pty Ltd v. Nescor Industries (1996) 141 ALR 525 and Wesfi Ltd v. Blend Investments Pty Ltd (1999) 31 ACSR 69*.

o. RG 170.68 - *Disclosure of the basis for prospective financial information may reduce the capacity of the information to mislead because such disclosure assists the assessment/decision of an investor or retail client*.

p. RG 170.78 - *Investors must be able to assess the reliability of prospective financial information. To do this, they should be able to assess whether the key assumptions are likely to occur. Therefore, a disclosure document or PDS must disclose material details about the enquiries and research undertaken and the process followed in preparing the information.*

A complete copy of the Regulatory Guide is available at:

http://download.asic.gov.au/media/1240943/rg170-010411.pdf

H. Section 4.15 of ASX's Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "Guidelines on the contents of announcements under Listing Rule 3.1" which states, amongst other things that:

> *"Similarly, depending on the circumstances, ASX would generally expect an announcement about the signing of a market sensitive contract with a customer to include information about:*
>
> - *the name of the customer;*
> - *the term of the contract;*
> - *the nature of the products or services to be supplied to the customer;*
> - *the significance of the contract to the entity;*
> - *any material conditions that need to be satisfied before the customer becomes legally bound to proceed with the contract; and*
> - *any other material information relevant to assessing the impact of the contract on the price or value of the entity's securities.*
>
> *In disclosing the significance of the contract to the entity, regard should be had to the guidance below about forward looking statements. For example, a statement about the projected revenue to be derived from a customer contract or any other projection that is a proxy for revenue will be a forward looking statement and therefore must have a reasonable basis in fact or else it will be deemed to be misleading."*
>
> *"See notes 114 and 115 and accompanying text. Note also that if an entity does make a statement about the projected revenue to be derived from a customer contract or any other projection that is a proxy for revenue and the entity becomes aware that the projection is materially overstated, that may trigger an obligation under Listing Rule 3.1 to make a corrective announcement."*

I. Listing Rule 3.1, which requires a listed entity to give ASX immediately 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.

Having regard to the above, ASX asks GMV to respond separately to each of the following questions and requests for information in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Has GMV commenced the product trial referred to in its announcement of 9 May 2017? If not, when does GMV expect the product trial to commence?

2. Has SilverLake purchased any units from GMV in accordance with the distribution and co-operation agreement between GMV and SilverLake? If so, please advise how many units and the payments received by GMV. If not, when does GMV expect that SilverLake will purchase units in accordance with the distribution and co-operation agreement with SilverLake?

3. Has GMV received any payments from MEDTEL pursuant to the exclusive distribution agreement between GMV and MEDTEL? If not, when does GMV expect to receive payments pursuant to the exclusive distribution agreement with MEDTEL?

4. Has FCL purchased any units from GMV pursuant to the binding memorandum of understanding between GMV and FCL? If so, please advise how many units and the payments received by GMV. If not, when does GMV expect that FCL will purchase units in accordance with the binding memorandum of understanding with FCL?

5. Noting that GMV has been granted "green channel" approval by the CFDA, has GMV been granted regulatory approval for the Prizma medical smartphone case by the CFDA? If not, when does GMV expect the regulatory approval for the Prizma medical smartphone case to be granted by the CFDA?

6. Are the Prizma medical smartphone cases commercially ready? If not, please advise when GMV expects the Prizma medical smartphone cases to be commercially ready.

7. Has FCL formalised its arrangements with its Tier 1 Partners? If not, when does GMV expect that FCL will formalise its arrangements with its Tier 1 Partners?

8. Has FCL established its letter of credit? If not, when does GMV expect that FCL will establish their letter of credit?

9. Please provide a breakdown of the receipts received from customers totalling US$22,000.

10. Please confirm that GMV is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

11. Please confirm that GMV'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 GMV with delegated authority from the board to respond to ASX on disclosure matters.

In providing the information above, ASX would remind you that an officer or employee of a listed entity who gives, or authorises or permits the giving of, materially false or misleading information to ASX:

- knowingly, breaches section 1309(1) of the Corporations Act, which is a criminal offence punishable by a fine of up to 200 penalty units and/or imprisonment for up to 5 years; or

- without taking reasonable steps to ensure that the information was not false or misleading, breaches section 1309(2) of the Corporations Act, which is a criminal offence punishable by a fine of up to 100 penalty units and/or imprisonment for up to 2 years.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **9.30 a.m. AWST on Wednesday, 28 March 2018**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in GMV's securities under Listing Rule 17.3.

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, GMV'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.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at tradinghaltsperth@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.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to GMV'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 GMV'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.

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 GMV's securities under Listing Rule 17.1.

If you wish to call 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 may 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*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Hayley Pratt
Adviser, Listings Compliance (Perth)