

# SINGAPORE MEDICAL GROUP LIMITED

(Company Registration No.: 200503187W)

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## CONVERSION OF CONVERTIBLE LOAN INTO EQUITY SHARES AND PROPOSED ACQUISITION OF ADDITIONAL SHARES IN CITYCLINIC ASIA INVESTMENTS PTE. LTD.

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The Board of Directors (the "**Board**") of Singapore Medical Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") refers to the announcement dated 27 September 2017 relating to the granting of the convertible loan facility to CityClinic Asia Investments Pte. Ltd. ("**CCAI**"), an associated company where the Group has an effective equity interest of 16.0%, held through its 50.0% owned jointly controlled company, SMG International (Vietnam) Pte. Ltd. ("**SIV**"), which holds a 32.0% interest in the issued and paid-up share capital of CCAI, and wishes to announce that, as part of CCAI corporate restructuring exercise, the Company has exercised its option to convert the convertible loan of US\$689,360 to 177,670 ordinary shares of CCAI at the conversion price of US\$3.88 per share, pursuant to the terms of the Convertible Loan Agreement dated 27 September 2017 (the "**Conversion**"). Upon Conversion, the Company will be acquiring an additional 65,647 ordinary shares from six existing shareholders of CCAI at a price of US\$3.88 per share for a total cash consideration of US\$255,000 (the "**Proposed Acquisition**").

Upon the Conversion, the Group holds an effective interest of 21.3% comprising a direct interest of 8.4% and an indirect interest held through SIV of 12.9%. Once the Proposed Acquisition is completed, the Group will hold an effective interest of 24.4% comprising a direct interest of 11.5% and an indirect interest held through SIV of 12.9%.

CCAI is a private company limited by shares incorporated in Singapore and is primarily involved in the business of providing business and management consultancy services, and investment holding. CCAI has a wholly-owned subsidiary, CityClinic Vietnam Limited ("**CCVN**"), (collectively, "**CCAI Group**") in Vietnam which are primarily involved in the business of providing outpatient healthcare and aesthetics services. CCVN operates 2 clinics in Ho Chi Minh City, Vietnam.

### CONSIDERATION FOR THE PROPOSED ACQUISITION

The consideration of US\$255,000 will be fully settled in cash and has been arrived at on a willing buyer and willing seller basis, taking into account the asset value, goodwill and business prospects of CCAI Group. No valuation was conducted for the Proposed Acquisition.

As at 31 December 2018, the net liability value and net tangible liabilities of CCAI Group approximate US\$35,000 and US\$1,245,000 respectively. CCAI Group generated a net loss before tax of approximate US\$1,130,000 for the twelve months ended 31 December 2018.

The Conversion and Proposed Acquisition is not expected to have material impact on the consolidated net tangible assets and earnings per share of the Group for the financial year ending 31 December 2019.

### RATIONALE FOR THE CONVERSION AND PROPOSED ACQUISITION

The Conversion and Proposed Acquisition is beneficial to the Group as it allows the Group to tap into the growth potential of the Vietnam market and enhance its future return on the investment.

### FUNDING OF THE PROPOSED ACQUISITION

The Proposed Acquisition will be funded through the funds raised from the Convertible Loan which was announced on 20 February 2019, 10 April 2019, 25 April 2019, 3 May 2019 and 4 June 2019 and drawn down on 4 June 2019.

## RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

Relative figures of the Conversion and Proposed Acquisition under Listing Rule 1006 of the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), based on the Company's latest audited financial statements for the financial year ended 31 December 2018, being the most recently completed financial year for which consolidated financial statements are available, are set out below.

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable <sup>(1)</sup>
(b)	Net profits <sup>(2)</sup> attributable to the assets acquired, compared with the Group's net profits <sup>(2)</sup> .	Not meaningful <sup>(3)</sup>
(c)	Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	0.7 <sup>(4)</sup>
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable <sup>(1)</sup>

Notes:

- (1) This basis is not applicable to the Conversion and Proposed Acquisition.
- (2) Pursuant to Rule 1002(3)(b) of the Catalist Rules, "net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (3) The relative figure computed is a negative figure of 0.9% based on the unaudited net loss before tax of the CCAI Group of US\$1,130,000 (equivalent to S\$1,524,000) for FY2018 and the Group's audited net profit before tax of S\$14,104,000 for FY2018.
- (4) Based on the market capitalisation of the Company of S\$178.7 million, which is calculated based on the volume weighted average price of S\$0.37 on 5 August 2019, being the last market day on which the shares of the Company were traded, preceding the date of this announcement.

As the relative figures computed under Rule 1006(c) of the Catalist Rules are less than 5%, and after consulting SGX on the negative figure under Rule 1006(b) pursuant to Rule 1007(1), the Conversion and Proposed Acquisition does not constitute a disclosable transaction under Part VI of Chapter 10 of the Catalist Rules and does not fall within the classification of a major transaction or a very substantial acquisition under Part VII of Chapter 10 of the Catalist Rules.

## INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

The following director and substantial shareholder of the Company have disclosed their respective interests in SMGIV:

- (a) Dr. Wong Seng Weng, the Executive Director of the Company, holds a direct interest in 120,000 ordinary shares in SMGIV, representing 7.1% of the share capital of SMGIV; and
- (b) Dr. Ho Choon Hou, a substantial shareholder of the Company, holds a direct interest in 120,000 ordinary shares in SMGIV, representing 7.1% of the share capital of SMGIV.

Save for Dr. Wong Seng Weng and Dr. Ho Choon Hou, none of the other directors of the Company and to the best of the directors' knowledge, none of the controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Conversion and Proposed Acquisition other than through their respective interests (if any) in the Company.

**By Order of the Board**

Beng Teck Liang  
Executive Director and Chief Executive Officer

6 August 2019

*This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("**Sponsor**") in accordance with Rule 226(2)(b) of the Catalist Rules. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Mr. Eric Wong, Director, Investment Banking, Singapore. The contact particulars are 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623, Telephone: +65 6337 5115.*