

CIRCULAR DATED 10 APRIL 2019

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of Singapore Medical Group Limited (the “**Company**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular with the notice of extraordinary general meeting (the “**Notice of EGM**”) and the attached Proxy Form (as defined herein) to the purchaser or transferee of your ordinary shares, as arrangements will be made by CDP for a separate Circular with the Notice of EGM and the attached Proxy Form to be sent to such purchaser or transferee. If you have sold or transferred all your ordinary shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular together with the Notice of EGM and the attached Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, CIMB Bank Berhad, Singapore Branch (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Sponsor has not independently verified the contents of this Circular. This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular. 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.



SINGAPORE MEDICAL GROUP LIMITED

(Incorporated in the Republic of Singapore on 10 March 2005)
(Company Registration Number: 200503187W)

Independent Financial Adviser to the Recommending Directors



RHT CAPITAL PTE. LTD.

(Company Registration Number : 201109968H)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED ALLOTMENT AND ISSUANCE OF AN AGGREGATE OF UP TO 23,640,662 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY TO CHA HEALTHCARE SINGAPORE PTE. LTD., UPON THE CONVERSION OF A CONVERTIBLE LOAN OF S\$10 MILLION PURSUANT TO THE TERMS AND CONDITIONS OF A CONVERTIBLE LOAN AGREEMENT DATED 20 FEBRUARY 2019

IMPORTANT DATES AND TIMES:

- | | | |
|--|---|---|
| Last date and time for lodgement of Proxy Form | : | 23 April 2019 at 5.00 p.m. |
| Date and time of Extraordinary General Meeting | : | 25 April 2019 at 5.00 p.m. (or as soon thereafter following the conclusion or adjournment of the AGM to be held at 4.00 p.m. on the same day and at the same place) |
| Place of Extraordinary General Meeting | : | 1 Orchard Road, Level 4
Tan Chin Tuan Function Room 2
Singapore 238824 |

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless otherwise stated:–

“Adjustment”	:	Has the meaning ascribed to it in paragraph 2.4 of this Circular
“AGM”	:	The annual general meeting to be convened and held on 25 April 2019 at 4.00 p.m.
“associate”	:	(a) In relation to any director, chief executive officer, Substantial Shareholder or controlling shareholder (being an individual) means:– (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and (b) in relation to a Substantial Shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
“Audit Committee”	:	The audit committee of the Company as at the date of this Circular
“Board of Directors” or “Board”	:	The board of Directors of the Company as at the date of this Circular
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“CDP”	:	The Central Depository (Pte) Limited
“CFC”	:	Has the meaning ascribed to it in paragraph 3 of this Circular
“CHA”	:	Has the meaning ascribed to it in paragraph 3 of this Circular
“CHAB”	:	CHA Biotech Co., Ltd.
“CHC”	:	CHA Healthcare Co., Ltd

“CHS”	:	CHA Healthcare Singapore Pte. Ltd., a wholly-owned subsidiary of CHC
“Circular”	:	This circular dated 10 April 2019 issued by the Company
“Companies Act” or “Act”	:	The Companies Act (Chapter 50) of Singapore, as amended or modified or supplemented from time to time
“Company”	:	Singapore Medical Group Limited
“Conditions Precedent”	:	Has the meaning ascribed to it in paragraph 2.6 of this Circular
“controlling shareholder”	:	A person who:– (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in a company; or (b) in fact exercises control over a company
“Conversion Amount”	:	Has the meaning ascribed to it in paragraph 2.3.2 of this Circular
“Conversion Price”	:	Has the meaning ascribed to it in paragraph 2.3.2 of this Circular
“Conversion Right”	:	Has the meaning ascribed to it in paragraph 2.3.1 of this Circular
“Conversion Shares”	:	The new Shares to be issued upon the conversion of the Convertible Loan pursuant to the terms and conditions of the Convertible Loan Agreement
“Convertible Loan”	:	The loan of S\$10 million to be extended by CHS to the Company under the Convertible Loan Agreement
“Convertible Loan Agreement”	:	The convertible loan agreement entered into between the Company and CHS on 20 February 2019 as may be supplemented and varied by the parties thereto
“CPF”	:	The Central Provident Fund
“CPF Investor”	:	Investors who purchased Shares using their CPF savings under the CPF Investment Scheme
“Default Conversion Right”	:	Has the meaning ascribed to it in paragraph 2.8.1 of this Circular
“Directors”	:	The directors of the Company as at the date of this Circular
“Drawdown Date”	:	Has the meaning ascribed to it in paragraph 2.2.1 of this Circular

“EGM”	:	The extraordinary general meeting to be convened and held on 25 April 2019 at 5.00 p.m. (or as soon thereafter following the conclusion or adjournment of the AGM to be held at 4.00 p.m. on the same day and at the same place), notice of which is set out on pages 82 to 83 of this Circular (the “Notice of EGM”)
“Enlarged Share Capital”	:	The enlarged issued and paid-up share capital (excluding treasury Shares) of the Company of 504,362,297 Shares immediately after the allotment and issuance of the Conversion Shares, which comprises the Existing Share Capital and the Conversion Shares, assuming the full conversion of the Convertible Loan in the principal sum of S\$10 million (excluding any interest) at the Conversion Price of S\$0.423, resulting in the issuance of 23,640,662 Conversion Shares
“EPS”	:	Consolidated earnings per Share
“Event of Default”	:	Has the meaning ascribed to it in paragraph 2.8.1 of this Circular
“Existing Share Capital”	:	The existing issued and paid-up share capital (excluding treasury Shares) of the Company of 480,721,635 Shares as at the Latest Practicable Date
“FY”	:	The financial year ended or ending 31 December, as the case may be
“Group”	:	The Company and its subsidiaries, collectively, and each a “Group Company”
“IFA”	:	Means RHT Capital Pte. Ltd., the independent financial adviser to the Recommending Directors
“immediate family”	:	In relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent
“Interest Period”	:	Has the meaning ascribed to it in paragraph 2.2.2 of this Circular
“Interest Rate”	:	Has the meaning ascribed to it in paragraph 2.2.2 of this Circular
“Latest Practicable Date”	:	29 March 2019, being the latest practicable date prior to the printing of this Circular
“Listing and Quotation Notice”	:	The listing and quotation notice granted by the SGX-ST for the dealing in, listing of, and quotation for the Conversion Shares on Catalist

“Listing Manual”	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended or modified from time to time
“Market Day”	:	A day on which SGX-ST is open for securities trading
“NAV”	:	Consolidated net asset value per Share
“Net Proceeds”	:	Has the meaning ascribed to it in paragraph 5.2 of this Circular
“NTA”	:	Consolidated net tangible asset per Share
“Proxy Form”	:	Has the meaning ascribed to it in paragraph 16.1 of this Circular
“Recommending Directors”	:	Has the meaning ascribed to it in paragraph 13.1 of this Circular
“Record Date”	:	In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or the Securities Accounts of Shareholders must be credited with Shares, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
“Red Ancient”	:	Red Ancient Global Ltd
“Register of Members”	:	The register of members of the Company
“Repayment Date”	:	Has the meaning ascribed to it in paragraph 2.2.1 of this Circular
“Securities Account”	:	The securities account maintained by a Depositor with the CDP but does not include a securities sub-account maintained with a Depository Agent
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Options”	:	The share options granted under the Company’s employee share option scheme adopted by the Company on 30 April 2014
“Share Purchase”	:	Has the meaning ascribed to it in paragraph 1.2 of this Circular

“Shareholders”	:	Registered holders of Shares in the Register of Members of the Company except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, and where the context so admits, mean the persons to whose Securities Accounts maintained with CDP are credited with the Shares and “Shareholder” shall be construed accordingly. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts
“Shares”	:	Ordinary shares in the share capital of the Company and “Share” shall be construed accordingly
“Silver Mines”	:	Silver Mines Global Limited
“Sponsor” or “CIMB”	:	CIMB Bank Berhad, Singapore Branch
“SRS”	:	Supplementary Retirement Scheme
“SRS Investors”	:	Investors who have purchased Shares using their SRS contributions pursuant to the SRS
“subsidiary”	:	Has the meaning ascribed to it in section 5 of the Companies Act and “subsidiaries” shall be construed accordingly
“Substantial Shareholders”	:	A person who has an interest of 5.0% or more of the aggregate of all the Shares of the Company and “Substantial Shareholder” shall be construed accordingly
“S\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
“Vendors”	:	Mr. Tony Tan Choon Keat, Dr. Beng Teck Liang, Dr. Wong Seng Weng, Dr. Ho Choon Hou and Ms. Wong Sian Jing, Shareholders from whom CHS intends to purchase Shares from and “Vendor” shall be construed accordingly
“%”	:	Percentage or per centum

Except where specifically defined, the terms **“we”**, **“us”** and **“our”** in this Circular refer to the Group.

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them, respectively, in section 81SF of the Securities and Futures Act (Chapter 289) of Singapore, as amended or modified from time to time.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the Listing Manual or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

All discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Certain statements contained in this Circular, which are not statements of historical fact, constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would", "could" or similar words. However these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Group's expected financial position, business strategy, plans and prospects are forward-looking statements and accordingly involve known and unknown risks, uncertainties and other factors that may cause the Group's actual results, performance and achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Given the risks and uncertainties which may cause the Group's actual future results, performance or achievements to be materially different from those expected, expressed or implied by forward-looking statements in this Circular, undue reliance must not be placed on those statements. The Company does not represent or warrant that the Group's actual future results, performance or achievements will be as discussed in those statements. Further, the Company disclaims any responsibility and undertakes no obligation to update or revise any forward-looking statements contained in this Circular to reflect any change in the Group's expectations with respect to such statements after the date of this Circular or to reflect any change in events, conditions or circumstances on which the Company based any such statements subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any regulatory or supervisory body or agency.

SINGAPORE MEDICAL GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200503187W)

LETTER TO SHAREHOLDERS

Directors:

Mr. Tony Tan Choon Keat (Non-Executive Chairman)
Dr. Beng Teck Liang (Executive Director and Chief Executive Officer)
Dr. Wong Seng Weng (Executive Director)
Mr. Ho Lon Gee (Independent Director)
Mr. Jimmy Yim Wing Kuen (Independent Director)
Ms. Stefanie Yuen Thio (Independent Director)

Registered Office:

1004 Toa Payoh North
#06-03/07
Singapore 318995

10 April 2019

To: The Shareholders of Singapore Medical Group Limited

Dear Sir/Madam,

THE PROPOSED ALLOTMENT AND ISSUANCE OF AN AGGREGATE OF UP TO 23,640,662 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY TO CHA HEALTHCARE SINGAPORE PTE. LTD., UPON THE CONVERSION OF A CONVERTIBLE LOAN OF S\$10 MILLION PURSUANT TO THE TERMS AND CONDITIONS OF A CONVERTIBLE LOAN AGREEMENT DATED 20 FEBRUARY 2019

1. INTRODUCTION

- 1.1 On 20 February 2019, the Board announced that the Company had entered into the Convertible Loan Agreement with CHS, a Substantial Shareholder of the Company holding approximately 6.86% of the Shares in the Company (as at the Latest Practicable Date), pursuant to which CHS has extended to the Company the Convertible Loan, being an unsecured loan in the principal sum of S\$10 million, convertible into Conversion Shares on the terms and subject to the conditions of the Convertible Loan Agreement.
- 1.2 The Company has been informed that CHS will be increasing its shareholding in the Company from 6.86% to 24.13% (computed based on the Company's Existing Share Capital) via the purchase of existing Shares (the "**Share Purchase**") from Mr. Tony Tan Choon Keat, Dr. Beng Teck Liang and Dr. Wong Seng Weng (being Directors of the Company), Dr. Ho Choon Hou (being a Substantial Shareholder of the Company), and Ms. Wong Sian Jing (being the chief financial officer of the Company) (such individuals collectively, the "**Vendors**"), which would make CHS a controlling shareholder under the Listing Manual. Please refer to paragraph 8 of this Circular for more details on the Share Purchase.
- 1.3 The Company will be seeking the approval of Shareholders for the allotment and issuance of the Conversion Shares at the EGM. Further, the Company will make the necessary applications, through the Sponsor, CIMB Bank Berhad, Singapore Branch, to the SGX-ST for the listing of and quotation for the Conversion Shares on Catalist and will make the necessary announcements once the Listing and Quotation Notice in respect of the Conversion Shares has been obtained.

No placement agent has been appointed in respect of the Convertible Loan Agreement. No commission or referral fees will be paid by the Company in connection with the Convertible Loan and the Convertible Loan Agreement.

- 1.4 Pursuant to Rule 805 of the Listing Manual (except as provided in Rule 806), the Company must obtain the prior approval of Shareholders in general meeting of, *inter alia*, the issue of Shares. Additionally, Rule 824 provides that every issue of convertible securities not covered under a general mandate must be specifically approved by Shareholders in a general meeting.

In addition, under Rule 812(1) of the Listing Manual, an issue must not be placed to, *inter alia*, the issuer's Substantial Shareholders. Rule 812(2) provides that Rule 812(1) is not applicable if specific shareholder approval is obtained for such a placement, and that the person and its associates must abstain from voting on the resolution approving the placement.

Accordingly, the Company will be seeking Shareholders' approval at the EGM to allot and issue up to 23,640,662 Conversion Shares, on and subject to the terms of the Convertible Loan Agreement. CHS and its associates will abstain from voting on the resolution. The Vendors will also abstain from voting on the resolution.

- 1.5 The purpose of this Circular is to provide Shareholders with relevant information relating to, and explaining the rationale for, the aforesaid transaction and to seek Shareholders' approvals in relation thereto at the EGM. The Notice of EGM is set out on pages 82 to 83 of this Circular. This Circular has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) nor for any other purpose.

2. SALIENT TERMS OF THE CONVERTIBLE LOAN AGREEMENT

2.1 Purpose

Pursuant to the terms of the Convertible Loan Agreement, the Company shall use the entire proceeds of the Convertible Loan for such purposes as may be approved by CHS in writing from time to time, including general business purposes, working capital or to fund investments. For the avoidance of doubt, the Company shall not use the Convertible Loan to fund the payment of any dividends of the Company.

2.2 Repayment

- 2.2.1 Subject to the terms of the Convertible Loan Agreement, the Company shall repay the Convertible Loan in cash in one lump sum, including any interest accrued, on the date (such date being the "**Repayment Date**") falling one year after the date on which the Convertible Loan is advanced by CHS to the Company under the Convertible Loan Agreement (the "**Drawdown Date**").
- 2.2.2 The interest referred to in paragraph 2.2.1 above shall be calculated on the Convertible Loan from (and including) the Drawdown Date to (and including) the Repayment Date (the "**Interest Period**"). The rate of interest for the Interest Period shall be equal to 3.5% per annum (the "**Interest Rate**"), and computed on the basis of a 365-day year and the actual number of days elapsed. Notwithstanding the above, if all or part of the Convertible Loan is converted to Conversion Shares, no interest shall be payable to CHS on such part of the Convertible Loan which is converted.

2.3 Conversion

- 2.3.1 CHS may, at its option, convert all or part of the Convertible Loan that is outstanding into Conversion Shares on the Repayment Date (the “**Conversion Right**”). CHS may only exercise the Conversion Right once. Please refer to paragraph 2.8 of this Circular for more details of the Conversion Right upon an Event of Default.
- 2.3.2 Subject to any Adjustments to the number of Conversion Shares as set out in paragraph 2.4 of this Circular, the number of Conversion Shares (rounded upwards to the nearest whole number) to be issued upon the exercise of the Conversion Right shall be determined as follows:–

$$\text{Number of Conversion Shares to be Issued} = \frac{\text{Conversion Amount}}{\text{Conversion Price}}$$

Where:–

“**Conversion Amount**” means:–

- (a) where the Conversion Right is exercised, the amount of the Convertible Loan that is outstanding, excluding any interest, which CHS elects to convert into Conversion Shares; and
- (b) where the Default Conversion Right (as defined in paragraph 2.8.1 of this Circular) is exercised, the amount of the Convertible Loan that is outstanding, excluding any interest and/or default interest (as calculated in accordance with the Convertible Loan Agreement) in respect of the Convertible Loan; and

“**Conversion Price**” means S\$0.423, which represents a (i) 3.5% discount to the volume weighted average price of the Shares based on the trades done on the 30 Market Days immediately preceding the date of the Convertible Loan Agreement and from 9.00 a.m. to 12 noon on the date of the Convertible Loan Agreement; and (ii) 8.2% discount to the volume weighted average price of the Shares based on the trades done from the one Market Day immediately preceding the date of the Convertible Loan Agreement to 12 noon on the date of the Convertible Loan Agreement.

- 2.3.3 Under the terms of the Convertible Loan Agreement, CHS may direct the Company to allot and issue the Conversion Shares to a person other than itself. The amounts outstanding under the Convertible Loan Agreement owed by the Company to CHS (or part thereof) and converted by CHS shall be deemed to be repaid upon the issuance of the Conversion Shares in accordance with the Convertible Loan Agreement. Any amount of the Convertible Loan and any other sum payable by the Company under the Convertible Loan Agreement which has not been converted into Conversion Shares on the Repayment Date shall become due and payable by the Company on the Repayment Date.

2.4 Adjustments

If the Company makes any alteration in its capital structure whether by way of rights issues, any other Share issues whether for cash consideration or otherwise, Share splits, Share combinations, a reduction of capital or otherwise whatsoever at any time, there shall be an adjustment (“**Adjustment**”) to the number of Conversion Shares to the satisfaction of CHS so as to prevent a dilution of the equity interest represented by the Convertible Loan. In the event of any such Adjustment, the Company will make the necessary announcements as required pursuant to Rule 830 of the Listing Manual.

2.5 Conversion Shares

- 2.5.1 Assuming the Convertible Loan (excluding any interest) is converted in full, CHS will be allotted and issued 23,640,662 new Conversion Shares. Such 23,640,662 Conversion Shares represent (i) approximately 4.92% of the Existing Share Capital; and (ii) approximately 4.69% of the Enlarged Share Capital immediately after allotment and issuance of such 23,640,662 Conversion Shares.
- 2.5.2 The Conversion Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then issued Shares of the Company, except that they will not be entitled to participate in any dividends, rights, allotments or other distributions for which the Record Date is before the date on which the Conversion Shares are allotted and issued to CHS upon the exercise of the Conversion Right.

2.6 Conditions Precedent

Pursuant to the provisions of the Convertible Loan Agreement, the Convertible Loan will be advanced by CHS to the Company in one lump sum on the Drawdown Date if certain conditions precedent including the following have been fulfilled (the “**Conditions Precedent**”):-

- (a) the in-principle approval from the SGX-ST for the allotment, issuance and listing of the Conversion Shares;
- (b) shareholder approval being obtained for the allotment and issue of the Conversion Shares upon the exercise of the Conversion Right in accordance with the terms and conditions of the Convertible Loan Agreement;
- (c) no claim, action, injunction, order, directive or notice from any governmental authority restraining or prohibiting the entering into or the consummation of the transactions contemplated by the Convertible Loan Agreement or seeking damages or other recourse in respect thereof, or notice that any of the foregoing is pending or threatened;
- (d) no applicable laws having been enacted, amended or proposed which would prohibit, materially restrict or materially delay the implementation of the transactions contemplated in the Convertible Loan Agreement;
- (e) the Company remaining listed on Catalist as at the closing date of the Convertible Loan Agreement;
- (f) the consents, licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals necessary or desirable for or in respect of the transactions contemplated by the Convertible Loan Agreement having been obtained and remaining in full force and effect, including but not limited to all necessary approvals under all applicable competition laws in respective jurisdiction of incorporation and/or operation of the Company and CHS in relation to the transaction contemplated under and the entry into of the Convertible Loan Agreement;
- (g) the warranties provided by the Company in the Convertible Loan Agreement being true and accurate and not misleading in all respects as at the date of the Convertible Loan Agreement and as at the closing date;

- (h) no present, pending or threatened claim, legal action, proceeding, suit, litigation, prosecution, investigation, enquiry or arbitration against the Group (or any person for whose acts or defaults a Group Company may be vicariously liable which, if adversely determined, would have a material adverse effect on the Group as a whole); and
- (i) no events having occurred since the date of the Convertible Loan Agreement, which taken together, have or are likely to have a material and adverse effect on the turnover, profitability, financial or trading position or prospects of the Group as a whole.

2.7 Undertakings

Under the terms of the Convertible Loan Agreement, for so long as any sum remains to be lent or remains payable under the Convertible Loan Agreement, the Company is required to provide certain undertakings to maintain the business as currently carried on, provided that none of these undertakings shall require or prohibit any Group Company from taking or refraining from taking any action (i) to comply with applicable laws; (ii) in the ordinary course of the Group's business; or (iii) with the consent of CHS. These include (but are not limited to) the following:–

- (a) there being no material change in the nature of the business of the Company or the Group;
- (b) the continuity of the employment and/or engagement of the key personnel employed and/or engaged by the Group (save where any such key personnel is terminated pursuant to any breach of the terms of employment and/or engagement of such key personnel), and the timely and appropriate replacement of any such key personnel whose employment and/or engagement is discontinued;
- (c) the taking of all reasonable steps by the Group to preserve its assets (including its intellectual property); and
- (d) the Company will not, and will ensure that none of its subsidiaries will:–
 - (i) dispose of all or substantially all of its assets;
 - (ii) create, allot, issue, repay, redeem or repurchase any share capital or loan capital of any Group Company or any option to subscribe for the same;¹
 - (iii) enter into guarantees, indemnities or other agreements to secure any third party obligation or encumber its assets, except in the ordinary course of business;
 - (iv) make changes to its accounting practices or policies or amend its constitutive documents save as required by law or applicable listing rules;
 - (v) enter into any new material contract or terminate, vary or enter into any material lease, tenancy or licence of the Group;

¹ Save in respect of any option or awards under the SMG Employee Share Option Scheme (as approved by the Shareholders on 30 April 2014) and the SMG Share Plan (as approved by the Shareholders on 30 April 2014), provided that the total number of Shares which are the subject of all such option and awards (whether or not vested and/or exercised at any time of determination) issued from the date of the Convertible Loan Agreement does not exceed 0.5% of the total number of Shares on a fully diluted basis at such time of determination.

- (vi) enter into any new material contract which, for the avoidance of doubt, shall exclude any procurement or supply contract, agreement or arrangement entered into by any Group Company in the ordinary course of business;
- (vii) except for borrowings for the hire purchase of equipment used in the ordinary course of business by the Group, incur any additional borrowings or incur any other indebtedness exceeding S\$100,000;
- (viii) save as required by law, amend the terms of employment, provide gratuitous benefits or terminate the employment or engagement of key personnel in the Group, save where such termination is pursuant to any breach of the terms of employment and/or engagement of such key personnel; or
- (ix) except in the ordinary course of business, acquire or dispose of any shares or other interest in any entity.

2.8 Default

2.8.1 If an event of default (as set out in the Convertible Loan Agreement) (an “**Event of Default**”) occurs, CHS may require that the Convertible Loan, all unpaid accrued interest or fees and any other sum then payable under the Convertible Loan Agreement to be immediately due and payable. Upon the occurrence of an Event of Default, CHS may, at its option, convert all or part of the Convertible Loan that is outstanding into Conversion Shares at any time on or following such Event of Default (the “**Default Conversion Right**”). Any other sum declared to be immediately due and payable but not converted into Shares shall be payable in cash.

2.8.2 While CHS may only exercise the Conversion Right once, there is no restriction on the number of times that the Default Conversion Right may be exercised by CHS. As such, if CHS has exercised its Conversion Right to convert part of the Convertible Loan that is outstanding into Conversion Shares on the Repayment Date, it may not exercise its Conversion Right again, but if a Default Conversion Right arises subsequently, CHS may exercise its Default Conversion Right.

2.9 Default interest

If the Company does not pay any sum payable under the Convertible Loan Agreement when due, default interest shall accrue on any such overdue sum at the rate per annum equal to the aggregate of 12% and the cost to CHS of funding, by whatever means it determines to be appropriate, an amount equal to the overdue sum for the time that such sum is overdue (expressed as a rate per annum). Such interest accrued shall be due on demand by CHS and payable in cash. Any such accrued and unpaid interest shall be added to such overdue sum and shall itself bear interest commencing on the day after such demand by CHS.

2.10 Transfer, assignment and rights upon liquidation

Pursuant to the terms of the Convertible Loan Agreement:–

- (a) CHS (and its successors and assigns) may, without the consent of the Company, assign the benefit of all or any of the obligations of the Company under the Convertible Loan Agreement, and/or any benefit arising under or out of the Convertible Loan Agreement, provided that any such assignee shall not be entitled to receive any amount greater than that to which CHS would have been entitled; and

- (b) the Company may not, without the prior written consent of CHS, assign, grant any security interest over, hold on trust or otherwise transfer the benefit of the whole or any part of the Convertible Loan Agreement.

Separately, the Convertible Loan Agreement stipulates that if:–

- (a) the Company or any of its material subsidiaries is or is deemed to be insolvent or unable to pay its debts, stops or threatens to stop payment of a material part of its indebtedness, or enters into any arrangement or proceeding in respect of a material part of the indebtedness of the Company or any of its material subsidiaries; or
- (b) any step is taken with a view to the winding-up of the Company or any of its material subsidiaries (except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation) or for the appointment of a liquidator, receiver, judicial manager, trustee, administrator, agent or similar officer of the Company or any of its material subsidiaries or over any part of the assets of the Company or any of its material subsidiaries;

an Event of Default would occur, and CHS would be entitled to exercise the Default Conversion Right as set out in paragraph 2.8 of this Circular.

2.11 Amendments

In accordance with Rule 829(3) of the Listing Manual, the Company will not make any material revisions, amendments and/or alteration to the terms of the Convertible Loan Agreement to the advantage of CHS (except where such revisions, amendments and/or alteration are made pursuant to the terms of the Convertible Loan Agreement) without the prior approval of Shareholders obtained in general meeting.

3. INFORMATION ON CHS

CHS is a subsidiary of CHC, the international healthcare investment and management arm of the CHA Group (“**CHA**”).

Founded in 1960 and headquartered in Seoul, CHA is one of the largest and most diversified private healthcare service groups in Asia and one of the world’s most respected names in reproductive medicine, women’s health, stem cell research and wellness care. CHA is widely recognised around the world as a pre-eminent clinical and scientific leader in fertility, women’s health and maternity care, having been a research pioneer since the early 1980s. Amongst its other accomplishments in reproductive medicine, CHA pioneered the world’s first successful pregnancy & birth through in vitro maturation of human immature oocytes, the world’s first successful birth with frozen oocytes using electron microscope grids and the first publicly accessible egg freezing clinic in the United States. In early 2018, CHS, together with the Company, acquired a majority stake in City Fertility Centre (“**CFC**”), one of Australia’s largest privately-owned in vitro fertilisation groups with operations in Adelaide, Brisbane, Melbourne, Sydney and The Gold Coast. Established in 2003, CFC offers the full range of fertility treatments as well as supplemental services including genetic screening using its proprietary genetic screening platform, social infertility and donor programs.

CHA currently operates 26 general hospitals and medical centres with more than 2,000 beds in six (6) countries around the world, with more than 1300 doctors, 2500 nurses, and 500 researchers & medical staff serving some three (3) million patients annually. In the US, CHA operates the largest privately owned, for-profit general hospital in Los Angeles located in Hollywood. In addition, CHA’s platform covers 44 research and educational institutions including CHA University Medical School and 30 commercial companies

including two companies listed on Korea Stock Exchange with a combined market capitalization of S\$1,888 million as of 19 February 2019.

As at the Latest Practicable Date, CHS holds approximately 6.86% of the Shares in the Company.

4. FINANCIAL EFFECTS

4.1 Bases and Assumptions

4.1.1 The financial effects of the issuance and allotment of the Conversion Shares set out below are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Group after the issuance and allotment of the Conversion Shares. The financial effects of the issuance and allotment of the Conversion Shares on the Group have been computed based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2018 and the following bases and assumptions:–

- (a) there is full conversion of the Convertible Loan based on the Conversion Right resulting in the issue of 23,640,662 Conversion Shares;
- (b) no Adjustments have been made to the number of Conversion Shares in accordance with the Convertible Loan Agreement;
- (c) the financial effect on the EPS of the Group after the issuance and allotment of the Conversion Shares is computed based on the assumption that the issuance and allotment of the Conversion Shares was completed on 1 January 2018 and that no returns are earned on the deployment of the proceeds from the Convertible Loan;
- (d) the financial effect on the NAV per Share and the NTA per Share of the Group after the issuance and allotment of the Conversion Shares is computed based on the assumption that the issuance and allotment of the Conversion Shares was completed on 31 December 2018; and
- (e) estimated expenses in connection with the Convertible Loan were approximately S\$300,000.

4.2 Share Capital

For illustrative purpose only, the effects of the allotment and issuance of the Conversion Shares on the Share capital of the Group as at the Latest Practicable Date are as follows (rounded to the nearest whole number):–

	Before issuance of the Conversion Shares	After issuance of the Conversion Shares
Issued and paid-up Share capital (S\$'000)	118,918	128,618
Number of Shares	480,721,635	504,362,297

4.3 NAV per Share

For illustrative purpose only, the financial effects of the allotment and issuance of the Conversion Shares on the NAV per Share of the Group as at 31 December 2018 are as follows (rounded to the nearest whole number or, if the reference is to Singapore cents, to the nearest two decimal places (as the case may be)):-

	Before issuance of the Conversion Shares	After issuance of the Conversion Shares
NAV (S\$'000)	130,778	140,478
Total number of Shares as at 31 December 2018	480,651,635	504,292,297
NAV per Share (Singapore cents)	27.21	27.86

4.4 NTA per Share

For illustrative purposes only, the financial effects of the allotment and issuance of the Conversion Shares on the NTA per Share of the Group as at 31 December 2018 are as follows (rounded to the nearest whole number or, if the reference is to Singapore cents, to the nearest two decimal places (as the case may be)):-

	Before issuance of the Conversion Shares	After issuance of the Conversion Shares
NTA (S\$'000)	4,235	13,935
Total number of Shares as at 31 December 2018	480,651,635	504,292,297
NTA per Share (Singapore cents)	0.88	2.76

4.5 Earnings per Share

For illustrative purpose only, the financial effects of the allotment and issuance of the Conversion Shares on the EPS of the Group for the financial year ended 31 December 2018 are as follows (rounded to the nearest whole number or, if the reference is to Singapore cents, to the nearest two decimal places (as the case may be)):-

	Before issuance of the Conversion Shares	After issuance of the Conversion Shares
Net profit attributable to owners of the Company (S\$'000)	12,928	12,928
Weighted average number of Shares ('000)	471,076,458	494,717,120
Basic EPS (Singapore cents)	2.74	2.61

5. RATIONALE FOR THE CONVERTIBLE LOAN AND INTENDED USE OF PROCEEDS

- 5.1 The Company is proposing to enter into the Convertible Loan Agreement so as to raise additional funding for general business purposes and to fund investments so as to expand and capitalise on opportunities for growth. Pursuant to the terms of the Convertible Loan Agreement, the Company shall use the entire proceeds of the Convertible Loan for such purposes as may be agreed with CHS from time to time, including general business purposes or to fund investments. For the avoidance of doubt, the Company shall not use the Convertible Loan to fund the payment of any dividends of the Company.
- 5.2 The net proceeds from the Convertible Loan of approximately S\$9.7 million (after deducting estimated expenses of S\$0.3 million) ("**Net Proceeds**") is intended to be used for the following purposes:-

Use of Net Proceeds	Estimated Percentage
Mergers and acquisitions	80%
General business purposes	20%

Pending the deployment of the Net Proceeds, the Net Proceeds may be placed as deposits with financial institutions or invested in short term money markets or debt instruments or for any other purposes on a short term basis as the Directors may deem fit, from time to time.

- 5.3 The Company will make periodic announcement(s) as and when the Net Proceeds are materially disbursed and whether the disbursements are in accordance with use of proceeds as stated in this announcement. The Company will also provide a status report on the use of such Net Proceeds in the Company's annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

6. CONFIRMATION BY THE DIRECTORS

The Directors are of the opinion that, after taking into consideration (i) the Group's present bank facilities; and (ii) the present bank facilities and the net proceeds of the Convertible Loan, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the foregoing, the Company is proposing to undertake the issuance of the Convertible Loan to raise additional funding for general business purposes and to fund investments.

7. LISTING AND QUOTATION

- 7.1 Applications will be made, through the Sponsor, to the SGX-ST for the dealing in, listing of, and quotation for, the Conversion Shares (including any Conversion Shares to be allotted and issued on an Adjustment) on Catalist. Announcements will be made by the Company to notify Shareholders of the receipt of the Listing and Quotation Notice(s) in due course.
- 7.2 The Listing and Quotation Notice(s), if granted by the SGX-ST, for the dealing in, listing of, and quotation for, the Conversion Shares, are not to be taken as an indication of the merits of the Convertible Loan, the Conversion Shares, the Company, its subsidiaries and their securities.

8. PURCHASE OF EXISTING SHARES

- 8.1 The Company has been informed that CHS has entered into a share purchase agreement with the Vendors for the purchase by CHS of an aggregate of 83 million Shares (representing approximately 17.27% of the total share capital, computed based on the Company's Existing Share Capital) held by the Vendors, at the consideration of S\$0.605 per Share, as set out below:–

Vendor	Number of Shares agreed to be sold	% of shareholding
Mr. Tony Tan Choon Keat	28,500,000	5.93
Dr. Beng Teck Liang	28,500,000	5.93
Dr. Ho Choon Hou	17,500,000	3.64
Dr. Wong Seng Weng	7,500,000	1.56
Ms. Wong Sian Jing	1,000,000	0.21
TOTAL	83,000,000	17.27

Upon completion of the Share Purchase, CHS will hold approximately 24.09% of the Share capital of the Company.

- 8.2 The respective shareholdings of each of CHS and the Vendors: (i) currently; (ii) upon the completion of the Share Purchase; and (iii) upon the conversion in full of the Convertible Loan are set out below:–

Shareholder	Current shareholding (No/%) ⁽¹⁾	Shareholding upon the completion of Share Purchase (No/%) ⁽²⁾	Shareholding upon the Conversion of the Convertible Loan ⁽³⁾
CHS	33,000,000/6.86%	116,000,000/24.09%	139,640,662/27.64%
Mr. Tony Tan Choon Keat	64,408,073/13.40%	35,908,073/7.46%	35,908,073/7.11%
Dr. Beng Teck Liang	60,975,058/12.68%	32,475,058/6.74%	32,475,058/6.43%
Dr. Ho Choon Hou	44,826,348/9.32%	27,326,348/5.67%	27,326,348/5.41%
Dr. Wong Seng Weng	17,568,853/3.65%	10,068,853/2.09%	10,068,853/1.99%
Ms. Wong Sian Jing	335,000 ⁽⁴⁾ /0.07%	135,000/0.03%	135,000/0.03%

Notes:

- (1) These percentages relating to the Shares are based on the 480,721,635 Shares in issue as at the Latest Practicable Date. For the avoidance of doubt, these 480,721,635 Shares do *not* include the share options and share awards which are (a) vested but not exercised or (b) not vested, as at the Latest Practicable Date.
- (2) These percentages relating to the shares are based on 481,521,635 (i.e. 480,721,635 Shares in issue as at the Latest Practicable Date, and 800,000 Shares issued upon Ms. Wong Sian Jing exercising her vested Share Options).
- (3) These percentages relating to the Shares are based on 505,162,297 Shares (i.e. 480,721,635 Shares in issue as at the Latest Practicable Date, 23,640,662 Conversion Shares issued upon the conversion of the Convertible Loan pursuant to the Conversion Right and 800,000 Shares issued upon Ms. Wong Sian Jing exercising her vested Share Options). For the avoidance of doubt, these 505,162,297 Shares do *not* include the share options and share awards which are (a) vested but not exercise or (b) not vested, as at the Latest Practicable Date.
- (4) Ms. Wong Sian Jing intends to exercise up to 800,000 of her vested Share Options, such that she will have enough Shares to enable her to sell 1,000,000 Shares under the Share Purchase.

- 8.3 The Share Purchase is to be completed within three (3) months of the date of the share purchase agreement.

9. COMMITMENTS TO THE COMPANY

9.1 CHS has, by way of a letter dated 8 April 2019, informed the Company that as a long-term strategic investor in the Company, CHS remains committed to working together with the Company to strengthen their relationship and to support the Company's growth and future prospects. CHS has no intention now and for at least the next year, to sell their existing Shares in the Company or the Shares that shall be acquired under the Share Purchase or the Convertible Loan Agreement (should CHS decide to convert the Convertible Loan).

9.2 Separately, to provide continued managerial and operational expertise to the Company, Dr. Beng Teck Liang (Executive Director and Chief Executive Officer) has entered into a service agreement with the Company for a further term of four (4) years commencing from the date of completion of the Share Purchase; and Mr. Tony Tan Choon Keat (Non-Executive Director and Chairman) has agreed to continue being appointed in his role for a further minimum term of four (4) years, subject to the provisions of the Companies Act, general law, the Listing Manual and the constitution of the Company, including the requirement (insofar as the same is set out in the Listing Manual) that he is to submit himself for re-nomination and re-election at least once every three years.

10. CHANGES IN THE INTERESTS OF THE DIRECTORS AND THE SUBSTANTIAL SHAREHOLDERS

10.1 The following table shows the shareholding interests of the Directors and the Substantial Shareholders of the Company as at the Latest Practicable Date:-

	Direct interest		Deemed interest		Total interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Mr. Tony Tan Choon Keat ⁽²⁾	64,008,073	13.31	400,000	0.08	64,408,073	13.40
Dr. Beng Teck Liang ⁽³⁾	60,975,058	12.68	–	–	60,975,058	12.68
Mr. Jimmy Yim Wing Kuen	1,360,300	0.28	–	–	1,360,300	0.28
Dr. Wong Seng Weng ⁽⁶⁾	17,568,853	3.65	–	–	17,568,853	3.65
Mr. Ho Lon Gee	100,000	0.02	–	–	100,000	0.02
Ms. Stefanie Yuen Thio	–	–	–	–	–	–
Substantial Shareholders (excluding Directors)						
Silver Mines	44,449,348	9.25	–	–	44,449,348	9.25
Red Ancient	377,000	0.08	44,449,348	9.25	44,826,348	9.33
Dr. Ho Choon Hou ⁽⁴⁾	–	–	44,826,348	9.25	44,826,348	9.25
CHS	33,000,000	6.86	83,000,000	17.27	116,000,000	24.13
CHC ⁽⁵⁾	–	–	116,000,000	24.13	116,000,000	24.13
CHAB ⁽⁵⁾	–	–	116,000,000	24.13	116,000,000	24.13

- 10.2 The following table shows the shareholding interests of the Directors and the Substantial Shareholders of the Company immediately after the allotment and issuance of the Conversion Shares:–

	Direct interest		Deemed interest		Total interest	
	No. of Shares	% ⁽⁷⁾	No. of Shares	% ⁽⁷⁾	No. of Shares	% ⁽⁷⁾
Directors						
Mr. Tony Tan Choon Keat ⁽²⁾	64,008,073	12.69	400,000	0.08	64,408,073	12.77
Dr. Beng Teck Liang ⁽³⁾	60,975,058	12.09	–	–	60,975,058	12.09
Mr. Jimmy Yim Wing Kuen	1,360,300	0.27	–	–	1,360,300	0.27
Dr. Wong Seng Weng ⁽⁶⁾	17,568,853	3.48	–	–	17,568,853	3.48
Mr. Ho Lon Gee	100,000	0.02	–	–	100,000	0.02
Ms. Stefanie Yuen Thio	–	–	–	–	–	–
Substantial Shareholders (excluding Directors)						
Silver Mines	44,449,348	8.81	–	–	44,449,348	8.81
Red Ancient	377,000	0.07	44,449,348	8.81	44,826,348	8.88
Dr. Ho Choon Hou ⁽⁴⁾	–	–	44,826,348	8.88	44,826,348	8.88
CHS	56,640,662	11.23	83,000,000	16.46	139,640,662	27.69
CHC ⁽⁵⁾	–	–	139,640,662	27.69	139,640,662	27.69
CHAB ⁽⁵⁾	–	–	139,640,662	27.69	139,640,662	27.69

- 10.3 The following table shows the shareholding interests of the Directors and the Substantial Shareholders of the Company immediately after the allotment and issuance of the Conversion Shares and following the completion of the Share Purchase:–

	Direct interest		Deemed interest		Total interest	
	No. of Shares	% ⁽⁸⁾	No. of Shares	% ⁽⁸⁾	No. of Shares	% ⁽⁸⁾
Directors						
Mr. Tony Tan Choon Keat ⁽²⁾	35,508,073	7.03	400,000	0.08	35,908,073	7.11
Dr. Beng Teck Liang ⁽³⁾	32,475,058	6.43	–	–	32,475,058	6.43
Mr. Jimmy Yim Wing Kuen	1,360,300	0.27	–	–	1,360,300	0.27
Dr. Wong Seng Weng ⁽⁶⁾	10,068,853	1.99	–	–	10,068,853	1.99
Mr. Ho Lon Gee	100,000	0.02	–	–	100,000	0.02
Ms. Stefanie Yuen Thio	–	–	–	–	–	–
Substantial Shareholders (excluding Directors)						
Silver Mines	26,949,348	5.34	–	–	26,949,348	5.34
Red Ancient	377,000	0.07	26,949,348	5.34	27,326,348	5.41
Dr. Ho Choon Hou ⁽⁴⁾	–	–	27,326,348	5.41	27,326,348	5.41
CHS	139,640,662	27.64	–	–	139,640,662	27.64
CHC ⁽⁵⁾	–	–	139,640,662	27.64	139,640,662	27.64
CHAB ⁽⁵⁾	–	–	139,640,662	27.64	139,640,662	27.64

Notes:

- (1) Based on the issued share capital of the Company of 480,721,635 Shares as at the Latest Practicable Date.
- (2) Mr. Tony Tan Choon Keat is deemed interested in the 400,000 Shares held by his immediate family member. Mr. Tony Tan Choon Keat does not have any outstanding Share Options.

- (3) Dr. Beng Teck Liang also holds 5,100,000 outstanding Share Options. In addition to his outstanding Share Options, Dr. Beng Teck Liang was also granted 336,000 share awards on 30 April 2018, pursuant to the Company's performance share plan adopted by the Company on 30 April 2014.
- (4) Silver Mines is a wholly-owned subsidiary of Red Ancient.
- Red Ancient is wholly-owned by Dr. Ho Choon Hou.
- Accordingly, Red Ancient and Dr. Ho Choon Hou is deemed to have an interest in the 44,449,348 Shares held by Silver Mines by virtue of section 7(4A) of the Act. With effect from 13 January 2017, Red Ancient has a direct interest in the Company. As a result, Dr. Ho Choon Hou is deemed to have an interest in the 44,449,348 Shares held by Silver Mines and 377,000 Shares held by Red Ancient by virtue of section 7(4A) of the Act. Dr. Ho Choon Hou does not have any Share Options.
- (5) CHS is a wholly-owned subsidiary of CHC. CHAB is the holding company of CHS and CHC. Accordingly, CHC and CHAB are deemed to have an interest in the 139,640,662 Shares held by CHS by virtue of section 7(4A) of the Act.
- (6) Dr. Wong Seng Weng has 1,600,000 outstanding Share Options.
- (7) These percentage relating to the shares are based on 504,362,297 Shares (i.e. 480,721,365 Shares in issues as at the Latest Practicable Date and 23,640,662 Conversion Shares issued upon the conversion of the Convertible Loan pursuant to the Conversion Right).
- (8) These percentages relating to the Shares are based on 505,162,297 Shares (i.e. 480,721,635 Shares in issue as at the Latest Practicable Date, 23,640,662 Conversion Shares issued upon the conversion of the Convertible Loan pursuant to the Conversion Right and 800,000 Shares issued upon Ms. Wong Sian Jing exercising her vested Share Options). For the avoidance of doubt, these 505,162,297 Shares do *not* include the share options and share awards which are (a) vested but not exercise or (b) not vested, as at the Latest Practicable Date.

11. INDEPENDENT FINANCIAL ADVISER'S OPINION AND RECOMMENDATION

Pursuant to consultations with the SGX-ST, RHT Capital Pte. Ltd. has been appointed as the independent financial adviser to the Recommending Directors to advise on whether (i) the Conversion Price of the Convertible Loan is fair and reasonable; and (ii) the financial terms of the Convertible Loan are on normal commercial terms and are prejudicial to the interest of the Company and its independent Shareholders. A copy of the letter from the IFA to the Recommending Directors is set out in Appendix A of this Circular. Shareholders are advised to read the IFA's letter carefully.

The following is an extract from Section 7 of the IFA letter and should be read by Shareholders in conjunction with, and in the full context of, the full text of the IFA letter. All terms and expression used in the extract below shall have the same meanings as those defined in the IFA letter, unless otherwise stated.

"7. OUR OPINION

In arriving at our recommendation in respect of the Convertible Loan, we have taken into consideration, inter alia, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

- (i) *the rationale and use of proceeds for the Convertible Loan;*
- (ii) *strategic investments by CHA;*
- (iii) *further commitments by Mr Tony Tan, Dr Beng and CHA;*
- (iv) *financial assessment of the Conversion Price of the Convertible Loan:*

Historical trading performance of the Shares

- (a) *the Conversion Price of S\$0.423 represents a discount of 6.0% to the VWAP of the Shares of S\$0.450 on 19 February 2019, being the last full trading day prior to the Announcement Date;*

- (b) *the Conversion Price of S\$0.423 represents a discount of 9.0% to the VWAP of the Shares of S\$0.465, on 20 February 2019, being the Announcement Date;*
- (c) *the Conversion Price of S\$0.423 represents a discount of 4.5%, 1.4%, 1.6% and 10.2% to the VWAP of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the Announcement Date respectively;*
- (d) *the Conversion Price of S\$0.423 represents a discount of 8.8% to the VWAP of the Shares of S\$0.464 for the period between the market day immediately after the Announcement Date and up to the Latest Practicable Date;*
- (e) *as at the Latest Practicable Date, the Conversion Price of S\$0.423 represents a discount of 3.9% to the VWAP of the Shares of S\$0.440;*
- (f) *during the period from 21 February 2018 up to the Announcement Date, the Shares were traded on 244 market days or 93.8% of the total market days. The total number of Shares traded during this period was 82.2 million Shares with an average daily trading volume of 0.34 million Shares, representing 0.1% of the free float;*
- (g) *during the period after the Announcement Date and up to the Latest Practicable Date, the Shares were traded on 26 market days or 96.3% of the total market days. The total number of Shares traded during this period was 15.8 million Shares with an average daily trading volume of 0.6 million Shares, representing 0.2% of the free float;*
- (h) *save for the VWAP of the Shares for the 1-year period, the discount of the Conversion Price to the VWAP of Shares: (i) for the 1-month, 3-month, 6-month periods prior to the Announcement Date; (ii) on 19 February, being the last full trading day prior to the Announcement Date; and (iii) 20 February 2019, being the Announcement Date, are less than 10.0% which is within the prescribed limit for the issuance of convertible securities without obtaining shareholders' approval as prescribed by Rule 811 of the Catalist Rules; and*
- (i) *assuming the full conversion of the Convertible Loan and the interest rate of 3.5% per annum being waived, the Implied Conversion Price represents: (i) a discount of 2.7% to the VWAP of the Shares of S\$0.450 on 19 February 2019, being the last full trading day prior to the Announcement Date; (ii) a discount of 5.8% to the VWAP of the Shares of S\$0.465, on 20 February 2019, being the Announcement Date; (iii) a discount of 1.2% and 7.0% to the VWAP of the Shares for the 1-month and 1-year periods prior to the Announcement Date respectively; and (iv) a premium of 2.1% and 1.8% over the VWAP of the Shares for the 3-month and 6-month periods prior to the Announcement Date respectively.*

Comparison with comparable companies

- (a) *the PE ratio of the Company implied by the Conversion Price of 16.0 times is within the range but below the mean and the median of the PE ratios of the Comparable Companies;*

- (b) *the EV/EBITDA ratio of the Company implied by the Conversion Price of 11.6 times is within the range but below the mean and the median of the EV/EBITDA ratios of the Comparable Companies;*
- (c) *the P/NAV ratio of the Company implied by the Conversion Price of 1.6 times is within the range but below the mean and the median of the P/NAV ratios of the Comparable Companies; and*
- (d) *the P/NTA ratio of the Company implied by the Conversion Price of 48.0 times is above the range, the mean and the median of the P/NTA ratios of the Comparable Companies.*

NAV and NTA of the Group

- (a) *based on the audited financial statements for FY2018 and based on the number of outstanding Shares as at the Latest Practicable Date, the NAV per Share and NTA per Share is approximately S\$0.27 and S\$0.009 respectively; and*
 - (b) *the Conversion Price represents a premium of approximately 56.7% and 4,600.0% over the Company's NAV and NTA per Share respectively as at 31 December 2018.*
- (v) *financial assessment of the other financial terms of the Convertible Loan:*

Comparison with the Group's existing interest rate for its external borrowings

- (a) *the interest rate of the Convertible Loan is lower than the interest rates of the Group's existing credit facilities which carry interest rates of 4.26% to 4.52% per annum;*
- (b) *save for one (1) term loan, the principal amount of the Group's existing credit facilities is substantially lower than the principal amount of the Convertible Loan;*
- (c) *the Group's existing credit facilities, majority of which are secured, have a higher interest rate as compared to the interest rate of the Convertible Loan which is unsecured; and*
- (d) *the Group's existing credit facilities principal and interest charges are payable in cash whilst for the Convertible Loan, CHS may, at its option, convert all or part of the Convertible Loan to Conversion Shares. Further, if all or part of the Convertible Loan is converted into Conversion Shares, no interest shall be payable to CHS on such part of the Convertible Loan which is converted.*

Comparison with comparable transactions

- (a) *the interest rate of the Conversion Loan is within the range and below the mean and median of the interest rates of the Precedent Debts;*
- (b) *the discount of the Conversion Price to the VWAP of the Shares on 19 February 2019, being the last full trading day prior to the Announcement Date, is within the range and lower than the mean premium of 9.2% and median of 0.0% of the corresponding premium/(discount) of the Precedent Debts; and*

- (c) *the discount of the Conversion Price to the VWAP of the Shares on 19 February 2019, being the last full trading day prior to the Announcement Date, is within the range and lower than the mean premium of 9.1% and median premium of 3.7% of the corresponding premium/(discount) of the Precedent Placement Issues.*

Dilution impact of the Convertible Loan

Upon the full conversion of the Convertible Loan and upon the completion of the Share Purchase, the shareholding interest of CHS will increase from 6.9% of the Existing Share Capital of the Company to 27.6% of the Post-Enlarged Share Capital of the Company. Correspondingly, the shareholding interest of the Independent Shareholders will decrease from 53.8% of the Existing Share Capital of the Company to 51.2% of the Post-Enlarged Share Capital of the Company.

Alternative sources of funding

The Company had been exploring various means of fundraising including additional external borrowings, debt instruments, rights issues and placements, prior to proceeding with the Convertible Loan.

- (vi) *financial effects of the Convertible Loan; and*
- (vii) *other relevant considerations as set out in Paragraph 6.7 of this Letter, namely: (a) placement prices of past Share placements; (b) shareholding interests in the Company; (c) abstention from recommendation and voting; and (d) commentary from FY2018 financial results.*

Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that:

- (i) ***the Conversion Price of the Convertible Loan is not fair but reasonable; and***
- (a) *in assessing the fairness of the Conversion Price of the Convertible Loan, we had taken into consideration the comparison of the valuation multiples of the comparable companies, in particular, the P/E, EV/EBITDA and P/NAV ratios of the Company implied by the Conversion Price, and note that while they are within the range they are, however, below the mean and median of the corresponding valuation multiples of the comparable companies as set out on Paragraph 6.4.2 of this Letter; and*
- (b) *in assessing the reasonableness of the Conversion Price of the Convertible Loan, we had taken into consideration, inter alia, the: (a) historical trading performance of the Shares; (b) comparison with the Group's existing interest rate for its external borrowings; (c) comparison with comparable transactions; (d) dilution impact of the Convertible Loan; and (e) alternative sources of funding.*
- (ii) ***the financial terms of the Convertible Loan, on balance, are on normal commercial terms and not prejudicial to the interest of the Company and its Independent Shareholders.***

Accordingly, we advise the Recommending Directors to recommend that the Independent Shareholders vote in favour of the ordinary resolution pertaining to the Convertible Loan to be proposed at the EGM and to highlight to the Independent Shareholders the matters as stated in this Letter and to exercise caution in their decision in relation to the Convertible Loan.

For the avoidance of doubt, we are not engaged for and will not be expressing an opinion on the Share Purchase and our opinion on the Conversion Price and the financial terms of the Convertible Loan is not meant to express a view or opinion on the Share Purchase.”

12. STATEMENT OF THE AUDIT COMMITTEE

Having considered, *inter alia*, the terms of the Convertible Loan Agreement, the financial effects and rationale of the Convertible Loan, and the opinion of the IFA, the Audit Committee (save for Mr. Tony Tan Choon Keat) is of the view that (i) the Conversion Price of the Convertible Loan is not fair but reasonable; and (ii) the financial terms of the Convertible Loan, on balance, are on normal commercial terms and not prejudicial to the interest of the Company and its independent Shareholders.

13. DIRECTORS' RECOMMENDATION

13.1 The Directors (save for Mr. Tony Tan Choon Keat, Dr. Beng Teck Liang, and Dr. Wong Seng Weng) (the “**Recommending Directors**”) having considered the terms of the Convertible Loan Agreement, the financial effects and rationale of the Convertible Loan, and after discussion with the management of the Company, are of the view that (i) the Conversion Price of the Convertible Loan is not fair but reasonable; and (ii) the financial terms of the Convertible Loan, on balance, are on normal commercial terms and not prejudicial to the interest of the Company and its independent Shareholders. Accordingly, the Recommending Directors recommend that Shareholders vote in favour of the ordinary resolution set out in the Notice of EGM.

13.2 In giving the above recommendation, the Recommending Directors have not had regard to the general or specific investment objectives, financial situation, tax position or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, the Recommending Directors recommend that any individual Shareholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.

14. INTERESTS OF THE DIRECTORS AND THE SUBSTANTIAL SHAREHOLDERS

None of the Directors have any interest, direct or indirect, in the transactions contemplated under the Convertible Loan Agreement. Save for CHC and CHS, the Directors are not aware of any other Substantial Shareholders having any interest, direct or indirect, in such transactions and have not received any notification of any interest in this transaction from any other Substantial Shareholder.

15. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 82 to 83 of this Circular, will be held at 1 Orchard Road, Level 4 Tan Chin Tuan Function Room 2, Singapore 238824 on 25 April 2019 at 5.00 p.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting to be held at 4.00 p.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolution set out in the Notice of EGM.

16. ACTION TO BE TAKEN BY SHAREHOLDERS

16.1 Appointment of Proxies

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached proxy form (the “**Proxy Form**”) in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 1004 Toa Payoh North, #06-03/07, Singapore 318995, not later than 48 hours before the time appointed for the EGM. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM if he so wishes. An appointment of a proxy or proxies shall be deemed to be revoked if a Shareholder attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

16.2 Depositors

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the EGM.

17. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, as at the Latest Practicable Date, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Convertible Loan, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

18. CONSENT

RHT Capital Pte. Ltd., the IFA, has given and has not withdrawn its written consent to issue of this Circular and the inclusion of its letter to the Recommending Directors dated 10 April 2019 in the form and context in which it appears in Appendix A to this Circular and to act in the capacity as the independent financial adviser in relating thereto and to be named as such in this Circular, and to all references to them in the form and context in which they are made in this Circular.

19. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents may be inspected at the registered office of the Company at 1004 Toa Payoh North, #06-03/07, Singapore 318995 during normal business hours from the date of this Circular up to and including the date following three (3) months from the date of the EGM:–

- (a) the annual reports of the Company for FY2016, FY2017 and FY2018;
- (b) the constitution of the Company;
- (c) the Convertible Loan Agreement;
- (d) the IFA letter dated 10 April 2019, as set out in Appendix A of this Circular; and
- (e) the letter of consent referred to in paragraph 18 of this Circular.

Yours faithfully

For and on behalf of the Board of

SINGAPORE MEDICAL GROUP LIMITED

Dr. Beng Teck Liang
Executive Director and Chief Executive Officer
Singapore
10 April 2019

APPENDIX A: LETTER FROM RHT CAPITAL PTE. LTD. TO THE RECOMMENDING DIRECTORS OF SINGAPORE MEDICAL GROUP LIMITED

RHT CAPITAL PTE. LTD.
(Company Registration Number: 201109968H)
(Incorporated in the Republic of Singapore)
9 Raffles Place, #29-01
Republic Plaza Tower 1
Singapore 048619

10 April 2019

To: The Recommending Directors of Singapore Medical Group Limited

Mr Ho Lon Gee	(Independent Director)
Mr Jimmy Yim Wing Kuen	(Independent Director)
Ms Stefanie Yuen Thio	(Independent Director)

Dear Sirs/Madam,

INDEPENDENT FINANCIAL ADVICE TO THE RECOMMENDING DIRECTORS OF SINGAPORE MEDICAL GROUP LIMITED

Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 10 April 2019 (“Circular”) issued by Singapore Medical Group Limited and its shareholders shall have the same meaning herein.

1. INTRODUCTION

On 20 February 2019 (“**Announcement Date**”), the board of directors (“**Board**” or “**Directors**”) of Singapore Medical Group Limited (“**Company**”, and together with its subsidiaries, “**Group**”) announced (“**Announcement**”), *inter alia*, that the Company had entered into a convertible loan agreement (“**Convertible Loan Agreement**”) with CHA Healthcare Singapore Pte. Ltd. (“**CHS**”) pursuant to which CHS had extended to the Company an unsecured convertible loan of S\$10.0 million (“**Convertible Loan**”). As at the Announcement Date, CHS held 33,000,000 ordinary shares in the Company (“**Shares**”), representing a shareholding interest of 6.9% and is a substantial shareholder of the Company.

Pursuant to the terms of the Convertible Loan Agreement, the Company shall repay the Convertible Loan in cash in one (1) lump sum, including any interest accrued at a rate of 3.5% per annum, on the date (“**Repayment Date**”) falling one (1) year after the date on which the Convertible Loan is advanced by CHS to the Company (“**Drawdown Date**”). Further, CHS may, at its option, convert all or part of the Convertible Loan that is outstanding into new Shares (“**Conversion Shares**”) at a conversion price of S\$0.423 (“**Conversion Price**”) on the Repayment Date.

Assuming the Convertible Loan (excluding any interest) is converted in full, CHS will be allotted and issued 23,640,662 Conversion Shares, which represents approximately 4.9% of the existing issued and paid-up share capital of the Company of 480,721,635 Shares as at Latest Practicable Date (“**Existing Share Capital**”). If all or part of the Convertible Loan is converted to Conversion Shares, no interest shall be payable to CHS on such part of the Convertible Loan which is converted.

In the Announcement, it was also set out that the Company was informed that CHS will be increasing its shareholding interest in the Company via the purchase of existing Shares (“**Share Purchase**”) from Mr Tony Tan Choon Keat (“**Mr Tony Tan**”), Dr Beng Teck Liang (“**Dr Beng**”), Dr Wong Seng Weng, Dr Ho Choon Hou and Ms Wong Sian Jing (collectively, “**Vendors**”). We note that Ms Wong Sian Jing intends to exercise up to 800,000 of her vested share options which were granted under the Company’s employee share option scheme on 30 April 2014 (“**Share Options**”) such that she will have enough Shares to enable her to sell her portion of Shares under the Share Purchase. Upon the exercise of the Share Options, the allotment and issuance of the 800,000 Shares (“**Share Options Shares**”) will increase the issued and paid-up share capital of the Company to 481,521,635 Shares (“**Pre-Enlarged Share Capital**”). Following the completion of the Share Purchase, CHA’s shareholding interest in the Company will increase to 24.1% while the Vendors’ collective shareholding interest in the Company will decrease to 22.0% based on the Pre-Enlarged Share Capital of the Company. We note that CHA will become a controlling shareholder of the Company. Further details on the shareholding interests in the Company are set out in Paragraph 6.7.2 of this Letter.

Pursuant to Rule 805 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual, Section B: Rules of the Catalist (“**Catalist Rules**”) (except as provided in Rule 806), the Company must obtain the prior approval of the shareholders of the Company (“**Shareholders**”) in a general meeting of, *inter alia*, for the issuance of Shares. Further, Rule 824 of the Catalist Rules provides that every issue of convertible securities not covered under a general mandate must be specifically approved by the Shareholders in a general meeting. In addition, under Rule 812(1) of the Catalist Rules, an issue must not be placed to, *inter alia*, the Company’s substantial shareholders. Accordingly, the Company will convene an extraordinary general meeting of the Company (“**EGM**”) to seek the approval of the Shareholders, who are independent of CHS (“**Independent Shareholders**”), to allot and issue up to 23,640,662 Conversion Shares to CHS, on and subject to the terms of the Convertible Loan Agreement. We note that the Vendors will also be abstaining from voting on the ordinary resolution pertaining to the Convertible Loan to be proposed at the EGM.

Further, pursuant to consultations with SGX-ST, the Company appointed RHT Capital Pte. Ltd. (“**RHTC**”) as the independent financial adviser (“**IFA**”) to advise the Directors, with respect to the Convertible Loan, to render an opinion on whether the Conversion Price of the Convertible Loan is fair and reasonable, and whether the financial terms of the Convertible Loan are on normal commercial terms and are prejudicial to the interest of the Company and its Independent Shareholders. Save for Mr Tony Tan, Dr Beng and Dr Wong Seng Weng, who are interested parties in the Share Purchase and will therefore abstain from making any recommendation as Directors, Mr Ho Lon Gee, Mr Jimmy Yim Wing Kuen and Ms Stefanie Yuen Thio will be providing a recommendation in respect of the ordinary resolution pertaining to the Convertible Loan to be proposed at the EGM (“**Recommending Directors**”).

This letter (“**Letter**”) is addressed to the Recommending Directors and sets out, *inter alia*, our evaluation and recommendation on the Conversion Price and the financial terms of the Convertible Loan. This Letter forms part of the Circular to Shareholders which provides, *inter alia*, the details of the Convertible Loan, the Convertible Loan Agreement and the recommendation of the Recommending Directors.

For the avoidance of doubt, we are not engaged for and will not be expressing an opinion on the Share Purchase and our opinion on the Conversion Price and the financial terms of the Convertible Loan is not meant to express a view or opinion on the Share Purchase.

2. TERMS OF REFERENCE

We have been appointed to advise the Recommending Directors in respect of the Convertible Loan. The purpose of this Letter is to provide an independent opinion on, whether the Conversion Price of the Convertible Loan is fair and reasonable, and whether the financial terms of the Convertible Loan are on normal commercial terms and are prejudicial to the interest of the Company and the Independent Shareholders.

We were neither a party to the negotiations entered into by the Company in relation to the Convertible Loan Agreement, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the Convertible Loan Agreement. We do not, by this Letter, warrant the merits of the Convertible Loan Agreement other than to form an opinion on the Conversion Price and the financial terms of the Convertible Loan.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Convertible Loan or to compare its relative merits *vis-à-vis* alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the sole responsibility of the Directors and/or the management of the Company (“**Management**”) although we may draw upon the views of the Directors and/or the Management or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

In the course of our evaluation, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Company and/or the Group. We have also relied on information provided and representations made by the Directors, Management and the Company’s advisers, including but not limited to its solicitors and/or auditors. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, expressed or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made such enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the accuracy and reliability of the information.

We have relied upon the assurance of the Directors (including those who may have delegated detailed supervision of the Circular) that, upon making all reasonable inquiries and to the best of their respective knowledge and belief, all facts stated and opinions expressed in the Circular (including this Letter) which relate to the Convertible Loan, the Convertible Loan Agreement, the Company and/or the Group are fair and accurate and that there are no material facts or omissions of which would make any statement in the Circular (including this Letter) misleading in any material respect. The Directors collectively and individually accept responsibility accordingly.

For the purposes of assessing the Conversion Price and the financial terms of the Convertible Loan and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company and/or the Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company and/or the Group in connection with our opinion in this Letter.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group, (including without limitation, property, plant and equipment) and we have not been furnished with any such evaluation or appraisal.

Our opinion as set out in this Letter is based upon the market, economic, industry, monetary and other conditions in effect on, and the information provided to us as of the Latest Practicable Date, being 29 March 2019. Such conditions may change significantly over a relatively short period of time. **We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.** Independent Shareholders should further take note of any announcements relevant to their consideration of the Convertible Loan and/or the Convertible Loan Agreement which may be released by the Company after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we advise the Recommending Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this Letter as set out in the Circular). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this Letter as set out in the Circular).

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any purposes other than for the purposes of the Shareholders' resolution in relation to the Convertible Loan at any time and in any manner without the prior written consent of RHTC in each specific case.

This Letter sets out, *inter alia*, our opinion on whether the Conversion Price of the Convertible Loan is fair and reasonable, and whether the financial terms of the Convertible Loan Agreement are on normal commercial terms and are prejudicial to the interest of the Company and the Independent Shareholders, and should be considered in the context of the entirety of this Letter and the Circular.

For the avoidance of doubt, we are not engaged for and will not be expressing an opinion on the Share Purchase and our opinion on the Conversion Price and the financial terms of the Convertible Loan is not meant to express a view or opinion on the Share Purchase.

3. INFORMATION ON THE COMPANY AND THE GROUP

3.1 Overview

The Company was listed on the Catalist Board of the SGX-ST on 23 July 2009.

The Group is a private specialist healthcare provider with a network of more than 20 specialties. The Group generates revenue through its health business (“**Health Business**”) and its diagnostics and aesthetics business (“**Diagnostic & Aesthetics Business**”) segments. The Group operates a total of 37 clinics strategically located in Singapore and comprises an extensive network of specialist and associate doctors across Singapore.

The Health Business encompasses both specialist and primary healthcare including executive and corporate health screening, general medicine, dermatology, general surgery, obstetrics and gynaecology (“**O&G**”), oncology, ophthalmology, orthopaedics, dentistry and urology while the Diagnostic & Aesthetics Business consists of radiology and diagnostic imaging, refractive surgery, aesthetic dentistry, facial and body aesthetics, and plastic surgery.

As at the Latest Practicable Date, based on the existing number of outstanding shares of the Company of 480,721,635 Shares and the last traded Share price of S\$0.44, the market capitalisation of the Company is approximately S\$211.5 million.

3.2 Fund-raising exercises

In the past six (6) years, the Company had undergone several major corporate exercises including a take-over exercise in 2013, which subsequently resulted in Mr Tony Tan being appointed as the Non-Executive Chairman of the Company and Dr Beng being appointed as the Executive Director and Chief Executive Officer of the Company.

Under their leadership, the Company had undertaken various fund-raising exercises summarised in the following table:

Announcement Date	Fund-raising exercise	Details
24 December 2013	Renounceable non-underwritten rights issue of up to 72,868,000 Shares, on the basis of one (1) rights share for every two (2) existing Shares (“ 2013 Rights Issue ”)	<p>The intended use of proceeds arising from the 2013 Rights Issue was:</p> <ul style="list-style-type: none">(i) to redeem the cumulative redeemable convertible preference shares that are convertible into Shares that were outstanding then;(ii) strengthen the financial position of the Group; and(iii) as a strategic initiative to enhance the financial flexibility of the Group to capitalise on potential growth opportunities by enlarging the Group’s working capital and capital base. <p>The 2013 Rights Issue was fully subscribed and net proceeds of S\$7.4 million raised were used in accordance with the use of proceeds above.</p> <p>The issue price of S\$0.105 per Share represented a discount of 11.0% to the closing price of S\$0.118 per Share as at 6 December 2013, being the last trading day prior to the announcement of the 2013 Rights Issue.</p>

Announcement Date	Fund-raising exercise	Details
4 November 2014	Placement exercise to issue 26,971,000 Shares (" 2014 Placement ")	<p>The 2014 Placement was undertaken to fund the growth and expansion of the Group, with approximately 52.4% of the net proceeds intended to be used to expand the Company's aesthetic business and the remaining net proceeds to enhance the financial flexibility of the Group to capitalise on potential growth and acquisition opportunities.</p> <p>The net proceeds of approximately S\$4.2 million was used in accordance with its intended purposes, save for the reallocation of S\$0.7 million intended for use to expand the Company's aesthetic business to other potential growth and acquisition opportunities, as announced by the Company on 4 January 2017.</p> <p>The placement price of S\$0.162 per Share represented a discount of 10.0% to the volume-weighted average price ("VWAP") of S\$0.180 for trades done on 31 October 2014, being the last trading day prior to the announcement of the 2014 Placement.</p>
4 November 2014	Renounceable non-underwritten rights issue of up to 25,093,500 Shares on the basis of one (1) Rights Share for every ten (10) existing Shares (" 2014 Rights Issue ")	<p>The 2014 Rights Issue was undertaken to fund the growth and expansion of the Group, with approximately 55.6% of the net proceeds intended to be used to grow the Group's existing medical specialist business and the remaining 44.4% to strengthen the financial position of the Group by enlarging the Company's working capital and capital base.</p> <p>The 2014 Rights Issue was fully subscribed and net proceeds of S\$3.6 million raised were used in accordance with its intended purposes, save for the reallocation of S\$1.3 million intended for use to strengthen the Company's working capital and capital base to other growth and acquisition opportunities, as announced by the Company on 15 March 2016 and 4 January 2017.</p> <p>The issue price of S\$0.153 per Share represented a discount of 15.0% to the closing price of S\$0.180 per Share on 31 October 2014, being the last trading day prior to the announcement of the 2014 Rights Issue.</p>

Announcement Date	Fund-raising exercise	Details
17 February 2017	Placement exercise of 30,000,000 Shares to CHA Healthcare Co., Ltd. (" CHC Placement ")	<p>The CHC Placement was undertaken to fund the growth and expansion of the Group, with approximately 66.6% of the net proceeds intended to be used for merger and acquisition opportunities, approximately 20.0% of the net proceeds for expansion into other South East Asian countries and the remaining 13.4% for the Company to grow its existing business.</p> <p>Subsequently, on 13 March 2017, the Company announced that it had entered into a novation agreement with CHS where CHS would be substituted with CHA Healthcare Co., Ltd. ("CHC") as the part to the CHC Placement</p> <p>The net proceeds of S\$15.0 million was used in accordance with its intended purposes, save for the reallocation of S\$1.7 million originally intended for expansion into other South East Asian countries, with S\$0.4 million to be utilised for merger and acquisition opportunities and S\$1.3 million to be utilised for growing the Company's existing business, as announced by the Company on 16 November 2017 and 8 February 2018.</p> <p>The placement price of S\$0.50 per Share represented a discount of 6.0% to the VWAP of S\$0.5318 for trades done on 15 February 2017, being the last trading day prior to the announcement of the CHC Placement.</p>
1 March 2018	Renounceable non-underwritten rights issue of up to 23,040,800 Shares on the basis of one (1) Rights Share for every twenty (20) existing Shares (" 2018 Rights Issue ")	<p>The 2018 Rights Issue was undertaken to fund the growth and expansion of the Group, with approximately 30.0% of the net proceeds intended to be used to grow the Group's existing business and the remaining 70.0% for merger and acquisition opportunities.</p> <p>The subscription rate for the 2018 Rights Issue was approximately 61.2% and net proceeds of S\$6.6 million were raised. The net proceeds were used in accordance with its intended purposes, save for the reallocation of S\$0.8 million intended for growing the existing business of the Group to be utilised for merger and acquisition opportunities, as announced by the Company on 8 February 2019. An aggregate of S\$5.4 million was utilised for merger and acquisitions and S\$1.2 million for growing the existing business of the Group.</p> <p>The issue price of S\$0.48 per Share represented a discount of 14.3% to the closing price of S\$0.56 per Share on 27 February 2018, being the last trading day prior to the announcement of the 2018 Rights Issue.</p>

3.3 Acquisitions and joint ventures

In addition to fund-raising exercises taken by the Group, under the leadership of Mr Tony Tan and Dr Beng, and as part of the Company's growth plans, the Company had also undertaken various acquisitions and joint ventures summarised in the following table:

Announcement Date	Acquisition / joint venture	Details
30 April 2014	The Company had on 29 April 2014, entered into a joint venture agreement with PT. Ciputra Raya Sejahtera (" Ciputra ") to operate an eye specialist clinic and possibly operate more specialist clinics in Jakarta, Indonesia.	The joint venture was funded by proceeds from the 2013 Rights Issue. Pursuant to the joint venture agreement, the Company would hold 40.0% shareholding interest in the joint company, PT Ciputra SMG.
7 May 2014	The Company entered into a sale and purchase agreement to acquire an additional 20.0% shareholding interest in The Cancer Centre Pte. Ltd. (" TCC ") from Dr Wong Seng Weng.	The consideration for the acquisition was satisfied through the issuance of Shares to Dr Wong Seng Weng. Following the completion of the acquisition, TCC became a 80.0% owned subsidiary of the Company.
14 May 2014	The Company entered into a sale and purchase agreement to acquire an additional 35.0% equity interest in The Obstetrics & Gynaecology Centre Pte. Ltd.	The consideration was funded through the Company's internal resources. Following the completion of the acquisition, The Obstetrics & Gynaecology Centre Pte. Ltd. became a wholly-owned subsidiary of the Company.

Announcement Date	Acquisition / joint venture	Details
21 October 2014	The Company entered into an agreement to subscribe for 196,000 new ordinary shares, or 49.0% of the issued and paid-up share capital of MindChamps Medical Pte Limited, a company seeking to engage in the business of operating as an operator and franchisor of private general practitioner healthcare providers under the brand name MindChamps Medical.	<p>The subscription was funded by the Company's internal resources.</p> <p>The Company had intended to operate and/or franchise such general practitioner healthcare providers as a joint venture under the brand name "MindChamps Medical with SMG".</p> <p>However, the Company had on 9 September 2015 subsequently announced the divestment of the joint venture as the original timeline for setting up and operating the first clinic had been delayed due to uncertain business and economic conditions.</p>
21 January 2015	The Company entered into a joint venture agreement with Samsung Life & Science Co., Ltd to establish a company to engage in the aesthetics business and sales of aesthetic related range of products in the South-East Asia region.	<p>The joint venture was funded by proceeds from the 2014 Placement.</p> <p>Pursuant to the joint venture agreement, the Company would own 51.0% shareholding interest in the joint venture company.</p>
20 July 2015	The Company entered into a joint venture agreement with several individuals, including Mr Tony Tan, Dr Beng and Dr Wong Seng Weng to subscribe for ordinary shares in the capital of Lifescan Imaging Pte. Ltd. (" Lifescan ").	<p>The joint venture was funded by proceeds from the 2014 Placement.</p> <p>The Company would own 40.0% shareholding interest in Lifescan, while each of the other individual investors, including Mr Tony Tan, Dr Beng and Dr Wong Seng Weng would own 10.0% shareholding interest in Lifescan.</p> <p>Lifescan was set up to undertake the acquisition and operation of a radiology business, and Lifescan had subsequently on 3 August 2015, entered into an asset transfer agreement to acquire the radiology business of Pacific Cancer Centre Pte. Ltd..</p>

Announcement Date	Acquisition / joint venture	Details
23 March 2016	The Company and Lifescan entered into a sale and purchase agreement to acquire the entire issued and paid-up share capital of Novena Radiology Pte. Ltd. (" Novena Radiology "), which is involved in the business of providing diagnostic imaging services.	<p>The acquisition was funded by proceeds from the 2014 Rights Issue.</p> <p>Upon the completion of the acquisition, the Company held a 51.0% equity interest in of Novena Radiology, while Lifescan held the remaining 49.0% equity.</p> <p>In aggregate, the Group held an effective interest of 70.6% in Novena Radiology, after taking into account the indirect equity interest in Novena Radiology of 19.6% held through Lifescan.</p>
1 June 2016	The Company entered into a joint venture agreement with Cardioscan Pty Ltd (" Cardioscan ") to establish a company engaged in the provision of cardiac monitoring and reporting services in Singapore, Malaysia, Indonesia and Thailand.	<p>Cardioscan is principally engaged in the provision of cardiac monitoring and reporting services in Australia and specialised in ambulatory cardiac monitoring, ambulatory blood pressure monitoring, ECG interpretation, and cardiac event monitoring. As at 1 June 2016, Cardioscan is the largest private cardiac monitoring company in Australia and its customers include leading pathology groups and hospitals in Australia. Cardioscan also launched its services in Hong Kong in 2015.</p> <p>The joint venture was funded by proceeds from the 2014 Placement.</p> <p>Pursuant to the joint venture agreement with Cardioscan, the Company would own 50.0% shareholding interest in the joint venture company, SMG Cardioscan Pte. Ltd..</p>

Announcement Date	Acquisition / joint venture	Details
5 August 2016	<p>The Company entered into a sale and purchase agreement with the other shareholders of Lifescan (“Lifescan Vendors”) to acquire the remaining equity interest of Lifescan not owned by it (“Lifescan Acquisition”).</p> <p>The Lifescan Acquisition was approved by Shareholders at an extraordinary general meeting convened and Lifescan became a wholly-owned subsidiary of the Company.</p>	<p>The consideration for the Lifescan Acquisition was satisfied through the issuance of Shares to the Lifescan Vendors.</p> <p>The Lifescan Acquisition was approved by Shareholders at an extraordinary general meeting convened and Lifescan became a wholly-owned subsidiary of the Company.</p>
11 October 2016	<p>The Company announced that it had entered into an agreement with several individuals for the acquisition of the entire issued and paid-up share capital of a group of O&G clinics, namely (i) Astra Women’s Specialists (WB) Pte. Ltd.; (ii) The Women’s Specialist Centre (HC) Pte. Ltd.; (iii) Fong’s Clinic For Women & Fertility Pte. Ltd.; (iv) Astra Centre for Women & Fertility Pte. Ltd.; (v) The London Clinic & Surgery For Women Pte. Ltd.; (vi) James Lee Healthcare Pte. Ltd.; and (vii) Alpha Healthcare International Pte. Ltd. (collectively, “Astra Companies”).</p>	<p>Consideration for acquisition of the Astra Companies was satisfied through the issuance of Shares and cash funded by a combination of the Company’s internal resources and fund raising in the capital markets.</p>
15 December 2016	<p>The Company had incorporated SMG International (Vietnam) Pte. Ltd. (“SMGIV”) and entered into a joint venture with several individuals including Dr Wong Seng Weng and Dr Ho Choon Hou to explore and invest in potential growth and acquisition opportunities, as the Group seek to expand and diversify its businesses and operations into the Vietnam market, to achieve a more consistent and sustainable financial growth.</p>	<p>The joint venture was funded through the Company’s internal resources.</p> <p>The Company held a 50.0% shareholding interest in SMGIV.</p> <p>Subsequently, on 5 January 2017, SMGIV had entered into a conditional subscription agreement with CityClinic Asia Investments Pte. Ltd. (“CCAI”), to subscribe for not less than 32.0% of the total issued and paid-up share capital of CCAI. CCAI. The wholly-owned subsidiary of CCAI, CityClinic Vietnam Limited, provides outpatient healthcare services through a clinic providing multi-disciplinary healthcare specialist services which focuses on health screening, women’s health, paediatrics and diagnostic imaging.</p>

Announcement Date	Acquisition / joint venture	Details
20 April 2017	The Company entered into a sale and purchase agreement with Dr Wong Seng Weng to acquire an additional 10.0% shareholding interest in TCC.	<p>Consideration for the acquisition was satisfied through the issuance of Shares to Dr Wong Seng Weng.</p> <p>The acquisition was approved by Shareholders at an extraordinary general meeting convened and TCC then became a 90.0% owned subsidiary of the Group.</p>
12 June 2017	The Company's wholly-owned subsidiary, SMG Kids Clinic Pte. Ltd., had entered into sale and purchase agreements for the acquisition of the entire issued and paid-up share capital of two paediatrics clinics, namely the Children's Clinic Central Pte. Ltd. and Kids Clinic @ Bishan Pte. Ltd..	Consideration for acquisition was satisfied through the issuance of Shares and cash funded by a combination of the Company's internal resources, bank facilities and net proceeds from the CHC Placement.
27 September 2017	The Company entered into a convertible loan agreement to grant a convertible loan facility of up to US\$689,359 ("CCAI Loan") to CCAI.	<p>The loan was funded from net proceeds of the CHC Placement.</p> <p>Should the CCAI Loan be fully drawdown and converted, the Group will have an effective interest of 26.8% in CCAI comprising a direct interest of 6.9% and an indirect interest held through SMGIV of 19.9%.</p>
19 October 2017	The Company entered into a sale and purchase agreement to acquire the entire issued and paid-up share capital of the Babies and Children Specialist Clinic Pte. Ltd. from Dr Ng Pau Ling Simon, a paediatrician who specialises in neonatology.	<p>Consideration for acquisition was satisfied through the issuance of Shares and cash funded by a combination of the Company's internal resources, bank facilities and fund raising in the capital markets.</p> <p>The Company also entered into a consultancy agreement with Dr Ng Pau Ling Simon with the aim for him to further grow the Group's paediatric practice, and identify and mentor talented paediatricians within the Group. The acquisition was part of the Company's plan for the clinic to provide both synergistic advantages and cross-selling opportunities to the Group's existing O&G practice.</p>

Announcement Date	Acquisition / joint venture	Details
30 January 2018	The Company subscribed for 20.0% equity interest in CHA SMG (Australia) Pte. Ltd. (" CHA-SMG JV Company "), a joint venture company incorporated in Singapore to explore and invest in acquisition opportunities in Australia.	<p>The subscription is funded through the Company's internal resources.</p> <p>On 31 January 2018, the Company announced in its press release that the CHA-SMG JV Company had acquired a 65.0% stake in CFC Global Pty. Ltd. ("CFCG").</p> <p>CFCG owns and operates City Fertility Centre, a leading fertility specialist group in Australia which offers a full range of fertility services including pre-IVF solutions (such as intra-uterine insemination and ovulation induction), IVF, fertility preservation, family banking, genetic screening, LGBT services, egg freezing and egg and sperm donor programmes.</p> <p>Through the Group's equity interest in the CHA-SMG JV Company, the Group held an effective interest of 13.0% stake in CFCG.</p>
26 February 2018	The Company invested further in the CHA-SMG JV Company by subscribing for additional shares in the CHA-SMG JV Company.	<p>The subscription was funded by net proceeds from the CHC Placement.</p> <p>The Company's 20.0% shareholding interests in the CHA-SMG JV Company remained unchanged.</p>
1 March 2018	The Company announced that it had entered into a binding term sheet for the acquisition of 85.0% of the issued and paid-up shares in the share capital of Pheniks Pte. Ltd. (" Pheniks "), a company engaged in the business of operating an aesthetic and plastic surgery clinic under the clinic name of SW1 Clinic.	Consideration for acquisition was satisfied through the issuance of Shares and cash funded by a combination of the Company's internal resources, bank facilities and fund raising in the capital markets.

3.4 Financial performance and position of the Group

Financial performance of the Group for the financial year ended 31 December (“FY”) 2016, FY2017 and FY2018

A summary of the audited financial performance of the Group for FY2016, FY2017 and FY2018 are set out below.

The following summary financial information should be read in conjunction with the full text of the Company’s annual reports for FY2017 and FY2018, including the notes thereto.

(S\$'000)	Audited FY2016	Audited FY2017	Audited FY2018
Revenue	41,580	68,001	85,069
Cost of sales	(26,675)	(39,027)	(47,274)
Gross profit	14,905	28,974	37,795
Financial income	12	59	71
Other income	85	360	275
Other gains	1,612	236	167
Other expenses	(881)	(329)	(11)
Distribution and selling expenses	(2,466)	(2,850)	(3,618)
Impairment losses on financial assets	-	(40)	(62)
Administrative expenses	(9,754)	(15,950)	(19,469)
Finance expenses	(116)	(723)	(1,100)
Share of results of associate and joint ventures	(354)	(254)	56
Profit before tax	3,043	9,483	14,104
Income tax expense	(169)	(751)	(1,189)
Profit for the year	2,874	8,732	12,915
Profit for the year attributable to owners of the Company	2,423	8,499	12,928

Sources: Company’s annual reports for FY2017 and FY2018

FY2017 vs FY2016

The Group's revenue increased by S\$26.4 million or approximately 63.5% from S\$41.6 million in FY2016 to S\$68.0 million in FY2017. The increase was mainly due to an increase in the revenue of the Health Business segment by S\$20.6 million contributed by the subsidiaries acquired in FY2017 and the increase in the revenue of Diagnostic & Aesthetics Business segment by S\$5.8 million mainly contributed by a subsidiary acquired in September 2016.

Gross profit increased by S\$14.1 million or approximately 94.4% from S\$14.9 million in FY2016 to S\$29.0 million in FY2017 in tandem with the increase in revenue. Other income increased by S\$0.3 million or approximately 323.5% from S\$0.1 million in FY2016 to S\$0.4 million in FY2017 mainly due to the increase in government grants received in FY2017 and miscellaneous income.

The Group recognised other gains of S\$0.7 million for FY2016 and other losses of S\$0.1 million in FY2017.

Other gains decreased by S\$1.4 million or approximately 85.4% from S\$1.6 million in FY2016 to S\$0.2 million in FY2017 due to the absence of a gain on re-measuring previously held equity interest in joint venture entity to fair value on business combination which was recognised in FY2016. In FY2017, other gains comprised mainly the recognition of reversal of impairment loss on amounts due from joint ventures and investment in joint ventures.

Other expenses decreased by S\$0.6 million or 62.7% from S\$0.9 million in FY2016 to S\$0.3 million in FY2017 due to the absence of loss on liquidation of subsidiary, impairment loss on property, plant and equipment, loss on dilution of interest in joint venture entity, impairment loss on amounts due from joint venture entities and impairment loss on investment in joint ventures which were recognised in FY2016. In FY2016, other expenses comprised mainly transaction costs on acquisition of subsidiaries.

Distribution and selling expenses increased by S\$0.4 million or approximately 15.6% from S\$2.5 million in FY2016 to S\$2.9 million in FY2017 mainly driven by the increase in revenue. Similarly, administrative expenses increased by S\$6.2 million or approximately 63.5% from S\$9.8 million in FY2016 to S\$16.0 million in FY2017, mainly due to the increase in staff headcount following completion of the acquisitions of several companies, and a higher depreciation expense in FY2017 from acquiring a subsidiary in September 2016.

Financial expenses increased by S\$0.6 million or approximately 523.3% from S\$0.1 million in FY2016 to S\$0.7 million in FY2017 mainly due to higher interest expenses incurred for a new bank loan and finance leases obtained in relation to an acquisition carried out in FY2017 and the accretion of interest on deferred purchase consideration of S\$0.2 million.

As a result of the above, the net profit attributable to owners of the Company had increased by S\$6.1 million or approximately 250.8% from S\$2.4 million in FY2016 to S\$8.5 million in FY2017.

FY2018 vs FY2017

The Group's revenue increased by S\$17.1 million or approximately 25.1% from S\$68.0 million in FY2017 to S\$85.1 million in FY2018. The increase was mainly due: (i) an increase in the revenue of Health Business segment by S\$9.6 million mainly contributed by the Children's Clinic Central Pte. Ltd., Kids Clinic @ Bishan Pte. Ltd., and Babies and Children Specialist Clinic Pte. Ltd., all of which were acquired by the Group in the second half of 2017 and the organic growth of the existing specialist clinics; and (ii) an increase in revenue of Diagnostic & Aesthetics Business segment by S\$7.3 million mainly contributed by the new imaging centre at Novena and the contribution from the aesthetic clinic, which was acquired at the end of April 2018.

Gross profit increased by S\$8.8 million or approximately 30.4% from S\$29.0 million in FY2017 to S\$37.8 million in FY2018 in tandem with the increase in revenue. Other income decreased by S\$0.1 million or approximately 23.6% from S\$0.4 million in FY2017 to S\$0.3 million in FY2018 mainly due to lower miscellaneous income such as government grants.

Other gains decreased slightly in FY2018 due to the absence of reversal of impairment loss on investment in joint ventures.

The decrease in other expenses in FY2018 was due to the decrease in transaction costs incurred on acquisition of subsidiaries.

Distribution and selling expenses increased by S\$0.7 million or approximately 26.9% from S\$2.9 million in FY2017 to S\$3.6 million in FY2018 mainly driven by the increase in revenue. Similarly, administrative expenses increased by S\$3.5 million or approximately 22.1% from S\$16.0 million in FY2017 to S\$19.5 million in FY2018, mainly due to the increase in staff headcount following completion of the acquisitions of several companies and increased depreciation expenses.

Financial expenses increased by S\$0.4 million or approximately 52.1% from S\$0.7 million in FY2017 to S\$1.1 million in FY2018 mainly due to interest expenses on additional bank loans secured to fund the consideration for acquisitions and new finance leases obtained in 2018, and the accretion of interest on deferred purchase consideration.

As a result of the above, the net profit attributable to owners of the Company had increased by S\$4.4 million or approximately 52.1% from S\$8.5 million in FY2017 to S\$12.9 million in FY2018.

Financial position of the Group as at 31 December 2018

The audited financial position of the Group as at 31 December 2018 is set out as follows:

(S\$'000)	Audited As at 31 December 2018
<i><u>Non-current assets</u></i>	
Property, plant and equipment	13,652
Intangible assets	126,543
Investment in joint ventures	1,642
Investment in associate	5,714
Other receivables	2,900
Deferred tax assets	844
Total non-current assets	151,295
<i><u>Current assets</u></i>	
Inventories	1,694
Trade receivables	6,031
Prepayments	1,775
Other receivables	1,037
Cash and bank balances	20,012
Total current assets	30,549
Total assets	181,844
<i><u>Current liabilities</u></i>	
Trade payables	1,648
Other payables and accruals	10,310
Contract liabilities	2,313
Deferred purchase consideration	15,538
Obligations under finance leases	1,446
Loans and borrowings	4,773
Income tax payable	1,776
Total current liabilities	37,804
<i><u>Non-current liabilities</u></i>	
Other payables and accruals	503
Deferred purchase consideration	1,335
Obligations under finance leases	1,724
Loans and borrowings	9,980
Deferred tax liabilities	170
Total non-current liabilities	13,712
Total Liabilities	51,516

(S\$'000)	Audited As at 31 December 2018
Net assets	130,328
Share capital	118,918
Accumulated profits	12,059
Share option reserve	443
Foreign currency translation reserve	(642)
Equity attributable to owners of the Company	130,778
Non-controlling interests	(450)
Total equity	130,328
Total equity and liabilities	181,844
Number of Shares (excluding Treasury Shares) as at Latest Practicable Date	480,721,635
Net asset value attributable to owners of the Company ("NAV") as at 31 December 2018 (S\$)	130,778,000
NAV per Share as at 31 December 2018 (S\$)	0.27
Net tangible asset attributable to owners of the Company ("NTA") as at 31 December 2018 (S\$)	4,235,000
NTA per Share as at 31 December 2018 (S\$)	0.009

Source: Company's annual report for FY2018

As at 31 December 2018, the assets of the Group totalling S\$181.8 million comprised mainly: (i) intangible assets of S\$126.5 million; (ii) cash and bank balances of S\$20.0 million; and (iii) property, plant and equipment of S\$13.7 million, representing approximately 69.6%, 11.0% and 7.5% of the Group's total assets respectively.

Intangible assets of S\$126.5 million relate to goodwill of S\$126.1 million arising from acquisitions undertaken by the Group and computer software of S\$0.4 million.

S\$9.6 million of goodwill arose from the acquisitions carried out by the Group in FY2016 which comprised: (i) S\$9.4 million from the value of the referral network of Lifescan and the synergies expected to arise from the economies of scale in integrating the operations of Lifescan with those of the Group; and (ii) S\$0.2 million from the value of strengthening the Group's market position in Singapore and the synergies expected to arise from integrating Novena Radiology Pte. Ltd. into the Group's existing diagnostic business.

S\$109.7 million of goodwill arose from the acquisitions carried out by the Group in FY2017 which comprised: (i) S\$74.4 million from the value of strengthening the Group's market position in Singapore and the synergies expected to arise from integrating the Astra Companies into the Group's existing O&G business; (ii) S\$27.7 million from the synergies expected to arise from integrating Children's Clinic Central Pte. Ltd. and Kids Clinic @ Bishan Pte. Ltd. into the Group's existing business and the value of cross-selling opportunities with the Group's O&G business; and (iii) S\$7.6 million from the value of strengthening the Group's market position in Singapore and the synergies expected to arise from integrating Babies and Children Specialist Clinic Pte. Ltd. into the Group's existing paediatrics business.

S\$6.8 million of goodwill arose from the Group's acquisition of Pheniks in FY2018 from the value of strengthening the Group's market position in Singapore and the synergies expected to arise from integrating Pheniks into the Group's existing women's health business.

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses, and comprised mainly medical equipment.

The corresponding liabilities of the Group as at 31 December 2018 totalling S\$51.5 million comprised mainly: (i) current deferred purchase consideration of S\$15.5 million; (ii) other current payables and accruals of S\$10.3 million; and (iii) non-current loans and borrowings of S\$10.0 million, representing approximately 30.2%, 20.0% and 19.4% of the Group's total liabilities respectively.

We note that the Group recorded a net current liability position as at 31 December 2018 mainly due to the presence of current deferred purchase consideration of S\$15.5 million. Deferred purchase consideration relates to outstanding cash consideration arising from the acquisition of the Astra Companies, Children's Clinic Central Pte. Ltd., Kids Clinic @ Bishan Pte. Ltd., Babies and Children Specialist Clinic Pte. Ltd. and Pheniks.

Loans and borrowings comprised mainly secured term loans which are secured by: (i) a charge over the share capital of eight (8) wholly-owned subsidiaries; (ii) an assignment of the sale and purchase agreements and the deed of profit guarantee in relation to the Astra Companies; (iii) a first fixed charge over the consultancy agreements of certain doctors of the Group; (iv) a fixed and floating charge on all assets of the Astra Companies; and (v) corporate guarantees taken by two (2) subsidiaries of the Group.

Other payables and accruals relate mainly to accrued operating expenses and amount due to sundry creditors. The amount due to sundry creditors are unsecured, non-interest bearing and are normally settled on 30 to 90 days' terms.

As at 31 December 2018, the NAV of the Group attributable to owners of the Company was approximately S\$130.8 million and the NAV per Share was approximately S\$0.27 per Share while the NTA of the Group attributable to owners of the Company was approximately S\$4.2 million and the NTA per Share was approximately S\$0.009 per Share.

4. BACKGROUND INFORMATION ON CHA

4.1 Information on CHA

Details on CHS are set out in Section 3 of the Circular. The relevant sections have been extracted and reproduced in italics below:

“3. INFORMATION ON CHS

CHS is a subsidiary of CHC, the international healthcare investment and management arm of the CHA Group (“CHA”).

Founded in 1960 and headquartered in Seoul, CHA is one of the largest and most diversified private healthcare service groups in Asia and one of the world’s most respected names in reproductive medicine, women’s health, stem cell research and wellness care. CHA is widely recognised around the world as a pre-eminent clinical and scientific leader in fertility, women’s health and maternity care, having been a research pioneer since the early 1980s. Amongst its other accomplishments in reproductive medicine, CHA pioneered the world’s first successful pregnancy & birth through in vitro maturation of human immature oocytes, the world’s first successful birth with frozen oocytes using electron microscope grids and the first publicly accessible egg freezing clinic in the United States. In early 2018, CHS, together with the Company, acquired a majority stake in City Fertility Centre (“CFC”), one of Australia’s largest privately-owned in vitro fertilisation groups with operations in Adelaide, Brisbane, Melbourne, Sydney and The Gold Coast. Established in 2003, CFC offers the full range of fertility treatments as well as supplemental services including genetic screening using its proprietary genetic screening platform, social infertility and donor programs.

CHA currently operates 26 general hospitals and medical centres with more than 2,000 beds in six (6) countries around the world, with more than 1300 doctors, 2500 nurses, and 500 researchers & medical staff serving some three (3) million patients annually. In the US, CHA operates the largest privately owned, for-profit general hospital in Los Angeles located in Hollywood. In addition, CHA’s platform covers 44 research and educational institutions including CHA University Medical School and 30 commercial companies including two companies listed on Korea Stock Exchange with a combined market capitalization of S\$1,888 million as of 19 February 2019.

As at the Latest Practicable Date, CHS holds approximately 6.86% of the Shares in the Company.”

CHS is part of the CHA Group (“CHA”), which owns a comprehensive healthcare system encompassing medical research, biotechnology and higher education spanning 26 medical centres around the world, 44 research and education institutes and 30 commercial companies including biotech and pharma businesses, of which two (2) companies are listed on the Korea Stock Exchange with a combined market capitalisation of S\$1.9 billion as at 19 February 2019.

CHA currently operates in six (6) countries across the Pacific Rim region, covering both general hospitals and specialist clinics including In Vitro Fertilisation (“IVF”) platforms in Korea, Australia and the United States, with development underway for clinics in Taiwan. CHA is widely recognised as Korea’s leading expert in infertility, women’s health and maternity care and is globally renowned for its excellence in reproductive medicine with a 35 year history and international leadership in pregnancy outcomes, patient care experience and academic research. Over the years, CHA has received worldwide recognition and accolades for its excellence in clinical research and accomplishments in the fields of reproductive medicine and O&G.

In its headquarters in Korea, CHA owns major general hospitals, fertility centres, leading women's specialist hospitals and an anti-aging life centre for high net worth patients with the development for a women's and children specialty hospital currently underway. Outside of Korea, CHA owns an immunotherapy clinic in Japan offering stem-cell based immunotherapy treatments to combat both anti-aging effects and serve as a complementary treatment to chemotherapy to high net worth individuals from Korea, Japan and Southeast Asia through its immunotherapy clinic in Japan.

CHA also owns a stake in CFCG which operates seven (7) clinics in 65 locations nationwide in Australia, with development underway for several major clinics in major cities such as Sydney and is currently the leading IVF clinic group in Australia. In the United States, CHA owns Los Angeles's largest private general hospital and is pioneering IVF clinics in Los Angeles and Orange Country. CHA has plans to further expand its IVF presence along the West Coast in the United States.

4.2 History of CHA's collaborations and fund-raising efforts with the Company

We note that the Company and CHA has a history of collaboration. Since February 2017, CHA, through its subsidiary, CHC, has been in active collaboration with the entry into a strategic collaboration agreement with the Company to spearhead its international investments. As an indication of support and commitment, CHA further invested an initial sum of S\$15.0 million, pursuant to the CHC Placement, for the Group's expansion into other South East Asian countries through merger and acquisition opportunities and for growing the Company's existing business. Further details of the CHC Placement are set out in Paragraph 3.2 of this Letter. Following completion of the CHC Placement on 16 March 2017, CHS became a substantial Shareholder.

The strategic collaboration agreement with CHC was intended for the Company and CHA to actively collaborate with each other on joint participation in future development and investment opportunities, business projects and regional operational support in North Asia and Southeast Asia. On 30 January 2018, the Company, together with CHA, formed the CHA-SMG JV Company, a joint venture company focused on exploring opportunities and investing in Australia. The formation of the CHA-SMG JV Company was part of a strategic move for the Company and CHA to expand into a new geography.

As set out in Paragraph 3.3 of this Letter, on 31 January 2018, the CHA-SMG JV Company acquired a 65.0% shareholding interest in CFCG, the fourth largest IVF clinic group in Australia, with seven (7) clinics nationwide. CFCG owns and operates City Fertility Centre, one of Australia's largest privately-owned IVF businesses with clinics located in Brisbane, Melbourne, Adelaide, Sydney and the Gold Coast. Established in 2003, CFCG's centres offer a full range of fertility services including pre-IVF solutions (such as intra-uterine insemination and ovulation induction), IVF, fertility preservation, family banking, genetic screening, LGBT services, egg freezing and egg and sperm donor programmes. Based on latest estimations as at 31 January 2018, CFCG held more than 10.0% of the market share in key markets in Queensland, Victoria and South Australia.

We note that the acquisition of CFCG strengthened CHA's position as one of the largest IVF service providers in Asia, further expanding CHA's outreach and reputation for world-class fertility treatments and reproductive medicine in the Pacific Rim region. CHA believes that its partnership with the Company would serve as a key strategic avenue for it to grow and lead the market regionally. On 26 February 2018, the Company further invested an additional S\$5.8 million in the CHA-SMG JV Company through the subscription of additional shares in the CHA-SMG JV Company. Further details on the investment are set out in Paragraph 3.3 of this Letter.

Separately, pursuant to the 2018 Rights Issue, as an indication of continuous support, CHA fully subscribed for all of its rights Shares entitlements of 1,500,000 Shares and further subscribed for excess right shares of 1,500,000 Shares, amounting to an aggregate investment of approximately S\$1.4 million. To date, we note that CHA has invested an aggregate of S\$16.4 million in the Company, with plans to inject an additional S\$10.0 million through the Convertible Loan.

4.3 Potential collaborations with CHA

As set out in Paragraph 3.1 of this Letter, the Health Business of the Group comprise both specialist and primary healthcare including executive and corporate health screening, general medicine, dermatology, general surgery, O&G, oncology, ophthalmology, orthopaedics, dentistry and urology while the Diagnostic & Aesthetics Business consists of radiology and diagnostic imaging, refractive surgery, aesthetic dentistry, facial and body aesthetics, and plastic surgery.

Further, as set out in Paragraph 3.3 of this Letter, the Group had undertaken various acquisitions in the past years, and had been growing its Health Business in key areas such as ophthalmology, oncology, O&G and paediatrics, through the acquisition of specialist clinics such as TCC and the Astra Companies. TCC is one of the most established private cancer clinics in Singapore, offering innovative targeted treatments with highly skilled and experienced oncology specialists while the Astra Companies as part of the Company's network of clinics has enabled the Company to expand its service offerings into areas such as general O&G, fetal-maternal medicine, urogynaecology and in-vitro fertilisation.

With respect to the Group's Diagnostic & Aesthetics Business, the Company had over the years, acquired increasing equity stakes in Lifescan and currently owns the entire equity interests in Lifescan. Lifescan operates an X-ray laboratory and diagnostic imaging clinic, and offers diagnostic imaging services. The Company had also acquired Pheniks and currently owns an effective interest of 85.0% in SW1 Clinic, which is the largest aesthetic and plastic surgery clinic in Singapore targeting high net worth individuals from Southeast Asia.

As set out in the Company's annual report for FY2018, the Group intends to continue pursuing further growth initiatives in key segments such as O&G, paediatrics, diagnostic imaging and aesthetics to scale up its businesses and achieve operational efficiency which will improve profitability margins of the Group. The Group also intends to grow its expertise in these key segments by expanding into new geographies within the region.

We understand that CHA's strategic partnership with the Company is focused on two (2) key areas, namely: (i) women's health and fertility which includes O&G and reproductive medicine such as IVF; and (ii) preventive care and aging wellness which includes premium wellness, immunotherapy oncology and aesthetics.

Women's health and fertility

As the Company seeks to grow its fertility and women's health segment, it intends to collaborate with CHA and expand its geographical reach to serve Southeast Asian patients from Vietnam, Malaysia, Indonesia and Thailand. Through such collaborations, CHA will be able to continue expanding its global IVF network, in particular, to build Asia's leading reproductive medicine platform and address a lack of global quality IVF care required in the fast-growing regional market.

In the past, the Company and CHA had successfully collaborated in this area of healthcare services through the CHA-SMG JV Company. As a result of which, the Company currently holds a stake in CFCG, the fourth largest IVF clinic group with seven (7) clinics in Australia. Further details on CFCG are set out in Paragraph 4.2 of this Letter.

The Company's partnership with CHA seeks to develop a combined infrastructure in fertility and women's healthcare to provide access to medical tourists from Southeast Asia. With the Company's operations headquartered in Singapore, a Southeast Asia hub and best-practice centre, both CHA and the Company are well positioned geographically to serve new customers within the region.

CHA's vision of expanding its coverage to South East Asian markets is aligned with the Company's own strategic objectives and goals in expanding regionally. As CHA is well-regarded globally for its range of fertility services, the Company will be able to tap on CHA's reputation and expertise in fertility and women's health in its expansion in Southeast Asia to enable patients from the region to access fertility and women's health.

By tapping on CHA's reputation for world-class fertility treatments and advances in reproductive medicine, the strategic collaboration will propel the Group up the value chain in providing its O&G patients with a more comprehensive suite of services. The Group will also be able to leverage on CHA's expertise in innovative reproductive techniques and elevate its status in the region.

Preventive care and aging wellness

As set out in the Company's annual report for FY2018, the Company intends to leverage on CHA's expertise in personalised anti-aging care and Korea's renown in dermatology and aesthetics to further expand the Company's strong market leadership in key verticals such as oncology and aesthetics. The Company and CHA intend to form a platform focusing on tackling beauty, preventive and anti-aging problems in the Asia Pacific region, with several expansion opportunities across Australia and Southeast Asia currently under consideration.

The collaboration between the Company and CHA is expected to lay the foundation for Asia-Pacific's first dedicated platform for comprehensive wellness care covering the entire anti-aging, beauty and preventive care spectrums. CHA's vision of expanding its preventive care and aging wellness segment is in line with the Company's strategic plans to further grow its oncology and aesthetics segment through expansion plans regionally to capture the premium healthcare market in the region.

With a common strategic vision to target specific complementary healthcare segments within the Asia Pacific region, the Company and CHA are able to combine their resources, segment expertise and infrastructure to expand their service offerings within the region, in line with each of their corporate strategic plans.

CHA's investment in the Company will allow it to tap on the managerial and operational expertise of the Group to drive initiatives in the region as well as serve as its investment arm in expanding in key South East Asian markets. The strategic partnership between the Company and CHA will allow them to tap on each other's network and expertise in the region, and scale up their medical offerings in targeted segments regionally, in line with their respective corporate strategic plans.

5. SALIENT TERMS OF THE CONVERTIBLE LOAN AGREEMENT

Details on the Convertible Loan Agreement are set out in Section 2 of the Circular. The key relevant sections have been extracted and reproduced in italics below:

“2.1 Purpose

Pursuant to the terms of the Convertible Loan Agreement, the Company shall use the entire proceeds of the Convertible Loan for such purposes as may be approved by CHS in writing from time to time, including general business purposes, working capital or to fund investments. For the avoidance of doubt, the Company shall not use the Convertible Loan to fund the payment of any dividends of the Company.

2.2 Repayment

2.2.1 *Subject to the terms of the Convertible Loan Agreement, the Company shall repay the Convertible Loan in cash in one lump sum, including any interest accrued, on the date (such date being the "**Repayment Date**") falling one year after the date on which the Convertible Loan is advanced by CHS to the Company under the Convertible Loan Agreement (the "**Drawdown Date**").*

2.2.2 *The interest referred to in paragraph 2.2.1 above shall be calculated on the Convertible Loan from (and including) the Drawdown Date to (and including) the Repayment Date (the "**Interest Period**"). The rate of interest for the Interest Period shall be equal to 3.5% per annum (the "**Interest Rate**"), and computed on the basis of a 365-day year and the actual number of days elapsed. Notwithstanding the above, if all or part of the Convertible Loan is converted to Conversion Shares, no interest shall be payable to CHS on such part of the Convertible Loan which is converted.*

2.3 Conversion

2.3.1 *CHS may, at its option, convert all or part of the Convertible Loan that is outstanding into Conversion Shares on the Repayment Date (the "**Conversion Right**"). CHS may only exercise the Conversion Right once. Please refer to paragraph 2.8 of this Circular for more details of the Conversion Right upon an Event of Default.*

2.3.2 *Subject to any Adjustments to the number of Conversion Shares as set out in paragraph 2.4 of this Circular, the number of Conversion Shares (rounded upwards to the nearest whole number) to be issued upon the exercise of the Conversion Right shall be determined as follows:-*

$$\text{Number of Conversion Shares to be Issued} = \frac{\text{Conversion Amount}}{\text{Conversion Price}}$$

Where:-

"Conversion Amount" means:-

- (a) *where the Conversion Right is exercised, the amount of the Convertible Loan that is outstanding, excluding any interest, which CHS elects to convert into Conversion Shares; and*
- (b) *where the Default Conversion Right (as defined in paragraph 2.8.1 of this Circular) is exercised, the amount of the Convertible Loan that is outstanding, excluding any interest and/or default interest (as calculated in accordance with the Convertible Loan Agreement) in respect of the Convertible Loan; and*

"Conversion Price" means S\$0.423, which represents a (i) 3.5% discount to the volume weighted average price of the Shares based on the trades done on the 30 Market Days immediately preceding the date of the Convertible Loan Agreement and from 9.00 a.m. to 12 noon on the date of the Convertible Loan Agreement; and (ii) 8.2% discount to the volume weighted average price of the Shares based on the trades done from the one Market Day immediately preceding the date of the Convertible Loan Agreement to 12 noon on the date of the Convertible Loan Agreement.

- 2.3.3 Under the terms of the Convertible Loan Agreement, CHS may direct the Company to allot and issue the Conversion Shares to a person other than itself. The amounts outstanding under the Convertible Loan Agreement owed by the Company to CHS (or part thereof) and converted by CHS shall be deemed to be repaid upon the issuance of the Conversion Shares in accordance with the Convertible Loan Agreement. Any amount of the Convertible Loan and any other sum payable by the Company under the Convertible Loan Agreement which has not been converted into Conversion Shares on the Repayment Date shall become due and payable by the Company on the Repayment Date."

"2.5 Conversion Shares

- 2.5.1 Assuming the Convertible Loan (excluding any interest) is converted in full, CHS will be allotted and issued 23,640,662 new Conversion Shares. Such 23,640,662 Conversion Shares represent (i) approximately 4.92% of the Existing Share Capital; and (ii) approximately 4.69% of the Enlarged Share Capital immediately after allotment and issuance of such 23,640,662 Conversion Shares.

- 2.5.2 The Conversion Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then issued Shares of the Company, except that they will not be entitled to participate in any dividends, rights, allotments or other distributions for which the Record Date is before the date on which the Conversion Shares are allotted and issued to CHS upon the exercise of the Conversion Right."

"2.8 Default

- 2.8.1 If an event of default (as set out in the Convertible Loan Agreement) (an "**Event of Default**") occurs, CHS may require that the Convertible Loan, all unpaid accrued interest or fees and any other sum then payable under the Convertible Loan Agreement to be immediately due and payable. Upon the occurrence of an Event of Default, CHS may, at its option, convert all or part of the Convertible Loan that is outstanding into Conversion Shares at any time on or following such Event of Default (the "**Default Conversion Right**"). Any other sum declared to be immediately due and payable but not converted into Shares shall be payable in cash.

- 2.8.2 While CHS may only exercise the Conversion Right once, there is no restriction on the number of times that the Default Conversion Right may be exercised by CHS. As such, if CHS has exercised its Conversion Right to convert part of the Convertible Loan that is outstanding into Conversion Shares on the Repayment Date, it may not exercise its Conversion Right again, but if a Default Conversion Right arises subsequently, CHS may exercise its Default Conversion Right.

2.9 Default interest

If the Company does not pay any sum payable under the Convertible Loan Agreement when due, default interest shall accrue on any such overdue sum at the rate per annum equal to the aggregate of 12% and the cost to CHS of funding by whatever means it determines to be appropriate, an amount equal to the overdue sum for the time that such sum is overdue (expressed as a rate per annum). Such interest accrued shall be due on demand by CHS and payable in cash. Any such accrued and unpaid interest shall be added to such overdue sum and shall itself bear interest commencing on the day after such demand by CHS."

6. EVALUATION OF THE CONVERTIBLE LOAN

In our evaluation of the Convertible Loan, we have given due consideration to, *inter alia*, the following key factors:

- (a) Rationale and use of proceeds for the Convertible Loan;
- (b) Strategic investments by CHA;
- (c) Further commitments by Mr Tony Tan, Dr Beng and CHA;
- (d) Financial assessment of the Conversion Price of the Convertible Loan;
- (e) Financial assessment of the other financial terms of the Convertible Loan;
- (f) Financial effects of the Convertible Loan; and
- (g) Other relevant considerations in relation to the Convertible Loan.

6.1 Rationale and use of proceeds for the Convertible Loan

The rationale for the Convertible Loan and the intended use of proceeds from the Convertible Loan which has been set out in Section 5 of the Circular is extracted and reproduced in italics below:

“5. RATIONALE FOR THE CONVERTIBLE LOAN AND INTENDED USE OF PROCEEDS

5.1 *The Company is proposing to enter into the Convertible Loan Agreement so as to raise additional funding for general business purposes and to fund investments so as to expand and capitalise on opportunities for growth. Pursuant to the terms of the Convertible Loan Agreement, the Company shall use the entire proceeds of the Convertible Loan for such purposes as may be agreed with CHS from time to time, including general business purposes or to fund investments. For the avoidance of doubt, the Company shall not use the Convertible Loan to fund the payment of any dividends of the Company.*

5.2 *The net proceeds from the Convertible Loan of approximately S\$9.7 million (after deducting estimated expenses of S\$0.3 million) (“Net Proceeds”) is intended to be used for the following purposes:-*

Use of Net Proceeds	Estimated Percentage
<i>Mergers and acquisitions</i>	80%
<i>General business purposes</i>	20%

Pending the deployment of the Net Proceeds, the Net Proceeds may be placed as deposits with financial institutions or invested in short term money markets or debt instruments or for any other purposes on a short term basis as the Directors may deem fit, from time to time.

5.3 *The Company will make periodic announcement(s) as and when the Net Proceeds are materially disbursed and whether the disbursements are in accordance with use of proceeds as stated in this announcement. The Company will also provide a status report on the use of such Net Proceeds in the Company’s annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.”*

6.2 Strategic investments by CHA

As set out in Paragraphs 4.1 and 4.2 of this Letter, CHS is part of the CHA Group, one of the largest and most diversified private healthcare service groups in Asia. Since February 2017, the Company has been in active collaboration with CHA through joint participation in development and investment opportunities as announced by the Company. To facilitate and strengthen the collaboration, CHA had further become a strategic investor of the Company via the CHC Placement and became a substantial shareholder of the Company. We note that the placement price for the CHC Placement was S\$0.50 per Share and represented a discount of 6.0% to the VWAP of the Shares based on trades done on the last trading day prior to the announcement of the CHC Placement.

In January 2018, together with CHA, the Company formed the CHA-SMG JV Company, a joint venture company focused on exploring and investing in acquisition opportunities in Australia. The formation of the CHA-SMG JV Company was part of a strategic move for the Company and CHA to expand into a new geography. Subsequently, the CHA-SMG JV Company acquired a 65.0% shareholding interest in CFCG, the fourth largest IVF clinic group with seven (7) clinics in Australia.

Further, pursuant to the 2018 Rights Issue, as an indication of support and commitment, CHA had fully subscribed for all of its rights Shares entitlements of 1,500,000 Shares and further subscribed for excess right shares of 1,500,000 Shares, amounting to an aggregate investment of approximately S\$1.4 million. We note that the issue price for the 2018 Rights Issue was S\$0.48 per Share and represented a discount of 14.3% to the VWAP of the Shares based on trades done on the last trading day prior to the announcement of the 2018 Rights Issue.

To date, CHA has invested an aggregate of S\$16.4 million in the Company directly, with plans to inject an additional S\$10.0 million through the Convertible Loan.

Separately, we note that CHA will be further increasing its shareholding interest in the Company via the purchase of existing shares from the Vendors. Assuming the full conversion of the Convertible Loan and upon the completion of the Share Purchase, CHA will hold 139,640,622 Shares, representing approximately 27.6% of the enlarged issued and paid-up share capital of the Company of 505,162,297 Shares immediately after the allotment and issuance of the Conversion Shares and the Share Options Shares ("**Post-Enlarged Share Capital**"). Further details of the shareholding interests in the Company are set out in Paragraph 6.7.2 of this Letter. We understand from discussions with the Management that the Company intends to continue and strengthen its strategic partnership with CHA through further collaborations in the future by working closely together on strategic initiatives to support the Group's growth and embark on joint regional expansion opportunities.

We also note the following commentary as set out, in the Group's press release dated 20 February 2019, the relevant portion of which have been extracted and reproduced in italics below:

"By combining the fertility and women's health expertise from CHA and SMG's strong regional O&G platform, the enlarged Asia Pacific network will provide broader clinical access in key developed countries to medical tourists from across Southeast Asia, Greater China and other fast-growing populations. In the near term, the CHA-SMG strategic relationship will actively pursue projects in Vietnam, Singapore, Oceania and other key Pacific Rim markets to address the fast-growing demand for high quality services amidst a trend of diminishing fertility. SMG intends to leverage on this strategic relationship to build out its existing Astra O&G network and establish Asia's largest reproductive medicine platform, in part by expanding upon SMG's existing footprint in Vietnam, Indonesia and Malaysia, with Singapore as the regional centre of excellence and repository hub for global expertise from Korea, Japan, Australia and the US.

At the same time, the expanded strategic relationship will leverage CHA's expertise in personalized anti-aging care and Korea's renown in dermatology and aesthetics to further expand SMG's strong market leadership in key verticals such as oncology and aesthetics. For example, the strategic relationship envisages close collaboration between Chaum Wellness Center, CHA Evercell beauty rejuvenation programs and SMG's SW1 aesthetics business to provide patients with a seamless premium care experience. There are also expected to be patient synergies between SMG's oncology business and CHA's Tokyo Cell Clinic, amongst other services. The CHA-SMG combination is expected to lay the foundation for Asia-Pacific's first dedicated platform for comprehensive wellness care covering the entire anti-aging, beauty and preventive care spectrums."

6.3 Further commitment by Mr Tony Tan, Dr Beng and CHA

In light of the potential collaboration, we understand that the Company intends to continue and strengthen its strategic partnership with CHA. Accordingly, as set out in Section 9 of the Circular, to provide continued managerial and operational expertise to the Company, Dr Beng, the Executive Director and Chief Executive Officer of the Company, has entered into a service agreement with the Company for a further term of four (4) years commencing from the date of the completion of the Share Purchase, and Mr Tony Tan, the Non-Executive Chairman of the Company, has agreed to continue being appointed in his role for a further minimum term of four (4) years, subject to the provisions of the Companies Act, general law, Catalist Rules and the constitution of the Company, including the requirement (insofar as the same is set out in the Catalist Rules) that he is to submit himself for re-nomination and re-election at least once every three (3) years.

Further, CHS has, by way of a letter dated 8 April 2019, informed the Company that as a long-term strategic investor in the Company, CHS remains committed to working together with the Company to strengthen their relationship and to support the Company's growth and future prospects. CHS has no intention now and at least the next year, to sell their existing Shares in the Company or the Shares that shall be acquired under the Share Purchase or the Convertible Loan Agreement, should CHS decides to convert the Convertible Loan. Accordingly, we note that CHA remains fully committed and invested with its interest remaining aligned with the Company and its Independent Shareholders.

Further, we note that, save for the Share Purchase, Mr Tony Tan, Dr Beng and CHA had not sold any of their respective Shares in the last two (2) years but have rather increased their respective shareholding interests in the Company.

6.4 Financial assessment of the Conversion Price of the Convertible Loan

In assessing the Conversion Price of the Convertible Loan, we have considered the following:

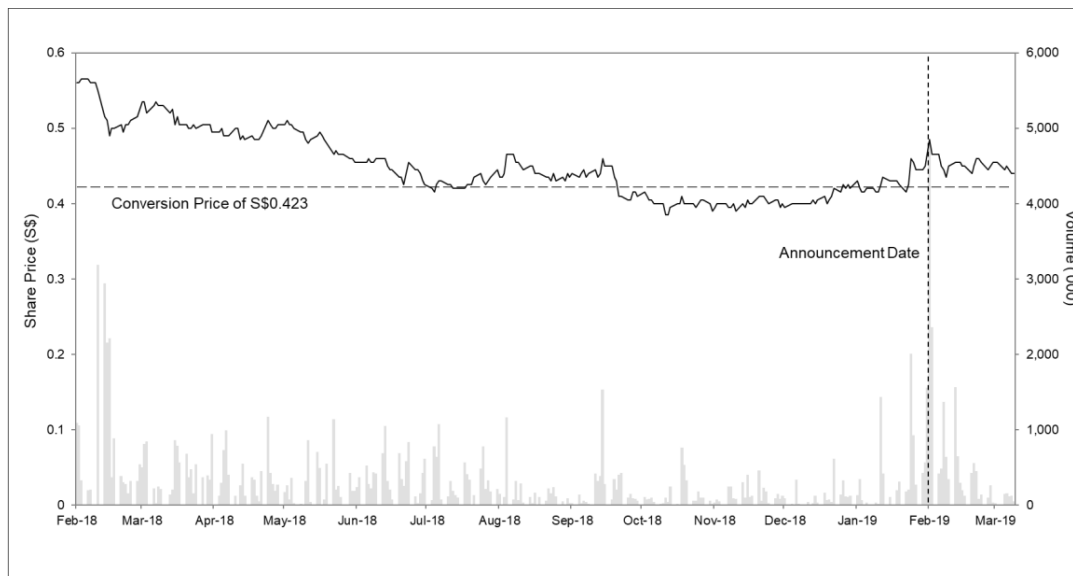
- (i) historical trading performance of the Shares;
- (ii) comparison with comparable companies; and
- (iii) NAV and NTA of the Group.

6.4.1 Historical trading performance of the Shares

In assessing the Conversion Price of the Convertible Loan, we have compared them against the historical market price performance of the Shares and the historical Share trading volume for the period commencing from 21 February 2018 (being one (1) year prior to the Announcement Date) and ending on the Latest Practicable Date ("**Period Under Review**").

We set out below a historical chart showing the Conversion Price relative to the daily last transacted prices and trading volume of the Shares for the Period Under Review.

Price and traded volume of the Shares for the Period Under Review



Sources: Bloomberg L.P. and the Company's announcement

Based on the Share price chart, the Shares were generally trading above the Conversion Price of S\$0.423 during the Period Under Review except during the period from 11 October 2018 to 14 January 2019. We note that the Share price had traded within a range of S\$0.385 to S\$0.565 during the Period Under Review.

We further note that the Shares had traded till 12p.m. on 20 February 2019, being the Announcement Date, until the request for the trading halt on the Shares was implemented. The Announcement was subsequently released after trading hours on 20 February 2019.

Following the release of the Announcement, we note that the Share price decreased by 6.4%, from S\$0.470 as at the Announcement Date to S\$0.440 as at the Latest Practicable Date and there was no positive impact on the Share price of the Company. Following the release of the Announcement and up to the Latest Practicable Date, the Share price traded within a range of S\$0.435 to S\$0.485 and the total volume of the Shares traded was 0.6 million, representing 0.2% of the free float. The Conversion Price of S\$0.423 represents a discount of 3.9% to the Share price of S\$0.440 as at the Latest Practicable Date.

Market Statistics

In addition to the Share price chart above, we have tabulated below selected statistical information on the Share price performance and trading liquidity of the Shares for the Period Under Review:

Reference period	VWAP ⁽¹⁾	(Discount of the Conversion Price to VWAP)	Lowest transacted price	Highest transacted price	Number of traded days	Average daily trading volume ⁽²⁾	Average daily trading volume as a percentage of free float ⁽³⁾
	(\$)	(%)	(\$)	(\$)		('000)	(%)
Prior to the Announcement Date							
Last 1 month	0.443	(4.5)	0.410	0.475	19	482	0.2
Last 3 months	0.429	(1.4)	0.390	0.475	59	250	0.1
Last 6 months	0.430	(1.6)	0.380	0.475	123	214	0.1
Last 1 year	0.471	(10.2)	0.380	0.575	244	337	0.1
19 February 2019, being the last full trading day prior to the Announcement Date	0.450	(6.0)	0.445	0.455	1	560	0.2
20 February 2019, being the Announcement Date	0.465	(9.0)	0.460	0.475	1	1,549	0.6
After the Announcement Date and up to the Latest Practicable Date							
After the Announcement Date and up to the Latest Practicable Date	0.464	(8.8)	0.435	0.495	26	608	0.2
29 March 2019, being the last market day the Shares were traded as at the Latest Practicable Date	0.440	(3.9)	0.440	0.440	1	50	0.0

Source: Bloomberg L.P.

Notes:

- (1) The VWAP is calculated based on the turnover divided by volume of the Shares as extracted from Bloomberg L.P.
- (2) The average daily trading volume of the Shares was computed based on the total volume of Shares traded during the relevant periods, divided by the number of days that were open for trading (excluding public holidays and days with full day trading halts on the Shares) during that period.
- (3) Free float refers to the Shares other than those held by the Directors, chief executive officer, controlling Shareholders or substantial Shareholders of the Company and amounts to approximately 258.5 million as at the Latest Practicable Date.

Based on the above, we observe that:

- (a) the Conversion Price of S\$0.423 represents a discount of 6.0% to the VWAP of the Shares of S\$0.450 on 19 February 2019, being the last full trading day prior to the Announcement Date;
- (b) the Conversion Price of S\$0.423 represents a discount of 9.0% to the VWAP of the Shares of S\$0.465, on 20 February 2019, being the Announcement Date;
- (c) the Conversion Price of S\$0.423 represents a discount of 4.5%, 1.4%, 1.6% and 10.2% to the VWAP of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the Announcement Date respectively;
- (d) the Conversion Price of S\$0.423 represents a discount of 8.8% to the VWAP of the Shares of S\$0.464 for the period between the market day immediately after the Announcement Date and up to the Latest Practicable Date;

- (e) as at the Latest Practicable Date, the Conversion Price of S\$0.423 represents a discount of 3.9% to the VWAP of the Shares of S\$0.440;
- (f) during the period from 21 February 2018 up to the Announcement Date, the Shares were traded on 244 market days or 93.8% of the total market days. The total number of Shares traded during this period was 82.2 million Shares with an average daily trading volume of 0.34 million Shares, representing 0.1% of the free float; and
- (g) during the period after the Announcement Date and up to the Latest Practicable Date, the Shares were traded on 26 market days or 96.3% of the total market days. The total number of Shares traded during this period was 15.8 million Shares with an average daily trading volume of 0.6 million Shares, representing 0.2% of the free float.

Pursuant to Rule 811 of the Catalist Rules, convertible securities may be issued, if the conversion price is fixed, at a price of not more than 10.0% discount to the prevailing market price of the underlying shares prior to the signing of the placement or subscription agreement. The Conversion Price of S\$0.423 represents a discount of 6.0% to prevailing market price of the Shares of S\$0.450 on 19 February 2019, being the last full trading day prior to the signing of the Convertible Loan Agreement. Accordingly, we note that, save for the VWAP of the Shares for the 1-year period, the discount of the Conversion Price to the VWAP of Shares: (i) for the 1-month, 3-month, 6-month periods prior to the Announcement Date; (ii) on 19 February 2019, being the last full trading day prior to the Announcement Date; and (iii) 20 February 2019, being the Announcement Date, are less than 10.0% which is within the prescribed limit for the issuance of convertible securities without obtaining shareholders' approval as prescribed by Rule 811 of the Catalist Rules.

In addition, as set out in Paragraph 5 of this Letter, if all or part of the Convertible Loan is converted into Conversion Shares, no interest shall be payable to CHS on such part of the Convertible Loan which is converted. Assuming the full conversion of the Convertible Loan, we note that the interest rate of 3.5% per annum would be waived and the implied theoretical value of the 23,640,662 Conversion Shares would be S\$10,350,000. Accordingly, we note that the implied Conversion Price per Share would be S\$0.438 ("**Implied Conversion Price**"). We set out the comparison of the premium / (discount) of the Conversion Price and the Implied Conversion Price to the VWAP of the Shares below:

Reference period	VWAP ⁽¹⁾ (S\$)	(Discount) of the Conversion Price to VWAP (%)	Premium / (Discount) of the Implied Conversion Price to VWAP (%)
Last 1 month	0.443	(4.5)	(1.2)
Last 3 months	0.429	(1.4)	2.1
Last 6 months	0.430	(1.6)	1.8
Last 1 year	0.471	(10.2)	(7.0)
19 February 2019, being the last full trading day prior to the Announcement Date	0.450	(6.0)	(2.7)
20 February 2019, being the Announcement Date	0.465	(9.0)	(5.8)
After the Announcement Date and up to the Latest Practicable Date	0.464	(8.8)	(5.6)
29 March 2019, being the last market day the Shares were traded as at the Latest Practicable Date	0.440	(3.9)	(0.5)

Based on the above, we observe that the Implied Conversion Price represents: (i) a discount of 2.7% to the VWAP of the Shares of S\$0.450 on 19 February 2019, being the last full trading day prior to the Announcement Date; (ii) a discount of 5.8% to the VWAP of the Shares of S\$0.465, on 20 February 2019, being the Announcement Date; (iii) a discount of 1.2% and 7.0% to the VWAP of the Shares for the 1-month and 1-year periods prior to the Announcement Date respectively; and (iv) a premium of 2.1% and 1.8% over the VWAP of the Shares for the 3-month and 6-month periods prior to the Announcement Date respectively.

We recommend the Recommending Directors to advise the Independent Shareholders to note that the market price performance of the Shares may be due to various market factors, the individual factors of which may not be easily isolated and identified with certainty. As such, Independent Shareholders should note that the past trading performance of the Shares should not be relied upon as a promise of its future trading performance.

6.4.2 Comparison with comparable companies

In assessing the Conversion Price of the Convertible Loan, we have attempted to compare various valuation ratios of the Company implied by the Conversion Price with companies which are listed on the SGX-ST and are engaged in, *inter alia*, the provision of specialised medical services in Singapore (“Comparable Companies”).

We have had discussions with the Management of the Company about the suitability and reasonableness of the selected Comparable Companies as comparisons with the Company. Relevant information has been extracted from Bloomberg L.P., publicly available annual reports and/or public announcements of the selected listed companies. We make no representations or warranties, expressed or implied as to the accuracy or completeness of such information. The accounting policies of the Comparable Companies with respect to the values for which assets or the revenue and costs are recorded may differ from that of the Company.

We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there are no companies listed on the SGX-ST which we may consider to be identical to the Company in terms of, *inter alia*, market capitalisation, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, accounting policies, track record, future prospects, market / industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Therefore, the comparison made with respect to the Comparable Companies merely serves as an illustrative market valuation of the Company as at the Latest Practicable Date.

In our evaluation, we have considered the following widely used valuation measures:

Valuation ratio	Description
Price-to-Earnings (“PE”)	<p>PE ratio or earnings multiple is the ratio of a company’s market capitalisation divided by the historical consolidated net profit attributable to shareholders.</p> <p>The PE ratio is an earnings-based valuation methodology and is calculated based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses.</p> <p>The PE ratio illustrates the ratio of the market capitalisation of an entity in relation to the historical net profit attributable to its shareholders.</p> <p>As such, it is affected by the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and amortisation charges.</p>

<p>Enterprise Value-to-Earnings before Interests, Taxes, Depreciation and Amortisation</p> <p>("EV/EBITDA")</p>	<p>EV refers to enterprise value which is the sum of a company's market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of finance leases), less its cash and cash equivalents.</p> <p>EBITDA refers to the historical consolidated earnings before interest, taxes, depreciation and amortisation.</p> <p>The EV/EBITDA ratio illustrates the ratio of the market value of an entity's business in relation to its historical pre-tax operating cash flow performance. The EV/EBITDA multiple is an earnings-based valuation methodology. The difference between EV/EBITDA and the PE ratio (described above) is that it does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges.</p>
<p>P/NAV</p>	<p>NAV refers to consolidated net asset value, which is the total assets of a company less total liabilities.</p> <p>P/NAV refers to the ratio of a company's share price divided by NAV per share.</p> <p>The P/NAV ratio represents an asset-based relative valuation which takes into consideration the book value or NAV backing of a company.</p> <p>The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net assets of the company.</p>
<p>P/NTA</p>	<p>NTA refers to consolidated net asset value, which is the total assets of a company less intangible assets (such as goodwill, patents and trademarks) and total liabilities.</p> <p>P/NTA refers to the ratio of a company's share price divided by NTA per share.</p> <p>The P/NTA ratio represents an asset-based relative valuation which takes into consideration the book value or NTA backing of a company.</p> <p>The NTA of a company provides an estimate of its value assuming a hypothetical sale of all its tangible assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net tangible assets of the company.</p>

A brief description of the Comparable Companies is set out as follows:

Comparable Companies	Business Activity Description	Financial Year End
TalkMed Group Limited (“TalkMed”)	TalkMed provides medical oncology services to patients.	31 December 2018
Q & M Dental Group (Singapore) Limited (“Q & M Dental”)	Q & M Dental operates dental clinics. The company offers aesthetic, children's and general dentistry, fits crowns, dentures and braces, and offers bleeding gum treatment, gum surgery and oral surgery, and treats snoring and teeth grinding.	31 December 2018
Singapore O&G Ltd. (“Singapore O&G”)	Singapore O&G operates specialist health care facilities catered toward woman in Singapore. The company provides services in obstetric, gynecology, gyne-oncology, breast and surgical care.	31 December 2018
ISEC Healthcare Ltd. (“ISEC Healthcare”)	ISEC Healthcare provides eyecare (ophthalmology) services in Malaysia and Singapore. The company provides clinical care, research and educational services. ISEC Healthcare operates across Malaysia and Singapore.	31 December 2018
Healthway Medical Corporation Limited (“Healthway Medical”)	Healthway Medical provides outpatient medical services in Singapore. The company offers care in the areas of family medicine, specialists care, dental and oral care and medical aesthetics.	31 December 2018
HC Surgical Specialists Limited (“HC Surgical”)	HC Surgical operates as a medical services group. The company focuses on the provision of endoscopic procedures, including gastroscopies and colonoscopies, and general surgery services with a focus on colorectal procedures. HC Surgical serves customers in Singapore.	31 May 2018
Asian Healthcare Specialists Limited (“Asian Healthcare”)	Asian Healthcare provides medical services. The company offers spinal injection therapies, cervical disc replacement, trauma care, and sports medicine services. Asian Healthcare serves patients in Singapore.	30 September 2018
Asiamedic Limited (“Asiamedic”)	Asiamedic provides healthcare services. The company focuses on the management of clinical services in the fields of disease prevention, early illness detection, medical imaging, and medical aesthetics. AsiaMedic serves patients in Singapore.	31 December 2018

Source: Bloomberg L.P.

The valuation ratios of the Comparable Companies are based on their respective last traded share prices as at the Latest Practicable Date and are set out as follows:

Comparable Companies	Market Capitalisation (S\$'million)	PE ⁽¹⁾ (times)	EV/EBITDA ⁽²⁾ (times)	P/NAV ⁽³⁾ (times)	P/NTA ⁽⁴⁾ (times)
TalkMed	729.4	25.2	18.3	9.9	9.9
Q & M Dental	349.6	24.3	19.6	3.1	6.1
Singapore O&G	169.3	14.2	10.3	3.8	8.3
ISEC Healthcare	157.6	18.8	10.5	2.4	5.5
Healthway Medical	126.8	NM ⁽⁵⁾	NM ⁽⁵⁾	1.2	NM ⁽⁵⁾
HC Surgical	87.2	20.9	16.2	5.0	7.8
Asian Healthcare	84.7	34.6	24.0	6.4	6.4
Asiamedic	8.6	NM ⁽⁵⁾	NM ⁽⁵⁾	2.0	2.2
High		34.6	24.0	9.9	9.9
Low		14.2	10.3	1.2	2.2
Mean		23.0	16.5	4.2	4.3
Median		22.6	17.2	3.5	6.4
Company	203.3	16.0	11.6	1.6	48.0
(Implied by the Conversion Price)					

Sources: Bloomberg L.P., annual reports and announcements of the Comparable Companies, and RHTC calculations

Notes:

- (1) The PE ratios of the Comparable Companies are calculated based on their respective published latest full year earnings or trailing 12 months earnings, where applicable, as at the Latest Practicable Date, after adjustments for non-recurring income and/or expense. In respect of the Company, its PE ratio is calculated based on its market capitalisation of S\$203.3 million implied by the Conversion Price of S\$0.423 and its latest audited full year earnings of S\$12.7 million for FY2018, after adjustments for non-recurring income and/or expense.
- (2) The EV/EBITDA ratios of the Comparable Companies are calculated based on their respective published latest full year EBITDA and balance sheet items or their trailing 12 months EBITDA and interim balance sheet items, where applicable, as at the Latest Practicable Date, after adjustments for non-recurring income and/or expense. In respect of the Company, its EV/EBITDA ratio is calculated based on its trailing 12 months EBITDA of S\$19.0 million for FY2018, after adjusting for non-recurring income and/or expense. As the Company recorded higher current liabilities than current assets as at 31 December 2018, we have considered the cash and bank balances as minimum cash. As such, the EV of the Company of S\$221.7 million is calculated based on its market capitalisation of S\$203.3 million implied by the Conversion Price of S\$0.423 add debt of S\$17.9 million and minority interests of S\$0.5 million as at 31 December 2018.
- (3) The P/NAV ratios of the Comparable Companies are calculated based on their respective NAV values as set out in their latest published financial statements as at the Latest Practicable Date. In respect of the Company, its P/NAV ratio is calculated based on its market capitalisation of S\$203.3 million implied by the Conversion Price of S\$0.423 and its NAV of S\$130.8 million as at 31 December 2018.
- (4) The P/NTA ratios of the Comparable Companies are calculated based on their respective NTA values as set out in their latest published financial statements as at the Latest Practicable Date. In respect of the Company, its P/NTA ratio is calculated based on its market capitalisation of S\$203.3 million implied by the Conversion Price of S\$0.423 and its NTA of S\$4.2 million as at 31 December 2018.
- (5) NM denotes not meaningful.

Based on the above, we observe that:

- (a) the PE ratio of the Company implied by the Conversion Price of 16.0 times is within the range but below the mean and the median of the PE ratios of the Comparable Companies;
- (b) the EV/EBITDA ratio of the Company implied by the Conversion Price of 11.6 times is within the range but below the mean and the median of the EV/EBITDA ratios of the Comparable Companies;
- (c) the P/NAV ratio of the Company implied by the Conversion Price of 1.6 times is within the range but below the mean and the median of the P/NAV ratios of the Comparable Companies; and
- (d) the P/NTA ratio of the Company implied by the Conversion Price of 48.0 times is above the range, the mean and the median of the P/NTA ratios of the Comparable Companies.

6.4.3 NAV and NTA of the Group

Based on the audited financial statements for FY2018 and based on the number of outstanding Shares as at the Latest Practicable Date, the NAV per Share and NTA per Share is approximately S\$0.270 and S\$0.009 respectively. For illustrative purposes, the Conversion Price represents a premium of approximately 56.7% and 4,600.0% over the Company's NAV per Share and NTA per Share respectively.

In assessing the Conversion Price of the Convertible Loan Agreement, we have also considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the audited statement of financial position of the Group as at 31 December 2018, and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that are likely to impact the NAV and NTA of the Group as at 31 December 2018.

In respect of the above, we have sought the following confirmation from the Directors and the Management, and they have confirmed to us that as at the Latest Practicable Date, save as disclosed above and in the Company's results announcements for FY2018, to the best of their knowledge and belief:

- (a) there are no material differences between the realisable values of the Group's assets and their respective book values as at 31 December 2018 which would have a material impact on the NAV and NTA of the Group;
- (b) there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV and NTA of the Group as at the Latest Practicable Date;
- (c) there is no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole;
- (d) there are no intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group; and
- (e) there are no material acquisitions or disposals of assets by the Group between 31 December 2018 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of its material assets or material change in the nature of the Group's business.

The above computation and analysis are meant as an illustration and it does not necessary mean or imply that the net realisable value of the Company is as stated above. It also does not imply that the assets or properties of the Company can be disposed of at the estimated value indicated above and that after payment of all liabilities and obligations, the values or amounts as indicated by the NAV and NTA and is realisable or distributable to the Shareholders.

6.5 Financial assessment of the other financial terms of the Convertible Loan

In assessing the other financial terms of the Convertible Loan, we have considered the following:

- (i) comparison with the Group's existing interest rate for its external borrowings;
- (ii) comparison with comparable transactions;
- (iii) dilution impact of the Convertible Loan; and
- (iv) alternative sources of funding.

6.5.1 Comparison with the Group's existing interest rate for its external borrowings

Pursuant to the Convertible Loan Agreement, the Convertible Loan shall bear interest at 3.5% per annum, computed on the basis of a 365-day year and actual number of days elapsed. The interest shall be calculated on the Convertible Loan from (and including) the Drawdown Date to (and including) the Repayment Date. Notwithstanding the above, if all or part of the Convertible Loan is converted into Conversion Shares, no interest shall be payable to CHS on such part of the Convertible Loan which is converted.

We set out below a comparison between the Group's existing credit facilities (excluding hire purchase) as at the Latest Practicable Date and the Convertible Loan:

The Group's existing credit facilities	Principal amount (S\$'000)	Interest rate (%)	Secured	Tenure (months)
Term Loan	11,337	4.52	Yes	60
Term Loan	2,023	4.52	Yes	36
Term Loan	425	4.52	Yes	36
Term Loan	437	4.26	Yes	36
Term Loan	155	4.36	No	36
	High	4.52		
	Low	4.26		
	Mean	4.44		
	Median	4.52		
Convertible Loan	10,000	3.50	No	12

We understand from discussions with the Directors and the Management that as at the Latest Practicable Date, there has been no material change to the terms of the Group's existing credit facilities.

Based on the above, we observe that:

- (a) the interest rate of the Convertible Loan is lower than the interest rates of the Group's existing credit facilities which carry interest rates of 4.26% to 4.52% per annum;
- (b) save for one (1) term loan, the principal amount of the Group's existing credit facilities is substantially lower than the principal amount of the Convertible Loan;
- (c) the Group's existing credit facilities, majority of which are secured, have a higher interest rate as compared to the interest rate of the Convertible Loan which is unsecured; and
- (d) the Group's existing credit facilities principal and interest charges are payable in cash whilst for the Convertible Loan, CHS may, at its option, convert all or part of the Convertible Loan to Conversion Shares. Further, if all or part of the Convertible Loan is converted into Conversion Shares, no interest shall be payable to CHS on such part of the Convertible Loan which is converted.

We wish to highlight to the Shareholders that, pursuant to the terms of the Convertible Loan Agreement, there is a default interest wherein in the event that the Company does not pay any sum payable under the Convertible Loan Agreement when due, default interest shall accrue on any such overdue sum at the rate per annum equal to the aggregate of 12% and the cost to CHS of funding. Further details are set out in Section 2 of the Circular.

6.5.2 Comparison with comparable transactions

Precedent issuance of debt

In assessing the interest rate and Conversion Price of the Convertible Loan, we have assessed convertible loans, notes and bonds as well as direct loans, which were subsequently converted to shares, granted to companies listed on the SGX-ST ("**Precedent Debts**"), that were announced since 21 February 2016 (being the three (3) years period preceding the Announcement Date) and which had been completed as at the Latest Practicable Date.

In making the comparison herein, we wish to highlight that the figures used in our assessment have been extracted where available and/or applicable from the relevant announcements, circulars and other publicly available sources. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information.

We wish to highlight that the Precedent Debts are not exhaustive. Further the Independent Shareholders should note that certain circumstances and terms relating to the Precedent Debts are unique and might not be identical to the Convertible Loan, and are dependent on various factors such as the financial performance and profile of the companies, the volatility and trading liquidity of the shares of the companies, and the market sentiments prevailing at the time of such Precedent Debts. As such, any comparisons made with respect to the Precedent Debts merely serve as an illustrative purpose only.

For the purpose of our assessment and for illustration, we have summarised the key terms of these Precedent Debts including, *inter alia*, the principal size, the interest rates, the conversion price and the premium / (discount) of the conversion price to VWAP prior to the announcement.

Company	Date of announcement	Principal size (S\$' million)	Tenure (months)	Conversion price (S\$)	Security	Interest rate per annum (%)	Premium / (Discount) of conversion price over / (to) VWAP ⁽¹⁾ prior to announcement (%)
Sino Grandness Food Industry Group Limited	13 April 2016	27.1 ⁽²⁾	24	0.55	Secured	12.0	(18.2)
Vibropower Corporation Limited	26 September 2016	1.0	12	0.24	Unsecured	12.0 ⁽³⁾	9.1
Jubilee Industries Holdings Ltd.	7 October 2016	10.8 ⁽²⁾	36	0.032	Unsecured	2.0	21.2
Singapore Myanmar Investco Limited	14 November 2016	4.8 ⁽²⁾	24	0.42	- ⁽⁴⁾	2.3	(9.8)
Accrelist Limited	22 November 2016	4.0	36	0.0054 ⁽⁵⁾	Unsecured	8.0	(10.0) ⁽⁵⁾
Asia Fashion Holdings Limited	25 November 2016	2.1	36	0.35	Unsecured	7.0	284.6 ⁽⁶⁾
Disa Limited (formerly known as Equation Summit Limited)	27 December 2016	12.0	24	0.011	Unsecured	9.0	0.0
Healthway Medical Corporation Limited ⁽⁷⁾	16 January 2017	70.0	60	0.03384	Secured	0.0	(10.0)
HLH Group Limited	19 January 2017	20.0	36	0.01	Unsecured	5.0	(8.3) ⁽⁸⁾
Emerging Towns & Cities Singapore Ltd (formerly known as Cedar Strategic Holdings Ltd.)	25 January 2017	39.7 ⁽²⁾	15	0.09	- ⁽⁴⁾	1.0	11.1 ⁽⁹⁾
Singapore eDevelopment Limited	26 January 2017	14.2 ⁽²⁾	18 ⁽¹⁰⁾	0.04	- ⁽⁴⁾	6.0	(2.4)
Mercurius Capital Investment Limited	17 March 2017	1.0	12	0.10	- ⁽⁴⁾	8.0	108.3 ⁽⁶⁾⁽¹¹⁾
Mercurius Capital Investment Limited	17 March 2017	0.5	- ⁽⁴⁾	0.045	- ⁽⁴⁾	0.0	(6.3) ⁽¹¹⁾
NauticAWT Limited	20 March 2017	0.7	36	0.15	Unsecured	10.0	36.4 ⁽¹²⁾
Addvalue Technologies Ltd	29 April 2017	7.1	48	0.055	- ⁽⁴⁾	5.0	9.1
Asiatravel.com Holdings Ltd	16 May 2017	10.0	36	0.12	Unsecured	0.0	66.7 ⁽⁶⁾
AusGroup Limited	10 June 2017	8.0 ⁽²⁾	- ⁽⁴⁾	0.058	- ⁽⁴⁾	5.0	6.6
NauticAWT Limited	23 June 2017	0.4 ⁽²⁾	36	0.15	Unsecured	10.0	60.9 ⁽⁶⁾

Company	Date of announcement	Principal size (S\$' million)	Tenure (months)	Conversion price (S\$)	Security	Interest rate per annum (%)	Premium / (Discount) of conversion price over / (to) VWAP ⁽¹⁾ prior to announcement (%)
Singapore Myanmar Investco Limited	30 August 2017	10.7 ⁽²⁾	24	0.48	⁽⁴⁾	2.3	(8.5)
Swee Hong Limited	31 August 2017	7.0	36	0.015	Unsecured	12.0	(21.1)
Tritech Group Limited	27 October 2017	4.0	24	0.08	Secured	12.0	31.2
KOP Limited	9 November 2017	45.0	24 ⁽¹³⁾	⁽¹³⁾	Secured	7.0	⁽¹³⁾
China Bearing (Singapore) Ltd.	17 November 2017	1.0	⁽¹⁴⁾	⁽¹⁴⁾	⁽⁴⁾	10.0	⁽¹⁴⁾
Kitchen Culture Holdings Ltd.	14 February 2018	2.5	⁽⁴⁾	0.1353	Unsecured	0.0	(10.0) ⁽¹⁵⁾
Asian Micro Holdings Limited	14 March 2018	0.20 ⁽¹⁶⁾	⁽⁴⁾	0.01	⁽⁴⁾	⁽⁴⁾	5.3
NauticAWT Limited	7 August 2018	3.1 ⁽²⁾	36	0.037	⁽⁴⁾	12.0	58.8 ⁽⁶⁾
GS Holdings Limited	17 December 2018	13.6	36	0.18	⁽⁴⁾	8.0	0.0

Company	20 February 2019	10.0	12	0.423	Unsecured	3.5	(6.0)
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Sources: *Announcements and circulars of companies and RHTC calculations*

Notes:

- (1) The VWAP is calculated based on the turnover divided by volume of the Shares as extracted from the announcements and circulars of companies and/or Bloomberg L.P.
- (2) Based on an exchange rate of US\$1.0 : S\$1.3557 as at the Latest Practicable Date as extracted from Bloomberg L.P.

- (3) Interest rate per annum is calculated based on the arithmetic summation of the loan interest rate of 1.0% per month from the date of the drawdown until the date that the converted shares are allotted to the lenders or repayment date, as the case may be.
- (4) The information is not available and was not disclosed in the respective companies' announcements and/or circulars.
- (5) Pursuant to the convertible loan agreement, the conversion price for Accrelist Limited is based on either: (i) 90.0% of the VWAP the prevailing market price preceding the date of the convertible loan agreement, which is S\$0.0054 per share; or (ii) the NAV per share, which is S\$0.0092 per share, as at the conversion date, at the discretion of the company. On 29 October 2018, the Company had elected to allot and issue the conversion shares for the payment of the interest at S\$0.0054.
- (6) Excluded as statistical outlier in the mean and median computations.
- (7) On 16 January 2018, Healthway Medical Corporation Limited entered into a subscription agreement to issue S\$10.0 million in convertible notes and S\$60.0 million in non-convertible notes to GW Active Limited. Subsequently, on 27 March 2017, the company announced that the S\$10.0 million notes was issued and certain amendments to the subscription agreement were made including, *inter alia*, that the maturity date for the entire S\$70.0 million notes shall be five (5) years, and that the notes do not carry any coupon, but will be redeemed at maturity at an amount in cash equal to the sum of 100.0% of the principal amount and a redemption premium that will provide the noteholder an internal rate of return of 6.0% on the principal amount of the convertible notes.
- (8) Based on the VWAP of S\$0.0109 per share on 18 January 2017, being the full market day on which the subscription agreement was signed.
- (9) Based on the VWAP of S\$0.081 per share on 25 January 2017, being the full market day on which the convertible loan agreement was signed.
- (10) On 21 August 2015, Singapore eDevelopment Limited entered into a loan agreement with Hengfai Business Development Pte. Ltd. ("HBD") for a loan facility of up to US\$15.0 million ("HBD Loan"). Pursuant to the terms of the loan agreement, the company shall repay in full on or before the maturity date of the HBD Loan, which shall be the date falling six (6) months from the date of the first disbursement of the facility and may be extended for a further period of six (6) months. On 28 December 2016, the company announced, *inter alia*, that it and HBD had mutually agreed on the extension of the HBD Loan by one (1) year to expire on 30 December 2017 at an interest rate of 6.0% per annum commencing from 1 January 2017.
- (11) Based on the VWAP of S\$0.048 per share on 17 March 2017, being the full market day preceding the date of the announcement.
- (12) Based on the VWAP of S\$0.11 per share on 24 October 2016, being the full market day on which trades were recorded on the SGX-ST prior to the date the subscription agreement was signed.
- (13) Pursuant to the loan agreement, the conversion price for KOP Limited is based on the lower of either: (i) the VWAP of the shares of the Company traded on the SGX-ST on the five (5) market days preceding the date of the conversion option notice was given; or (ii) S\$0.09. Subsequently, on 2 April 2018, the company announced that a supplemental agreement was entered into to amend the loan agreement such that the conversion price shall be the VWAP of the shares of the Company traded on the SGX-ST on the five (5) market days preceding the date of the conversion option notice was given. As such, there is no fixed price at announcement and no computation was applicable for: (i) the premium / (discount) of the conversion price over / (to) VWAP of the shares prior to the announcement; and (ii) the conversion price-to-NAV per share. Separately, the company, on 4 March 2018, announced that an addendum to the loan agreement was entered into to extend the repayment date of the loan for another 12 months.
- (14) Pursuant to the loan agreement, the conversion price for China Bearing (Singapore) Ltd. is based on the VWAP of the shares of the Company traded on the SGX-ST on the market date that the conversion notice was given. As such, there is no fixed price at announcement and no computation was applicable for: (i) the premium / (discount) of the conversion price over / (to) VWAP of the shares prior to the announcement; and (ii) the conversion price-to-NAV per share. Separately, pursuant to the loan agreement, the company shall repay the loan within 21 calendar days upon the occurrence of certain events including, *inter alia*, the completion of the acquisition of the entire issued and paid-up share capital of FE Resources Pte. Ltd. which was completed on 5 July 2018.
- (15) Based on the VWAP of S\$0.1503 per share on 21 November 2017, being the full market day on which trades were recorded on the SGX-ST prior to the date the subscription agreement was signed.
- (16) Asian Micro Holdings Limited entered in a conditional debt capitalisation agreement with various participating creditors for the proposed capitalisation of certain debts and bonus declared, including *inter alia*, loans granted by the controlling shareholder of the company amounting to S\$242,651, into new ordinary shares of the company.

Based on the above, we observe that:

- (a) the interest rate of the Conversion Loan is within the range and below the mean and median of the interest rates of the Precedent Debts; and
- (b) the discount of the Conversion Price to the VWAP of the Shares on 19 February 2019, being the last full trading day prior to the Announcement Date, is within the range and lower than the mean premium of 9.2% and median of 0.0% of the corresponding premium/(discount) of the Precedent Debts.

Precedent share placement issues

In assessing the Conversion Price of the Convertible Loan, we have assessed share placement issues for cash by companies listed on the SGX-ST (“**Precedent Placement Issues**”), that were announced since 21 February 2018 (being the one (1) year period preceding the Announcement Date) and which had been completed as at the Latest Practicable Date.

In making the comparison herein, we wish to highlight that the figures used in our assessment have been extracted where available and/or applicable from the relevant announcements, circulars and other publicly available sources. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information.

We wish to highlight that the Precedent Placement Issues are not exhaustive. Further the Independent Shareholders should note that certain circumstances and terms relating to the Precedent Placement Issues are unique and might not be identical to the Convertible Loan and are dependent on various factors such as the financial performance and profile of the companies, the volatility and trading liquidity of the shares of the companies, and the market sentiments prevailing at the time of such Precedent Placement Issues. As such, any comparisons made with respect to the Precedent Placement Issues merely serve as an illustrative purpose only.

For the purpose of our assessment and for illustration, we have summarised the key terms of these Precedent Placement Issues including, *inter alia*, the placement size, the placement price and the premium / (discount) of the placement price to VWAP prior to the announcement.

Company	Date of announcement	Placement size (S\$ million)	Placement price (S\$)	Premium / (Discount) of placement price over / (to) VWAP ⁽¹⁾ prior to Announcement (%)
New Silkroutes Group Limited	21 February 2018	5.0	0.440	51.4 ⁽²⁾
Acesian Partners Limited	1 March 2018	2.1	0.017	6.3
Magnus Energy Group Ltd.	8 March 2018	1.2	0.009	(10.0)
China Star Food Group Limited	12 March 2018	3.6	0.090	4.5
Oxley Holdings Limited	16 March 2018	80.0	0.510	(8.8)
Asiatravel.com Holdings Ltd	21 March 2018	1.0	0.060	55.8
Mirach Energy Limited	22 March 2018	5.6	0.100	9.9
Jubilee Industries Holdings Ltd.	20 April 2018	1.0	0.0333	(7.0) ⁽⁶⁾
China Jinjiang Environment Holding Company Limited	23 April 2018	107.0	0.500	(5.8)
Aspen (Group) Holdings Limited	30 April 2018	23.3	0.240	14.7
Raffles Infrastructure Holdings Ltd (formerly known as China Fibretech Ltd)	7 May 2018	30.0	0.600	17.6
Falcon Energy Group Limited	9 May 2018	2.0	0.028	3.7
Miyoshi Limited	9 May 2018	7.0	0.0613	(10.0)
3cnergy Limited	15 May 2018	2.2	0.022	(7.6)
Eneco Energy Limited (formerly known as Ramba Energy Limited)	5 June 2018	2.9	0.090	11.5
Allied Technologies Limited	18 June 2018	25.2	0.060	12.4
New Silkroutes Group Limited	13 August 2018	10.0	0.285	4.3

Company	Date of announcement	Placement size (S\$ million)	Placement price (S\$)	Premium / (Discount) of placement price over / (to) VWAP ⁽¹⁾ prior to Announcement (%)
New Silkroutes Group Limited	29 August 2018	2.6	0.300	13.2 ⁽⁸⁾
Pine Capital Group Limited	6 September 2018	0.5	0.0009	(10.0)
Sincap Group Limited	12 September 2018	4.5	0.010	(9.1)
Asiatic Group (Holdings) Limited	12 October 2018	3.8	0.0165	65.0
Addvalue Technologies Ltd	31 October 2018	2.5	0.025	-
KTL Global Limited	5 November 2018	0.9	0.020	66.7
Pine Capital Group Limited	27 November 2018	2.2	0.0027	170.0 ⁽⁹⁾
Anchor Resources Limited	12 December 2018	1.0	0.023	-
GS Holdings Limited	17 December 2018	4.8	0.180	-
Capital World Limited	21 December 2018	9.3	0.035	(34.0)
Mirach Energy Limited	27 December 2018	4.3	0.150	29.3
ICP Ltd.	13 January 2019	3.9	0.0085	(3.4)
Zico Holdings Inc.	14 March 2019	3.0	0.150	3.4
			High	170.0
			Low	(34.0)
			Mean	9.1
			Median	3.7
Company	20 February 2019	10.0	0.423	(6.0)

Sources: Announcements and circulars of companies and RHTC calculations

Notes:

- (1) The VWAP is calculated based on the turnover divided by volume of the Shares as extracted from the announcements and circulars of companies and/or Bloomberg L.P.
- (2) Based on the VWAP of S\$0.2907 per share on 21 February 2018, being the full market day preceding the date of the announcement, as extracted from Bloomberg.L.P.
- (3) Based on an exchange rate of US\$1.0 : S\$1.3557 as at the Latest Practicable Date as extracted from Bloomberg.L.P.
- (4) Based on an exchange rate of S\$1.0 : RMB\$4.9554 as at the Latest Practicable Date as extracted from Bloomberg.L.P.
- (5) NM denotes not meaningful.
- (6) Based on the VWAP of S\$0.0358 per share on 19 April 2018, being the full market day preceding the date of the announcement, as extracted from Bloomberg.L.P.
- (7) Based on an exchange rate of S\$1.0 : MYR\$3.0129 as at the Latest Practicable Date as extracted from Bloomberg.L.P.
- (8) Based on the VWAP of S\$0.265 per share on 29 August 2018, being the full market day preceding the date of the announcement, as extracted from Bloomberg.L.P.
- (9) Excluded as statistical outlier in the mean and median computations.

Based on the above, we observe that the discount of the Conversion Price to the VWAP of the Shares on 19 February 2019, being the last full trading day prior to the Announcement Date, is within the range and lower than the mean premium of 9.1% and median premium of 3.7% of the corresponding premium/(discount) of the Precedent Placement Issues.

6.5.3 Dilution impact of the Convertible Loan

As at the Latest Practicable Date, CHS holds 33,000,000 Shares, representing approximately 6.9% of the Existing Share Capital of the Company.

Pursuant to the Convertible Loan Agreement, assuming the conversion of the Convertible Loan (excluding any interest) in full, CHS will be allotted and issued 23,640,662 Conversion Shares, representing approximately 4.9% of the Existing Share Capital of the Company and approximately 4.7% of the Post-Enlarged Share Capital of the Company.

Upon the full conversion of the Convertible Loan and upon the completion of the Share Purchase, the shareholding interest of CHS will increase from 6.9% of the Existing Share Capital of the Company to 27.6% of the Post-Enlarged Share Capital of the Company. Correspondingly, the shareholding interest of the Independent Shareholders will decrease from 53.8% of the Existing Share Capital of the Company to 51.2% of the Post-Enlarged Share Capital of the Company. Further details on the shareholding interests in the Company are set out in Paragraph 6.7.2 of this Letter. Accordingly, the collective interest of the Independent Shareholders to vote on certain matters will not be significantly affected and their ability to influence the outcome of resolutions will not be significantly reduced as there will be minimal dilution impact.

6.5.4 Alternative sources of funding

As set out in Paragraphs 3.2 and 3.3 of this Letter, the Company has undertaken various acquisitions and joint ventures in the past six (6) years which had been funded by the various fund-raising exercises undertaken by the Company. Since 2013, the Company has undertaken two (2) placement exercises and three (3) rights issue exercises, raising an aggregate net proceeds of approximately S\$36.8 million.

We note that, for the 2014 Placement and CHC Placement, the placement price represented a discount of 10.0% and 6.0% to the VWAP of the Shares based on trades done on the preceding full market day prior to the announcement respectively and the Shares were issued to unrelated third parties. We also note that, for the 2018 Rights Issue, the rights issue was undersubscribed and the subscription rate was approximately 61.2% of which 52.0% of the subscribed rights Shares were subscription by certain Directors, their associates and substantial shareholders of the Company.

As set out in Paragraph 3.4 of this Letter, pursuant to the various acquisitions undertaken by the Company, we also note that the Company has deferred purchase consideration amounting to approximately S\$16.9 million of which S\$15.5 million are current liabilities as at 31 December 2018. Deferred purchase consideration relates to outstanding cash consideration arising from the acquisitions made by the Company. Further, following the 2018 Rights Issue, the Company has since fully utilised its net proceeds for the growth of its existing business as well as mergers and acquisitions undertaken by the Company and as such would require additional funds for the payment of its outstanding cash considerations. We further note that the Company intends to continue exploring further organic growth initiatives as well as scale its overseas operations, which would require further cash commitments.

Having considered the following factors:

- (i) the interest rate of the Convertible Loan is lower than the interest rates of the Group's existing credit facilities, which carry interest rates of 4.26% to 4.52% per annum, and if all or part of the Convertible Loan is converted into Conversion Shares, no interest shall be payable to CHS on such part of the Convertible Loan which is converted;
- (ii) save for one (1) term loan, all the other term loans of the Company are secured while the Convertible Loan is unsecured;
- (iii) the undersubscription of the 2018 Rights Issue, where the subscription rate was approximately 61.2%, of which, majority of the rights Shares were subscribed by certain Directors, their associates and substantial Shareholders, indicating the difficulty faced by the Company in raising funds externally;
- (iv) the discount of the Conversion Price to the VWAP of the Shares on 19 February 2019, being the last full trading day prior to the Announcement Date of 6.0% is lower than the discount of 10.0% of the placement price to the VWAP of the Shares based on trades done on the last trading day prior to the announcement in respect of the 2014 Placement, which was placed to unrelated third parties;
- (v) the discount of the Conversion Price to the VWAP of the Shares on 19 February 2019, being the last full trading day prior to the Announcement Date of 6.0% is the same as the discount of 6.0% of the placement price to the VWAP of the Shares based on trades done on the last trading day prior to the announcement in respect of the CHC Placement; and
- (vi) CHA, being a strategic investor of the Company, who has been and will continue to actively collaborate with the Company through joint participation in development and investment opportunities,

the Company is of the view that the Convertible Loan is a suitable fundraising solution for the Company which will also provide its strategic investor, CHA, an opportunity to increase its shareholding interest in the Company and further align its interests with the Independent Shareholders.

6.6 Financial effects of the Convertible Loan

The financial effects of the Convertible Loan which has been set out in Section 4 of the Circular are extracted and reproduced in italics below. For avoidance of doubt, the financial effects do not assume the completion of the Share Purchase.

“4.1 Bases and Assumptions

4.1.1 *The financial effects of the issuance and allotment of the Conversion Shares set out below are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Group after the issuance and allotment of the Conversion Shares. The financial effects of the issuance and allotment of the Conversion Shares on the Group have been computed based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2018 and the following bases and assumptions:-*

- (a) *there is full conversion of the Convertible Loan based on the Conversion Right resulting in the issue of 23,640,662 Conversion Shares;*
- (b) *no Adjustments have been made to the number of Conversion Shares in accordance with the Convertible Loan Agreement;*
- (c) *the financial effect on the EPS of the Group after the issuance and allotment of the Conversion Shares is computed based on the assumption that the issuance and allotment of the Conversion Shares was completed on 1 January 2018 and that no returns are earned on the deployment of the proceeds from the Convertible Loan;*
- (d) *the financial effect on the NAV per Share and the NTA per Share of the Group after the issuance and allotment of the Conversion Shares is computed based on the assumption that the issuance and allotment of the Conversion Shares was completed on 31 December 2018; and*
- (e) *estimated expenses in connection with the Convertible Loan were approximately S\$300,000.*

4.2 Share Capital

For illustrative purpose only, the effects of the allotment and issuance of the Conversion Shares on the Share capital of the Group as at the Latest Practicable Date are as follows (rounded to the nearest whole number):-

	<i>Before issuance of the Conversion Shares</i>	<i>After issuance of the Conversion Shares</i>
<i>Issued and paid-up Share capital (S\$'000)</i>	<i>118,918</i>	<i>128,618</i>
<i>Number of Shares</i>	<i>480,721,635</i>	<i>504,362,297</i>

4.3 NAV per Share

For illustrative purpose only, the financial effects of the allotment and issuance of the Conversion Shares on the NAV per Share of the Group as at 31 December 2018 are as follows (rounded to the nearest whole number or, if the reference is to Singapore cents, to the nearest two decimal places (as the case may be)):-

	Before issuance of the Conversion Shares	After issuance of the Conversion Shares
NAV (S\$'000)	130,778	140,478
Total number of Shares as at 31 December 2018	480,651,635	504,292,297
NAV per Share (Singapore cents)	27.21	27.86

4.4 NTA per Share

For illustrative purposes only, the financial effects of the allotment and issuance of the Conversion Shares on the NTA per Share of the Group as at 31 December 2018 are as follows (rounded to the nearest whole number or, if the reference is to Singapore cents, to the nearest two decimal places (as the case may be)):-

	Before issuance of the Conversion Shares	After issuance of the Conversion Shares
NTA (S\$'000)	4,235	13,935
Total number of Shares as at 31 December 2018	480,651,635	504,292,297
NTA per Share (Singapore cents)	0.88	2.76

4.5 Earnings per Share

For illustrative purpose only, the financial effects of the allotment and issuance of the Conversion Shares on the EPS of the Group for the financial year ended 31 December 2018 are as follows (rounded to the nearest whole number or, if the reference is to Singapore cents, to the nearest two decimal places (as the case may be)):-

	Before issuance of the Conversion Shares	After issuance of the Conversion Shares
Net profit attributable to owners of the Company (S\$'000)	12,928	12,928
Weighted average number of Shares ('000)	471,076,458	494,717,120
Basic EPS (Singapore cents)	2.74	2.61"

6.7 Other relevant considerations in relation to the Convertible Loan

6.7.1 Placement price by past Share placements

As set out in Paragraph 3.2 of this Letter, the Company undertook two (2) placement exercises in the past six (6) years. We note that the discount of the Conversion Price to the VWAP of the Shares on 19 February 2019, being the last full trading day prior to the Announcement Date, of 6.0% is:

- (i) lower than the discount of 10.0% of the placement price to the VWAP of the Shares based on trades done on the last trading day prior to the announcement in respect of the 2014 Placement, which was placed to unrelated third parties; and
- (ii) is the same as the discount of 6.0% of the placement price of the Shares to the VWAP of the Shares based on trades done on the last trading day prior to the announcement in respect of the CHC Placement.

6.7.2 Shareholding interests in the Company

As set out in Section 8 of the Circular, the Company has been informed that CHS has further entered into a sales and purchase agreement with the Vendors for the purchase of an aggregate of 83.0 million Shares representing 17.3% of the Existing Share Capital of the Company at a consideration of S\$0.605 per Share. The Share Purchase is to be completed within three (3) months of the date of the share purchase agreement. Upon the completion of the Share Purchase, CHS will become a controlling shareholder of the Company.

We set out below the shareholding interests of CHS, the Vendors and the Independent Shareholders upon the completion of the Share Purchase and assuming the full conversion of the Convertible Loan:

Shareholder	Current		Upon the completion of Share Purchase		Upon the conversion of the Convertible Loan	
	No of Shares	% ⁽¹⁾	No of Shares	% ⁽²⁾	No of Shares	% ⁽³⁾
CHS	33,000,000	6.9	116,000,000	24.1	139,640,662	27.6
Mr Tony Tan	64,408,073	13.4	35,908,073	7.5	35,908,073	7.1
Dr Beng	60,975,058	12.7	32,475,058	6.7	32,475,058	6.4
Dr Ho Choon Hou	44,826,348	9.3	27,326,348	5.7	27,326,348	5.4
Dr Wong Seng Weng	17,568,853	3.7	10,068,853	2.1	10,068,853	2.0
Ms Wong Sian Jing	335,000 ⁽⁴⁾	0.07	135,000	0.03	135,000	0.03
Independent Shareholders	258,483,003	53.8	258,483,003	53.7	258,483,003	51.2

Notes:

- (1) Based on the Existing Share Capital of the Company, being the existing issued and paid-up share capital of the Company of 480,721,635 Shares as at the Latest Practicable Date.
- (2) Based on the Pre-Enlarged Share Capital of the Company, being the enlarged issued and paid-up share capital of the Company of 481,521,635 Shares immediately after the allotment and issuance of the Share Options Shares.
- (3) Based on the Post-Enlarged Share Capital of the Company, being the enlarged issued and paid-up share capital of the Company of 505,162,297 Shares immediately after the allotment and issuance of the Conversion Shares and the Share Options Shares.
- (4) Ms Wong Sian Jing intends to exercise up to 800,000 of her vested Share Options such that she will have enough shares to enable her to sell 1,000,000 Shares under the Share Purchase.

Based on the above, upon the completion of the Share Purchase and assuming the full conversion of the Convertible Loan, the Vendors will reduce their shareholding interest and collectively hold 105,913,332 Shares, representing 21.0% of the Post-Enlarged Share Capital of the Company while the shareholding interest of CHS will increase to 139,640,662 Shares, representing 27.6% of the Post-Enlarged Share Capital of the Company. This will result in a more balanced partnership as the Group leverages on CHA's network for its future expansion. Accordingly, both Vendors and CHA will remain fully committed and invested with their interests remaining aligned with the Company and its Independent Shareholders.

6.7.3 Abstention from recommending and voting

We note that the Mr Tony Tan, Dr Beng and Mr Wong Seng Weng, who are interested parties in the Share Purchase and will be abstaining from making any recommendation as Directors in respect of the ordinary resolution pertaining to the Convertible Loan to be proposed at the EGM. Further, the Vendors will also be abstaining from voting on the ordinary resolution pertaining to the Convertible Loan to be proposed at the EGM.

6.7.4 Commentary from FY2018 financial results

We note the following commentary as set out in the Group's financial results announcement for FY2018, the relevant portion of which have been extracted and reproduced in italics below:

“Overseas, the Group has implemented various growth strategies for its overseas market and remains optimistic on the continued growth of its joint ventures. Beyond the Group's existing footprint which extends across Vietnam, Indonesia, Australia and Singapore, the Group is exploring new avenues for growth in countries such as Vietnam and Cambodia.

Following the acquisition of SW1 Clinic in April 2018, the Group has begun to scale its Aesthetics platform out into the region. The Group will officially launch SW1 Vietnam in the first quarter of 2019 with the planned opening of a new 4,000 square feet aesthetics centre. In addition, the Group has plans to penetrate into new geographies such as Malaysia and Indonesia which will serve as another gateway for regional expansion. Closer to home, the Group has opened a second SW1 Clinic at OUE Downtown Gallery in January 2019. Located in the central business district, this new aesthetics centre provides convenient access to aesthetics services against the backdrop of continual rising demand for its services.

The Group is also looking to strengthen its strategic partnership with CHA Healthcare Co., Ltd., which was built upon the premise of exploring near-term projects in Vietnam, Singapore and other key Asian markets. Any material developments on future corporate actions will be announced to shareholders accordingly.”

7. OUR OPINION

In arriving at our recommendation in respect of the Convertible Loan, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

- (i) the rationale and use of proceeds for the Convertible Loan;
- (ii) strategic investments by CHA;
- (iii) further commitments by Mr Tony Tan, Dr Beng and CHA;
- (iv) financial assessment of the Conversion Price of the Convertible Loan:

Historical trading performance of the Shares

- (a) the Conversion Price of S\$0.423 represents a discount of 6.0% to the VWAP of the Shares of S\$0.450 on 19 February 2019, being the last full trading day prior to the Announcement Date;
- (b) the Conversion Price of S\$0.423 represents a discount of 9.0% to the VWAP of the Shares of S\$0.465, on 20 February 2019, being the Announcement Date;
- (c) the Conversion Price of S\$0.423 represents a discount of 4.5%, 1.4%, 1.6% and 10.2% to the VWAP of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the Announcement Date respectively;
- (d) the Conversion Price of S\$0.423 represents a discount of 8.8% to the VWAP of the Shares of S\$0.464 for the period between the market day immediately after the Announcement Date and up to the Latest Practicable Date;
- (e) as at the Latest Practicable Date, the Conversion Price of S\$0.423 represents a discount of 3.9% to the VWAP of the Shares of S\$0.440;
- (f) during the period from 21 February 2018 up to the Announcement Date, the Shares were traded on 244 market days or 93.8% of the total market days. The total number of Shares traded during this period was 82.2 million Shares with an average daily trading volume of 0.34 million Shares, representing 0.1% of the free float;
- (g) during the period after the Announcement Date and up to the Latest Practicable Date, the Shares were traded on 26 market days or 96.3% of the total market days. The total number of Shares traded during this period was 15.8 million Shares with an average daily trading volume of 0.6 million Shares, representing 0.2% of the free float; and
- (h) save for the VWAP of the Shares for the 1-year period, the discount of the Conversion Price to the VWAP of Shares: (i) for the 1-month, 3-month, 6-month periods prior to the Announcement Date; (ii) on 19 February, being the last full trading day prior to the Announcement Date; and (iii) 20 February 2019, being the Announcement Date, are less than 10.0% which is within the prescribed limit for the issuance of convertible securities without obtaining shareholders' approval as prescribed by Rule 811 of the Catalist Rules.

- (i) assuming the full conversion of the Convertible Loan and the interest rate of 3.5% per annum being waived, the Implied Conversion Price represents: (i) a discount of 2.7% to the VWAP of the Shares of S\$0.450 on 19 February 2019, being the last full trading day prior to the Announcement Date; (ii) a discount of 5.8% to the VWAP of the Shares of S\$0.465, on 20 February 2019, being the Announcement Date; (iii) a discount of 1.2% and 7.0% to the VWAP of the Shares for the 1-month and 1-year periods prior to the Announcement Date respectively; and (iv) a premium of 2.1% and 1.8% over the VWAP of the Shares for the 3-month and 6-month periods prior to the Announcement Date respectively.

Comparison with comparable companies

- (a) the PE ratio of the Company implied by the Conversion Price of 16.0 times is within the range but below the mean and the median of the PE ratios of the Comparable Companies;
- (b) the EV/EBITDA ratio of the Company implied by the Conversion Price of 11.6 times is within the range but below the mean and the median of the EV/EBITDA ratios of the Comparable Companies;
- (c) the P/NAV ratio of the Company implied by the Conversion Price of 1.6 times is within the range but below the mean and the median of the P/NAV ratios of the Comparable Companies; and
- (d) the P/NTA ratio of the Company implied by the Conversion Price of 48.0 times is above the range, the mean and the median of the P/NTA ratios of the Comparable Companies.

NAV and NTA of the Group

- (a) based on the audited financial statements for FY2018 and based on the number of outstanding Shares as at the Latest Practicable Date, the NAV per Share and NTA per Share is approximately S\$0.27 and S\$0.009 respectively; and
 - (b) the Conversion Price represents a premium of approximately 56.7% and 4,600.0% over the Company's NAV and NTA per Share respectively as at 31 December 2018.
- (v) financial assessment of the other financial terms of the Convertible Loan:

Comparison with the Group's existing interest rate for its external borrowings

- (a) the interest rate of the Convertible Loan is lower than the interest rates of the Group's existing credit facilities which carry interest rates of 4.26% to 4.52% per annum;
- (b) save for one (1) term loan, the principal amount of the Group's existing credit facilities is substantially lower than the principal amount of the Convertible Loan;
- (c) the Group's existing credit facilities, majority of which are secured, have a higher interest rate as compared to the interest rate of the Convertible Loan which is unsecured; and
- (d) the Group's existing credit facilities principal and interest charges are payable in cash whilst for the Convertible Loan, CHS may, at its option, convert all or part of the Convertible Loan to Conversion Shares. Further, if all or part of the Convertible Loan is converted into Conversion Shares, no interest shall be payable to CHS on such part of the Convertible Loan which is converted.

Comparison with comparable transactions

- (a) the interest rate of the Conversion Loan is within the range and below the mean and median of the interest rates of the Precedent Debts;
- (b) the discount of the Conversion Price to the VWAP of the Shares on 19 February 2019, being the last full trading day prior to the Announcement Date, is within the range and lower than the mean premium of 9.2% and median of 0.0% of the corresponding premium/(discount) of the Precedent Debts; and
- (c) the discount of the Conversion Price to the VWAP of the Shares on 19 February 2019, being the last full trading day prior to the Announcement Date, is within the range and lower than the mean premium of 9.1% and median premium of 3.7% of the corresponding premium/(discount) of the Precedent Placement Issues.

Dilution impact of the Convertible Loan

Upon the full conversion of the Convertible Loan and upon the completion of the Share Purchase, the shareholding interest of CHS will increase from 6.9% of the Existing Share Capital of the Company to 27.6% of the Post-Enlarged Share Capital of the Company. Correspondingly, the shareholding interest of the Independent Shareholders will decrease from 53.8% of the Existing Share Capital of the Company to 51.2% of the Post-Enlarged Share Capital of the Company.

Alternative sources of funding

The Company had been exploring various means of fundraising including additional external borrowings, debt instruments, rights issues and placements, prior to proceeding with the Convertible Loan.

- (vi) financial effects of the Convertible Loan; and
- (vii) other relevant considerations as set out in Paragraph 6.7 of this Letter, namely: (a) placement prices of past Share placements; (b) shareholding interests in the Company; (c) abstention from recommendation and voting; and (d) commentary from FY2018 financial results.

Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that:

(i) the Conversion Price of the Convertible Loan is not fair but reasonable; and

- (a) in assessing the fairness of the Conversion Price of the Convertible Loan, we had taken into consideration the comparison of the valuation multiples of the comparable companies, in particular, the P/E, EV/EBITDA and P/NAV ratios of the Company implied by the Conversion Price, and note that while they are within the range they are, however, below the mean and median of the corresponding valuation multiples of the comparable companies as set out on Paragraph 6.4.2 of this Letter; and
- (b) in assessing the reasonableness of the Conversion Price of the Convertible Loan, we had taken into consideration, *inter alia*, the: (a) historical trading performance of the Shares; (b) comparison with the Group's existing interest rate for its external borrowings; (c) comparison with comparable transactions; (d) dilution impact of the Convertible Loan; and (e) alternative sources of funding.

(ii) the financial terms of the Convertible Loan, on balance, are on normal commercial terms and not prejudicial to the interest of the Company and its Independent Shareholders.

Accordingly, we advise the Recommending Directors to recommend that the Independent Shareholders vote in favour of the ordinary resolution pertaining to the Convertible Loan to be proposed at the EGM and to highlight to the Independent Shareholders the matters as stated in this Letter and to exercise caution in their decision in relation to the Convertible Loan.

For the avoidance of doubt, we are not engaged for and will not be expressing an opinion on the Share Purchase and our opinion on the Conversion Price and the financial terms of the Convertible Loan is not meant to express a view or opinion on the Share Purchase.

We also wish to highlight that we were neither a party to the negotiations entered into by the Company in relation to the Convertible Loan, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the Convertible Loan Agreement, and we do not warrant the merits of the Convertible Loan Agreement.

We have prepared this Letter for the use of the Recommending Directors in connection with and for the purposes of their consideration of the Convertible Loan. The recommendation made by them to the Independent Shareholders in relation to the Convertible Loan shall remain the sole responsibility of the Recommending Directors. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the EGM at any time and in any manner without prior written consent of RHTC in each specific case.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours sincerely
For and on behalf of
RHT CAPITAL PTE. LTD.

Khong Choun Mun
Chief Executive Officer

Mah How Soon
Managing Director

SINGAPORE MEDICAL GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200503187W)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of the Company will be held at 1 Orchard Road, Level 4, Tan Chin Tuan Function Room 2, Singapore 238824 on 25 April 2019 at 5.00 p.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting to be held at 4.00 p.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing the following resolution with or without any modifications.

All capitalised terms in this Notice which are not defined herein shall have the same meanings ascribed to them in the Circular to Shareholders of the Company dated 10 April 2019.

ORDINARY RESOLUTION:

THE PROPOSED ALLOTMENT AND ISSUANCE OF AN AGGREGATE OF UP TO 23,640,662 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY TO CHA HEALTHCARE SINGAPORE PTE. LTD., UPON THE CONVERSION OF A CONVERTIBLE LOAN OF S\$10 MILLION (“CONVERTIBLE LOAN”) PURSUANT TO THE TERMS AND CONDITIONS OF A CONVERTIBLE LOAN AGREEMENT DATED 20 FEBRUARY 2019 (“CONVERTIBLE LOAN AGREEMENT”)

THAT:–

- (a) approval be and is hereby given to the Directors or any of them to allot and issue an aggregate of up to 23,640,662 new ordinary shares in the capital of the Company upon the conversion of a convertible loan of S\$10 million subject to and otherwise in accordance with the terms and conditions of the Convertible Loan Agreement, and such further number of Conversion Shares as may be required to be allotted and issued on an Adjustment pursuant to the terms and conditions of the Convertible Loan Agreement; and
- (b) the Directors and Secretary of the Company and each of them be and is hereby authorised to implement, execute, perfect or give effect to complete and do all such acts and things (including executing all such documents as may be required) as they or he may in their/his absolute discretion consider necessary, desirable or expedient in the interests of the Company to complete the proposed allotment and issuance and to give effect to this resolution.

BY ORDER OF THE BOARD

Chan Wan Mei, Lee Pay Lee
Company Secretaries
Singapore, 10 April 2019

Notes:

- (1) A member (other than a Relevant Intermediary*) of the Company entitled to attend and vote at the EGM is entitled to appoint one or two proxies, in any case not more than two proxies, to attend and vote on his behalf. A proxy need not be a member of the Company.
- (2) Where a member (other than a Relevant Intermediary*) appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
- (3) A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
- (4) If the appointor is a corporation, the instrument appointing a proxy must be executed under the corporation's common seal or signed by its attorney or an officer on behalf of the corporation.
- (5) The instrument appointing a proxy must be deposited at the registered office of the Company at 1004 Toa Payoh North, #06-03/07, Singapore 318995 at least 48 hours before the time appointed for the EGM. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the EGM if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, or by attending the EGM, a member (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. In addition, by attending the EGM and/or any adjournment thereof, a member consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for any of the Purposes.

*This Notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch, (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), this being the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this Notice.*

This Notice has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Notice, including the correctness of any of the statements or opinions made or reports contained in this Notice.

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.

SINGAPORE MEDICAL GROUP LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 200503187W)

IMPORTANT:

1. For CPF Investors or SRS Investors who have used their CPF/SRS monies to buy Shares in Singapore Medical Group Limited, this Circular is forwarded to them at the request of the CPF/SRS approved nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors or SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors or SRS Investors who wish to attend the EGM as OBSERVERS have to submit their requests through their respective agent banks so that their agent banks may register, in the required format with the Company Secretary, by the time frame specified. (Agent banks: Please see note 8 on the required format). Any voting instructions must also be submitted to their agent banks within the time frame specified to enable them to vote on such CPF Investor's or SRS Investors' behalf.

PROXY FORM EXTRAORDINARY GENERAL MEETING

*I/We _____ (Name) _____ (NRIC/Passport Number)
of _____ (Address)
being a member/members of Singapore Medical Group Limited (the "**Company**"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/them, the Chairman of the EGM as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the EGM of the Company to be held at 1 Orchard Road, Level 4, Tan Chin Tuan Function Room 2, Singapore 238824, on 25 April 2019 at 5.00 p.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting to be held at 4.00 p.m. on the same day and at the same place), and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolution proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her discretion, as he/they may on any other matter arising at the EGM.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided)

Ordinary Resolution	No. of Votes For*	No. of Votes Against*
The proposed allotment and issuance of an aggregate of up to 23,640,662 new ordinary shares in the capital of the Company to CHA Healthcare Singapore Pte. Ltd., upon the conversion of a convertible loan of S\$10 million pursuant to the terms and conditions of the Convertible Loan Agreement		

*If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick [✓] within the relevant box. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant resolution, please indicate the number of Shares in the boxes provided.

Dated this _____ day of _____ 2019

Total number of Shares held	No. of Shares
(a) CDP register	
(b) Register of Members	

Signature of Member(s)/Common Seal of
Corporate Member

* Delete where inapplicable

Important: Please read notes overleaf



NOTES:

- (1) A member (other than a Relevant Intermediary*) of the Company entitled to attend the EGM and vote is entitled to appoint one or two proxies, in any case not more than two proxies, to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the registered office of the Company at 1004 Toa Payoh North, #06-03/07, Singapore 318995 not less than 48 hours before the time appointed for holding the EGM.
- (2) Where a member (other than a Relevant Intermediary*) appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- (3) Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy to the EGM.
- (4) If the member has shares entered against his name in the Depository Register, he should insert that number of shares. If the member has shares registered in his name in the Register of Members, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
- (5) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
- (6) Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company) must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- (7) The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the proxy form. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Company.
- (8) Agent banks acting on the request of CPF Investors or SRS Investors who wish to attend the EGM as observers are required to submit in writing, a list with details of the investors' names, NRIC/Passport numbers, addresses and numbers of shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company Secretary, at the registered office of the Company not later than 48 hours before the time appointed for holding the EGM.
- (9) A CPF Investor and/or SRS Investor (as may be applicable) may attend and cast his vote(s) at the EGM in person. CPF Investors and/or SRS Investors (as may be applicable) who are unable to attend the EGM but would like to vote, may inform their respective approved nominees to appoint the Chairman of the EGM to act as their proxy, in which case, the CPF Investors and/or SRS Investors (as may be applicable) shall be precluded from attending the EGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, or by attending the EGM, a member (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. In addition, by attending the EGM and/or any adjournment thereof, a member consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for any of the Purposes.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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