

SINGAPORE MEDICAL GROUP LIMITED

(Company Registration No.: 200503187W)

COMPLETION OF ACQUISITION OF OBSTETRICS AND GYNAECOLOGY CLINICS

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of Singapore Medical Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcements issued by the Company on 11 October 2016, 6 December 2016 and 24 January 2017 (the “**Earlier Announcements**”) in relation to the entry into of the Framework Agreement and Share Purchase Agreements with each of Dr Chan Weng Buen, Dr Henry Cheng Hung, Dr Tho Chin Keong, Dr Lee Weng Soon James and Dr Fong Yang (collectively, the “**Vendors**”) for the Proposed Acquisition.
- 1.2 Unless otherwise defined herein, capitalised terms used in this announcement shall have the meanings ascribed to them in the Earlier Announcements.

2. COMPLETION

Further to the Earlier Announcements, as the conditions to the Share Purchase Agreements have been satisfied, the Board is pleased to announce that the Purchaser, SMG Astra Women’s Specialists Pte Ltd, a wholly-owned subsidiary of the Company, has on 8 February 2017 completed the acquisition of the Target Companies (“**Completion**”).

With the completion of the Proposed Acquisition, the Target Companies are now wholly-owned subsidiaries of the Group.

3. SAFEGUARDS IN RELATION TO THE PROFIT GUARANTEE

Pursuant to a deed of profit guarantee entered into on 16 January 2017 amongst the Company, the Purchaser and the Vendors, the parties have agreed, amongst others, on the following safeguards to ensure the Company’s right of recourse in the event the Profit Guarantee is not met by the Vendors. These safeguards essentially revolve around the release or deposit, of the funds placed into an escrow account depending whether the relevant profit guarantees are satisfied or not.

On the basis that Completion has taken place on 8 February 2017, the amounts of the Profit Guarantee amounts for the relevant Profit Target Periods are as follows:

	Profit Target Periods	Profit Guarantee
(a)	8 February 2017 to 31 December 2017	S\$4,134,534
(b)	1 January 2018 to 31 December 2018	S\$4,615,000
	((a) and (b) shall together constitute “ Profit Target Term 1 ”)	((a) and (b) shall together constitute “ Term 1 Profit Guarantee ”)
(c)	1 January 2019 to 31 December 2019	S\$4,615,000
(d)	1 January 2020 to 31 December 2020	S\$4,615,000

(e)	1 January 2021 to 31 December 2021	S\$4,615,000
(f)	1 January 2022 to 7 February 2022	S\$480,466

((c) to (f) shall together constitute
“**Profit Target Term 2**”)

((c) to (f) shall together constitute “**Term 2
Profit Guarantee**”)

3.1 **Term 1 Profit Guarantee and Escrow Account**

Prior to the second anniversary of the Completion Date (being, 8 February 2019), the Parties shall jointly appoint an escrow agent (the “**Escrow Agent**”).

In the event that the **unaudited NPAT** for Profit Target Term 1 is less than the Term 1 Profit Guarantee, the Purchaser shall be entitled to withhold the Third Tranche Cash Consideration payable to the Vendors on the second anniversary of the Completion Date.

If the actual **audited NPAT** for Profit Target Term 1 is less than the Term 1 Profit Guarantee, the Purchaser shall be entitled to decrease the amount of the Third Tranche Cash Consideration by an amount equal to such shortfall. The balance of the Third Tranche Cash Consideration shall be paid by the Purchaser to an escrow account (the “**Escrow Account**”) maintained by the Escrow Agent. If the balance of the Third Tranche Cash Consideration paid to the Escrow Account is less than S\$7,000,000, the Vendors shall pay into the Escrow Account such amount in cash necessary to ensure that the amount in the Escrow Account is not less than S\$7,000,000.

In the event that the **unaudited NPAT** for Profit Target Term 1 is equal to or more than the Term 1 Profit Guarantee, the Purchaser shall not be entitled to withhold the Third Tranche Cash Consideration payable to the Vendors. On the second anniversary of the Completion Date, the Purchaser shall pay the Third Tranche Cash Consideration, which shall be satisfied by the transfer by the Purchaser of:

- (a) S\$7,000,000 to the Escrow Account; and
- (b) the balance of the Third Tranche Cash Consideration to the Vendors in accordance with the terms of the Share Purchase Agreements.

If the actual **audited NPAT** for Profit Target Term 1 is less than the Term 1 Profit Guarantee, the Vendors shall pay an amount equal to such shortfall to the Purchaser.

Term 2 Profit Guarantee

In the event that the **audited NPAT** for Profit Target Term 2 is less than the Term 2 Profit Guarantee, the Purchaser shall be entitled to instruct the Escrow Agent to release an amount equal to such shortfall from the Escrow Account. If the monies in the Escrow Account are insufficient to cover such shortfall, the Vendors shall pay any outstanding amount of the shortfall to the Purchaser.

For the purposes of this announcement, “**NPAT**” means the consolidated net profits after taxation of the Target Companies as determined in accordance with accounting principles, standards and practices generally accepted in Singapore, prepared on the same basis and accounting principles as that of the accounts of the Purchaser, and for the avoidance of doubt, includes the net profits derived from any obstetrics and gynaecology specialists who

use or occupy the assets and/or business premises Target Companies, including any locum medical practitioners which are employed by the Purchaser to work under the Target Companies.

4. LISTING OF THE CONSIDERATION SHARES

The consideration payable on Completion for the Proposed Acquisition was satisfied by cash of S\$10.9 million and an aggregate of 81,110,310 Consideration Shares will be issued and allotted to the Vendors within 1 month from the date of this announcement.

The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with the then existing issued Shares. Following the allotment and issuance of the Consideration Shares, the total number of issued Shares of the Company will increase from 311,032,782 Shares to 392,143,092 Shares.

On Behalf of the Board

Beng Teck Liang
Executive Director and Chief Executive Officer

8 February 2017

*This Announcement 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 Catalist Rules. The Sponsor has not independently verified the contents of this Announcement.*

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

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