

CIRCULAR DATED 16 JUNE 2017

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**”), you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying 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 (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 Circular.

This Circular has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor assume no responsibility for the contents of this Circular, including the correctness of any of the 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 Independent Directors



RHT CAPITAL PTE. LTD.

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

CIRCULAR TO SHAREHOLDERS

in relation to the

PROPOSED ACQUISITION OF 50,000 SHARES REPRESENTING 10% OF THE TOTAL ISSUED AND PAID-UP SHARE CAPITAL OF CANCER CENTRE PTE. LTD. AS AN INTERESTED PERSON TRANSACTION WITH THE ALLOTMENT AND ISSUANCE OF 5,392,428 SHARES IN THE CAPITAL OF THE COMPANY AS CONSIDERATION

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	3 July 2017 at 4.30 p.m.
Date and time of Extraordinary General Meeting	:	5 July 2017 at 4.30 p.m.
Place of Extraordinary General Meeting:	:	290 Orchard Road #14-03, The Paragon Singapore 238859

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DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires:

“Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“Announcement”	:	The announcement by the Company dated 20 April 2017 that the Company had entered into the SPA with the Vendor in respect of the Proposed Acquisition on SGXNET
“Audit Committee”	:	The audit committee of the Company
“Board”	:	The board of Directors of the Company
“Cancer Centre”	:	Cancer Centre Pte. Ltd.
“Catalist Rules”	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular dated 16 June 2017 issued by the Company
“Company”	:	Singapore Medical Group Limited
“Completion”	:	The completion of the Proposed Acquisition in accordance with the terms of the SPA
“Completion Date”	:	The date of Completion of the Proposed Acquisition
“Consideration Price”	:	The consideration of S\$2.92 million payable by the Company to the Vendor in relation to the Proposed Acquisition
“Consideration Shares”	:	New ordinary shares of the Company to be issued to the Vendor as consideration for the Proposed Acquisition
“Directors”	:	The directors of the Company for the time being
“EGM”	:	Extraordinary general meeting
“EPS”	:	Earnings per share
“FY2016”	:	The financial year ended 31 December 2016
“Group”	:	The Company and its subsidiaries
“IFA”	:	RHT Capital Pte. Ltd., the independent financial adviser appointed by the Company to advise the Independent Directors on the Proposed Acquisition

“IFA Letter”	:	The letter from the IFA addressed to the Independent Directors as set out in Appendix A of this Circular
“Independent Directors”	:	Directors who are considered not to be interested for the purposes of making a recommendation to the Shareholders in respect of the Proposed Acquisition
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 7 June 2017
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Notice of EGM”	:	The notice of the EGM set out on page 43 of this Circular
“NTA”	:	Net tangible assets, being net assets less intangible assets
“Proposed Acquisition”	:	The proposed acquisition by the Company of 10% of issued and paid-up share capital in Cancer Centre
“Proxy Form”	:	The proxy form in respect of the EGM as set out in this Circular
“Rule 1006”	:	Rule 1006 of the Catalist Rules
“Sale Shares”	:	The ordinary shares in Cancer Centre that will be sold by the Vendor to the Company pursuant to the SPA
“Securities Account”	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
“SGXNET”	:	The Singapore Exchange Securities Trading Limited Network, a system network used by companies listed on the SGX-ST to send information and announcements to the SGX-ST
“SGX-ST”	:	The Singapore Exchange Securities Trading Limited
“Shareholders”	:	The registered holders of the Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in the relation to such Shares, mean the Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with those Shares
“Shares”	:	Ordinary shares in the issued share capital of the Company

“SPA”	:	The sale and purchase agreement dated 20 April 2017 entered into between the Company and the Vendor in relation to the Proposed Acquisition
“Sponsor”	:	CIMB Bank Berhad, Singapore Branch
“Substantial Shareholder”	:	A person (including a corporation) who holds directly or indirectly 5% or more of the issued capital in the Company
“Vendor” or “Dr Wong”	:	Dr Wong Seng Weng
“S\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
“%” or “per cent.”	:	Percentage or per centum

The terms **“Depositor”**, **“Depository Register”** and **“Depository Agent”** 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.

The terms **“associate”** and **“controlling shareholders”** shall have the meanings ascribed to them respectively in the Catalist Rules.

The terms **“subsidiaries”**, **“Substantial Shareholders”** and **“related corporations”** shall have the meanings ascribed to them respectively in the Act.

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

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

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

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

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 Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date unless otherwise stated.

SINGAPORE MEDICAL GROUP LIMITED

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

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 (Lead Independent Director)
Mr. Jimmy Yim Wing Kuen (Independent Director)

Registered Office:

290 Orchard Road
#13-01 The Paragon
Singapore 238859

16 June 2017

To: The Shareholders of Singapore Medical Group Limited

Dear Sir/Madam

THE PROPOSED ACQUISITION OF 50,000 SHARES REPRESENTING 10% OF THE TOTAL ISSUED AND PAID-UP SHARE CAPITAL OF CANCER CENTRE PTE. LTD. AS AN INTERESTED PERSON TRANSACTION WITH THE ALLOTMENT AND ISSUANCE OF 5,392,428 SHARES IN THE CAPITAL OF THE COMPANY AS CONSIDERATION

1. INTRODUCTION

- 1.1 The Directors propose to seek the approval of Shareholders at an extraordinary general meeting (the “**EGM**”) of the Company to be held on 5 July 2017, 4.30 p.m. at 290 Orchard Road, #14-03, The Paragon, Singapore 238859 to seek Shareholders’ approval for the proposed acquisition of 50,000 shares representing 10% of the total issued and paid-up share capital of Cancer Centre Pte. Ltd. (“**Cancer Centre**”) as an interested person transaction and the allotment and issuance of 5,392,428 new Shares in the capital of the Company (the “**Consideration Shares**”) as consideration (the “**Proposed Acquisition**”).
- 1.2 The purpose of this Circular is to provide Shareholders with the relevant information relating to the Proposed Acquisition and to seek Shareholders’ approval for the resolution relating thereto at the EGM.

2. THE PROPOSED ACQUISITION

2.1 Background

On 20 April 2017, the Company announced the entry into the SPA, being a sale and purchase agreement entered into between the Company and the Vendor to acquire an aggregate of 50,000 shares, representing 10% of the total issued and paid-up share capital of Cancer Centre. As consideration for the Proposed Acquisition, the Company will allot and issue the Consideration Shares to the Vendor, being an aggregate of 5,392,428 Shares.

2.2 Shareholders’ Approval

Shareholders’ approval is being sought for the Proposed Acquisition for the following reasons:

- (a) The Consideration Shares are to be issued to a Director of the Company; and

- (b) As the Vendor is a Director of the Company, the Proposed Acquisition is an interested person transaction pursuant to Chapter 9 of the Catalist Rules.

2.3 The Proposed Acquisition as a Discloseable Transaction

2.3.1 Information on Cancer Centre and the Vendor

Cancer Centre is a company incorporated in Singapore on 26 December 2007 with its principal activity being the provision of screening and treatment of general cancer services.

Cancer Centre currently operates its business at the following locations:

(a) **Paragon**

290 Orchard Road #17-05/06
Paragon
Singapore 238859

(b) **Mount Elizabeth Novena**

38 Irrawaddy Road #05-34/35
Mount Elizabeth Novena Specialist Centre
Singapore 329563

As at the Latest Practicable Date, Cancer Centre has an issued and paid-up share capital of S\$500,000 comprising 500,000 ordinary shares. The Company is a controlling shareholder of Cancer Centre, holding shares representing 80% of the total issued and paid-up share capital of Cancer Centre. As at the Latest Practicable Date, the shareholding in Cancer Centre is as follows:-

Shareholder	Number of shares in Cancer Centre	Shareholding Percentage
Singapore Medical Group Limited	400,000	80%
Dr Wong Seng Weng	100,000	20%

The Vendor, Dr Wong Seng Weng ("**Dr Wong**"), is an executive Director of the Company and is a 2.48% Shareholder of the Company. He is also an oncologist at Cancer Centre.

2.3.2 Consideration for the Proposed Acquisition

The consideration for the Proposed Acquisition was determined to be S\$2.92 million (the "**Consideration Price**"), based on a price of S\$58 per share in Cancer Centre, and will be satisfied by the allotment and issuance of 5,392,428 Consideration Shares to the Vendor at an issue price of approximately S\$0.5415 per Consideration Share.

The issue price per Consideration Share is determined based on the volume weighted average price of the Shares traded on the SGX-ST on 19 April 2017, being the Market Day preceding the date of the SPA.

The Consideration Shares represent 1.27% and 1.25% of the existing share capital and the enlarged share capital of the Company after the completion of the Proposed Acquisition respectively.

Details of the Proposed Acquisition are set out below:

- (a) **Consideration Price:** S\$2.92 million
- (b) **Number of Consideration Shares to be allotted and issued to the Vendor:** 5,392,428
- (c) **Percentage shareholding of the Vendor in the share capital of the Company before the Proposed Acquisition:** 2.48%
- (d) **Resultant total percentage shareholding of the Vendor in the enlarged share capital of the Company after the Proposed Acquisition:** 3.70%

The Consideration Price was determined based on arm's length negotiations between the Company and Dr Wong, and arrived at after taking into account, *inter alia*, the net asset value and the earnings potential of Cancer Centre. As at 31 December 2016, the net asset value and NTA of Cancer Centre approximate S\$5.65 million. Cancer Centre generated net profit after tax of S\$2.92 million for the financial year ended 31 December 2016.

The allotment and issuance of the Consideration Shares would not result in a transfer of controlling interest in the Company.

2.3.3 Conditions Precedent to the SPA

Completion under the SPA is conditional upon the following conditions having been reasonably satisfied, complied with, or waived:

- (a) the Company obtaining all applicable governmental or regulatory approvals, including but not limited to any SGX-ST requirements, for the transaction contemplated under the SPA;
- (b) a listing and quotation notice for the listing and quotation of the Consideration Shares on the SGX-ST being obtained from the SGX-ST and not having been revoked or amended; and
- (c) the approval of the Shareholders for the Proposed Acquisition and any transaction contemplated under the SPA and other related transactions as may be required in relation thereto.

2.3.4 Completion under the SPA

On Completion under the SPA, the following shall take place:

2.3.4.1 the Vendor shall deliver to the Company the following:

- (a) the share certificate(s) in respect of the Sale Shares;
- (b) valid and registrable transfers in respect of all the Sale Shares duly executed by the Vendor transferring the legal and beneficial ownership of all the Sale Shares to the Company;
- (c) duly passed resolution(s) of the board of directors of Cancer Centre approving the transfer of the Sale Shares; and

- (d) all such other documents as may be necessary to transfer the full legal and beneficial title in the Sale Shares to the Company and as the Company may reasonably require to complete the purchase of the Sale Shares.

2.3.4.2 the Company shall, against receipt of the above, allot and issue such number of Consideration Shares as set out in Section 2.3.2 above to the Vendor by issuing a share certificate in relation to the Consideration Shares in favour of CDP, despatching the same to CDP, and instructing CDP to credit the Consideration Shares into the Securities Account of the Vendor (or his nominee).

2.3.5 Rationale for the Proposed Acquisition

The Company recognises the performance and continuing potential of Cancer Centre and, in a bid to enhance Shareholders' value, has decided to acquire 10% of the total issued and paid-up share capital of Cancer Centre from Dr Wong.

The Company also recognises the performance and efforts of Dr Wong as founder and director of Cancer Centre. The Company wishes to continue to encourage the performance of Dr Wong for his work as founder and director of Cancer Centre. As such, Dr Wong will retain a 10% equity stake in Cancer Centre upon completion of the Proposed Acquisition.

The Board believes that the issuance of the Consideration Shares to Dr Wong will further incentivise Dr Wong's work in Cancer Centre and align the Group's interests with that of Dr Wong's.

2.3.6 Relative Figures under Chapter 10 of the Catalist Rules

Relative figures of the Proposed Acquisition under Rule 1006, based on the Company's latest announced financial results for FY2016, are set out below.

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable ⁽¹⁾
(b)	Net profits ⁽²⁾ attributable to the assets acquired, compared with the Group's net profits ⁽²⁾	10.6% ⁽³⁾
(c)	Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	1.3% ⁽⁴⁾
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	1.3% ⁽⁵⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable ⁽¹⁾

Notes:

- (1) This basis is not applicable to the Proposed Acquisition.
- (2) Pursuant to Rule 1002(3)(b) of the Catalist Rules, “net profits” means profit before income tax, minority interests and extraordinary items.
- (3) The net profit attributable to the Proposed Acquisition is determined based on the latest announced net profit of the Group of approximately S\$3,043,000 for FY2016.
- (4) The market capitalisation is calculated based on the volume weighted average price of S\$0.5415 on 19 April 2017, being the last Market Day on which the Shares of the Company were traded, preceding the date of the SPA.
- (5) The number of equity securities to be issued by the Company as consideration for the Proposed Acquisition is 5,392,428 new Shares. In addition, as at the Latest Practicable Date, although the share capital of the Company had increased from 422,143,092 to 425,177,092 Shares, following the issuance of Shares pursuant to the Company’s employee share option scheme on 26 May 2017, the relative figure for Rule 1006(d) remained at 1.3%.

Based on the above figures, the Proposed Acquisition is a discloseable transaction under Rule 1010 of the Catalist Rules.

2.3.7 Financial Effects of the Proposed Acquisition

The financial effects of the Proposed Acquisition on the Company as set out below are for illustrative purposes only and do not reflect the actual financial performance or position of the Group after the Proposed Acquisition. The financial effects of the Proposed Acquisition set out below have been prepared based on the Group’s audited consolidated financial statements for FY2016 and the audited financial statements of Cancer Centre for FY2016.

2.3.7.1 EPS

The effects of the Proposed Acquisition on the EPS of the Group for FY2016, assuming that the Proposed Acquisition had been effected at the beginning of FY2016, are summarised below:

EPS	Before the Proposed Acquisition	After the Proposed Acquisition
Earnings ⁽¹⁾ (S\$’000)	2,423	2,745
Weighted average number of issued shares (’000)	286,945	292,337 ⁽²⁾
EPS – Basic (cents)	0.84	0.94

Notes:

- (1) Represents net profit attributable to the Shareholders of the Company.
- (2) Pursuant to the allotment and issuance of 5,392,428 new Shares in the capital of the Company as consideration for the Proposed Acquisition.

2.3.7.2 NTA

The effects of the Proposed Acquisition on the NTA per share of the Group for FY2016, assuming that the Proposed Acquisition had been effected as at 31 December 2016, are summarised below:

NTA	Before the Proposed Acquisition	After the Proposed Acquisition
Consolidated NTA (S\$'000) ⁽¹⁾	13,694	14,259 ⁽²⁾
Number of issued shares ('000)	311,033	316,425 ⁽³⁾
Consolidated NTA per share (cents)	4.40	4.51

Notes:

- (1) Represents consolidated NTA attributable to the Shareholders of the Company.
- (2) The following assumptions have been made in the computation of the consolidated NTA:
 - (a) the carrying value of assets and liabilities of Cancer Centre as at 31 December 2016 is assumed to be approximately fair value; and
 - (b) the Consideration Shares' fair value is assumed to be approximately S\$2.92 million.
- (3) Pursuant to the allotment and issuance of 5,392,428 Shares in the capital of the Company as consideration for the Proposed Acquisition.

2.3.7.3 Other Financial Information

Based on the audited financial statements of Cancer Centre for FY2016, the net profit attributable to the Sale Shares is approximately S\$292,000, and the NTA attributable to the Sale Shares is approximately S\$565,000.

2.3.8 Directors' Service Contracts

No person has been proposed to be appointed as an executive Director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

2.3.9 Interest of Directors and Controlling Shareholders

Save for Dr Wong who is interested in the Proposed Acquisition, none of the other Directors and to the best of the Directors' knowledge, none of the controlling Shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Acquisition.

2.4 Allotment and Issuance of Consideration Shares to the Vendor

Rule 805(1) of the Catalist Rules provides that an issuer must obtain prior approval of shareholders in general meeting for the issue of shares unless such issuance of shares is covered under a general mandate obtained from shareholders of the Company.

Further, Rule 804 of the Catalist Rules states that except in the case of an issue made on a pro rata basis to shareholders or a scheme referred to in Part VIII of Chapter 8 of the Catalist Rules, no director of an issuer, or associate of the director may participate directly or indirectly in an issue of equity securities or convertible securities unless shareholders in general meeting have approved the specific allotment. Such directors and associates must abstain from exercising any voting rights on the matter.

The Company is thus seeking approval from independent Shareholders for the allotment and issuance of the Consideration Shares to the Vendor at the EGM pursuant to Section 161 of the Act, Rule 805(1) and Rule 804 of the Catalist Rules as:

- (a) the allotment and issuance of the Consideration Shares to the Vendor for the Proposed Acquisition is not in reliance of the general mandate obtained from Shareholders at the annual general meeting of the Company on 28 April 2017; and
- (b) the Consideration Shares will be allotted and issued to Dr Wong, who is a Director of the Company.

2.5 The Proposed Acquisition as an Interested Person Transaction

Chapter 9 of the Catalist Rules governs transactions in which a listed company or any of its subsidiaries or associated companies (each known as an “entity at risk”) enters into or proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with it that may adversely affect the interests of the listed company or its shareholders.

For the purposes of Chapter 9 of the Catalist Rules:

- (a) an “**entity at risk**” means a listed company, a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange or an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company;
- (b) “**control**” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company;
- (c) an “**associated company**” means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;
- (d) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 of the Catalist Rules;
- (e) an “**interested person**” means a director, chief executive officer or controlling shareholder of a listed company, or an associate of such director, chief executive officer or controlling shareholder;
- (f) an “**associate**” in relation to any director, chief executive officer or controlling shareholder (being an individual) means his immediate family (i.e., spouse, child, adopted child, stepchild, sibling and parent), 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 any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An “**associate**” in relation to

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; and

- (g) an “**interested person transaction**” means a transaction between an entity at risk and an interested person and includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.

2.5.1 Details of the Interested Persons

As at the Latest Practicable Date, Dr Wong is an executive Director of the Company, holding 10,539,813 Shares or approximately 2.48% shareholding interest in the Company.

Dr Wong is an interested person within the meaning of Chapter 9 of the Catalist Rules and the Proposed Acquisition constitutes an “interested person transaction” as defined in Rule 904(5) of the Catalist Rules.

2.5.2 Materiality Thresholds under Chapter 9 of the Catalist Rules

In accordance with Rule 906(1)(a) and Rule 918 of the Catalist Rules, where the value of an interested person transaction, or when aggregated with other transactions entered into during the same financial year, is equal to or exceeds 5% of the Company’s latest audited NTA, the approval of Shareholders is required to be obtained either prior to the transaction being entered into, or if the transaction is expressed to be conditional on such approval, prior to the completion of such transaction, as the case may be.

The value at risk of the Proposed Acquisition is the Consideration Price (as defined in Section 2.3.2 above), being S\$2.92 million. Based on the latest audited consolidated financial statements of the Group for FY2016, the audited consolidated NTA of the Group was approximately S\$13.69 million. The value at risk of the Proposed Acquisition expressed as a percentage of the Group’s latest audited consolidated NTA value for FY2016 is approximately 21.32%. As this value exceeds 5% of the Group’s latest audited consolidated NTA value for FY2016, pursuant to Rule 906 of the Catalist Rules, the Proposed Acquisition is an interested person transaction which is subject to the approval of the Shareholders.

Accordingly, the Company will be convening the EGM to seek Shareholders’ approval for the Proposed Acquisition.

Pursuant to Rule 917(5) of the Catalist Rules, the current total of all interested person transactions during the course of the financial year ending 31 December 2017 up to the Latest Practicable Date are as follows:

Name of interested person	S\$’000
K S Beng Pte Ltd ^(a)	54
MW Medical Holdings Pte Ltd ^(b)	78
MW Medical Pte Ltd ^(b)	2
BB Ventures Pte Ltd ^(c)	18

Notes:

- (a) K S Beng Pte Ltd is wholly-owned by the immediate family members of Dr Beng Teck Liang, Chief Executive Officer, Executive Director and controlling Shareholder of the Company.
- (b) MW Medical Holdings Pte Ltd and MW Medical Pte Ltd are each owned by Dr Wong and his immediate family member.
- (c) BB Ventures Pte Ltd is owned by Dr Beng Teck Liang and his immediate family member.

Save as disclosed above, no other interested person transaction was entered into between the Company and the Interested Persons or their associates.

2.5.3 Advice of the Independent Financial Adviser

Chapter 9 of the Catalist Rules provides that, where shareholders' approval is required for an interested person transaction, the shareholders' circular must include an opinion from an independent financial adviser ("IFA") as to whether such transaction is on normal commercial terms and if it is prejudicial to the interests of the company and its minority shareholders.

Accordingly, RHT Capital Pte. Ltd. has been appointed as the IFA to advise the Independent Directors on whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

A copy of the letter dated 16 June 2017 from the IFA (the "IFA Letter"), containing the IFA's opinion in full, is set out in Appendix A to this Circular. Shareholders are advised to read the IFA Letter carefully and in its entirety. The advice of the IFA to the Independent Directors has been extracted from the IFA Letter and is reproduced in italics below:

"7. OUR OPINION

In arriving at our recommendation in respect of the Proposed Acquisition, 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.

- (a) *Rationale for the Proposed Acquisition*
- (b) *Financial performance and position of Cancer Centre:*
- (c) *Financial assessment of the Consideration Price of the Proposed Acquisition:*

Financial assessment of Consideration Price vis-à-vis Comparable Companies of Cancer Centre

- (i) *the PE ratio of Cancer Centre implied by the Consideration Price of 10.0 times is below the range, mean and median of the PE ratios of the Comparable Companies;*
- (ii) *the EV/EBITDA ratio of Cancer Centre implied by the Consideration Price of 8.0 times is below the range, mean and median of the EV/EBITDA ratios of the Comparable Companies and*

- (iii) *the P/NTA ratio of Cancer Centre implied by the Consideration Price of 5.2 times is below the range, mean and median of the P/NTA ratios of the Comparable Companies;*

Financial assessment of Consideration Price vis-à-vis Comparable Transactions

- (i) *we note that the PE ratio of Cancer Centre of 10.0 times and the P/NTA ratio of 5.2 times, as implied by the Consideration Price are within the range and lower than the mean and median of the corresponding PE ratios and P/NTA ratios of the Comparable Transactions respectively.*
- (d) *Financial assessment of the Issue Price of the Consideration Shares:*

Market quotations and trading activity of the Company

- (i) *the Issue Price of S\$0.5415 is equivalent to the VWAP of the Shares of S\$0.5415 on 19 April 2017, being the last full traded day of the Shares prior to the Announcement Date;*
- (ii) *the Issue Price represents a discount of 3.4% and 0.1% to the VWAP of the Shares for the 1-month and 3-month periods and a premium of 9.8% and 41.5% over the VWAP of the Shares for the 6-month and 1-year periods prior to the Announcement Date respectively;*
- (iii) *the Issue Price represents a discount of 10.2% to the VWAP of the Shares for the period between the market day immediately after the Announcement and up to the Latest Practicable Date;*
- (iv) *as at the Latest Practicable Date, the Issue Price represents a discount of 16.1% to the last traded price of the Shares of S\$0.645;*
- (v) *during the period from 21 April 2016 up to the Announcement Date, the Shares were traded on 249 market days or 98.4% of the Total Market Days. The total number of Shares traded during this period was approximately 1,064.27 million Shares with an average daily trading volume of 4.27 million Shares, representing 1.9% of the free float; and*
- (vi) *during the period after the Announcement Date and up to the Latest Practicable Date, the Shares were traded on 32 market days or 100.0% of the Total Market Days. The total number of Shares traded during this period was approximately 44.66 million Shares with an average daily trading volume of 1.40 million Shares, representing 0.6% of the free float;*

Financial assessment of Issue Price vis-à-vis Comparable Transactions

- (i) *the Issue Price is at a discount of 1.6% to the last traded price of the Shares on 19 April 2017 (being the last full traded day of Shares prior to the Announcement Date). This is within the range, and lower than the mean and median of the Issue Price vs Last Traded Price of the Comparable Transactions;*

- (ii) *the ratio of the Issue Price over the NTA per Share of the Company is 16.0 times. This is within the range, but higher than the mean and median of the Issue Price vs NTA of the Comparable Transactions; and*
- (iii) *the number of new Shares to be issued pursuant to the Proposed Acquisition is 1.3% of the total issued Shares of the Company. This is within the range, lower than the mean but higher than the median of the New Shares Percentage of the Comparable Transactions;*
- (e) *Financial effects of the Proposed Acquisition:*
 - (i) *the Company's earnings per Share of S\$0.0084 will increase to an earnings per Share of S\$0.0094 after adjusting for the Proposed Acquisition; and*
 - (ii) *the Company's NTA per Share will increase from S\$0.0440 to S\$0.0451 after adjusting for the Proposed Acquisition.*
- (f) *Other relevant considerations in relation to the Proposed Acquisition:*
 - (i) *there is no change to the risk profile of the Company as the Company currently holds 80.0% of the issued and paid-up share capital of Cancer Centre; and*
 - (ii) *the Company is also acquiring the Paediatrics Clinics Targets at a PE ratio of 11.0 times, which is higher as compared to the Proposed Acquisition of Cancer Centre, which is at a PE ratio of 10.0 times. The issue price of the consideration shares for the acquisition of the Paediatrics Clinics Targets is S\$0.5415, which is identical to the Issue Price of the Proposed Acquisition of Cancer Centre.*

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 the Proposed Acquisition is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders."

2.5.4 Audit Committee's statement

Having considered, *inter alia*, the terms, rationale for and benefits of the Proposed Acquisition, as well as the opinion and advice of the IFA on the Proposed Acquisition, the Audit Committee concurs with the opinion of the IFA and is of the view that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and minority Shareholders.

2.6 **Additional Listing Application**

The Sponsor, on behalf of the Company, will be submitting an additional listing application to the SGX-ST for the listing of and quotation for 5,392,428 Consideration Shares on Catalist. An announcement will be made in due course to notify Shareholders when the listing and quotation notice from the SGX-ST is obtained.

2.7 Intentions for Cancer Centre after Completion of the Proposed Acquisition

Save as mentioned in this Section 2.7, the Company currently has no intentions to (i) introduce any major changes to the existing business of Cancer Centre (including but not limited to any changes to the management team of Cancer Centre), or (ii) re-deploy any of the fixed assets of Cancer Centre, other than in the ordinary course of business. However, the Company retains the flexibility at any time to consider any options or opportunities in relation to Cancer Centre which may present themselves and which the Company may regard to be in the best interests of Cancer Centre or the Group.

3. EXTRAORDINARY GENERAL MEETING

The EGM, the notice of which is given on page 43 of this Circular, will be held at 290 Orchard Road, #14-03, The Paragon, Singapore 238859 on 5 July 2017 at 4.30 p.m., for the purpose of considering and, if thought fit, passing with or without any modifications, the resolution relating to the Proposed Acquisition.

4. DIRECTORS' RECOMMENDATIONS

Having taken into consideration the rationale for and benefits of the Proposed Acquisition and the IFA Letter in relation to the Proposed Acquisition, the Directors (save for Dr Wong who has abstained from making recommendations on the Proposed Acquisition) are of the unanimous opinion that the Proposed Acquisition is in the best interests of the Company and its minority Shareholders.

5. ABSTENTION FROM VOTING

Dr Wong will abstain, and will procure that his associates and nominees abstain from voting in respect of his shareholding in the Company on the ordinary resolution relating to the Proposed Acquisition.

Dr Wong shall not accept nomination as a proxy or otherwise for voting on the ordinary resolution relating to the Proposed Acquisition unless he is given specific instructions as to voting.

6. ACTIONS TO BE TAKEN BY SHAREHOLDERS

6.1 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 Proxy Form attached herein 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 290 Orchard Road, #13-01 The Paragon, Singapore 238859, 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.

6.2 When Depositor regarded as Shareholder

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.

7. SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

7.1 As of the Latest Practicable Date, the shareholdings of the Directors are as follows:

Name of Director	Direct Interest	Deemed Interest
<i>Shares of the Company</i>		
Tony Tan Choon Keat	60,960,070	199,900
Dr Beng Teck Liang	57,371,484	—
Jimmy Yim Wing Kuen	1,360,300	—
Dr Wong Seng Weng	10,539,813	—
<i>Options of the Company</i>		
Dr Beng Teck Liang	2,100,000	—
Dr Wong Seng Weng	2,400,000	—

7.2 As of the Latest Practicable Date, the shareholdings of the Substantial Shareholders are as follows:

	Direct Interest	%	Deemed Interest	%
Dr Beng Teck Liang	57,371,484	13.49	—	—
Tony Tan Choon Keat ⁽¹⁾	60,960,070	14.34	199,900	0.05
Silver Mines Global Limited ⁽²⁾	42,332,713	9.96	—	—
Red Ancient Global Ltd ⁽²⁾	340,000	0.08	42,332,713	9.96
Dr Ho Choon Hou ⁽²⁾	—	—	42,672,713	10.04
CHA Healthcare Singapore Pte. Ltd. ⁽³⁾	30,000,000	7.06	—	—
CHA Healthcare Co., Ltd ⁽³⁾	—	—	30,000,000	7.06
CHA Biotech Co., Ltd ⁽³⁾	—	—	30,000,000	7.06

Notes:

(1) Mr. Tony Tan Choon Keat is deemed interested in the 199,900 shares held by his immediate family member.

(2) Silver Mines Global Limited is a wholly-owned subsidiary of Red Ancient Global Ltd; and Red Ancient Global Ltd is wholly-owned by Dr. Ho Choon Hou. Accordingly, Red Ancient Global Ltd is deemed to have an interest in the 42,332,713 shares held by Silver Mines Global Limited and Dr. Ho Choon Hou is deemed to have an interest in the 42,332,713 shares and 340,000 shares held by Silver Mines Global Limited and Red Ancient Global Ltd respectively by virtue of Section 7(4A) of the Act.

(3) CHA Healthcare Singapore Pte. Ltd. is a wholly-owned subsidiary of CHA Healthcare Co., Ltd and CHA Healthcare Co., Ltd is majority owned by CHA Biotech Co., Ltd. Accordingly, CHA Healthcare Co., Ltd and CHA Biotech Co., Ltd are deemed to have an interest in the 30,000,000 shares held by CHA Healthcare Singapore Pte. Ltd. by virtue of Section 7(4A) of the Act.

8. RESPONSIBILITY STATEMENT BY THE DIRECTORS

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 to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition, 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.

9. CONSENTS

The IFA, RHT Capital Pte. Ltd., has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name, the IFA Letter and all references thereto, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 290 Orchard Road, #13-01, The Paragon, Singapore 238859 during normal business hours from the date of this Circular up to and including the date falling three (3) months from the date of the Announcement (save for the IFA Letter and the letter of consent from the IFA which will be available from the date of this Circular up to and including the date of the EGM):-

- (a) the SPA;
- (b) the IFA Letter;
- (c) the Constitution of the Company;
- (d) the annual report of the Company for FY2016; and
- (e) the letter of consent from the IFA, referred to in this Section 9 of the Circular.

11. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in Shares, and where in doubt as to the action they should take, they should consult their financial, tax or other advisors.

Yours faithfully
For and on behalf of
the Board of Directors of
SINGAPORE MEDICAL GROUP LIMITED

Dr Beng Teck Liang
Chief Executive Officer

APPENDIX A – IFA LETTER

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

16 June 2017

To: The Independent Directors of Singapore Medical Group Limited
(deemed to be independent in respect of the Proposed Acquisition)

Mr Tony Tan Choon Keat	(Non-Executive Chairman)
Dr Beng Teck Liang	(Executive Director and Chief Executive Officer)
Mr Ho Lon Gee	(Lead Independent Director)
Mr Jimmy Yim Wing Kuen	(Independent Director)

Dear Sirs,

INDEPENDENT FINANCIAL ADVICE IN RELATION TO THE PROPOSED ACQUISITION OF 10.0% OF THE TOTAL ISSUED AND PAID-UP SHARE CAPITAL OF CANCER CENTRE PTE. LTD. BY SINGAPORE MEDICAL GROUP LIMITED AS AN INTERESTED PERSON TRANSACTION

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 16 June 2017 issued by the Company to the Shareholders ("**Circular**") shall have the same meaning herein.*

1. INTRODUCTION

On 20 April 2017 ("**Announcement Date**"), the board of Directors ("**Directors**") of Singapore Medical Group Limited ("**SMG**" or "**Company**", together with its subsidiaries, "**Group**") announced ("**Announcement**") that the Company had, on the same day, entered into a sale and purchase agreement ("**SPA**") with Dr Wong Seng Weng ("**Vendor**" or "**Dr Wong**") to acquire an aggregate of 50,000 shares in Cancer Centre Pte. Ltd. ("**Cancer Centre**") representing 10.0% of the total issued and paid-up share capital of Cancer Centre ("**Proposed Acquisition**").

The consideration for the Proposed Acquisition was determined to be S\$2.92 million ("**Consideration Price**") based on a price of S\$58 per share in Cancer Centre, and will be satisfied by the allotment and issuance of 5,392,428 new shares in the capital of the Company ("**Shares**") to the Vendor ("**Consideration Shares**") at an issue price of approximately S\$0.5415 per Consideration Share ("**Issue Price**").

After the completion of the Proposed Acquisition, the Company will hold 90.0% of the total issued and paid-up share capital of Cancer Centre.

As at the Latest Practicable Date, Dr Wong is an Executive Director of the Company and holds 10,539,813 Shares, representing 2.48% of the total issued and paid-up share capital of the Company and 2,400,000 options, convertible into 2,400,000 Shares of the Company. Further, Dr Wong also holds 20.0% of the total issued and paid-up share capital of Cancer Centre. Accordingly, Dr Wong is an "**interested person**" within the meaning of Chapter 9 of Section B of the Listing Manual of the SGX-ST ("**Catalist Rules**") and the Proposed Acquisition constitutes an "interested person transaction" as defined in Rule 904(5) of the Catalist Rules.

Based on the Company's latest audited consolidated accounts for the financial year ended 31 December 2016, the Group's audited net tangible assets attributable to owners of the Company ("**NTA**") amounted to approximately S\$13.69 million. The value of the Proposed Acquisition amounts to S\$2.92 million, which is more than 5.0% of the Group's latest audited NTA. Pursuant to Rule 906 of the Catalist Rules, the Proposed Acquisition will be subject to the approval of the shareholders of the Company ("**Shareholders**") at an extraordinary general meeting ("**EGM**") to be convened.

In relation to the ordinary resolution to be tabled at the EGM in relation to the Proposed Acquisition, Dr Wong will abstain, and will procure that his associates and nominees abstain from voting in respect of his shareholdings in the Company on voting on the resolution. Dr Wong would also not accept any nomination as a proxy or otherwise for voting on the resolution unless he was given specific instructions as to voting.

In addition, Dr Wong will also abstain from making any recommendation on the Proposed Acquisition as a Director. The remaining Directors, namely: Mr Tony Tan Choon Keat, Dr Beng Teck Liang, Mr Ho Lon Gee and Mr Jimmy Yim Wing Kuen are deemed to be independent for the purpose of the Proposed Acquisition ("**Independent Directors**").

Pursuant to Rule 921(4)(a) of the Catalist Rules, the Company is required to appoint an independent financial adviser ("**IFA**") to advise the Independent Directors with respect to the Proposed Acquisition as to whether the Proposed Acquisition is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders. Accordingly, RHT Capital Pte. Ltd. ("**RHTC**") has been appointed by the Company as the IFA to the Independent Directors.

This letter ("**Letter**") is addressed to the Independent Directors and sets out, *inter alia*, our evaluation and recommendation on the Proposed Acquisition. This Letter forms part of the Circular to Shareholders which provides, *inter alia*, the details of the Proposed Acquisition and the recommendation of the Independent Directors thereon.

2. TERMS OF REFERENCE

The purpose of this Letter is to provide an independent opinion, for the purpose of Chapter 9 of the Catalist Rules, on whether the Proposed Acquisition is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

We were neither a party to the negotiations entered into by the Company in relation to the Proposed Acquisition nor involved in the deliberations leading up to the decision on the part of the Directors to enter into the Proposed Acquisition. We do not, by this Letter, warrant the merits of the Proposed Acquisition other than to form an opinion for the purposes of Chapter 9 of the Catalist Rules.

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. We have also relied on information provided and representations made by the Directors, the management of the Company ("**Management**") and the Company's advisers. 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 and 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 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 which relate to the Proposed Acquisition and the Company are fair and accurate and that there are no material facts or omissions of which would make any statement in the Circular misleading in any material respect. The Directors collectively and individually accept responsibility accordingly.

For the purposes of assessing the terms of the Proposed Acquisition and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of Cancer Centre, 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 Cancer Centre, the Company and/or the Group in connection with our opinion in this Letter.

We have not made an independent evaluation or appraisal of the assets and liabilities of Cancer Centre, the Company and/or the Group (including without limitation, property, plant and equipment). As such, we will be relying on the disclosures and representations made by the Company on the value of the assets and liabilities and profitability of Cancer Centre, the Company and/or the Group. We have not been furnished with any such evaluation or appraisal. We have not relied on any financial projections or forecasts in respect of Cancer Centre, the Company and/or the Group for the purpose of our evaluation of the Proposed Acquisition.

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 7 June 2017 (“**Latest Practicable Date**”). 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.** Shareholders should further take note of any announcements relevant to their consideration of the Proposed Acquisition 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 Independent 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 set out in the Circular). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this Letter set out in the Circular).

This Letter sets out, *inter alia*, our opinion on whether the Proposed Acquisition is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders, and should be considered in the context of the entirety of this Letter and the Circular.

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 24 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 29 clinics strategically located in Singapore and comprises an extensive network of 37 SMG 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, 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 facial plastic surgery.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital comprising 425,177,092 Shares. Based on the last transacted Share price of S\$0.645 and the outstanding Shares as at the Latest Practicable Date, the market capitalisation of the Company was approximately S\$274.2 million.

3.2 Key financial information of the Group

The summary of the audited financial performance of the Group for the last three financial years ended 31 December (“**FY**”) 2014, 2015 and 2016 is set out below. The following summary of financial information should be read in conjunction with the full text of the Company’s annual reports and the respective results announcements in respect of the relevant financial periods including the notes thereto.

Financial performance of the Group

Income statement (S\$'000)	← Audited →		
	FY2014	FY2015	FY2016
Revenue	26,514	30,967	41,580
Gross profit	8,809	9,665	14,905
Profit before tax	112	43	3,043
Profit / (Loss) after tax attributable to owners of the Company	79	(148)	2,423

Sources : Company’s annual reports for FY2015 and FY2016

Review of operating results

FY2015 vs FY2014

Revenue for the Group increased by S\$4.45 million or 16.8% from S\$26.51 million in FY2014 to S\$30.97 million in FY2015. The increase was mainly due to the increase in revenue of both the Health Business and the Diagnostic & Aesthetic Business by S\$2.60 million and S\$1.80 million respectively.

Gross profit increased by S\$0.86 million or 9.7% from S\$8.81 million in FY2014 to S\$9.67 million in FY2015 as a result of an increase in revenue. Gross profit margin, however, decreased from 33.2% in FY2014 to 31.2% in FY2015 due mainly to the increase in doctors’ headcount as a result from the opening of five new clinics in FY2015.

Distribution and selling expenses, as well as administrative expenses had increased marginally, arising from the increase in marketing expenses to promote services and the opening of the new clinics.

As a result of the above, the Group recorded a loss after tax attributable to owners of the Company of S\$0.15 million for FY2015, compared to a profit after tax attributable to owners of the Company of S\$0.08 million for FY2014.

FY2016 vs FY2015

Revenue for the Group increased by S\$10.61 million or 34.3% from S\$30.97 million in FY2015 to S\$41.58 million in FY2016. The increase was mainly due to the increase in revenue of the Health Business and the Diagnostic & Aesthetic Business by S\$7.30 million and S\$3.30 million respectively.

Gross profit increased by S\$5.24 million or 54.2% from S\$9.67 million in FY2015 to S\$14.91 million in FY2016. Gross profit margin for the Group also increased from 31.2% in FY2015 to 35.8% in FY2016, due to the improvement in profit margin from the Diagnostic & Aesthetics Business segment.

Distribution and selling expenses, as well as administrative expenses had increased due to the increase in revenue and marketing activities as well as the increase in staff headcount with the acquisition of Novena Radiology Pte. Ltd. and Lifescan Imaging Pte. Ltd. in FY2016 and opening of a new clinic in the fourth quarter of FY2016. This was coupled with a higher depreciation charged for the financial year resulting from the abovementioned acquisitions.

As a result of the above factors, the Group had managed to turn its financial performance around and recorded a profit after tax attributable to owners of the Company of S\$2.42 million for FY2016, compared to a loss after tax attributable to owners of the Company of S\$0.15 million for FY2015.

Financial position of the Group

The audited financial position of the Group as at 31 December 2016 is as follows:

Balance sheet	Audited
(S\$'000)	31 December 2016
Non-current assets	20,141
Current assets	14,303
Current liabilities	8,166
Non-current liabilities	2,352

Source : Company's annual report for FY2016

As at 31 December 2016, the NTA attributable to owners of the Company amounted to approximately S\$13.69 million. Based on the number of issued and paid-up Shares of the Company as at 31 December 2016 of 311,032,782, the NTA per Share attributable to owners of the Company amounted to S\$0.044 per Share.

Review of financial position

The assets of the Group as at 31 December 2016 comprised mainly: (i) intangible assets of S\$9.59 million; (ii) cash and cash equivalents of S\$7.82 million; (iii) property, plant and equipment of S\$7.35 million and (iv) trade receivables of S\$3.46 million, representing 27.9%, 22.7%, 21.3% and 10.0% of the total assets respectively.

The liabilities of the Group as at 31 December 2016 comprised mainly: (i) other payables and accruals of S\$4.44 million; (ii) trade payables of S\$1.84 million; (iii) long term obligations under finance leases of S\$1.50 million; (iv) short term obligations under finance leases of S\$0.88 million; (v) short term loans and borrowings of S\$0.61 million; and (vi) long term loans and borrowings of S\$0.57 million, representing 42.2%, 17.5%, 14.3%, 8.4%, 5.8% and 5.4% of the total liabilities respectively.

4. INFORMATION ON CANCER CENTRE AND THE GROUP'S INVESTMENT IN CANCER CENTRE

4.1 Information on Cancer Centre and Dr Wong

Details on Cancer Centre and Dr Wong are set out in section 2.3.1 of the Circular. We have extracted the relevant sections and have set them out below for your reference.

"2.3.1 Information on Cancer Centre and the Vendor

Cancer Centre is a company incorporated in Singapore on 26 December 2007 with its principal activity being the provision of screening and treatment of general cancer services.

Cancer Centre currently operates its business at the following locations:

- (a) **Paragon**
290 Orchard Road #17-05/06
Paragon
Singapore 238859
- (b) **Mount Elizabeth Novena**
38 Irrawaddy Road #05-34/35
Mount Elizabeth Novena Specialist Centre
Singapore 329563

As at the Latest Practicable Date, Cancer Centre has an issued and paid-up share capital of S\$500,000 comprising 500,000 ordinary shares. The Company is a controlling shareholder of Cancer Centre, holding shares representing 80% of the total issued and paid-up share capital of Cancer Centre. As at the Latest Practicable Date, the shareholding in Cancer Centre is as follows:—

Shareholder	Number of shares in Cancer Centre	Shareholding Percentage
<i>Singapore Medical Group Limited</i>	<i>400,000</i>	<i>80%</i>
<i>Dr Wong Seng Weng</i>	<i>100,000</i>	<i>20%</i>

The Vendor, Dr Wong Seng Weng ("Dr Wong"), is an executive Director of the Company and is a 2.48% Shareholder of the Company. He is also an oncologist at Cancer Centre."

4.2 Background and History of Cancer Centre

As mentioned in section 4.1 of this Letter, Cancer Centre is a company incorporated in Singapore on 26 December 2007 with its principal activity being the provision of screening and treatment of general cancer services.

Pursuant to the initial public offering of the Company in 2009, to align the interests of Dr Wong with Cancer Centre, the Group undertook a restructuring exercise to provide performance incentive to Dr Wong, such that 40.0% of the issued and paid-up share capital of Cancer Centre would be transferred for free to him over a period of time if the Cancer Centre meets certain performance targets stipulated in his service agreement with the Group. These performance targets were met and 40.0% of the issued and paid-up share capital of Cancer Centre was transferred over to Dr Wong in accordance with his service agreement. The Company held 60.0% of the issued and paid-up share capital of Cancer Centre after the above mentioned share issuance to Dr Wong. As at the Latest Practicable Date, Dr Wong's service agreement is still effective, but he is not entitled to receive any new shares in Cancer Centre.

In 2014, the Company had acquired an additional 20.0% of the issued and paid-up share capital of Cancer Centre from Dr Wong for a consideration of S\$900,000. The consideration was satisfied by the issuance of 5,360,000 new Shares of the Company. Following this acquisition and up to the Latest Practicable Date, the Company holds 80.0% of the issued and paid-up share capital of Cancer Centre.

5. SALIENT TERMS OF THE PROPOSED ACQUISITION

The details of the Proposed Acquisition are set out in section 2.3 of the Circular. A summary of the key terms of the Proposed Acquisition is set out below for your reference.

5.1 Consideration Price

The Consideration Price for the Proposed Acquisition was determined to be S\$2.92 million, based on a price of S\$58 per share in Cancer Centre, and will be satisfied by the allotment and issuance of 5,392,428 Consideration Shares to Dr Wong at an Issue Price of approximately S\$0.5415 per Consideration Share.

The Issue Price per Consideration Share is determined based on the volume weighted average price ("VWAP") of the Shares traded on the SGX-ST on 19 April 2017, being the market day preceding the date of the SPA.

5.2 Conditions Precedent

The conditions precedent for the Proposed Acquisition which have been set out in section 2.3.3 of the Circular are extracted and reproduced in italics below:

"2.3.3 Conditions Precedent to the SPA

Completion under the SPA is conditional upon the following conditions having been reasonably satisfied, complied with, or waived:

- (a) the Company obtaining all applicable governmental or regulatory approvals, including but not limited to any SGX-ST requirements, for the transaction contemplated under the SPA;*
- (b) a listing and quotation notice for the listing and quotation of the Consideration Shares on the SGX-ST being obtained from the SGX-ST and not having been revoked or amended; and*

- (c) *the approval of the Shareholders for the Proposed Acquisition and any transaction contemplated under the SPA and other related transactions as may be required in relation thereto.*

5.3 Completion

The conditions for the completion of the Proposed Acquisition which have been set out in section 2.3.4 of the Circular are extracted and reproduced in italics below:

“2.3.4 Completion under the SPA

On Completion under the SPA, the following shall take place:

2.3.4.1 the Vendor shall deliver to the Company the following:

- (a) the share certificate(s) in respect of the Sale Shares;*
- (b) valid and registrable transfers in respect of all the Sale Shares duly executed by the Vendor transferring the legal and beneficial ownership of all the Sale Shares to the Company;*
- (c) duly passed resolution(s) of the board of directors of Cancer Centre approving the transfer of the Sale Shares; and*
- (d) all such other documents as may be necessary to transfer the full legal and beneficial title in the Sale Shares to the Company and as the Company may reasonably require to complete the purchase of the Sale Shares.*

2.3.4.2 the Company shall, against receipt of the above, allot and issue such number of Consideration Shares as set out in Section 2.3.2 above to the Vendor by issuing a share certificate in relation to the Consideration Shares in favour of CDP, despatching the same to CDP, and instructing CDP to credit the Consideration Shares into the Securities Account of the Vendor (or his nominee).”

5.4 Additional Listing Application

The details of the additional listing application which have been set out in section 2.6 of the Circular are extracted and reproduced in italics below:

“2.6 Additional Listing Application

The Sponsor, on behalf of the Company, will be submitting an additional listing application to the SGX-ST for the listing of and quotation for 5,392,428 Consideration Shares on Catalist. An announcement will be made in due course to notify Shareholders when the listing and quotation notice from the SGX-ST is obtained.”

6. EVALUATION OF THE PROPOSED ACQUISITION

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

- (a) Rationale for the Proposed Acquisition;
- (b) Financial performance and position of Cancer Centre;
- (c) Financial assessment of the Consideration Price of the Proposed Acquisition;
- (d) Financial assessment of the Issue Price of the Consideration Shares;
- (e) Financial effects of the Proposed Acquisition; and
- (f) Other relevant considerations in relation to the Proposed Acquisition.

6.1 Rationale for the Proposed Acquisition

The rationale for the Proposed Acquisition which has been set out in section 2.3.5 of the Circular are set out below.

"2.3.5 Rationale for the Proposed Acquisition

The Company recognises the performance and continuing potential of Cancer Centre and, in a bid to enhance Shareholders' value, has decided to acquire 10% of the total issued and paid-up share capital of Cancer Centre from Dr Wong.

The Company also recognises the performance and efforts of Dr Wong as founder and director of Cancer Centre. The Company wishes to continue to encourage the performance of Dr Wong for his work as founder and director of Cancer Centre. As such, Dr Wong will retain a 10% equity stake in Cancer Centre upon completion of the Proposed Acquisition.

The Board believes that the issuance of the Consideration Shares to Dr Wong will further incentivise Dr Wong's work in Cancer Centre and align the Group's interests with that of Dr Wong's."

6.2 Financial performance and position of Cancer Centre

Financial performance of Cancer Centre

The financial performance of Cancer Centre for FY2016 and FY2015 are set out below:

Income statement (S\$'000)	← Audited →	
	FY2015	FY2016
Revenue	14,656	16,319
Gross profit	4,908	5,528
Profit before tax	2,863	3,223
Profit after tax	2,933	2,920

Source : Cancer Centre's audited financial statements for FY2016

Review of operating results

Revenue increased by S\$1.66 million or 11.3% from S\$14.66 million in FY2015 to S\$16.32 million in FY2016. The increase was due mainly to increase in patient volume arising from continued marketing efforts. Gross profit increased by S\$0.62 million or 12.6% from S\$4.91 million in FY2015 to S\$5.53 million in FY2016 as a result of an increase in revenue.

Selling and distribution expenses, as well as administrative expenses increased due to the marketing efforts to promote services and the increased usage of credit card services which led to higher credit card charges.

Profit before tax increased by S\$0.36 million or 12.6% from S\$2.86 million in FY2015 to S\$3.22 million in FY2016. This was driven by an increase in revenue which was offset by higher selling and distribution expenses due to increased marketing efforts to promote services.

Cancer Centre recorded a tax credit of S\$0.07 million in FY2015 whereas in FY2016 it recorded a tax expense of S\$0.30 million. In FY2015, the tax credit arose from over provision of prior year income tax. There was no tax provision in FY2015 due to the application of group tax relief where tax losses from other entities of the Group were transferred to Cancer Centre to offset its taxable income. In FY2016, income tax provision was made as a result of increase in taxable income arising from higher profits and lower amount of available group tax relief.

As a result of the above, Cancer Centre recorded a profit after tax of S\$2.92 million for FY2016, compared to a profit after tax of S\$2.93 million for FY2015.

Financial position of Cancer Centre

The audited financial position of Cancer Centre as at 31 December 2016 is as follows:

Balance sheet	Audited
(S\$'000)	31 December 2016
Non-current assets	36
Current assets	8,166
Current liabilities	2,524
Non-current liabilities	31

Source : Cancer Centre's audited financial statements for FY2016

The assets of Cancer Centre as at 31 December 2016 comprised mainly: (i) receivables due from related companies of S\$3.69 million; (ii) cash and cash equivalents of S\$3.14 million; (iii) inventories of S\$0.61 million and (iv) trade receivables of S\$0.59 million, representing 45.0%, 38.3%, 7.4% and 7.2% of Cancer Centre's total assets respectively.

The liabilities of Cancer Centre as at 31 December 2016 comprised mainly: (i) trade payables of S\$1.09 million; (ii) payables due to related companies of S\$0.77 million; (iii) other payables and accruals of S\$0.35 million; and (iv) income tax payable of S\$0.31 million; representing 42.7%, 30.1%, 13.7% and 12.1% of Cancer Centre's total liabilities respectively.

We wish to highlight to the Independent Directors that the above analysis is only for illustrative purposes and is not meant to be an indication of, or to comment on the Cancer Centre's future profitability, growth prospects, financial positions and working capital sufficiency.

6.3 Financial assessment of the Consideration Price of the Proposed Acquisition

In assessing the Consideration Price, we have considered the following:

- (i) Financial assessment of Consideration Price *vis-à-vis* Comparable Companies of Cancer Centre; and
- (ii) Financial assessment of Consideration Price *vis-à-vis* Comparable Transactions.

6.3.1 Financial assessment of Consideration Price *vis-à-vis* Comparable Companies of Cancer Centre

For the purpose of our evaluation of the Proposed Acquisition, we have compared various valuation ratios of Cancer Centre implied by the Consideration Price with those of selected public listed companies on the SGX-ST which are broadly comparable to Cancer Centre and are engaged in, *inter alia*, the provision of specialised medical services in Singapore (“Comparable Companies”).

We recognise that there is no company listed on the SGX-ST which we may consider to be identical to Cancer Centre 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 Cancer Centre as at the Latest Practicable Date.

A brief description of the Comparable Companies listed on the SGX-ST is set out as follows:

Comparable Companies	Business Activity Description	Financial Year End
TalkMed Group Limited ("TalkMed")	TalkMed is primarily engaged in the provision of medical oncology services and stem cell transplant services. TalkMed's doctors provide tertiary healthcare services in the fields of medical oncology, stem cell transplant and palliative care to the oncology patients in the private sector in Singapore.	31 December 2016
Singapore O&G Ltd. ("Singapore O&G")	Singapore O&G provides specialised medical services for women in the areas of obstetrics and gynaecology, cancer and dermatology.	31 December 2016
ISEC Healthcare Ltd. ("ISEC Healthcare")	ISEC Healthcare provides medical care, consultancy, treatment, and surgery services in the field of ophthalmology in Malaysia and Singapore. The company offers a range of specialist eye care services, including cataract and intraocular lens implant surgeries, refractive surgeries, vitreoretinal diseases, corneal diseases, external eye diseases, glaucoma, uveitis, oculoplastics, facial cosmetics and aesthetics surgeries, adult strabismus, and paediatric ophthalmology.	31 December 2016
HC Surgical Specialists Limited ("HC Surgical")	HC Surgical is a medical services group primarily engaged in the provision of endoscopic procedures, including gastroscopies and colonoscopies, and general surgery services with a focus on colorectal procedures across a network of clinics located throughout Singapore.	31 December 2016

Source : Capital IQ

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>
Enterprise Value-to-Earnings before Interests, Taxes, Depreciation and Amortisation ("EV/EBITDA")	<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>
Price-to-Net Tangible Assets ("P/NTA")	<p>NTA refers to consolidated net tangible assets, 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>

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

Comparable Companies ⁽¹⁾	Market Capitalisation (S\$'million)	PE ⁽²⁾ (times)	EV/EBITDA ⁽³⁾ (times)	P/NTA ⁽⁴⁾ (times)
TalkMed	1,038.7	27.8	21.2	14.3
Singapore O&G	319.5	36.1	27.1	21.7
ISEC Healthcare	178.4	27.3	16.6	8.2
HC Surgical	89.9	29.1 ⁽⁵⁾	18.1 ⁽⁵⁾	6.7
High		36.1	27.1	21.7
Low		27.3	16.6	6.7
Mean		30.1	20.8	12.7
Median		28.4	19.6	11.3
Cancer Centre	29.2	10.0	8.0	5.2

Sources : Capital IQ, annual reports and announcements of the Comparable Companies and RHTC calculations

Notes:

- (1) The list of Comparable Companies takes into consideration selected public listed companies on the SGX-ST, which are broadly comparable to Cancer Centre and are engaged in, *inter alia*, the provision of specialised medical services in Singapore. The list does not include companies such as Raffles Medical Group Limited and Health Management International Limited as they are asset heavy companies with operations in Singapore as well as overseas which in our view are not comparable to Cancer Centre.
- (2) 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. In respect of Cancer Centre, its PE ratio is calculated based on Cancer Centre's earnings, of S\$2.92 million and equity value of S\$29.20 million as implied by the Consideration Price.
- (3) The EV/EBITDA ratios of the Comparable Companies are computed 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. In respect of Cancer Centre, its EV/EBITDA ratio was calculated based on Cancer Centre's EBITDA of S\$3.26 million for FY2016. Cancer Centre's EV of S\$26.05 million was calculated based on its equity value of S\$29.20 million as implied by the Consideration Price and less cash and cash equivalents of S\$3.15 million as at 31 December 2016.
- (4) 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 Practical Date. In respect of Cancer Centre, its P/NTA ratio is calculated based on Cancer Centre's NTA of S\$5.65 million as at 31 December 2016.
- (5) Adjusted for listing expenses.

Based on the above, we observe that:

- (a) the PE ratio of Cancer Centre implied by the Consideration Price of 10.0 times is below the range, mean and median of the PE ratios of the Comparable Companies;
- (b) the EV/EBITDA ratio of Cancer Centre implied by the Consideration Price of 8.0 times is below the range, mean and median of the EV/EBITDA ratios of the Comparable Companies; and
- (c) the P/NTA ratio of Cancer Centre implied by the Consideration Price of 5.2 times is below the range, mean and median of the P/NTA ratios of the Comparable Companies.

6.3.2 Financial assessment of Consideration Price *vis-à-vis* Comparable Transactions

We have made a comparison of the relevant financial terms of selected completed transactions involving SGX-ST listed companies acquiring equity interests in companies which are in the business of the provision of specialised medical services (“**Comparable Transactions**”). The Comparable Transactions were sourced from publicly available information since 2015. However, we note that the publicly available information of the Comparable Transactions may be limited and may not include the relevant financial information necessary for our comparison purposes. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information.

We wish to highlight that the Comparable Transactions may not be exhaustive and the target companies may not be directly comparable to Cancer Centre in terms of 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 Transactions merely serves as an illustrative market valuation of Cancer Centre as at the Latest Practicable Date.

Acquiring companies	Target companies	Announcement date	Percentage of new shares to existing shares ⁽¹⁾	Issue price (\$)	Price on last traded full market day prior to announcement date (\$)	Premium / (Discount) of issue price over last price traded on full market day prior to announcement date ⁽²⁾ (%)	Issue price/NTA ⁽¹⁾	PE as implied by the purchase consideration and the target companies' historical earnings (times)	P/NTA as implied by the purchase consideration and the target companies' NTA (times)
HC Surgical	Julian Ong Endoscopy & Surgery Pte. Ltd.	1 Feb 17	0.7	0.61	0.610	(0.7)	6.0	N.A ⁽⁴⁾	N.A ⁽⁴⁾
SMG	Astra Women's Specialists (WB) Pte. Ltd.; The Women's Specialist Centre Pte. Ltd.; Fong's Clinic For Women & Fertility Pte. Ltd.; Astra Centre For Women & Fertility Pte. Ltd.; The London Clinic & Surgery For Women Pte. Ltd.; James Lee Healthcare Pte. Ltd.; and Alpha Healthcare International Pte. Ltd.	11 Oct 16	29.4	0.33	0.370	(10.0)	6.0	10.0	N.A ⁽⁴⁾
Q & M Dental Group (Singapore) Limited ("Q & M")	British Dental Surgery Pte. Ltd.	4 Oct 16	0.0 ⁽⁵⁾	0.72	0.750	(4.0)	20.9	5.1	N.A ⁽⁴⁾
Q & M	Ho Dental Surgery (Marine Parade) Pte. Ltd.	3 Sep 16	0.1	0.72	0.720	N.A ⁽⁴⁾	20.0	N.A ⁽⁴⁾	N.A ⁽⁴⁾
SMG ⁽³⁾	Lifescan Imaging Pte. Ltd.;	5 Aug 16	12.1	0.26	0.240	6.7	6.6	12.3	3.2
ISEC Healthcare ⁽³⁾	JL Medical (Bukit Batok) Pte. Ltd.; JL Medical (Sembawang) Pte. Ltd.; JL Medical (Woodlands) Pte. Ltd.; and JL Medical (Yew Tee) Pte. Ltd.	27 May 16	5.7	0.25	0.270	(7.4)	4.2	11.8	0.4
SMG	Novena Radiology Pte. Ltd.	23 Mar 16	N.A ⁽⁴⁾	0.00	0.150	N.A ⁽⁴⁾	N.A ⁽⁴⁾	N.A ⁽⁴⁾	9.6
Q & M	Lee & Lee (Dental Surgeons) Pte Ltd	28 Jan 16	0.9	0.72	0.650	10.8	26.8	N.A ⁽⁴⁾	6.7
Cordlife Group Limited	Stemlife Berhad	12 Nov 15	N.A ⁽⁴⁾	0.00	1.390	N.A ⁽⁴⁾	N.A ⁽⁴⁾	N.M ⁽⁶⁾	4.7
Singapore O&G	JL Laser & Surgery Centre Pte. Ltd. ; JL Esthetic Research Centre Pte. Ltd.; and JL Dermatology Pte. Ltd.	5 Nov 15	9.4	0.61	0.645	(5.0)	5.9	N.A ⁽⁴⁾	N.A ⁽⁴⁾
Q & M	Aesthetics Dental Surgery Pte Ltd; Dr Tan Hwee Hiang Pte Ltd; and Teh Prosthodontics & Implant Centre Pte Ltd	12 May 15	0.4	0.71	0.795	(10.6)	11.4	7.6	7.3
Q & M	Tiong Bahru Dental Surgery Pte Ltd; and Bright Smile Dental Surgery Pte Ltd	12 May 15	0.2	0.71	0.795	(10.6)	11.4	10.1	6.2
Fullerton Healthcare Group Pte. Limited	RadLink-Asia Pte Limited	1 May 15	N.A ⁽⁴⁾	N.A ⁽⁴⁾	N.A ⁽⁴⁾	N.A ⁽⁴⁾	N.A ⁽⁴⁾	27.7	5.0

Acquiring companies	Target companies	Announcement date	Percentage of new shares to existing shares ⁽¹⁾	Issue price (\$)	Price on last traded full market day prior to announcement date (\$)	Premium / (Discount) of issue price over last price traded on full market day prior to announcement date ⁽²⁾ (%)	Issue price/NTA ⁽¹⁾ (times)	PE as implied by the purchase consideration and the target companies' historical earnings (times)	P/NTA as implied by the purchase consideration and the target companies' NTA (times)
Q & M	TP Dental Surgeons Pte Ltd	28 Apr 15	1.9	0.71	0.775	(8.8)	12.3	15.1	15.1
Q & M	New Dental Centre Pte Ltd	15 Jan 15	N.A ⁽⁴⁾	N.A ⁽⁴⁾	0.470	N.A ⁽⁴⁾	N.A ⁽⁴⁾	N.A ⁽⁴⁾	1.0
High			29.4			10.8	26.8	27.7	15.1
Low			0.0			(10.6)	4.2	5.1	0.4
Mean			5.5			(4.0)	12.0	12.5	5.9
Median			0.9			(6.2)	11.4	11.0	5.6
Company	Cancer Centre	20 Apr 2017	1.3	0.5415	0.550	(1.6)	16.0	10.0	5.2

Sources : Capital IQ, announcements of the Comparable Transactions and RHTC calculations

Notes:

- (1) Percentage of new shares to existing shares and issue price to NTA ratio are calculated based on the existing shares and NTA as disclosed in the latest financial results announcement prior to the announcement date of the respective Comparable Transactions.
- (2) For the Comparable Transactions where shares of the acquiring companies were used to satisfy the purchase consideration, the premium or discount of the issue price of the consideration shares over the last traded price of the shares of the acquiring companies on full market day prior to announcement date of the Comparable Transactions.
- (3) The Comparable Transactions completed by ISEC Healthcare and SMG were interested person transactions.
- (4) N.A. denotes not available.
- (5) The percentage of new shares to existing shares for British Dental Surgery Pte. Ltd. is 0.02%.
- (6) N.M. denotes not meaningful as the Comparable Company being acquired is loss-making.

Based on the above, we note that the PE ratio of 10.0 times and the P/NTA ratio of 5.2 times of Cancer Centre, as implied by the Consideration Price, are within the range and lower than the mean and median of the corresponding PE ratios and P/NTA ratios of the Comparable Transactions respectively.

We note that the Comparable Transactions may include the acquisitions of a controlling stake in the target companies. Such acquisitions may also include a premium in its purchase consideration for the controlling stake of the company. However, we note that the Company already has an 80.0% interest in Cancer Centre, and the Proposed Acquisition consolidates its equity interest from 80.0% to 90.0% of the total issued and paid-up shares of Cancer Centre.

6.4 Financial assessment of the Issue Price of the Consideration Shares

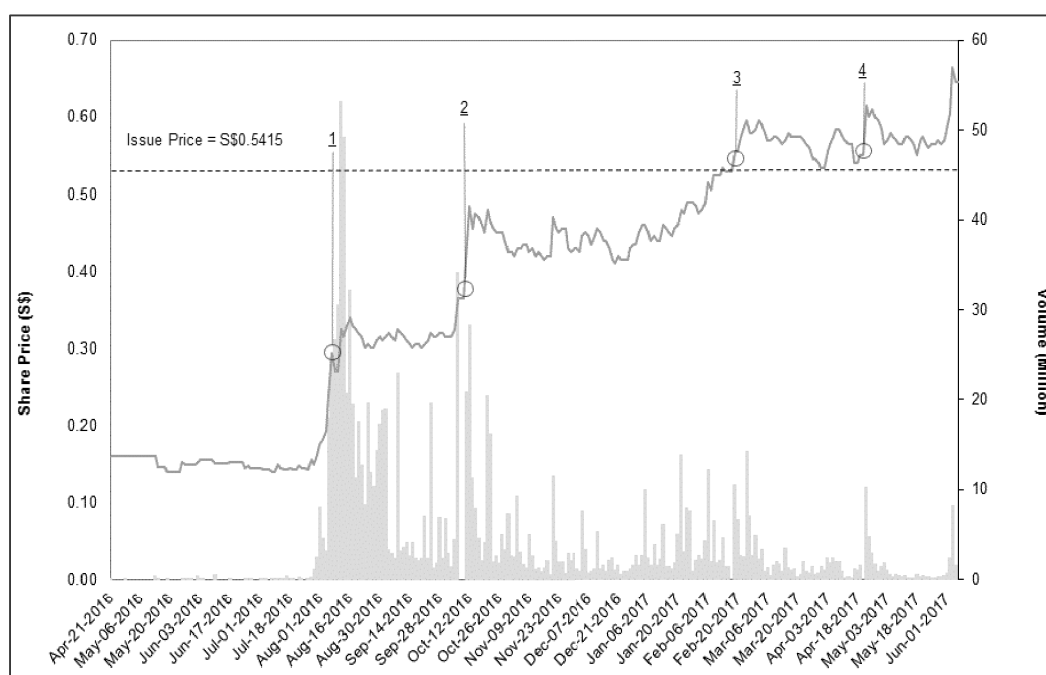
In assessing the Issue Price, we have considered the following:

- (i) Market quotations and trading activity of the Company; and
- (ii) Financial assessment of Issue Price *vis-à-vis* Comparable Transactions.

6.4.1 Market quotations and trading activity of the Company

We set out below a historical chart on the prices and trading volume of the Shares for the period commencing from 21 April 2016 (being 1 year prior to the announcement of the Proposed Acquisition) and ending on the Latest Practicable Date.

**Price and traded volume of the Shares for the period from
21 April 2016 to the Latest Practicable Date**



Sources : Capital IQ and the Company's announcements

Notes:

- (1) 5 August 2016 – The Company announced the proposed acquisition of Lifescan Imaging Pte. Ltd.
- (2) 11 October 2016 – The Company announced the proposed acquisition of Astra Women's Specialists (WB) Pte. Ltd., The Women's Specialist Centre (HC) Pte. Ltd., Fong's Clinic For Women & Fertility Pte. Ltd., Astra Centre for Women & Fertility Pte. Ltd., The London Clinic & Surgery For Women Pte. Ltd., James Lee Healthcare Pte. Ltd. and Alpha Healthcare International Pte. Ltd.
- (3) 17 February 2017 – The Company announced that they have entered into a placement agreement with CHA Healthcare Co., Ltd. for the issue and allotment of 30,000,000 placement shares at an aggregate placement price of S\$15,000,000 (at S\$0.50 per Share).
- (4) 20 April 2017 – The Company announced the Proposed Acquisition of Cancer Centre and the proposed acquisition of Children's Clinic Pte. Ltd. and Kids Clinic @ Bishan Pte. Ltd.

We note that the Share price had increased substantially since 29 July 2016 which was then trading at \$0.162. The Share price increased to S\$0.310 by the end of August 2016 and up to \$0.425 by the end of November 2016. The Share price climbed to S\$0.605 on 24 February 2017, the highest price achieved in the 1-year period prior to the Announcement Date and it represented an increase of 273.5% since 29 July 2016. As such, due to the substantial increase in Share price over the last nine months, the Issue Price is at sizable premium over the 1-year VWAP of the Shares prior to the Announcement Date.

We note that the Shares were halted for trading on 20 April 2017 and the Announcement was subsequently released on the same day. We have therefore tabulated below the respective VWAP of the Shares, the highest and lowest transacted prices for the Shares and the average number of Shares traded on a daily basis for the period commencing from 21 April 2016 (being the first market day of the 12-month period prior to the Announcement Date) and ending on the Latest Practicable Date ("**Period under Review**").

	VWAP ⁽¹⁾	Premium / (discount) of the Issue Price over/ (to) VWAP	Lowest transacted price	Highest transacted price	Average daily trading volume ⁽²⁾	Average daily trading volume as a percentage of free float ⁽³⁾
	(\$)	(%)	(\$)	(\$)	('000)	(%)
For the period prior to the Announcement Date						
1-month	0.5603	(3.4)	0.525	0.595	1,178	0.53
3-month	0.5420	(0.1)	0.465	0.605	2,895	1.30
6-month	0.4931	9.8	0.400	0.605	2,883	1.30
1-year	0.3827	41.5	0.138	0.605	4,274	1.92
19 April 2017, being the last trading day prior to the Announcement Date	0.5415	–	0.530	0.550	1,573	0.71
For the period after the Announcement Date and up to the Latest Practicable Date						
Between the Announcement Date and up to the Latest Practicable Date	0.6030	(10.2)	0.550	0.665	1,395	0.63
7 June 2017, being the Latest Practicable Date	0.6418	(15.6)	0.630	0.650	1,022	0.46

Sources : Shareinvestor and the Company's annual report for FY2016

Notes:

- (1) The VWAP is calculated based on the turnover divided by volume of the Shares as extracted from Shareinvestor.
- (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 ("**Total Market Days**").
- (3) Free float refers to the Shares other than those held by the Directors and the substantial shareholders of the Company, and amounts to approximately 222.2 million Shares, representing approximately 52.6% of the issued Shares as disclosed in the Company's annual report for FY2016.

Based on the above, we observe that:

- (a) the Issue Price of S\$0.5415 is equivalent to the VWAP of the Shares of S\$0.5415 on 19 April 2017, being the last full traded day of the Shares prior to the Announcement Date;
- (b) the Issue Price represents a discount of 3.4% and 0.1% to the VWAP of the Shares for the 1-month and 3-month periods and a premium of 9.8% and 41.5% over the VWAP of the Shares for the 6-month and 1-year periods prior to the Announcement Date respectively;
- (c) the Issue Price represents a discount of 10.2% to the VWAP of the Shares for the period between the market day immediately after the Announcement Date and up to the Latest Practicable Date;
- (d) as at the Latest Practicable Date, the Issue Price represents a discount of 16.1% to the last traded price of the Shares of S\$0.645;
- (e) during the period from 21 April 2016 up to the Announcement Date, the Shares were traded on 249 market days or 98.4% of the Total Market Days. The total number of Shares traded during this period was approximately 1,064.27 million Shares with an average daily trading volume of 4.27 million Shares, representing 1.9% of the free float; and
- (f) during the period after the Announcement Date and up to the Latest Practicable Date, the Shares were traded on 32 market days or 100.0% of the Total Market Days. The total number of Shares traded during this period was approximately 44.66 million Shares with an average daily trading volume of 1.40 million Shares, representing 0.6% of the free float.

Independent Directors should note that the past trading performance for the Shares may not be relied upon as an indication or promise of its future trading performance.

6.4.2 Financial assessment of Issue Price *vis-à-vis* Comparable Transactions

In our assessment of the reasonableness of the Issue Price, we have considered the financial terms of the Comparable Transactions as mentioned in section 6.3.2 of this Letter, *inter alia*, (i) the premium / discount of the issue prices of the consideration shares over / to the last transacted prices of shares of the acquiring companies prior to the date of the relevant announcement of the Comparable Transactions ("**Issue Price vs Last Traded Price**"); (ii) the ratio of the issue price of the consideration shares over the NTA of the acquiring companies ("**Issue Price vs NTA**"); and (iii) the new consideration shares issued as a percentage of the total existing issued shares of the acquiring companies ("**New Shares Percentage**").

From the table as set out in section 6.3.2 above, we note the following:

- (a) the Issue Price is at a discount of 1.6% to the last traded price of the Shares on 19 April 2017 (being the last full traded day of Shares prior to the Announcement Date). This is within the range, and lower than the mean and median of the Issue Price vs Last Traded Price of the Comparable Transactions;
- (b) the ratio of the Issue Price over the NTA per Share of the Company is 16.0 times. This is within the range, but higher than the mean and median of the Issue Price vs NTA of the Comparable Transactions; and
- (c) the number of new Shares to be issued pursuant to the Proposed Acquisition is 1.3% of the total issued Shares of the Company. This is within the range, lower than the mean but higher than the median of the New Shares Percentage of the Comparable Transactions.

Independent Shareholders should note that as the circumstances for each of the companies listed is unique and as the companies or the transactions may not be identical to the Group or the Proposed Acquisition in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects and other relevant criteria, the analysis is necessarily limited. Further, the list of Comparable Transactions is by no means exhaustive and information relating to the said companies was compiled from publicly available information. Accordingly, any comparison between the Comparable Transactions serves as an illustrative guide only.

6.5 Financial effects of the Proposed Acquisition

The financial effects of the Proposed Acquisition are set out in section 2.3.7 of the Circular. We recommend the Independent Directors to advise the Shareholders to read section 2.3.7 of the Circular carefully, in particular the assumptions relating to the preparation of the financial effects.

We set out below the summary of the financial effects of the Proposed Acquisition:

Earnings per Share

The profit attributable to Shareholders of the Group for FY2016 amount to S\$2.42 million and the weighted average number of issued Shares is 286,945,000 Shares. Correspondingly, the earnings per Share of the Group is S\$0.0084. Assuming the Proposed Acquisition had been effected on 31 December 2016, the earnings per Share of the Group for FY2016 would have increased to S\$0.0094.

NTA per Share

The NTA attributable to Shareholders of the Group for FY2016 amount to S\$13.69 million and the number of issued Shares is 311,033,000 Shares. Correspondingly, the NTA per Share of the Group is S\$0.0440. Assuming the Proposed Acquisition had been effected on 31 December 2016, the NTA per Share of the Group for FY2016 would increase to S\$0.0451.

6.6 Other relevant considerations in relation to the Proposed Acquisition

- (i) No change in risk profile of the Company; and
- (ii) Proposed Acquisition of Paediatrics Clinics.

6.6.1 No change in risk profile of the Company

As at the Latest Practicable Date, the Company owns 80.0% of the issued Shares of the Cancer Centre.

We note that there is no change in the risk profile of the Company as the Proposed Acquisition does not increase the scale of the existing operations of the Group significantly, result in a change of control of the Company or have a significant adverse impact on the Group's earnings, working capital and gearing. We note that the Proposed Acquisition does not result in expansion of the Group's business to new geographical market as Cancer Centre's business is located and operated in Singapore.

Further, we note that the Proposed Acquisition will allow the Group to recognise the performance and continuing potential of Cancer Centre to enhance Shareholders' value and also to recognise the performance and efforts of Dr Wong as founder and director of Cancer Centre.

6.6.2 Proposed acquisition of Paediatrics Clinics

The Company had, on the Announcement Date of the Proposed Acquisition, also announced the proposed acquisition of Children's Clinic Central Pte. Ltd. and Kids Clinic @ Bishan Pte. Ltd. ("**Paediatrics Clinics Targets**"). We note that the proposed acquisition of the Paediatrics Clinics Targets was not an interested person transaction and the consideration was arrived at on a willing-buyer and willing-seller basis after arm's length negotiations between the Company and the sellers, after taking into account, *inter alia*, the profit targets to be given by the sellers, the prevailing market condition, the business prospects of the Paediatrics Clinics Targets and the capabilities and synergies between the Company and the sellers.

Based on the announcement of the proposed acquisition of the Paediatrics Clinics Targets, the Company is acquiring the Paediatrics Clinics Targets based on the consideration of S\$25.30 million, of which, S\$13.92 million is to be satisfied in cash and S\$11.38 million is to be satisfied in Shares.

Based on the adjusted proforma net profits of S\$2.30 million, the Company is acquiring the Paediatrics Clinics Targets at a PE ratio of 11.0 times. We note that Proposed Acquisition of Cancer Centre is at a PE ratio of 10.0 times, which is lower as compared the proposed acquisition of the Paediatrics Clinics Targets.

Further, the issue price of the consideration shares for the proposed acquisition of Paediatrics Clinics Targets is S\$0.5415 (based on VWAP of the Shares prior to the entry of the agreement for the acquisition), which is the identical to the Issue Price.

7. OUR OPINION

In arriving at our recommendation in respect of the Proposed Acquisition, 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.

- (a) Rationale for the Proposed Acquisition
- (b) Financial performance and position of Cancer Centre:
- (c) Financial assessment of the Consideration Price of the Proposed Acquisition:

Financial assessment of Consideration Price vis-à-vis Comparable Companies of Cancer Centre

- (i) the PE ratio of Cancer Centre implied by the Consideration Price of 10.0 times is below the range, mean and median of the PE ratios of the Comparable Companies;
- (ii) the EV/EBITDA ratio of Cancer Centre implied by the Consideration Price of 8.0 times is below the range, mean and median of the EV/EBITDA ratios of the Comparable Companies and
- (iii) the P/NTA ratio of Cancer Centre implied by the Consideration Price of 5.2 times is below the range, mean and median of the P/NTA ratios of the Comparable Companies;

Financial assessment of Consideration Price vis-à-vis Comparable Transactions

- (i) we note that the PE ratio of Cancer Centre of 10.0 times and the P/NTA ratio of 5.2 times, as implied by the Consideration Price are within the range and lower than the mean and median of the corresponding PE ratios and P/NTA ratios of the Comparable Transactions respectively.

(d) Financial assessment of the Issue Price of the Consideration Shares:

Market quotations and trading activity of the Company

- (i) the Issue Price of S\$0.5415 is equivalent to the VWAP of the Shares of S\$0.5415 on 19 April 2017, being the last full traded day of the Shares prior to the Announcement Date;
- (ii) the Issue Price represents a discount of 3.4% and 0.1% to the VWAP of the Shares for the 1-month and 3-month periods and a premium of 9.8% and 41.5% over the VWAP of the Shares for the 6-month and 1-year periods prior to the Announcement Date respectively;
- (iii) the Issue Price represents a discount of 10.2% to the VWAP of the Shares for the period between the market day immediately after the Announcement and up to the Latest Practicable Date;
- (iv) as at the Latest Practicable Date, the Issue Price represents a discount of 16.1% to the last traded price of the Shares of S\$0.645;
- (v) during the period from 21 April 2016 up to the Announcement Date, the Shares were traded on 249 market days or 98.4% of the Total Market Days. The total number of Shares traded during this period was approximately 1,064.27 million Shares with an average daily trading volume of 4.27 million Shares, representing 1.9% of the free float; and
- (vi) during the period after the Announcement Date and up to the Latest Practicable Date, the Shares were traded on 32 market days or 100.0% of the Total Market Days. The total number of Shares traded during this period was approximately 44.66 million Shares with an average daily trading volume of 1.40 million Shares, representing 0.6% of the free float;

Financial assessment of Issue Price vis-à-vis Comparable Transactions

- (i) the Issue Price is at a discount of 1.6% to the last traded price of the Shares on 19 April 2017 (being the last full traded day of Shares prior to the Announcement Date). This is within the range, and lower than the mean and median of the Issue Price vs Last Traded Price of the Comparable Transactions;
- (ii) the ratio of the Issue Price over the NTA per Share of the Company is 16.0 times. This is within the range, but higher than the mean and median of the Issue Price vs NTA of the Comparable Transactions; and
- (iii) the number of new Shares to be issued pursuant to the Proposed Acquisition is 1.3% of the total issued Shares of the Company. This is within the range, lower than the mean but higher than the median of the New Shares Percentage of the Comparable Transactions;

(e) Financial effects of the Proposed Acquisition:

- (i) the Company's earnings per Share of S\$0.0084 will increase to an earnings per Share of S\$0.0094 after adjusting for the Proposed Acquisition; and
- (ii) the Company's NTA per Share will increase from S\$0.0440 to S\$0.0451 after adjusting for the Proposed Acquisition.

- (f) Other relevant considerations in relation to the Proposed Acquisition:
- (i) there is no change to the risk profile of the Company as the Company currently holds 80.0% of the issued and paid-up share capital of Cancer Centre; and
 - (ii) the Company is also acquiring the Paediatrics Clinics Targets at a PE ratio of 11.0 times, which is higher as compared to the Proposed Acquisition of Cancer Centre, which is at a PE ratio of 10.0 times. The issue price of the consideration shares for the acquisition of the Paediatrics Clinics Targets is S\$0.5415, which is identical to the Issue Price of the Proposed Acquisition of Cancer Centre.

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 the Proposed Acquisition is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

We wish to highlight that we were neither a party to the negotiations entered into by the Company in relation to the Proposed Acquisition, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the SPA, and we do not warrant the merits of the Proposed Acquisition. Furthermore, we were not involved in the legal and financial due diligence that were conducted by the Company and its advisers on Cancer Centre.

We have prepared this Letter for the use of the Independent Directors in connection with and for the purposes of their consideration of the Proposed Acquisition. The recommendation made by them to the Shareholders in relation to the Proposed Acquisition shall remain the sole responsibility of the Independent 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 No. 200503187W)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“EGM”) of **SINGAPORE MEDICAL GROUP LIMITED** (the “Company”) will be held at 290 Orchard Road, #14-03, The Paragon, Singapore 238859 on 5 July 2017 at 4.30 p.m., for the purpose of considering, and if thought fit, passing with or without modifications, the following resolution:

ORDINARY RESOLUTION:

THE PROPOSED ACQUISITION OF 50,000 SHARES REPRESENTING 10% OF THE TOTAL ISSUED AND PAID-UP SHARE CAPITAL OF CANCER CENTRE PTE. LTD. AS AN INTERESTED PERSON TRANSACTION WITH THE ALLOTMENT AND ISSUANCE OF 5,392,428 SHARES IN THE CAPITAL OF THE COMPANY AS CONSIDERATION

That:

- (a) approval be and is hereby given for the Acquisition of 50,000 ordinary shares, representing 10% of the issued and paid-up share capital, of Cancer Centre Pte. Ltd. from the Vendor in accordance with the terms and conditions of the SPA;
- (b) approval be and is hereby given to the Directors or any of them to allot and issue to the Vendor, Dr Wong Seng Weng, who is a Director of the Company, subject to and otherwise in accordance with the terms and conditions of the SPA, 5,392,428 Consideration Shares on Completion Date;

Such Consideration Shares when issued shall rank *pari passu* in all respects with the then existing shares of the Company, save as may be provided in the terms and conditions of the SPA. The precise terms of the issue of the Consideration Shares are set out in the SPA. Dr Wong Seng Weng and his associates (if any) will abstain from exercising any voting rights on this resolution; and

- (c) approval be and is hereby given for the Proposed Acquisition in accordance with the terms and conditions of the SPA, which constitutes an interested person transaction under the Catalist Rules; and
- (d) the Directors and any of them be and are hereby authorised and empowered to approve, complete and do all such acts and things (including to approve, modify, ratify, sign, seal, execute and deliver all such documents as may be required) as they or he may consider expedient, desirable or necessary or in the interests of the Company to give effect to the Proposed Acquisition, this resolution and the transactions contemplated by the Proposed Acquisition and/or authorised by this resolution.

All capitalised terms used in this Notice of EGM which are not defined herein shall have the same meaning ascribed to them in the Circular to Shareholders dated 16 June 2017.

BY ORDER OF THE BOARD

Chan Wan Mei,
Lee Pay Lee
Company Secretaries
16 June 2017

Notes:

1. A member 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. The instrument appointing a proxy must be deposited at the registered office of the Company at 290 Orchard Road, #13-01, The Paragon, Singapore 238859 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.
3. 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 Manager and the Trustee 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.

SINGAPORE MEDICAL GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200503187W)

IMPORTANT:

1. Pursuant to Section 181(1C) of the Companies Act, (Cap. 50 of Singapore) (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy shares in Singapore Medical Group Limited, this Circular is forwarded to them at the request of the CPF Approved Nominees and is sent FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF 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 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 the CPF investor's 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 Extraordinary General Meeting ("**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 290 Orchard Road, #14-03, The Paragon, Singapore 238859, on 5 July 2017 at 4:30 p.m., 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 Acquisition as an Interested Person Transaction with the allotment and issuance of 5,392,428 Shares in the capital of the Company as consideration for the Proposed Acquisition		

* 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 _____ 2017

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 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 290 Orchard Road, #13-01, The Paragon, Singapore 238859 not less than 48 hours before the time appointed for holding the EGM.
2. Where a member 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 (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, 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 The Central Depository (Pte) Limited to the Company.
8. Agent Banks acting on the request of CPF 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.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Cap. 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 (Cap. 289 of Singapore) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36 of Singapore), in respect of shares purchased under the subsidiary legislation made under Central Provident Fund 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 Central Provident Fund 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 Manager and the Trustee 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.