

SINGAPORE MEDICAL GROUP LIMITED

(Company Registration No.: 200503187W)

SUBSCRIPTION OF ADDITIONAL SHARES IN CITYCLINIC ASIA INVESTMENTS PTE. LTD.

The Board of Directors (the "**Board**") of Singapore Medical Group Limited (the "**Company**" or "**SMG**", together with its subsidiaries, the "**Group**") wishes to announce that the Company will be subscribing for 76,269 new ordinary shares of CityClinic Asia Investments Pte. Ltd. ("**CCAI**") at US\$3.88 per share for a total cash consideration of US\$296,000 (the "**Subscription**") as part of CCAI's internal fund raising exercise to fund its expansion plan in Vietnam.

The Company currently holds an effective interest of 24.4% in CCAI comprising a direct interest of 11.5% and an indirect interest held through SMG International (Vietnam) Pte. Ltd. ("**SIV**"), a 50.0% owned jointly controlled entity, of 12.9%. Upon completion of the Subscription, the Company will hold an effective interest of 25.7% in CCAI comprising a direct interest of 13.9% and an indirect interest held through SIV of 11.8%.

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

CONSIDERATION FOR THE SUBSCRIPTION

To execute its business plan for expanding its specialist care business in Vietnam (the "**Business Expansion**"), CCAI Group has conducted an internal fund raising exercise among its existing shareholders by way of the issuance of new ordinary shares (the "**Fund Raising Exercise**"). The Fund Raising Exercise was offered to all the shareholders and the new shares were allocated to each shareholder on a pro-rata basis, based on the number of shares each shareholder had applied for. SMG and SIV were allocated the right to subscribe for 23,739 and 52,530 new ordinary shares of CCAI respectively, with SIV assigning its allocated shares to SMG. Accordingly, SMG will be subscribing for a total of 76,269 ordinary shares of CCAI at US\$3.88 per share for a total cash consideration of approximately US\$296,000.

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

As at 30 September 2019, the net asset value and net tangible assets of CCAI Group approximate US\$459,000 and US\$80,000 respectively. CCAI Group generated a net loss before tax of approximate US\$1,042,000 for the nine months ended 30 September 2019 ("**YTD 2019**"). CCAI Group achieved revenue growth of more than 40% from nine months ended 30 September 2018 to YTD 2019, driven by both its health-screening and specialists care businesses.

The Subscription is not expected to have material impact on the consolidated net tangible assets and earnings per share of the Group for the financial year ending 31 December 2020.

RATIONALE FOR THE SUBSCRIPTION

The Subscription is beneficial to the Group as:

- (i) the Business Expansion of CCAI Group is synergistic to SMG's current business and allows SMG, through cooperation with CCVN, to tap into the growing market opportunities in Vietnam;

- (ii) the Group continues to see the potential in its investment as demonstrated by CCAI Group's growth in revenue; and
- (iii) the Subscription will ensure SMG's interests in CCAI will not be diluted.

FUNDING OF THE SUBSCRIPTION

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

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

Relative figures of the Subscription under Listing Rule 1006 of the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), based on the Company's latest unaudited financial statements for the financial period ended 30 September 2019 ("**9M2019**"), being the most recently completed financial year for which consolidated financial statements are available, are set out below.

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable ⁽¹⁾
(b)	Net profits ⁽²⁾ attributable to the assets acquired, compared with the Group's net profits ⁽²⁾ .	-0.2 ⁽³⁾
(c)	Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	0.3 ⁽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.	Not applicable ⁽¹⁾

Notes:

- (1) This basis is not applicable to the Subscription.
- (2) Pursuant to Rule 1002(3)(b) of the Catalist Rules, "net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (3) Based on the unaudited net loss before tax of CCAI Group of US\$1,042,000 (equivalent to S\$1,422,000) for 9M2019, after applying the change in interest in CCAI of 1.3% upon completion of the Subscription, and divided by the Group's unaudited net profit before tax of S\$11,796,000 for 9M2019.
- (4) Based on the market capitalisation of the Company of S\$142.5 million, which is calculated based on the volume weighted average price of S\$0.295 on 6 February 2020, being the last market day on which the shares of the Company were traded, preceding the date of this announcement.

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

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

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

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

On behalf of the Board

Beng Teck Liang
Executive Director and Chief Executive Officer

7 February 2020

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

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