

SHAREHOLDER LOAN TO A JOINT VENTURE ENTITY

1. Introduction

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 had on 5 July 2019 entered into a Shareholder Loan Agreement (the “**Loan Agreement**”) with CHA Healthcare Singapore Pte. Ltd. (“**CHS**”) and CHA-SMG (Australia) Pte. Ltd. (the “**Borrower**”), to provide an AUD\$1,575,000 shareholder loan (the “**Loan**”) to the Borrower, under which SMG’s portion of the Loan is AUD\$315,000 (“**SMG Portion**”). The Borrower is a 20-80 joint venture company between SMG and CHS.

2. Rationale and details of the Loan

The provision of the Loan will enable the Borrower to invest in a property in Melbourne, Australia for the purpose of operating a fertility clinic. The investment is complementary to the Borrower’s core business in the In Vitro Fertilisation (IVF) specialist services in Australia.

Pursuant to the Agreement, the proportion of the Loan to be contributed by SMG and CHS is based on the respective shareholdings of SMG and CHS in the Borrower and on the same terms. The tenor of the Loan is five (5) year and bears interest of 3.6% per annum.

The SMG Portion represents 7.9% of the latest audited net tangible assets of the Group as at 31 December 2018 of S\$3,785,000.

3. Audit Committee’s Statements

Pursuant to Rule 916 of the Catalist Rules, the Audit Committee of the Company, having considered the terms of the Loan Agreement and the joint venture, is of the view that:

- (i) The provision of the SMG Portion is not prejudicial to the interests of the Company and its minority shareholders; and
- (ii) The risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

4. Interested Person Transaction

As CHS, being the controlling shareholder of the Company, has 80% direct interest in the Borrower, the provision of the Loan to the Borrower is an “interested person transaction” as defined under Chapter 9 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**Catalist Rules**”).

Having satisfied the criteria set out under Rule 916(3), the SMG Portion does not require the shareholders’ approval as exempted under Rule 916 of the Catalist Rules.

Pursuant to Rule 917(5) of the Catalist Rules, the current total, as at 5 July 2019, of all interested person transactions for the financial year ending 2019 (“**FY2019**”) are as follows:

Name of interested person	S\$'000
MW Medical Holdings Pte Ltd - Rental	85
MW Medical Pte Ltd - Nursing services	2
K S Beng Pte Ltd - Rental	98
CHA-SMG (Australia) Pte Ltd - Loan	300

Save as disclosed above, no other interested person transaction was entered into by the Company and no other interested person transaction has been entered into with CHS for FY2019.

5. Interests of Directors and Controlling Shareholders

None of the directors of the Company nor their respective associates have any interest, direct or indirect in the aforesaid transaction, other than through their respective interests (if any) in the Company. Save for CHS, the Directors are not aware of any other controlling shareholders or their respective associates having any interest, direct or indirect, in the aforesaid transaction, other than through their respective interests in the Company.

By Order of the Board

Dr. Beng Teck Liang

Executive Director and Chief Executive Officer

5 July 2019

This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor") in accordance with Rule 226(2)(b) of the Catalyst 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.

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