

CIRCULAR DATED 21 MAY 2018

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, subject to the distribution restriction set out in this Circular.

The Company has obtained the listing and quotation notice from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing and quotation of new securities arising from the Rights Issue (as defined below) on Catalist. The listing and quotation notice is not to be taken as an indication of the merits of the Rights Issue (as defined below), the Rights Shares (as defined below), the Company, its subsidiaries and their securities.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risk of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

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 SGX-ST, this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this Circular. This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular. The SGX-ST has not in any way considered the merits of the securities being offered for investment.

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

(Company Registration Number: 200503187W)

(Incorporated in the Republic of Singapore on 10 March 2005)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) **THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 23,341,800 NEW ORDINARY SHARES IN THE ISSUED SHARE CAPITAL OF THE COMPANY (THE “RIGHTS ISSUE”), AT AN ISSUE PRICE OF S\$0.48 FOR EACH RIGHTS SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWENTY (20) EXISTING ORDINARY SHARES IN THE ISSUED SHARE CAPITAL OF THE COMPANY HELD BY ENTITLED SHAREHOLDERS (AS DEFINED HEREIN) AS AT THE BOOKS CLOSURE DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED; AND**
- (2) **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM THE RELEVANT SHAREHOLDERS (AS DEFINED HEREIN) FOR ALL THE ISSUED AND PAID-UP SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THEM AND THEIR CONCERT PARTIES ARISING FROM THE RELEVANT SHAREHOLDERS’ SUBSCRIPTION OF THE ENTITLED RIGHTS SHARES (AS DEFINED HEREIN) PURSUANT TO THE IRREVOCABLE UNDERTAKINGS (AS DEFINED HEREIN) AND THE EXCESS RIGHTS SHARES (THE “WHITEWASH RESOLUTION”)**

Manager of the Rights Issue and Sponsor to the Company



CIMB BANK BERHAD (13491-P)

Singapore Branch

(Incorporated In Malaysia)

Independent Financial Adviser in relation to the Whitewash Resolution



RHT CAPITAL PTE. LTD.

(Company Registration Number: 201109968H)

(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form : 4 June 2018 at 4.30 p.m.

Date and time of Extraordinary General Meeting : 6 June 2018 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 shall apply throughout unless otherwise stated:-

- “ARE”** : Application and acceptance form for Rights Shares and excess Rights Shares to be issued to Entitled Shareholders in respect of their provisional allotments of Rights Shares under the Rights Issue
- “ARS”** : Application and acceptance form for Rights Shares to be issued to purchasers of the provisional allotments of Rights Shares under the Rights Issue traded on the SGX-ST through the book-entry (scripless) settlement system
- “associate”** : (a) In relation to any director, chief executive officer, Substantial Shareholder or controlling shareholder (being an individual) means:-
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (b) in relation to a Substantial Shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Astra Companies”** : Astra Women’s Specialists (WB) Pte. Ltd., The Women’s Specialist Centre (HC) Pte. Ltd., Fong’s Clinic Pte. Ltd., Astra Centre for Women & Fertility Pte. Ltd., Astra Women’s Specialists (JL) Pte. Ltd., TCK@Novena Pte. Ltd. and Alpha Healthcare International Pte. Ltd.
- “ATM”** : Automated teller machine of a Participating Bank
- “BCSC”** : Babies and Children Specialist Clinic Pte. Ltd.
- “Board of Directors” or “Board”** : The board of Directors of the Company as at the date of this Circular
- “Books Closure Date”** : The time and date to be determined by the Directors at and on which, subject to the approval of the Rights Issue being obtained at the EGM, the Register of Members and the Share Transfer Books of the Company will be closed to determine the provisional allotments of Rights Shares of Entitled Shareholders under the Rights Issue
- “Catalist”** : The sponsor-supervised listing platform of the SGX-ST
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular dated 21 May 2018 issued by the Company

“Closing Date”	: The time and date to be determined by the Directors, being the last time and date for acceptance of and/or excess application and payment for the Rights Shares under the Rights Issue
“Code”	: The Singapore Code on Take-Overs and Mergers
“Companies Act” or “Act”	: The Companies Act (Chapter 50), as amended or modified or supplemented from time to time
“Company”	: Singapore Medical Group Limited
“controlling shareholder”	: a person who:- <ul style="list-style-type: none"> (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in a company; or (b) in fact exercises control over a company
“CPF”	: The Central Provident Fund
“CPF funds”	: CPF Investible Savings
“Directors”	: The directors of the Company as at the date of this Circular
“EGM”	: The extraordinary general meeting to be convened and held on 6 June 2018 at 4.30 p.m., notice of which is set out on page N-1 of this Circular
“Entitled Depositors”	: Shareholders whose securities accounts with CDP are credited with Shares as at the Books Closure Date and whose registered addresses with CDP are in Singapore as at the Books Closure Date
“Entitled Rights Shares”	: The 8,921,824 Rights Shares that the Undertaking Shareholders are entitled to subscribe for pursuant to the terms and conditions of the Rights Issue
“Entitled Scripholders”	: Shareholders whose Shares are not registered in the name of CDP but whose names appear in the Register of Members of the Company with registered addresses in Singapore as at the Books Closure Date
“Entitled Shareholders”	: Shareholders whose registered addresses with the Company or the CDP (as the case may be) are in Singapore as at the Books Closure Date (namely the Entitled Scripholders and Entitled Depositors), or who have, at least three (3) market days prior to the Books Closure Date, provided to the Company or CDP (as the case may be) addresses in Singapore for the service of notices and documents
“EPS”	: Earnings per Share
“Excess Rights Scenario”	: Up to 23,341,800 Rights Shares which will be issued pursuant to the Rights Issue, based on the Maximum Base Scenario and assuming only the Undertaking Shareholders subscribe and pay for the Entitled Rights Shares, and none of the other Shareholders subscribes and pays for any Rights Shares (and the Relevant Shareholders subscribe for the excess Right Shares)

“Existing Issued Share Capital”	:	As at the Latest Practicable Date, the Company’s existing issued share capital is 466,171,036
“Foreign Purchasers”	:	Persons purchasing the provisional allotments of Rights Shares through the book-entry (scripless) settlement system and whose registered addresses with CDP are outside Singapore
“Foreign Shareholders”	:	Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market days prior to the Books Closure Date, provided to the Company, the CDP or the Share Registrar (as the case may be) addresses in Singapore for the service of notices and documents
“FY”	:	The financial year ended or ending 31 December, as the case may be
“Group”	:	The Company and its subsidiaries, collectively
“IFA”	:	The independent financial adviser, RHT Capital Pte. Ltd., appointed in relation to the proposed Whitewash Resolution
“immediate family”	:	In relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent
“Independent Directors”	:	The Directors who are independent for the purpose of the proposed Whitewash Resolution
“Independent Shareholders”	:	Shareholders other than the Relevant Shareholders and their concert parties, and are not involved in, or interested in, the proposed Rights Issue
“Irrevocable Undertakings”	:	Has the meaning ascribed to it in Paragraph 2.5.1 of this Circular
“Issue Price”	:	The sum payable in respect of each Right Share being S\$0.48
“Kids Clinics”	:	Children Clinic Central Pte. Ltd. and Kids Clinic @ Bishan Pte. Ltd.
“Latest Practicable Date” or “LPD”	:	15 May 2018, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended or modified from time to time
“MAS” or “Authority”	:	The Monetary Authority of Singapore
“Manager” or “CIMB”	:	CIMB Bank Berhad, Singapore Branch
“Market Day”	:	A day on which SGX-ST is open for securities trading
“Maximum Base Scenario”	:	The total number of issued Shares on the Books Closure Date assuming that all the Vested Share Options are exercised in full and all the new Shares that are required to be allotted and issued pursuant to such conversion and/or exercise are allotted and issued on or before the Books Closure Date. Based on the number of Vested Share Options at the Latest Practicable Date, and assuming that no other Shares will be issued before or on the Books Closure Date, the Maximum Base Scenario will comprise 466,836,036 Shares as at the Books Closure Date

“Maximum Subscription Scenario”	:	Up to 23,341,800 Rights Shares which will be issued pursuant to the Rights Issue, based on the Maximum Base Scenario, and the assumption that all Shareholders (including Undertaking Shareholders) subscribe and pay for all the Rights Shares (including Entitled Rights Shares)
“Minimum Subscription Scenario”	:	Up to 8,921,824 Rights Shares which will be issued pursuant to the Rights Issue, based on the Existing Issued Share Capital, the assumption that only the Undertaking Shareholders subscribe and pay for the Entitled Rights Shares; and the assumption that none of the other Shareholders subscribe and pay for any Rights Shares
“NAV”	:	Net asset value
“Offer Information Statement”	:	The document including (where the context requires) the PAL, the ARE, the ARS, any other accompanying documents, and any supplementary or replacement document which may be issued by the Company in connection with the Rights Issue
“Outstanding Share Options”	:	The 11,100,000 outstanding share options granted under the Company’s employee share option scheme adopted by the Company on 30 April 2014 (“ SOSS ”), as at the Latest Practicable Date
“PAL”	:	The provisional allotment letter issued to Entitled Scripholders, setting out the provisional allotments of Rights Shares of such Entitled Scripholders under the Rights Issue
“Participating Banks”	:	The banks that will be participating in the Rights Issue by making available their ATMs to Entitled Depositors and Purchasers for acceptances of the Rights Shares and applications for excess Rights Shares, as the case may be, to be made under the Rights Issue
“Purchaser”	:	A person who purchases the provisional allotments of Rights Shares through the book-entry (scripless) settlement system
“Record Date”	:	In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or the Securities Accounts of Shareholders must be credited with Shares, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
“Register of Members”	:	The register of members of the Company
“Relevant Shareholders”	:	The Undertaking Shareholders (save for Dr. Wong Seng Weng)
“Renouncee”	:	Person to whom an Entitled Shareholder renounces his provisional allotment of Rights Shares under the Rights Issue
“Rights”	:	Provisional allotments of Rights Shares, being Rights to subscribe for one (1) Rights Share for every twenty (20) existing Shares held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded

“Rights Issue”	: The renounceable and non-underwritten rights issue of up to 23,341,800 Rights Shares (assuming the Maximum Base Scenario) at the Issue Price for each Rights Share, on the basis of one (1) Rights Share for every twenty (20) existing Shares held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded
“Rights Shares”	: Up to 23,341,800 new Shares to be allotted and issued by the Company pursuant to the Rights Issue (assuming the Maximum Base Scenario and that no other Shares are issued before or on the Books Closure Date)
“Securities Account”	: The securities account maintained by a Depositor with the CDP but does not include a securities sub-account maintained with a Depository Agent
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Share Registrar”	: Tricor Barbinder Share Registration Services
“Share Transfer Books”	: The share transfer books of the Company
“Shareholders”	: Registered holders of Shares in the Register of Members of the Company except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, and where the context so admits, mean the persons to whose Securities Accounts maintained with CDP are credited with the Shares. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts
“Shares”	: Ordinary shares in the share capital of the Company and “Share” shall be construed accordingly
“SIC”	: Securities Industry Council of Singapore
“Sponsor” or “CIMB”	: CIMB Bank Berhad, Singapore Branch
“SRS”	: Supplementary Retirement Scheme
“SRS Approved Banks”	: Approved banks in which SRS Investors hold their accounts under the SRS
“SRS Investors”	: Investors who have previously purchased Shares under the SRS
“subsidiary”	: Has the meaning ascribed to it in section 5 of the Companies Act
“Substantial Shareholder”	: A person who has an interest of 5.0% or more of the aggregate of the nominal amount of all the Shares of the Company
“Whitewash Resolution”	: The resolution which, if passed by the Independent Shareholders, would result in a waiver by the Independent Shareholders of their rights to receive a mandatory general offer from the Relevant Shareholders at the highest price paid by the Relevant Shareholders and their concert parties for the ordinary Shares in the Company in the six months preceding the offer, for all the issued and paid-up Shares in the capital of the Company not already owned, controlled or agreed to be acquired by them and

their concert parties as a result of the subscription for the Entitled Rights Shares by the Relevant Shareholders pursuant to the proposed Rights Issue and the Deeds of Undertaking; the possible subscription by, and allotment to, the Relevant Shareholders of excess Rights Shares under the proposed Rights Issue

“Undertaking Shareholders”	:	Dr. Beng Teck Liang, Mr. Tony Tan Choon Keat, Dr. Ho Choon Hou, and Dr. Wong Seng Weng
“Vested Share Options”	:	The 665,000 Outstanding Share Options that will be exercisable (into 665,000 new Shares) on or prior to the Books Closure Date.
“S\$”	:	Singapore dollars
“%” or “per cent”	:	Percentage or per centum
“1Q”	:	For the period until 31 March

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

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

The terms **“concert parties”** and **“parties acting in concert”** shall have the respective meanings ascribed to them in the Code.

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

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

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

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

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

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

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

SINGAPORE MEDICAL GROUP LIMITED

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

LETTER TO SHAREHOLDERS

Directors:

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

Registered Office:

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

21 May 2018

To: The Shareholders of Singapore Medical Group Limited

Dear Sir/Madam,

- (1) **THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 23,341,800 NEW ORDINARY SHARES IN THE ISSUED SHARE CAPITAL OF THE COMPANY (THE "RIGHTS ISSUE"), AT AN ISSUE PRICE OF S\$0.48 FOR EACH RIGHTS SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWENTY (20) EXISTING ORDINARY SHARES IN THE ISSUED SHARE CAPITAL OF THE COMPANY HELD BY ENTITLED SHAREHOLDERS (AS DEFINED HEREIN) AS AT THE BOOKS CLOSURE DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED; AND**
- (2) **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM THE RELEVANT SHAREHOLDERS FOR ALL THE ISSUED AND PAID-UP SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THEM AND THEIR CONCERT PARTIES ARISING FROM THE RELEVANT SHAREHOLDERS' SUBSCRIPTION OF THE ENTITLED RIGHTS SHARES (AS DEFINED HEREIN) PURSUANT TO THE IRREVOCABLE UNDERTAKINGS (AS DEFINED HEREIN) AND THE EXCESS RIGHTS SHARES (THE "WHITEWASH RESOLUTION")**

1. INTRODUCTION

- 1.1 **Proposed Rights Issue.** On 1 March 2018, the Company announced its intention to undertake a Rights Issue, subject to certain conditions which are set out in Paragraph 2.2 of this Circular.

On 9 May 2018, the Company also announced that the SGX-ST had granted its approval in-principle for the listing of and quotation for the Rights Shares on the Catalist Board of the SGX-ST, subject to certain conditions which are set out in Paragraph 2.4 of this Circular. Official quotation of the Rights Shares on the Catalist Board of the SGX-ST will commence after all conditions imposed by the SGX-ST are satisfied.

Approval in-principle granted by the SGX-ST for the listing of and quotation for the Rights Shares is not to be taken as an indication of the merits of the Company, its subsidiaries, the Shares, the Rights Shares, the "nil-paid" Rights or the Rights Issue. The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained and/or opinion expressed in this Circular.

The Company has appointed CIMB as the manager of the Rights Issue.

Please see Paragraph 2 of this Circular for further information on the proposed Rights Issue.

- 1.2 **EGM.** The purpose of this Circular is to provide Shareholders with information pertaining to the Rights Issue and the Whitewash Resolution, to seek Shareholders' approval at the EGM for the Rights Issue, and to seek Independent Shareholders' approval at the EGM for the Whitewash Resolution. Notice of the EGM is set out on page N-1 of this Circular. This Circular has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) nor for any other purpose.

Shareholders should note that the resolutions relating to the Rights Issue and the Whitewash Resolution are subject to and conditional upon each other being approved at the EGM.

2. PROPOSED RIGHTS ISSUE

- 2.1 **Principal Terms.** The principal terms of the Rights Issue and the Rights Shares are summarised below:-

Number of Rights Shares to be issued	:	Based on the Maximum Base Scenario and assuming that no other Shares are issued before or on the Books Closure Date, the Company will issue up to 23,341,800 Rights Shares.
Basis of Provisional Allotment	:	The Rights Issue will be made on a renounceable basis to Entitled Shareholders on the basis of one (1) Rights Share for every twenty (20) Shares standing to the credit of the Securities Account of the Entitled Depositor or held by the Entitled Scripholder, as the case may be, as at the Books Closure Date, fractional entitlements to be disregarded.
Issue Price	:	S\$0.48 for each Rights Share, payable in full upon acceptance and/or application.
Status of the Rights Shares	:	The Rights Shares, when allotted and issued, will rank <i>pari passu</i> in all respects with the then existing Shares for any dividends, rights, allotments or other distributions that may be declared or paid on the record date so long as the record date falls on or after the date of issue of the Rights Shares.
Estimated Proceeds	:	<p>In the Maximum Subscription Scenario or the Excess Rights Scenario, assuming that the Rights Issue is fully subscribed or the Relevant Shareholders subscribe for all the excess Rights Shares (as the case may be) and based on 23,341,800 Rights Shares to be issued, the net proceeds of the Rights Issue, after deducting estimated expenses of approximately S\$250,000, is expected to be approximately S\$11.0 million.</p> <p>In the Minimum Subscription Scenario, based on 8,921,824 Rights Shares to be issued, the net proceeds of the Rights Issue, after deducting estimated expenses of approximately S\$250,000, is expected to be approximately S\$4.0 million.</p>
Eligibility to participate in the Rights Issue	:	As there may be prohibitions or restrictions against the offering of Rights Shares in certain jurisdictions, only Entitled Shareholders are eligible to participate in the Rights Issue. Please see Paragraph 2.7 of this Circular for details on the eligibility of Shareholders to participate in the Rights Issue.

Listing of the Rights Shares : The Company had on 8 May 2018 obtained the listing and quotation notice from the SGX-ST for the listing and quotation of the Rights Shares on the Catalist Board of SGX-ST. The Rights Shares will be admitted on the Catalist Board of SGX-ST after the certificates relating thereto have been issued and the allotment letters from CDP have been despatched.

The listing and quotation notice is not an indication of the merits of the Rights Issue, the Rights Shares, the Company, its subsidiaries and their securities.

Trading of the Rights Shares and the Rights : Upon the listing of and quotation for the Rights Shares on the Catalist Board of the SGX-ST, the Rights Shares will be traded on the Catalist Board of the SGX-ST under the book-entry (scripless) settlement system. For the purposes of trading on the Catalist Board of the SGX-ST, each board lot of Rights Shares will comprise 100 Shares or any other board lot size which the SGX-ST may require.

For the purposes of trading on the Catalist Board of the SGX-ST during the provisional allotments trading period (to be announced by the Company in due course), each board lot of Rights will comprise 100 Rights.

All dealings in, and transactions (including transfers) of, the Rights Shares and the Rights effected through the SGX-ST and/or CDP shall be made in accordance with CDP's "Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited", as the same may be amended from time to time, copies of which are available from CDP.

Acceptance, excess applications and payment procedures : Entitled Shareholders will be at liberty to accept, decline, trade or otherwise renounce or in the case of Entitled Depositors only, trade their provisional allotments of Rights Shares on the Catalist Board during the "nil-paid" rights trading period prescribed by the SGX-ST and will be eligible to apply for additional Rights Shares in excess of their provisional allotments of Rights Shares under the Rights Issue.

All fractional entitlements to the Rights Shares will be disregarded in arriving at the entitlements of the Entitled Shareholders and will, together with the entitlements not allotted or taken up for any reason, will be aggregated and used to satisfy excess applications for Rights Shares (if any) or allotted or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit.

In the allotment of excess Rights Shares, preference will be given to the rounding of odd lots. Directors and substantial shareholders of the Company who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board of Directors, will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares.

The procedures for, and the terms and conditions applicable to, acceptances, renunciation and/or sales of the Rights and for the applications for Excess Rights Shares, including each different mode of acceptance or application and payment, will be contained in the Offer Information Statement and the relevant application forms.

Use of CPF Funds : Shares are not eligible for purchase under the CPF Investment Scheme. As such, CPF funds may not be used for the payment of the Issue Price of the Rights Shares or excess Rights Shares or for the purchase of provisional allotments of the Rights Shares.

Use of SRS Funds : SRS Investors must use, subject to applicable SRS rules and regulations, monies standing to the credit of their respective SRS accounts to pay for the acceptance of their provisional allotments of Rights Shares and (if applicable) application for excess Rights Shares.

Such investors who wish to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares using SRS monies, must instruct the relevant SRS Approved Banks in which they hold their SRS accounts to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares on their behalf in accordance with the terms and conditions in the Offer Information Statement. Such investors who have insufficient funds in their SRS accounts may, subject to the SRS contribution cap, deposit cash into their SRS accounts with their respective SRS Approved Banks before instructing their respective SRS Approved Banks to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares on their behalf.

SRS monies may not, however, be used for the purchase of the provisional allotments of the Rights Shares directly from the market.

Non-Underwritten basis : The Rights Issue is not underwritten in view of the Irrevocable Undertakings by the Undertaking Shareholders. The Rights Issue will not be withdrawn after commencement of the ex-rights trading of the Shares pursuant to Rule 820(1) of the Listing Manual.

Governing Law : Laws of the Republic of Singapore.

The terms and conditions of the Rights Issue are subject to such changes as the Directors, after consultation with the Sponsor/Manager, may deem appropriate. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be lodged with the SGX-ST, acting as agent on behalf of the MAS and despatched by the Company to Entitled Shareholders in due course, subject to, *inter alia*, the approval of the Shareholders for the Rights Issue at the EGM.

2.2 **Conditions for the Rights Issue.** Shareholders should note that the Rights Issue is subject to the following:-

- (a) the Whitewash Waiver (as defined below) granted by the SIC;
- (b) the receipt of the in-principle approval of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on the Catalist;
- (c) approval of Shareholders for the Rights Issue at the EGM to be convened;
- (d) approval of Independent Shareholders for the Whitewash Resolution at the EGM to be convened;
- (e) lodgement of the Offer Information Statement, together with all other accompanying documents (if applicable), with the SGX-ST, acting as agent on behalf of the MAS; and
- (f) all other necessary consents, approvals and waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights Issue and to give effect to the Rights Issue being obtained and not having been revoked or amended before the closing date.

2.3 **SIC Approval.** On 27 April 2018, the SIC granted the Whitewash Waiver (as defined below), subject to *inter alia*, the satisfaction of the conditions imposed by the SIC in its waiver letter, details of which are set out in Paragraph 7.2 of this Circular.

2.4 **SGX-ST Approval.** On 8 May 2018, the SGX-ST granted its approval in-principle for the listing of and quotation of the Rights Shares on the Catalist Board of the SGX-ST, subject to the following conditions:-

- (a) Compliance with the SGX-ST's listing requirements; and
- (b) Shareholders' approval for the proposed Rights Issue is obtained at an EGM to be convened.

The approval in-principle of the SGX-ST for the listing of and quotation of the Rights Shares is not to be taken as an indication of the merits of the proposed Rights Issue, the Rights Shares, the Company, its subsidiaries and their securities. The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained and/or opinion expressed in this Circular.

2.5 **Irrevocable Undertakings and Intention to subscribe for excess Rights Shares.**

2.5.1 **Irrevocable Undertakings.** As an indication of each Undertaking Shareholder's support and commitment to the Company, each Undertaking Shareholder has, subject to the grant of the Whitewash Waiver (as defined below) by the SIC, the approval of the Whitewash Resolution, and the terms of the deeds of irrevocable undertaking dated 1 March 2018 entered into by each of the Undertaking Shareholders and the Company in favour of the Company (collectively, the "**Deeds of Undertaking**"), agreed to, *inter alia*:-

- (a) from the date of the Deeds of Undertaking up to the Books Closure Date, each remain the legal and/or beneficial owner of the following number of Shares and any additional Shares he/it may acquire, (in the case of Dr. Beng Teck Liang, whether through the exercise of his vested share options or otherwise) (collectively, the "**Undertaken Shares**"), and together with all rights now and hereafter attaching thereto; and

Undertaking Shareholder	Total Number of Shares Owned
Mr. Tony Tan Choon Keat	60,960,070 ⁽¹⁾
Dr. Beng Teck Liang	57,371,484 ⁽²⁾
Dr. Ho Choon Hou	42,672,713
Dr. Wong Seng Weng	16,732,241

Notes:

- (1) Not inclusive of Mr. Tony Tan Choon Keat's deemed interest in 199,900 Shares, which are held by his immediate family member.
 - (2) Not inclusive of the 700,000 share options that Dr. Beng Teck Liang exercised on 21 March 2018, after his entering of the Irrevocable Undertakings in favour of the Company.
- (b) as at the Books Closure Date, directly and/or through one or more of its/his nominee(s), own not less than the number of Shares as set out in Paragraph 2.5.1(a) above;
 - (c) not sell, transfer or otherwise deal with any of the Undertaken Shares during the period between the date of the Deeds of Undertaking and the date of issue of the Rights Shares;
 - (d) participate in the Rights Issue undertaken by the Company by subscribing and paying for all of the provisional allotments of the Entitled Rights Shares in accordance with the procedures for subscription as set out in the Offer Information Statement issued in connection with the Rights Issue;
 - (e) procure confirmation from a Singapore licensed financial institution that it/he has sufficient financial resources to fulfill its/his obligations pursuant to the undertaking referred to in Paragraph 2.5.1(d) above; and
 - (f) not withdraw the undertakings referred to in this Paragraph 2.5.1.

(collectively, the “**Irrevocable Undertakings**”).

2.5.2 Conditions. The Irrevocable Undertakings are subject to and conditional upon the following:-

- (a) the grant of the Whitewash Waiver (as defined below) by the SIC; and
- (b) the approval of Independent Shareholders of the Company for the Whitewash Resolution at the EGM to be convened.

2.5.3 Settlement of the Entitled Rights Shares.

The subscription of the Entitled Rights Shares shall be settled by way of cash. As confirmation that the Undertaking Shareholders have the necessary financial resources to make the full cash payment mentioned above, the Undertaking Shareholders have obtained confirmations from Singapore licensed financial institutions that they have the necessary financial resources to irrevocably fulfil their obligations pursuant to the Irrevocable Undertakings.

2.5.4 Intention to subscribe for excess Rights Shares.

In addition to their Irrevocable Undertakings, the Relevant Shareholders intend, subject to availability of excess Rights Shares, to subscribe for up to 14,419,976 excess Rights Shares not taken up or renounced by Entitled Shareholders in order to raise additional proceeds for the Company.

2.6 **Non-underwritten Rights Issue.** In view of the Irrevocable Undertakings as set out in Paragraph 2.5 above, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.

2.7 **Eligibility of Shareholders to Participate in the Rights Issue.**

2.7.1 Entitled Shareholders will be entitled to participate in the Rights Issue and to receive the Offer Information Statement together with the ARE or the PAL, as the case may be, at their respective Singapore addresses, as maintained in the records of CDP or the Company, as the case may be. Entitled Depositors who do not receive the Offer Information Statement and the AREs may obtain them from CDP for the period up to the Closing Date. Entitled Scripholders who do not receive the Offer Information Statement and the PALs may obtain them from the Share Registrar for the period up to the Closing Date.

Entitled Shareholders will be provisionally allotted the Rights Shares on the basis of their shareholdings as at the Books Closure Date. Full details of the Rights Issue will be set out in the Offer Information Statement to be despatched to Entitled Shareholders in due course.

Entitled Scripholders are encouraged to open Securities Accounts if they have not already done so and to deposit their share certificates with CDP prior to the Books Closure Date so that their Securities Account may be credited by CDP with their Shares and the provisional allotments of Rights Shares. Entitled Scripholders should note that their Securities Accounts will only be credited with the Shares on the twelfth (12th) Market Day from the date of lodgement of the share certificates with CDP or such later date as CDP may determine.

2.7.2 **Provisional Allotments.** Entitled Shareholders will be at liberty to accept, decline or trade on the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST their provisional allotments of the Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue. Entitled Depositors will also be able to trade on the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST their provisional allotments of Rights Shares.

Fractional entitlements to the Rights Shares will be aggregated and used with provisional allotments which are not taken up or allotted for any reason to satisfy excess applications for Rights Shares (if any) or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

In the allotment of excess Rights Shares, preference will be given to Shareholders for rounding of odd lots, and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board of the Company, including the Undertaking Shareholders, will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares.

All dealings in and transactions of the provisional allotments of Rights Shares through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs to be issued to Entitled Scripholders will not be valid for delivery pursuant to trades done on the SGX-ST.

2.7.3 **Foreign Shareholders.** The Offer Information Statement and its accompanying documents will not be registered or lodged in any jurisdiction other than in Singapore. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions.

For practical reasons and in order to avoid any violation of the securities legislations applicable in countries, other than in Singapore where Shareholders may have their registered addresses, the Rights Issue will only be made in Singapore and the Offer Information Statement and its accompanying documents will not be despatched to Foreign Shareholders or into any jurisdiction outside of Singapore.

The Rights Issue will NOT be offered to Foreign Shareholders. Accordingly, Foreign Shareholders will not be entitled to participate in the Rights Issue and no provisional allotment of the Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application therefore by Foreign Shareholders will be valid.

The Offer Information Statement and its accompanying documents will also not be despatched to Foreign Purchasers. Foreign Purchasers who wish to accept the provisional allotment of the Rights Shares should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore.

Depositors should note that all correspondences and notices will be sent to their last registered addresses with CDP.

Depositors who wish to maintain a mailing address ("**Rights Mailing Address**") with CDP for the purpose of receiving the Rights Issue documents should inform CDP in writing at 11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589. Depositors are reminded that any request to register a Rights Mailing Address or to effect any change in address must reach CDP not later than three (3) Market Days before the Books Closure Date.

Shareholders (not being Depositors) who do not presently have an address in Singapore for the service of notices and documents and who wish to be eligible to participate in the Rights Issue should provide such an address in Singapore by notifying in writing the Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #02-00 Singapore 068898, not later than three (3) Market Days before the Books Closure Date.

Entitlements to Rights Shares which would otherwise accrue to Foreign Shareholders will, if practicable, be sold "nil-paid" on the SGX-ST after dealings in the provisional allotments of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto. The net proceeds from all such sales, after deduction of all expenses therefrom, will be dealt with in accordance with the terms set out in the Offer Information Statement.

Where such provisional allotments of Rights Shares are sold "nil-paid" on the SGX-ST, they will be sold at such price or prices as the Company, may in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against Company, the Directors, the Sponsor, CDP, the CPF Board or the Share Registrar and their respective officers in connection therewith in respect of such sales or the proceeds thereof or the provisional allotments of Rights Shares.

If such provisional allotments of Rights Shares cannot be or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares, the Rights Shares represented by such provisional allotments will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Directors, the Sponsor, CDP, the CPF Board or the Share Registrar and their respective officers in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Foreign Shareholders.

The Rights Shares which are not otherwise taken up or allotted for any reason shall be used to satisfy excess Rights Shares applications or as the Directors may, in their absolute discretion, deem fit. In the allotment of excess Rights Shares, preference will be given to Shareholders for rounding of odd lots, and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of

the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board of the Company, including the Undertaking Shareholders, will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares.

2.7.4 No Offer Outside Singapore. Notwithstanding the above, Entitled Shareholders and any other person having possession of the Offer Information Statement and its accompanying documents are advised to keep themselves informed of and to observe any legal requirements applicable thereto at their own expense and without liability to the Company, the Sponsor or any other person involved in the Rights Issue. No person in any territory outside Singapore receiving the Offer Information Statement and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares unless such offer, invitation or solicitation to subscribe for any Rights Shares can lawfully be made without violating any regulatory or legal requirements in such territories.

2.7.5 Offer Information Statement. The procedures for, and the terms and conditions applicable to, the acceptances, renunciations and/or sales of the provisional allotments of the Rights Shares and for the excess applications for the Rights Shares pursuant to the Rights Issue, including the different modes of acceptance or application and payment, will be set out in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course, subject to, *inter alia*, the approval of Shareholders for the Rights Issue at the EGM.

3. RATIONALE FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

3.1 Rationale. The Company is proposing to undertake the Rights Issue to fund the Group's mergers and acquisitions, and to fund the growth of the existing business of the Group.

3.2 Use of Proceeds.

The Company intends to use the proceeds as follows:

Use of Proceeds	Maximum Subscription Scenario		Minimum Subscription Scenario	
	(\$ million)	%	(\$ million)	%
Merger and acquisition	S\$7.7 million	70	S\$2.8 million	70
Growing existing business	S\$3.3 million	30	S\$1.2 million	30

The estimated net proceeds from the Rights Issue (the "**Net Proceeds**") (after deducting estimated expenses of approximately S\$250,000 incurred in connection with the Rights Issue) are estimated to be approximately as follows:

Scenario	Net Proceeds (\$ million)
Minimum Subscription Scenario	S\$4.0 million
Maximum Subscription Scenario	S\$11.0 million

Pending the deployment of the Net Proceeds for the purposes mentioned above, the Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem fit.

For the purpose of Rule 814(1)(e) of the Listing Manual, the Directors are of the opinion that:-

- (i) after taking into consideration the present financial position of the Group, including the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding this, the reason for proposing to undertake the Rights Issue is to fund the mergers and acquisitions and business growth of the Group, as described in this Paragraph 3; and
- (ii) after taking into consideration the present bank facilities of the Group and the minimum Net Proceeds of the Rights Issue, the working capital available to the Group is sufficient to meet its present requirements.

The Company will make periodic announcements on the use of proceeds from the Rights Issue as and when such proceeds are materially disbursed and will report on the use of the proceeds from the Rights Issue in the annual report(s) of the Company, until such time when such proceeds have been fully utilised. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

4. ISSUANCE OF SECURITIES IN THE PAST TWO (2) YEARS

On 16 February 2017, the Company entered into a placement agreement with CHA Healthcare Co., Ltd. (“**CHC**”) for the issue and allotment of 30,000,000 Shares at an aggregate placement price of S\$15,000,000, which was completed on 15 March 2017.

Save as disclosed above, the Company did not raise any cash from the issuance of securities in the two (2) years immediately preceding the Latest Practicable Date.

5. FINANCIAL EFFECTS OF THE RIGHTS ISSUE

For illustrative purposes only and based on the Group’s audited consolidated financial statements for FY2017, the financial effects of the Rights Issue on the Group are set out below. The financial effects of the Rights Issue have been prepared based on the assumptions that:-

- (i) for the Maximum Subscription Scenario, all the 665,000 Vested Share Options which were granted to the Company’s employees under the Company’s existing employee share option scheme and exercisable prior to the Books Closure Date, are exercised by the Books Closure Date and all the Rights Shares are fully subscribed (i.e. up to 23,341,800 Rights Shares will be issued pursuant to the Rights Issue);
- (ii) for the Minimum Subscription Scenario, only the Shares pursuant to the Irrevocable Undertakings are subscribed for by the Undertaking Shareholders and none of the 665,000 Vested Share Options are exercised before the Books Closure Date (i.e. up to 8,921,824 Rights Shares will be issued pursuant to the Rights Issue);
- (iii) expenses incurred in the Rights Issue are approximately S\$250,000;
- (iv) for calculating the financial effects on gearing and NAV per Share as at 31 December 2017, it is assumed that the Rights Issue was completed on 31 December 2017; and
- (v) for calculating the financial effects on EPS, it is assumed that the Rights Issue was completed on 1 January 2017.

The analysis below has been prepared solely for illustrative purposes and does not purport to be indicative or a projection of the results and financial position of the Group immediately after the completion of the Rights Issue.

5.1 Share Capital.

As at the Latest Practicable Date, there are no options or warrants or other convertible securities in existence under which the Company has an obligation to issue additional Shares before the Books Closure Date, save for the 665,000 Vested Share Options which were granted to the Company's employees under the Company's existing employee share option scheme.

For illustrative purpose only, the financial effects of the Rights Issue on the Share capital of the Group as at the Latest Practicable Date are as follows (rounded to the nearest whole number):

	Based on the Minimum Subscription Scenario		Based on the Maximum Subscription Scenario	
	No. of Shares ('000)	S\$'000	No. of Shares ('000)	S\$'000
Issued share capital as at the Latest Practicable Date	466,171	112,450	466,171	112,450
Add: Exercisable share options assuming all of which were exercised prior to the Books Closure Date (where applicable)	—	—	665	249 ⁽³⁾
Add: Rights Shares to be issued	8,922	4,282 ⁽¹⁾	23,342	11,204 ⁽²⁾
Less: Estimated expenses of the Rights Issue	—	(250)	—	(250)
Issued share capital after the Rights Issue	475,093	116,482	490,178	123,653

Notes:

- (1) Based on the following calculation: 8,921,824 Rights Shares multiplied by the Issue Price of S\$0.48 per Rights Share.
- (2) Based on the following calculation: 23,341,800 Rights Shares multiplied by the Issue Price of S\$0.48 per Rights Share.
- (3) Calculated based on the exercisable share options granted at various dates of grant, multiplied by the exercise price per Share option.

5.2 NAV per Share.

For illustrative purpose only, the financial effects of the Rights Issue on the NAV per Share of the Group as at 31 December 2017 are as follows (rounded to the nearest whole number):

	Based on the Minimum Subscription Scenario	Based on the Maximum Subscription Scenario
	As at 31 December 2017	As at 31 December 2017
NAV before the Rights Issue (S\$'000)	108,283	108,283
Add: Proceeds from exercisable share options (S\$'000)	—	249
Add: Net proceeds from the Rights Issue (S\$'000)	4,032	10,954
NAV after adjusting for the Rights Issue (S\$'000)	112,315	119,486

	Based on the Minimum Subscription Scenario	Based on the Maximum Subscription Scenario
	As at 31 December 2017	As at 31 December 2017
Before the Rights Issue		
Number of Shares in issue ('000)	466,171	466,171
NAV per Share (cents)	23.2	23.2
After the Rights Issue		
Number of Shares in issue ('000)	475,093	490,178
NAV per Share (cents)	23.6	24.4

5.3 Gearing.⁽¹⁾

For illustrative purpose only, the financial effects of the Rights Issue on the gearing of the Group for FY2017 are as follows:

	Based on the Minimum Subscription Scenario	Based on the Maximum Subscription Scenario
	As at 31 December 2017	As at 31 December 2017
Before the Rights Issue		
Total borrowings before the Rights Issue (S\$'000) ⁽²⁾	11,482	11,482
Shareholder's equity before the Rights Issue (S\$'000) ⁽³⁾	108,333	108,333
Net gearing (times)	0.11	0.11
After the Rights Issue		
Total borrowings after the Rights Issue (S\$'000) ⁽²⁾	11,482	11,482
Shareholder's equity after the Rights Issue (S\$'000) ⁽³⁾	112,365	119,536
Net gearing (times)	0.10	0.10

Notes:

- (1) Net gearing is defined as the ratio of the Group's total borrowings to its shareholders' equity.
- (2) Total borrowings consist of bank loans and borrowings and obligations under finance leases.
- (3) Shareholders' equity refers to the aggregate amount of the Group's issued share capital, currency translation reserve, share options reserve and retained earnings.

5.4 EPS.

For illustrative purpose only, the financial effects of the Rights Issue on the EPS of the Group for FY2017 are as follows:

	Based on the Minimum Subscription Scenario	Based on the Maximum Subscription Scenario
	As at 31 December 2017	As at 31 December 2017
Profit for the year attributable to Shareholders (S\$'000)	8,499	8,499
Weighted average number of Shares for basic EPS computation ('000)	420,773	420,773
Weighted average number of Shares for diluted EPS computation ('000)	427,795	427,795
Weighted average number of Shares after adjusting for the exercisable share options and the issuance of the Rights Shares for basic EPS computation ('000)	429,695	444,115
Weighted average number of Shares after adjusting for the exercisable share options and the issuance of the Rights Shares for diluted EPS computation ('000)	436,717	451,137
Basic EPS before the Rights Issue (cents)	2.02	2.02
Diluted EPS before the Rights Issue (cents)	1.99	1.99
Basic EPS after the Rights Issue (cents)	1.98	1.91
Diluted EPS after the Rights Issue (cents)	1.95	1.88

6. REVIEW OF PAST PERFORMANCE

6.1 Consolidated Income Statements for the Group.

The audited income statements of the Group for FY2015, FY2016, and FY2017, and unaudited income statements for 1Q2017 and 1Q2018 are set out below:

	FY2015 S\$'000	FY2016 S\$'000	FY2017 S\$'000	1Q2017 S\$'000 (unaudited)	1Q2018 S\$'000 (unaudited)
Revenue	30,967	41,580	68,001	14,033	19,229
Cost of Sales	(21,302)	(26,675)	(39,027)	(7,969)	(10,312)
Gross Profit	9,665	14,905	28,974	6,064	8,917
Finance income	42	12	59	4	20
Other income	227	85	360	91	73
Other gains	–	1,612	236	–	–
Other expenses	–	(881)	(329)	–	–
Distribution and selling expenses	(1,969)	(2,466)	(2,890)	(650)	(753)
Administrative expenses	(7,483)	(9,754)	(15,950)	(3,658)	(4,248)
Finance expenses	(75)	(116)	(723)	(72)	(236)
Share of results of joint venture entities	(364)	(354)	(254)	(48)	(12)
Profit before income tax	43	3,043	9,483	1,731	3,761
Income tax expenses	157	(169)	(751)	(211)	(229)
Profit for the year	200	2,874	8,732	1,520	3,532

	FY2015 S\$'000	FY2016 S\$'000	FY2017 S\$'000	1Q2017 S\$'000 (unaudited)	1Q2018 S\$'000 (unaudited)
Other comprehensive income					
Foreign currency translation	(31)	12	(93)	–	(275)
Total comprehensive income for the year	169	2,886	8,639	1,520	3,257
Profit/(loss) attributable to:					
Owners of the Company	(148)	2,423	8,499	1,432	3,421
Non-controlling interests	348	451	233	88	111
	200	2,874	8,732	1,520	3,532
Total comprehensive income attributable to:					
Owners of the Company	(179)	2,435	8,406	1,432	3,146
Non-controlling interests	348	451	233	88	111
	169	2,886	8,639	1,520	3,257
Earnings per share attributable to owners of the Company (cents per share) ⁽¹⁾					
Basic	(0.05)	0.84	2.02	0.45	0.74
Diluted ⁽²⁾	(0.05)	0.84	1.99	0.44	0.74

Notes:

- (1) Calculated based on the weighted average number of Shares of 275,135,000, 286,945,000, 420,773,000, 315,225,000 and 459,501,000 in FY2015, FY2016, FY2017, 1Q2017 and 1Q2018 respectively. (Loss)/earnings per Share is calculated by dividing (loss)/profit attributable to owners of the Company by the weighted average number of Shares in issue during the year.
- (2) Calculated based on weighted average number of Shares after adjusting for the exercisable share options that were assumed to have been issued on the first day of the financial year.

Review of Performance

A discussion of the performance of the Group from FY2015 to 1Q2018 is set out below:

Performance review for FY2016 compared to FY2015

For FY2016, the Group's revenue increased by 34.3% from S\$31.0 million for FY2015 to S\$41.6 million. The increase was mainly due to the increase in revenue of Health Business segment by S\$7.3 million and Diagnostic & Aesthetics Business segment by S\$3.3 million which mainly arises from the subsidiaries, Novena Radiology Pte. Ltd. ("NRPL") and Lifescan Imaging Pte. Ltd. ("LSI"), acquired in FY2016. As a result of the acquisitions, NRPL and LSI were consolidated into the Group from 1 April 2016 and 9 September 2016 respectively.

Gross profit increased by 54.2% from S\$9.7 million for FY2015 to S\$14.9 million for FY2016 as a result of increase in revenue. Gross profit margin increased by five (5) percentage points from 31% in FY2015 to 36% in FY2016 mainly due to improvement in profit margin of the Diagnostic & Aesthetics Business segment.

Other income decreased by 62.6% to S\$0.1 million as there was no gain from disposal of property, plant and equipment in FY2016.

Other gain relates to gain on remeasuring previously held equity interest in joint venture entity to fair value on business combination of S\$1.6 million. There was no such gain in FY2015.

Other expenses comprise one-off items such as loss on liquidation of subsidiary of S\$21,000, impairment loss on property, plant and equipment of S\$52,000, loss on dilution of interest in joint venture entity of S\$16,000, impairment loss on amounts due from joint venture entities of S\$0.4 million and impairment loss on investment in joint ventures of S\$0.4 million. There were no such losses in FY2015.

Distribution and selling expenses increased by 25.2% from S\$2.0 million for FY2015 to S\$2.5 million for FY2016 driven by increase in revenue and marketing activities.

Administrative expenses increased by 30.3% from S\$7.5 million for FY2015 to S\$9.8 million for FY2016. This is mainly due to increase in staff headcount with the acquisition of NRPL and LSI in FY2016 (the “**Imaging Acquisitions**”) and opening of a new clinic in the fourth quarter of FY2016, and a higher depreciation charged for the financial year resulting from the Imaging Acquisitions.

Financial expenses increased by 54.7% from S\$75,000 for FY2015 to S\$116,000 for FY2016 mainly due to the Imaging Acquisitions resulting in an increase in interest expense.

The share of loss of joint venture entities of approximately S\$354,000 in FY2016 arises from its investments in PT Ciputra SMG (“**PTCS**”), SMG Leaders Pte. Ltd. (“**SMGL**”), LSI (prior to the entity being acquired and becoming a wholly-owned subsidiary), SMG Cardioscan Pte. Ltd. (“**SMGC**”) and SMG International (Vietnam) Pte. Ltd. (“**SMGIV**”). The losses were mainly due to the respective clinics set up under these joint venture entities still ramping up their business, offset by the share of profit from LSI. In FY2015, the Group recorded share of loss of joint venture entities of S\$364,000 from its investments in PTCS, SMGL and LSI.

The Group had income tax expense of S\$0.2 million in FY2016 as compared to income tax credit S\$0.2 million in FY2015. The income tax expense for FY2016 is due to the income tax provision made with the increase in profits, offset by the recognition of deferred tax assets relating to unutilised capital allowances and tax losses.

Performance review for FY2017 compared to FY2016

For FY2017, the Group’s revenue increased by 63.5% from S\$41.6 million for FY2016 to S\$68.0 million. The increase was mainly due to:

- (a) Increase in revenue of Health Business segment by S\$20.6 million mainly contributed by the subsidiaries acquired in FY2017 namely the Astra Companies, the Kids Clinics and BCSC; and
- (b) Increase in revenue of Diagnostic & Aesthetics Business segment by S\$5.8 million mainly contributed by LSI, where the Group acquired the remaining 61.9% interest it did not own before September 2016.

Gross profit increased by 94.4% from S\$14.9 million for FY2016 to S\$29.0 million for FY2017 as a result of increase in revenue. Gross profit margin increased by seven percentage points from 36% in FY2016 to 43% in FY2017 mainly due to improvement in profit margin of the Health Business segment.

Other income increased by 323.5% to S\$0.4 million mainly due to increase in government grants received in FY2017 and miscellaneous income.

Other expenses for FY2017 comprise transaction costs on acquisition of subsidiaries of S\$0.3 million, offset by one-off items such as reversal of impairment loss on amounts due from joint ventures and investment in joint ventures. Other gains for FY2016 relate to gain on re-measuring previously held equity interest in joint venture entity to fair value on business combination of S\$1.6 million, offset by one-off items such as impairment loss on property, plant and equipment, impairment loss on amounts due from joint venture entities and impairment loss on investment in joint ventures.

Distribution and selling expenses increased by 17.2% from S\$2.5 million for FY2016 to S\$2.9 million for FY2017 mainly driven by increase in revenue.

Administrative expenses increased by 63.5% from S\$9.8 million for FY2016 to S\$16.0 million for FY2017. This is mainly due to increase in staff headcount resulting from the acquisition of LSI, the Astra Companies, the Kids Clinics and BCSC on 9 September 2016, 8 February 2017, 1 July 2017 and 1 November 2017 respectively, and a higher depreciation expense for the financial year resulting from the Imaging Acquisitions.

Financial expenses increased by 523.3% from S\$0.1 million for FY2016 to S\$0.7 million for FY2017 mainly due to higher interest expenses incurred for a new bank loan obtained for the acquisition of the Astra Companies, finance leases arising from the Imaging Acquisitions in 2016 and accretion of interest on deferred purchase consideration of S\$0.2 million.

Share of loss of joint venture entities decreased by 28.2% from S\$0.4 million for FY2016 to S\$0.3 million for FY2017 mainly due to improvement in the financial performance of the joint venture entity, PTCS, and the liquidation of loss making joint venture entity, SMG Leaders Pte. Ltd., offset by losses incurred by the joint venture entity, SMGIV. The investment in SMGIV was made in January 2017 and its business is still at the ramping up phase.

Income tax expense increased by 344.4% from S\$0.2 million for FY2016 to S\$0.8 million for FY2017. This is mainly due to improved profits of the Group for FY2017, offset by the recognition of deferred tax assets relating to unutilised capital allowance.

Performance review for 1Q2018 compared to 1Q2017

For the 1Q2018, the Group's revenue increased by 37.0% from S\$14.0 million for the 1Q2017 to S\$19.2 million. The increase was mainly due to:

- (a) Increase in revenue of Health Business segment by S\$4.6 million mainly contributed by the subsidiaries acquired in 2017 namely the Astra Companies and Kids Clinics and
- (b) Increase in revenue of Diagnostic & Aesthetics Business segment by S\$0.6 million.

Gross profit increased by 47.0% from S\$6.1 million for 1Q2017 to S\$8.9 million for 1Q2018 mainly as a result of increase in revenue. Gross profit margin increased by three percentage points from 43% in 1Q2017 to 46% in 1Q2018 mainly due to the change in sales mix of the Health Business segment and Diagnostic & Aesthetics Business segment.

Other income decreased by 19.8% to S\$73,000 mainly due to decrease in government grant.

Distribution and selling expenses increased by 15.8% from S\$0.7 million for 1Q2017 to S\$0.8 million for 1Q2018 mainly driven by increase in revenue.

Administrative expenses increased by 16.1% from S\$3.7 million for 1Q2017 to S\$4.2 million for 1Q2018. This is mainly due to higher depreciation expense and increase in maintenance expenses during the financial period.

Financial expenses increased by 227.8% from S\$0.1 million for 1Q2017 to S\$0.2 million for 1Q2018 mainly due to higher interest expenses incurred for bank loans for payment of the cash consideration for the acquisition of the Astra Companies and new finance leases obtained during the financial period, and accretion of interest on deferred purchase consideration of S\$68,000.

Share of loss of joint venture entities and associate decreased by 75.0% from S\$48,000 for 1Q2017 to S\$12,000 for 1Q2018 mainly due to improvement in the financial performance of PTCS, and share of profits from the associated company, CHA SMG (Australia) Pte. Ltd. ("CSA"), offset by losses incurred by SMGIV. The investment in SMGIV was made in January 2017 and its business is still at the ramping up phase.

6.2 Consolidated Balance Sheets for the Group.

The audited consolidated balance sheets of the Group as at 31 December 2015, 31 December 2016, and 31 December 2017, and the unaudited consolidated balance sheets of the Group as at 31 March 2018 are set out below:

ASSETS	FY2015 S\$'000	FY2016 S\$'000	FY2017 S\$'000	1Q2018 S\$'000 (unaudited)
Non-current assets:				
Property, plant and equipment	2,628	7,350	13,506	13,738
Intangible assets	—	9,593	119,199	119,199
Investment in joint ventures	2,601	1,589	1,532	7,063
Other receivables	370	887	1,495	1,764
Deferred tax assets	500	722	1,039	1,039
	6,099	20,141	136,771	142,803
Current assets:				
Inventories	1,073	1,126	1,521	1,422
Trade receivables	1,364	3,460	4,749	5,172
Prepayments	309	517	1,142	1,262
Other receivables	880	1,376	2,122	2,338
Cash and bank balances	6,465	7,824	21,326	13,002
	10,091	14,303	30,860	23,196
Total assets	16,190	34,444	167,631	165,999
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	1,298	1,841	1,912	2,180
Other payables and accruals	2,350	4,437	9,241	7,392
Deferred purchase consideration	—	—	17,379	17,221
Obligations under finance leases	64	880	883	1,354
Loans and borrowings	1,008	608	2,327	5,573
Income tax payables	7	400	1,776	1,804
	4,727	8,166	33,518	35,524
Non-current liabilities				
Other payables and accruals	191	270	1,737	309
Deferred purchase consideration	—	—	15,668	4,853
Obligations under finance leases	44	1,502	897	2,070
Loans and borrowings	261	573	7,375	11,281
Deferred tax liabilities	5	7	103	103
	501	2,352	25,780	18,616
Total liabilities	5,228	10,518	59,298	54,140
Net assets	10,962	23,926	108,333	111,859

	FY2015	FY2016	FY2017	1Q2018
ASSETS	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)
Equity attributable to owners of the Company				
Share capital	18,705	29,197	108,738	108,950
Accumulated losses	(8,552)	(6,216)	(869)	2,552
Share option reserve	189	325	526	583
Foreign currency translation reserve	(31)	(19)	(112)	(387)
	10,311	23,287	108,283	111,698
Non-controlling interests	651	639	50	161
Total equity	10,962	23,926	108,333	111,859
Total equity and liabilities	16,190	34,444	167,631	165,999

Review of Balance Sheets

A discussion of the balance sheets of the Group from FY2015 to 1Q2018 is set out below:

Balance sheet as at 31 December 2016 compared to 31 December 2015

Non-current assets increased by S\$14.0 million from S\$6.1 million as at 31 December 2015 to S\$20.1 million as at 31 December 2016, mainly due to:

- (a) Increase in property, plant and equipment of S\$4.7 million arising from the Imaging Acquisitions and new assets additions, offset by depreciation charged for the financial year;
- (b) Increase in intangible assets of S\$9.6 million comprising of goodwill arising from the Imaging Acquisitions;
- (c) Increase in non-current other receivables of S\$0.5 million; and
- (d) Increase in deferred tax assets of S\$0.2 million.

The increase is offset by decrease in investment in joint ventures mainly arising from: (i) the acquisition of the remaining 61.9% equity interest in LSI (not owned by the Company) in September 2016 resulting in LSI becoming a wholly-owned subsidiary of the Company; (ii) impairment loss of S\$0.4 million recognised in FY2016 for the Group's investment in SMGL and PTCS; and (iii) net loss of S\$0.4 million recorded for the investments, offset by the setting up of 2 new joint venture entities, SMGC and SMGIV, amounting to S\$50,000 and S\$1.2 million respectively in FY2016.

Current assets increased by S\$4.2 million from S\$10.1 million as at 31 December 2015 to S\$14.3 million as at 31 December 2016. The increase is mainly due to increase in trade receivables, other receivables, prepayments, and cash and cash equivalents of S\$2.1 million, S\$0.5 million, S\$0.2 million and S\$1.4 million respectively.

Current liabilities increased by S\$3.4 million from S\$4.7 million as at 31 December 2015 to S\$8.2 million as at 31 December 2016, mainly due to:

- (a) Increase in trade payables, and other payables and accruals of S\$0.5 million and S\$2.1 million respectively;
- (b) Increase in current portion of obligations under finance leases of S\$0.8 million arising from the Imaging Acquisitions and the purchase of a new medical equipment under finance lease in FY2016; and
- (c) Increase in income tax payable of S\$0.4 million.

The increase is offset by decrease in loans and borrowings of S\$0.4 million due to the repayment of a short-term bank loan in FY2016.

Non-current liabilities increased by S\$1.9 million from S\$0.5 million as at 31 December 2015 to S\$2.4 million as at 31 December 2016, mainly due to the increase in obligations under finance leases of S\$1.5 million arising from the Imaging Acquisitions and the purchase of a new medical equipment under finance lease in FY2016, increase in provision for reinstatement costs of S\$0.1 million and increase in loans and borrowings of S\$0.3 million arising from a new bank loan obtained in FY2016, offset by repayment made during the financial year.

Balance sheet as at 31 December 2017 compared to 31 December 2016

Non-current assets increased by S\$116.7 million from S\$20.1 million as at 31 December 2016 to S\$136.8 million as at 31 December 2017, mainly due to:

- (a) Increase in property, plant and equipment of S\$6.2 million arising from the acquisition of the Astra Companies and new asset additions, offset by depreciation charged for the financial year;
- (b) Increase in intangible assets of S\$109.6 million as a result of goodwill arising from the acquisition of the Astra Companies, the Kids Clinics and BCSC;
- (c) Increase in other non-current receivables of S\$0.6 million as a result of increase in rental deposits from the lease of new premises during the financial year and a convertible loan provided to a joint venture; and
- (d) Increase in deferred tax assets of S\$0.3 million.

Current assets increased by S\$16.6 million from S\$14.3 million as at 31 December 2016 to S\$30.9 million as at 31 December 2017, mainly due to increase in cash and cash equivalents by S\$13.5 million, increase in inventories by S\$0.4 million, increase in trade receivables by S\$1.3 million, increase in prepayments by S\$0.6 million and increase in other receivables by S\$0.8 million.

Current liabilities increased by S\$25.3 million from S\$8.2 million as at 31 December 2016 to S\$33.5 million as at 31 December 2017, mainly due to: (a) increase in other payables and accruals of S\$4.8 million; (b) the current portion of the deferred purchase consideration for acquisition of subsidiaries of S\$17.4 million; (c) increase in current portion of loans and borrowings of S\$1.7 million arising from a new bank loan obtained during the financial year; and (d) increase in income tax payable of S\$1.4 million.

Non-current liabilities increased by S\$23.4 million from S\$2.4 million as at 31 December 2016 to S\$25.8 million as at 31 December 2017, mainly due to increase in loans and borrowings arising from a new bank loan obtained during the financial year, increase in non-current other payables, the non-current portion of the deferred purchase consideration for acquisition of subsidiaries of S\$15.7 million and increase in deferred tax liabilities. The increase is offset by decrease in obligations under finance leases as a result of reclassification from non-current to current during the financial year to reflect repayment of finance leases.

Balance sheet as at 31 March 2018 compared to 31 December 2017

Non-current assets increased by S\$6.0 million from S\$136.8 million as at 31 December 2017 to S\$142.8 million as at 31 March 2018, mainly due to:

- (e) Increase in property, plant and equipment arising from asset additions, offset by depreciation charged for the financial period;
- (f) Increase in investment in joint ventures and associate mainly due to the Group's investment in CSA in February 2018; and

- (g) Increase in other non-current receivables as a result of increase in rental deposits from the lease of a new premise during the financial period and reclassification of rental deposits from current to non-current following the renewal of existing leases.

Current assets decreased by S\$7.7 million from S\$30.9 million as at 31 December 2017 to S\$23.2 million as at 31 March 2018, mainly due to decrease in cash and cash equivalents and inventories by S\$8.3 million and S\$0.1 million respectively, offset by increase in trade receivables by S\$0.4 million, increase in prepayments by S\$0.1 million and increase in other receivables by S\$0.2 million.

Current liabilities increased by S\$2.0 million from S\$33.5 million as at 31 December 2017 to S\$35.5 million as at 31 March 2018, mainly due to: (a) increase in trade payables of S\$0.3 million; (b) increase in current portion of loans and borrowings of S\$3.2 million arising from new bank loans obtained during the financial period; and (c) increase in the current portion of obligations under finance leases of S\$0.5 million arising from new finance leases obtained during the financial period, offset by decrease in other payables and accruals of S\$1.9 million and decrease in the current portion of the deferred purchase consideration (arising from the acquisition of the Astra Companies and Kids Clinics) of S\$0.1 million.

Non-current liabilities decreased by S\$7.2 million from S\$25.8 million as at 31 December 2017 to S\$18.6 million as at 31 March 2018, mainly due to decrease in non-current other payables and the non-current portion of the deferred purchase consideration as a result of (i) reclassification from non-current to current during the financial period, and (ii) payment of the deferred consideration, offset by increase in loans and borrowings, and obligations under finance leases arising from new bank loans and finance leases obtained during the financial period.

The Group has net current liabilities of S\$12.3 million (31/12/2017: S\$2.7 million) as at 31 March 2018 mainly due to the deferred purchase consideration of S\$17.2 million which is expected to be paid within 12 months after the balance sheet date. The Group has secured debt facilities and is currently in the process of finalising the Rights Issue as announced on 1 March 2018 which will improve its cash position and enable the Company to meet its financial obligations.

6.3 Consolidated Cash Flow Statements for the Group.

The audited consolidated cash flow statements of the Group for FY2015, FY2016 and FY2017, and the unaudited consolidated cash flow statements of the Group for 1Q2018 are set out below:

	FY2015	FY2016	FY2017	1Q2018
	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)
Cash flows from operating activities				
Profit before income tax	43	3,043	9,483	3,761
Adjustments for:				
Depreciation of property, plant and equipment	1,059	1,363	2,646	945
Share-based compensation expenses	117	136	201	57
Impairment loss on trade receivables	34	—	40	—
Interest income	(42)	(12)	(59)	(20)
Interest expenses	75	116	485	157
Amortisation of loan costs	—	—	38	11
Accretion of interest on deferred purchase consideration	—	—	200	68
(Gain)/loss on disposal of property, plant and equipment	(79)	2	85	4
Gain on remeasuring previously held equity in joint venture entity to fair value on business combination	—	(1,612)	—	—
Loss on dilution of interest in joint venture entity	—	16	—	—
Loss/(gain) on liquidation of subsidiary	—	21	(4)	—
Impairment loss on property, plant and equipment	—	52	—	—
Impairment loss/(reversal of) impairment loss on amounts due from joint ventures	—	408	(45)	—
Impairment loss on/ (reversal of) impairment loss on investment in joint ventures	—	384	(187)	—
Share of results of joint venture entities	364	354	254	12
Total adjustments	1,528	1,228	3,654	1,234
Operating cash flows before changes in working capital	1,571	4,271	13,137	4,995

	FY2015	FY2016	FY2017	1Q2018
	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)
Changes in working capital:				
(Increase)/decrease in:				
Inventories	(72)	(60)	(164)	99
Trade and other receivables	(715)	(665)	(2,121)	(908)
Prepayments	(55)	(205)	(622)	(119)
(Increase)/decrease in:				
Trade payables	(496)	416	52	268
Other payables and accruals	160	884	3,009	(437)
Total changes in working capital	(1,178)	370	154	(1,097)
Cash generated from operations	393	4,641	13,291	3,898
Interest received	42	12	59	20
Interest paid	(75)	(116)	(471)	(150)
Income taxes paid	–	–	(91)	(201)
Net cash flows generated from operating activities	360	4,537	12,788	3,567
Cash flows from investing activities				
Purchases of property, plant and equipment	(1,516)	(1,127)	(5,014)	(1,235)
Proceeds from disposal of property, plant and equipment	79	21	97	60
Investment in joint venture entities / associates	(2,522)	(1,857)	(103)	(5,818)
Proceeds from disposal of joint venture entity	100	–	–	–
Convertible loan to a joint venture	–	–	(314)	–
Net cash outflow from acquisition of subsidiaries	–	446	(16,889)	(11,000)
Net cash outflow from liquidation of subsidiary	–	(28)	–	–
Net cash flows used in investing activities	(3,859)	(2,545)	(22,223)	(17,993)
Cash flows from financing activities				
Dividends paid to non-controlling interests	(150)	(160)	(226)	–
Issuance of shares	3,839	285	15,933	212
Share issuance expenses	(374)	(136)	(401)	–
Proceeds from loan from joint venture entity	–	172	–	–
Proceeds from loans and borrowings	–	500	11,766	7,856
Repayment of loans and borrowings	(538)	(668)	(3,244)	(1,084)
Repayment of obligations under finance leases	(79)	(626)	(891)	(882)
Deposit pledged for bank facility	(25)	–	–	–
Net cash flows generated from financing activities	2,673	(633)	22,937	6,102

	FY2015	FY2016	FY2017	1Q2018
	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)
Net increase in cash and cash equivalents	(826)	1,359	13,502	(8,324)
Cash and cash equivalents at the beginning of the financial year	7,266	6,440	7,799	21,301
Cash and cash equivalents at the end of the financial year	6,440	7,799	21,301	12,977

Review of Cash Flow Statements

A discussion of the cash flow statements of the Group from FY2015 to 1Q2018 is set out below:

Review of Cash Flow for FY2015

Net cash flows generated from operating activities of S\$0.3 million arised mainly from the operating profit before working capital changes of S\$1.5 million offset by the outflow of working capital of S\$1.2 million.

Net cash flows used in investing activities of S\$3.8 million were mainly attributed to the acquisition of property, plant and equipment and investments in joint venture entities, offset by the proceeds from disposals of property, plant and equipment and the Company's 49% equity interest in a joint venture entity, MindChamps Medical Pte Limited.

Net cash flows generated from financing activities of S\$2.7 million were mainly from the net proceeds from the issuance of shares through the 2015 rights issue of S\$3.4 million, offset by repayment of loans and borrowings of S\$0.5 million and payment of dividends to non-controlling interests of S\$0.2 million.

Review of Cash Flow for FY2016

Net cash flows generated from operating activities of S\$4.5 million arises mainly from the operating profit before working capital changes of S\$4.2 million and the inflow of working capital of S\$0.4 million, offset by the interest paid of S\$0.1 million.

Net cash flows used in investing activities of S\$2.5 million were mainly attributed to the acquisition of property, plant and equipment and investment in joint venture entities namely SMGC and SMGIV, offset by the net cash inflow from acquisition of subsidiaries namely NRPL and LSI.

Net cash flows used in financing activities of S\$0.6 million were mainly from the repayment of loans and borrowings and finance leases of S\$0.7 million and S\$0.6 million respectively, payment of dividends to non-controlling interests of S\$0.2 million and share issuance expenses of S\$0.1 million, offset by proceeds from share issuance following the exercise of share options under SSOS of S\$0.3 million, proceeds from loan from a joint venture entity of S\$0.2 million and loans and borrowings of S\$0.5 million.

Cash and cash equivalents was S\$7.8 million as at 31 December 2016, compared to S\$6.4 million as at 31 December 2015.

Review of Cash Flow for FY2017

Net cash flows generated from operating activities of S\$12.8 million arose mainly from the operating profit before working capital changes of S\$13.1 million and inflow of working capital of S\$0.2 million, offset by interest payment of S\$0.5 million.

Net cash flows used in investing activities of S\$22.2 million were mainly attributed to the purchase of property, plant and equipment, acquisition of subsidiaries, the Astra Companies, the Kids Clinics and BCSC, a convertible loan provided to a joint venture and investment in joint venture entities namely PTCS.

Net cash flows generated from financing activities of S\$22.9 million were mainly from proceeds from issuance of shares of S\$15.9 million and proceeds from loans and borrowings of S\$11.7 million, offset by dividends paid to non-controlling interests of S\$0.2 million, share issuance expenses of S\$0.4 million, and repayment of loans and borrowings and finance leases of S\$3.2 million and S\$0.9 million respectively.

Cash and cash equivalents was S\$21.3 million as at 31 December 2017, compared to S\$7.8 million as at 31 December 2016.

Review of Cash Flow for 1Q2018

Net cash flows generated from operating activities of S\$3.6 million arose mainly from the operating profit before working capital changes of S\$5.0 million, offset by outflow of working capital of S\$1.1 million and interest and income tax payment of S\$0.1 million and S\$0.2 million respectively.

Net cash flows used in investing activities of S\$18.0 million were mainly attributed to the purchase of property, plant and equipment, payment of deferred purchase consideration from the acquisition of the Astra Companies of S\$11.0 million and investment in associate, CSA, of S\$5.8 million.

Net cash flows generated from financing activities of S\$6.1 million were mainly from proceeds from issuance of shares of S\$0.2 million and proceeds from loans and borrowings of S\$7.9 million, offset by repayment of loans and borrowings and finance leases of S\$1.1 million and S\$0.9 million respectively.

Cash and cash equivalents was S\$13.0 million as at 31 March 2018, compared to S\$21.3 million as at 31 December 2017.

6.4 Review of Working Capital.

The working capital of the Group as at 31 December 2015, 31 December 2016, 31 December 2017 and 31 March 2018 are as follows:

S\$'000	Audited As at 31 December 2015⁽¹⁾	Audited As at 31 December 2016⁽²⁾	Audited As at 31 December 2017⁽³⁾	Unaudited As at 31 March 2018⁽⁴⁾
Total current assets	10,091	14,303	30,860	23,196
Total current liabilities	4,727	8,166	33,518	35,524
Working capital	5,364	6,137	(2,658)	(12,328)

Notes:

- (1) The financial information in this column has been extracted from the audited consolidated financial statements of the Group for FY2015.
- (2) The financial information in this column has been extracted from the audited consolidated financial statements of the Group for FY2016.
- (3) The financial information in this column has been extracted from the audited consolidated financial statements of the Group for FY2017.
- (4) The financial information in this column has been extracted from the unaudited consolidated financial statements of the Group for 1Q2018.

A discussion of the working capital of the Group from FY2015 to 1Q2018 is set out below:

FY2016 compared to FY2015

Current assets increased by S\$4.2 million from S\$10.1 million as at 31 December 2015 to S\$14.3 million as at 31 December 2016. The increase is mainly due to increase in trade receivables, other receivables, prepayments, and cash and cash equivalents of S\$2.1 million, S\$0.5 million, S\$0.2 million and S\$1.4 million respectively.

Current liabilities increased by S\$3.4 million from S\$4.7 million as at 31 December 2015 to S\$8.2 million as at 31 December 2016, mainly due to: (a) increase in trade payables, and other payables and accruals of S\$0.5 million and S\$2.1 million respectively; (b) increase in current portion of obligations under finance leases of S\$0.8 million; and (c) increase in income tax payable of S\$0.4 million. The increase is offset by decrease in loans and borrowings of S\$0.4 million due to the repayment of a short-term bank loan in FY2016.

FY2017 compared to FY2016

Current assets increased by S\$16.6 million from S\$14.3 million as at 31 December 2016 to S\$30.9 million as at 31 December 2017, mainly due to increase in cash and cash equivalents by S\$13.5 million, increase in inventories by S\$0.4 million, increase in trade receivables by S\$1.3 million, increase in prepayments by S\$0.6 million and increase in other receivables by S\$0.8 million.

Current liabilities increased by S\$25.3 million from S\$8.2 million as at 31 December 2016 to S\$33.5 million as at 31 December 2017, mainly due to: (a) increase in other payables and accruals of S\$4.8 million; (b) the current portion of the deferred purchase consideration for acquisition of subsidiaries of S\$17.4 million; (c) increase in current portion of loans and borrowings of S\$1.7 million arising from a new bank loan obtained during the financial year; and (d) increase in income tax payable of S\$1.4 million.

The Group has net current liabilities of S\$2.7 million (2016: S\$Nil) as at 31 December 2017 mainly due to the deferred purchase consideration of S\$17.4 million which is expected to be paid within 12 months after the balance sheet date. On 8 February 2018, S\$11.0 million of the deferred purchase consideration was paid out of which S\$6 million was funded by a new bank loan drawn down from a financial institution.

Working capital of the Group as at 31 March 2018 compared to Working capital of the Group as at 31 December 2017

Current assets decreased by S\$7.7 million from S\$30.9 million as at 31 December 2017 to S\$23.2 million as at 31 March 2018, mainly due to decrease in cash and cash equivalents and inventories by S\$8.3 million and S\$0.1 million respectively, offset by increase in trade receivables by S\$0.4 million, increase in prepayments by S\$0.1 million and increase in other receivables by S\$0.2 million.

Current liabilities increased by S\$2.0 million from S\$33.5 million as at 31 December 2017 to S\$35.5 million as at 31 March 2018, mainly due to: (a) increase in trade payables of S\$0.3 million; (b) increase in current portion of loans and borrowings of S\$3.2 million arising from new bank loans obtained during the financial period; and (c) increase in the current portion of obligations under finance leases of S\$0.5 million arising from new finance leases obtained during the financial period, offset by decrease in other payables and accruals of S\$1.9 million and decrease in the current portion of the deferred purchase consideration (arising from the acquisition of the Astra Companies and Kids Clinics) of S\$0.1 million.

7. PROPOSED WHITEWASH RESOLUTION

7.1 Mandatory general offer requirement under the Code.

The Code regulates the acquisition of ordinary shares of, *inter alia*, corporations with a primary listing on the SGX-ST, including the Company.

Except with the consent of the SIC, where:-

- (a) any person acquires whether by a series of transactions over a period of time or not, Shares which (taken together with Shares held or acquired by parties acting in concert with him) carry 30% or more of the voting rights of the Company; or
- (b) any person who, together with parties acting in concert with him, holds not less than 30% but not more than 50% of the voting rights in the Company and such person, or any party acting in concert with him, acquires in any period of six (6) months additional Shares carrying more than one (1)% of the voting rights,

such person must extend a mandatory take-over offer immediately to the Shareholders for the remaining Shares in the Company in accordance with the provisions of the Code. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have an obligation to extend an offer.

In general, the acquisition of instruments convertible into, rights to subscribe for and options in respect of new Shares which carry voting rights does not give rise to an obligation to make a mandatory take-over offer under the Code, but the exercise of any conversion or subscription rights or options will be considered to be an acquisition of voting rights for the purposes of the Code.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Code as a result of any acquisition of Rights Shares pursuant to the Rights Issue should consult the SIC and/or their professional advisers.

Note 5 to Rule 14.1 of the Code provides, *inter alia*, that when a group of persons acting in concert holds over 50%, no obligation normally arises from acquisitions by any member of the group. However, subject to certain considerations, the SIC may regard as giving rise to an obligation to make an offer any acquisition by a single member or sub-group of the group of voting rights sufficient to increase his/its holding to 30% or more or, if he/it already holds between 30% to 50%, by more than 1% in any period of six (6) months.

The Undertaking Shareholders (which includes the Relevant Shareholders) have given Irrevocable Undertakings to the Company to subscribe for their full entitlement of the Rights Shares under the Rights Issue.

In the Excess Rights Scenario, assuming that (i) in fulfilment of their Irrevocable Undertakings, the Undertaking Shareholders subscribe and pay for the Entitled Rights Shares; (ii) none of the other Shareholders of the Company subscribe for their provisional allotments of Rights Shares under the Rights Issue; and (iii) the Relevant Shareholders subscribe for all of the excess Rights Shares, the Relevant Shareholders' shareholdings in the Company will increase from approximately 34.69% as at the Latest Practicable Date to approximately 37.58%. The resultant increase of 2.89% would trigger a mandatory take-over offer.

In the Minimum Subscription Scenario, assuming that (i) only the Undertaking Shareholders subscribe and pay for the Entitled Rights Shares; and (ii) none of the other Shareholders subscribes and pays for any Rights Shares, the Relevant Shareholders' shareholdings in the Company will increase from approximately 34.69% as at the Latest Practicable Date to approximately 35.74%. The resultant increase of 1.05% would trigger a mandatory take-over offer.

In the Maximum Subscription Scenario, the Relevant Shareholders' shareholdings in the Company will decrease from 34.69% as at the Latest Practicable Date to 34.64% as at the Books Closure Date; and assuming all Shareholders (including Undertaking Shareholders) subscribe and pay for all the Rights Shares (including Entitled Rights Shares), the Relevant Shareholders' shareholdings in the Company will remain at 34.64%. No mandatory take-over offer obligation thus arises.

In view of the Excess Rights Scenario and Minimum Subscription Scenario, an application has been made to the SIC (the "**Whitewash Waiver**") for a confirmation, and the SIC has confirmed, that the Relevant Shareholders will not be required to make a mandatory general offer for the remaining Shares in issue not already owned, controlled or agreed to be acquired by them and their concert parties in the event that the Relevant Shareholders' aggregate voting rights in the Company increases by more than 1% in any 6-month period as a result of the Relevant Shareholders subscribing for (i) their Entitled Rights Shares pursuant to the Irrevocable Undertakings and (ii) up to 14,419,976 excess Rights Shares, subject to the conditions in Paragraph 7.2 below being met.

The proposed Rights Issue and the obligations of the Undertaking Shareholders pursuant to the Irrevocable Undertakings are conditional upon, *inter alia*, the grant of the Whitewash Waiver by the SIC and the Independent Shareholders' approval of the proposed Whitewash Resolution at the EGM.

7.2 Conditional waiver of the mandatory general offer requirement by SIC.

The SIC had, on 27 April 2018, waived the requirement for the Relevant Shareholders to make a mandatory general offer for the remaining Shares in issue not already owned, controlled or agreed to be acquired by them and their concert parties in the event that the Relevant Shareholders' aggregate voting rights in the Company increases by more than 1% in any 6-month period as a result of the Relevant Shareholders subscribing for (i) their Entitled Rights Shares pursuant to the Irrevocable Undertakings and (ii) up to 14,419,976 excess Rights Shares, subject to, *inter alia*, the following conditions:-

- (a) a majority of holders of voting rights of the Company approve at a general meeting, before the issue of the Rights Shares, the Whitewash Resolution by way of a poll to waive their rights to receive a general offer from the Relevant Shareholders;
- (b) the Whitewash Resolution is separate from other resolutions;
- (c) the Relevant Shareholders and their concert parties, as well as parties not independent of them abstain from voting on the Whitewash Resolution;
- (d) the Relevant Shareholders and their concert parties did not acquire and are not to acquire any Shares in the Company or instruments convertible into and options in respect of Shares in the Company (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares in the Company which have been disclosed in this Circular):-
 - (i) during the period between the announcement of the proposed Rights Issue and the date Shareholders' approval is obtained for the Whitewash Resolution; and
 - (ii) in the six (6) months prior to the announcement of the proposed Rights Issue, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Company in relation to the proposed Rights Issue;

- (e) the Company appoints an independent financial adviser to advise the independent shareholders on the Whitewash Resolution;
- (f) the Company sets out clearly in this Circular:-
 - (i) details of the proposed Rights Issue, including the Irrevocable Undertakings and the Relevant Shareholders' intention to subscribe for up to 14,419,976 excess Rights Shares;
 - (ii) the possible dilution effect to existing holders of voting rights of the Company as a result of the Relevant Shareholders acquiring the Entitled Rights Shares pursuant to the Irrevocable Undertakings, and the excess Rights Shares;
 - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares in the Company held by the Relevant Shareholders and their concert parties as at the latest practicable date;
 - (iv) the number and percentage of voting rights to be issued to the Relevant Shareholders as a result of their acquisition of the Entitled Rights Shares pursuant to the Irrevocable Undertakings and the excess Rights Shares; and
 - (v) that Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the Relevant Shareholders and their concert parties at the highest price paid by the Relevant Shareholders and their concert parties for the Company's Shares in the past six (6) months preceding the commencement of such offer period;
- (g) this Circular states that the waiver granted by SIC to the Relevant Shareholders from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions stated at paragraphs (a) to (f) above;
- (h) the Company obtains SIC's approval in advance for those parts of the Circular that refer to the Whitewash Resolution; and
- (i) to rely on the Whitewash Resolution, the acquisition by the Relevant Shareholders of the Entitled Rights Shares pursuant to the Irrevocable Undertakings and the excess Rights Shares must be completed within 3 months of the approval of the Whitewash Resolution.

The SIC also ruled that the purchase of rights to subscribe for Rights Shares by the Relevant Shareholders and their concert parties would invalidate SIC's waiver.

As at the Latest Practicable Date, save for conditions 7.2(a), (c), (d)(i) and (i) above, all the above conditions imposed by the SIC have been satisfied.

7.3 Dilution.

The dilution effect to the shareholdings of existing Shareholders upon the completion of the proposed Rights Issue will be as follows:-

7.3.1 Maximum Subscription Scenario:-

	Current Shareholding (as at the Latest Practicable Date) ⁽¹⁾		After the Rights Issue ⁽²⁾	
	No. of Existing Shares	%	No. of Shares ⁽³⁾	%
The Relevant Shareholders	161,704,267	34.69	169,789,479	34.64
The Relevant Shareholders' concert parties	199,900	0.04	209,895	0.04
Other Shareholders	304,266,869	65.27	320,178,462	65.32
Total	466,171,036	100.00	490,177,836	100.00

Notes:

- (1) This does not include the Vested Share Options (the 665,000 Outstanding Share Options) that may be exercised on or prior to the Books Closure Date.
- (2) Assuming the exercise of all the Vested Share Options on or prior to the Books Closure Date, as the Maximum Subscription Scenario is based on the Maximum Base Scenario. However, please note that there will be no change in the percentage of shareholdings held by Shareholders as at the Books Closure Date and immediately after completion of the Rights Issue in the Maximum Subscription Scenario. This is because the assumption in the Maximum Subscription Scenario is that all Shareholders will fully exercise their rights to subscribe for the Rights Shares, which are distributed pro-rata.
- (3) Rounded to the nearest whole number.

7.3.2 Minimum Subscription Scenario:-

	Current Shareholding (as at the Latest Practicable Date)		After the Rights Issue	
	No. of Existing Shares	%	No. of Shares ⁽²⁾	%
The Relevant Shareholders	161,704,267	34.69	169,789,479 ⁽¹⁾	35.74
The Relevant Shareholders' concert parties	199,900	0.04	199,900	0.04
Other Shareholders	304,266,869	65.27	305,103,481 ⁽³⁾	64.22
Total	466,171,036	100.00	475,092,860	100.00

Notes:

- (1) Based on the following calculation: the aggregate of the Relevant Shareholders' 161,704,267 existing Shares and 8,085,212 Rights Shares subscribed pursuant to the Irrevocable Undertakings.
- (2) Rounded to the nearest whole number.
- (3) The number of shares held by Shareholders other than the Relevant Shareholders increases upon completion of the Rights Issue as Dr. Wong Seng Weng, who is one of the Undertaking Shareholders but is not one of the Relevant Shareholders, will subscribe for 836,612 Rights Shares pursuant to the Irrevocable Undertakings.

7.3.3 Excess Rights Scenario:-

	Current Shareholding (as at the Latest Practicable Date) ⁽¹⁾		After the Rights Issue ⁽⁵⁾	
	No. of Existing Shares	%	No. of Shares ⁽³⁾	%
The Relevant Shareholders	161,704,267	34.69	184,209,455 ⁽²⁾	37.58
The Relevant Shareholders' concert parties	199,900	0.04	199,900	0.04
Other Shareholders	304,266,869	65.27	305,768,481 ⁽⁴⁾	62.38
Total	466,171,036	100.00	490,177,836	100.00

Notes:

- (1) This does not include the Vested Share Options (the 665,000 Outstanding Share Options) that may be exercised on or prior to the Books Closure Date.
- (2) Based on the following calculation: the aggregate of the Relevant Shareholders' 161,704,267 existing Shares, 8,085,212 Rights Shares subscribed pursuant to the Irrevocable Undertakings, and 14,419,976 excess Rights Shares.
- (3) Rounded to the nearest whole number.
- (4) The number of shares held by Shareholders other than the Relevant Shareholders increases upon completion of the Rights Issue as Dr. Wong Seng Weng, who is one of the Undertaking Shareholders but is not one of the Relevant Shareholders, will subscribe for 836,612 Rights Shares pursuant to the Irrevocable Undertakings, in addition to the Vested Share Options (as the Excess Rights Scenario is based on the Maximum Base Scenario).
- (5) Assuming the exercise of all the Vested Share Options as the Excess Rights Scenario is based on the Maximum Base Scenario.

7.4 Proposed Whitewash Resolution.

Independent Shareholders are requested to vote by way of a poll, on the proposed Whitewash Resolution set out as an ordinary resolution in the notice of EGM on page N-1 of this Circular, waiving any rights to receive a mandatory general offer from the Relevant Shareholders for all the remaining Shares in issue not already owned, controlled or agreed to be acquired by them and their concert parties.

Shareholders should note that the Irrevocable Undertakings are conditional upon the approval of the proposed Whitewash Resolution by the Independent Shareholders. If the Independent Shareholders do not vote in favour of the proposed Whitewash Resolution, the Irrevocable Undertakings will lapse and cease to have any effect.

By voting in favour of the proposed Whitewash Resolution, Independent Shareholders will be waiving their rights to receive a mandatory general offer from the Relevant Shareholders for all the remaining Shares in issue not already owned, controlled or agreed to be acquired by them and their concert parties at the highest price paid by them for the Company's Shares in the past six (6) months preceding the commencement of the offer.

The Company has appointed RHT Capital Pte. Ltd. as the IFA to the Independent Directors for the proposed Whitewash Resolution. The letter from the IFA to the Independent Directors containing its advice on the proposed Whitewash Resolution is set out in Appendix A to this Circular.

7.5 Abstention from Voting.

Pursuant to the Whitewash Waiver, the Relevant Shareholders and their concert parties will abstain from voting at the EGM on the ordinary resolution relating to the Whitewash Resolution.

The Relevant Shareholders and their concert parties will also decline to accept appointment as proxies for any Shareholder to vote in respect of the ordinary resolution relating to the Whitewash Resolution, unless the Shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the said resolution.

8. INTERESTS OF THE DIRECTORS AND THE SUBSTANTIAL SHAREHOLDERS

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

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%(1)	No. of Shares	%(1)	No. of Shares	%(1)
Directors						
Mr. Tony Tan Choon Keat ⁽²⁾	60,960,070	13.08	199,900	0.04	61,159,970	13.12
Dr. Beng Teck Liang ⁽³⁾	58,071,484	12.46	—	—	58,071,484	12.46
Mr. Jimmy Yim Wing Kuen	1,360,300	0.29	—	—	1,360,300	0.29
Dr. Wong Seng Weng ⁽⁶⁾	16,732,241	3.59	—	—	16,732,241	3.59
Mr. Ho Lon Gee	—	—	—	—	—	—
Ms. Stefanie Yuen Thio	—	—	—	—	—	—
Substantial Shareholders (excluding Directors)						
Silver Mines Global Limited	42,332,713	9.08	—	—	42,332,713	9.08
Red Ancient Global Ltd	340,000	0.07	42,332,713	9.08	42,672,713	9.15
CHA Healthcare Singapore Pte Ltd	30,000,000	6.44	—	—	30,000,000	6.44
Dr. Ho Choon Hou ⁽⁴⁾	—	—	42,672,713	9.15	42,672,713	9.15
CHA Healthcare Co., Ltd ⁽⁵⁾	—	—	30,000,000	6.44	30,000,000	6.44
CHA Biotech Co., Ltd ⁽⁵⁾	—	—	30,000,000	6.44	30,000,000	6.44

Notes:

- (1) Based on the issued share capital of the Company of 466,171,036 Shares as at the Latest Practicable Date.
- (2) Mr. Tony Tan Choon Keat is deemed interested in the 199,900 Shares held by his immediate family member. Mr. Tony Tan Choon Keat does not have any Outstanding Share Options.
- (3) Dr. Beng Teck Liang also holds 5,100,000 Outstanding Share Options, inclusive of the 3,700,000 Outstanding Share Options granted by the Company on 30 April 2018. In addition to his Outstanding Share Options, Dr. Beng Teck Liang was also granted 336,000 share awards on 30 April 2018, pursuant to the Company's performance share plan adopted by the Company on 30 April 2014.
- (4) (a) Silver Mines Global Limited ("Silver Mines") is a wholly-owned subsidiary of Red Ancient Global Ltd ("Red Ancient").
(b) Red Ancient is wholly-owned by Dr. Ho Choon Hou ("HCH").

Accordingly, Red Ancient and HCH is deemed to have an interest in the 42,332,713 shares held by Silver Mines by virtue of section 7(4A) of the Act. With effect from 13 January 2017, Red Ancient has direct interest in SMG. As a result, HCH is deemed to have an interest in the 42,332,713 shares held by Silver Mines and 340,000 shares held by Red Ancient by virtue of section 7(4A) of the Act. HCH does not have any Outstanding Share Options.

- (5) CHA Healthcare Singapore Pte. Ltd. ("CHAS") is a wholly-owned subsidiary of CHA Healthcare Co., Ltd. ("CHAH"). CHA Biotech Co., Ltd. ("CHAB") is the holding company of CHAS and CHAH. Accordingly, CHAH and CHAB are deemed to have an interest in the 30,000,000 shares held by CHAS by virtue of section 7(4A) of the Act.
- (6) Dr. Wong Seng Weng has 1,600,000 Outstanding Share Options.

Save as disclosed in this Paragraph 8, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Rights Issue and/or the Whitewash Resolution other than through their respective shareholdings (direct or indirect) in the Company.

9. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page N-1 of this Circular, will be held at 290 Orchard Road, #14-03, The Paragon, Singapore 238859 on 6 June 2018 at 4.30 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the ordinary resolutions in relation to the Rights Issue and Whitewash Resolution set out in the notice of EGM.

10. BOOKS CLOSURE DATE

Subject to the approval of the Rights Issue being obtained at the EGM, for the purpose of determining the provisional allotments of Entitled Shareholders under the Rights Issue will be announced at a later date.

11. OFFER INFORMATION STATEMENT

An Offer Information Statement will be despatched to the Entitled Shareholders subject to, *inter alia*, the approval of Shareholders for the Rights Issue and the Whitewash Resolution being obtained at the EGM. Acceptances and applications under the Rights Issue can only be made on the following (all of which will form part of the Offer Information Statement):

- (a) the PAL, in the case of Entitled Scripholders;
- (b) the ARE, in the case of Entitled Depositors;
- (c) the ARS, in the case of persons purchasing provisional allotments of Rights Shares through the book-entry (scripless) settlement system whose registered addresses with CDP are in Singapore; and
- (d) the automated teller machines of participating banks providing electronic applications through such automated teller machines, in the case of Entitled Shareholders or their Renouncees or Purchasers of provisional allotments of Rights Shares on the SGX-ST.

The procedures for, and the terms and conditions applicable to, the acceptances, renunciations and/or sales of the provisional allotments of the Rights Shares and for the excess applications for the Rights Shares pursuant to the Rights Issue, including the different modes of acceptance or application and payment, will be set out in the Offer Information Statement.

12. ACTION TO BE TAKEN BY SHAREHOLDERS

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

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

13. **ADVICE OF THE INDEPENDENT FINANCIAL ADVISER**

Pursuant to the conditions imposed by the SIC, the Directors have appointed RHT Capital Pte. Ltd. as the IFA to advise the Independent Directors on the proposed Whitewash Resolution.

The letter from the IFA to the Independent Directors on the proposed Whitewash Resolution, containing its advice in full, is reproduced and set out in Appendix A to this Circular. Shareholders are advised to read and consider carefully the advice of the IFA and the recommendation of the Independent Directors on the proposed Whitewash Resolution.

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

“7. OUR OPINION

In arriving at our recommendation in respect of the Proposed Whitewash Resolution, 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) the rationale of the Proposed Rights Issue and the use of net proceeds from the Proposed Rights Issue for the growth and expansion of the Group's business either organically or through mergers and acquisitions;*
- (b) the Rights Shares being offered to entitled Shareholders on a pro rata basis;*
- (c) an assessment of the Issue Price of the Rights Shares as follows:*
 - (i) a discount of 17.2%, 19.5%, 19.7% and 21.1% to the VWAP of the Shares for the 1-month, 3-month, 6-month and 12-month periods prior to the release of the Announcement respectively;*
 - (ii) a discount of 6.4% to the VWAP of the Shares during the period between the Announcement and the Latest Practicable Date; and*
 - (iii) a discount of 6.3% to the VWAP of the Shares as at the Latest Practicable Date,*
- (d) a comparison of the Issue Price with the market statistics of Completed Rights Issues as follows:*
 - (i) the Issue Price is priced at a discount of 14.3% to the last transacted Share price of S\$0.560 prior to the release of the Announcement, which is within the range of Completed Rights Issues but below the mean and median discounts of Completed Rights Issues of 35.2% and 36.6% respectively; and*
 - (ii) the Issue Price is priced at a discount of 13.7% to the theoretical ex-rights price, based on the last trading price of the Shares of S\$0.560 prior to the release of the Announcement, which is within the range of Completed Rights Issues but below the mean and median discounts of the theoretical ex-rights prices of Completed Rights Issues of 24.1% and 24.6% respectively,*

- (e) *the financial information of the Group;*
- (f) *the financial effects of the Proposed Rights Issue;*
- (g) *the maximum potential dilution in shareholdings of Independent Shareholders (excluding Dr Wong) from 61.7% to 58.8%; and*
- (h) *other relevant considerations as set out in Paragraph 6.7 of this Letter, namely (i) the inter-conditionality of the Proposed Rights Issue and the Proposed Whitewash Resolution; (ii) support from the Relevant Shareholders; and (iii) commentaries from the FY2017 annual report and 1Q2018 results announcement.*

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 Whitewash Resolution (in relation to the Proposed Rights Issue) is fair and reasonable and not prejudicial to the interests of the Independent Shareholders.

We therefore advise the Independent Directors to recommend to the Independent Shareholders to vote in favour of the Proposed Rights Issue and the Proposed Whitewash Resolution.

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

14. DIRECTORS' RECOMMENDATION

Having fully considered the terms of and rationale for the Rights Issue, the Directors are of the opinion that the Rights Issue is in the interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the proposed Rights Issue at the EGM.

The Independent Directors, having considered, *inter alia*, the rationale for the proposed Rights Issue as set out in Paragraph 3.1 of this Circular and the advice of the IFA as set out in the IFA Letter in Appendix A of this Circular, are of the opinion that the proposed Whitewash Resolution (in relation to the proposed Rights Issue) is fair and reasonable and not prejudicial to the interests of the Independent Shareholders. Accordingly, the Independent Directors recommend that the Independent Shareholders vote in favour of the proposed Rights Issue and the proposed Whitewash Resolution at the EGM.

Shareholders are advised to read this Circular in its entirety and for those who may require advice in the context of their specific investment, to consult their respective stockbroker, bank manager, solicitor, accountant or other professional adviser.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, as at the Latest Practicable Date, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Rights Issue, 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.

16. MANAGER'S RESPONSIBILITY STATEMENT

The Manager confirms that, having made reasonable enquiries and to the best of the Manager's knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Rights Issue, the Whitewash Resolution, the Company and its subsidiaries, and the Manager is 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 Manager 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.

17. CONSENT

CIMB has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto, in the form and context in which it is included in this Circular and to act in such capacity in relation to this Circular.

RHT Capital Pte. Ltd., the IFA, has given and has not withdrawn its written consent to issue of this Circular and the inclusion of its letter to the Independent Directors dated 21 May 2018 in the form and context in which it appears in Appendix A to this Circular and to act in the capacity as the independent financial adviser in relation thereto and to be named as such in this Circular, and to all references to them in the form and context in which they are made in this Circular.

18. MATERIAL LITIGATION

As at the Latest Practicable Date, the Directors are not aware of any legal or arbitration proceedings pending or threatened or known to be contemplated, by or against the Company or any of its subsidiaries which might have or which have had in the 12 months immediately preceding the Latest Practicable Date, a material effect on the financial position or profitability of the Company or the Group taken as a whole or of any facts likely to give rise to any such litigation or arbitration claim.

19. MATERIAL CONTRACTS

Save as disclosed herein, the Company and its subsidiaries have not entered into any material contracts (not being contracts entered into in the ordinary course of business) for the period of two (2) years immediately preceding the Latest Practicable Date:-

- (a) the joint venture agreement dated 1 June 2016 entered into by the Company with Cardioscan Pty Ltd with the objective to establish a company to engage in the provision of cardiac monitoring and reporting services in Singapore, Malaysia, Indonesia and Thailand;
- (b) the sale and purchase agreement dated 5 August 2016 entered into by the Company to acquire 61.9% of the total issued and paid-up share capital of LCI;
- (c) the six share purchase agreements dated 6 December 2016 and entered into by a subsidiary of the Company, SMG Astra Women's Specialist Pte Ltd, to purchase 100% of the issued and paid-up share capital of the Astra Companies;
- (d) the joint venture agreement dated 15 December 2016 entered into by the Company with Dr. Wong Seng Weng, Dr. Ho Choon Hou, three (3) non-related individual investors and one (1) non-related corporate investor, with the objective to establish a company to explore and invest in potential growth and acquisition opportunities;
- (e) the conditional subscription agreement dated 5 January 2017 entered into by SMGIV, to subscribe for not less than 32% of the total issued and paid-up share capital in CityClinic Asia Investments Pte. Ltd. ("**CCAI**");

- (f) the shareholders agreement dated 5 January 2017 entered into by SMGIV and the existing shareholders of CCAI to regulate their rights and obligations in relation to, and the affairs of, CCAI;
- (g) the share purchase agreement dated 31 January 2017 entered into by CHA SMG (Australia) Pte. Ltd., a subsidiary of the Company ("**CSA**"), to acquire 65% of the share capital of CFC Global Pty. Ltd. ("**CFC**");
- (h) the strategic collaboration agreement dated 16 February 2017 entered into by the Company with CHC to (i) act as a framework for the Company and CHC to actively collaborate with each other on joint participation in future development and investment opportunities; and (ii) to facilitate and strengthen their collaboration;
- (i) the placement agreement dated 16 February 2017 entered into by the Company with CHC for the issue and allotment of 30,000,000 placement shares at an aggregate placement price of S\$15,000,000 to CHC (the "**CHC Placement Agreement**");
- (j) the novation agreement dated 13 March 2017 between the Company, CHC, and CHA Healthcare Singapore Pte. Ltd. ("**CHS**") whereby the parties agreed that CHC be substituted with CHS as a party to and in the CHC Placement Agreement;
- (k) the sale and purchase agreement dated 20 April 2017 entered into by the Company with Dr. Wong Seng Weng, to acquire 10% of the total issued and paid-up share capital of Cancer Centre Pte. Ltd. ("**Cancer Centre**");
- (l) the two framework agreements dated 20 April 2017, and the two share purchase agreements dated 12 June 2017, entered into by SMG Kids Clinic Pte Ltd, a wholly-owned subsidiary of the Company ("**SMG Kids**"), and each of Dr. Heng Siok Kheng and Dr. Oh Meng Choo, to acquire the entire issued and paid-up share capital of the Kids Clinics;
- (m) the convertible loan agreement dated 27 September 2017 entered into by the Company to grant CCAI a convertible loan facility of up to US\$689,359;
- (n) the share purchase agreement dated 17 October 2017 entered into by the Company and SMG Kids, with Dr. Ng Pau Ling, to purchase the entire issued and paid-up shares in the share capital in BCSC;
- (o) the shareholders' agreement entered into with CHS to regulate their rights and obligations *inter se* as shareholders of CSA, as announced by the Company on 26 February 2018; and
- (p) the binding term sheet dated 1 March 2018 entered into by the Company with Dr. Kenneth Lee Cheng San and Dr. Low Chai Ling in relation to the proposed acquisition of 85% of the issued and paid-up shares in the share capital in Pheniks Pte. Ltd.

20. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the Annual Reports of the Company for FY2015, FY2016 and FY2017;
- (b) the Constitution of the Company;
- (c) the Irrevocable Undertakings given by the Undertaking Shareholders;

- (d) the IFA letter dated 21 May 2018 as set out in Appendix A of this Circular; the letter of consent referred to in Paragraph 17 of this Circular; and
- (e) the material contracts referred to in Paragraph 19 of this Circular.

Yours faithfully

For and on behalf of the Board of
SINGAPORE MEDICAL GROUP LIMITED

Dr. Beng Teck Liang
Executive Director and Chief Executive Officer

Singapore
21 May 2018

APPENDIX A – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RELATION TO THE PROPOSED WHITEWASH RESOLUTION

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

21 May 2018

To: Directors of Singapore Medical Group Limited
(deemed to be independent in respect of the Proposed Whitewash Resolution)

Dr Wong Seng Weng	(Executive Director)
Mr Ho Lon Gee	(Lead Independent Director)
Mr Jimmy Yim Wing Kuen	(Independent Director)
Ms Stefanie Yuen Thio	(Independent Director)

Dear Sirs,

INDEPENDENT FINANCIAL ADVICE TO THE INDEPENDENT DIRECTORS OF SINGAPORE MEDICAL GROUP LIMITED IN RELATION TO THE PROPOSED WHITEWASH RESOLUTION FOR THE PROPOSED RIGHTS ISSUE

Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 21 May 2018 (“Circular”) issued by the Company to the shareholders of the Company shall have the same meaning herein.

1. INTRODUCTION

On 1 March 2018 (“**Announcement Date**”), the board of directors (“**Board**” or “**Directors**”) of Singapore Medical Group Limited (“**Company**”, and together with its subsidiaries, “**Group**”) announced (“**Announcement**”), *inter alia*, that the Company is proposing to undertake a renounceable non-underwritten rights issue (“**Proposed Rights Issue**”) of up to 23,341,800 new ordinary shares in the issued share capital of the Company (“**Rights Shares**”) at an issue price of S\$0.480 for each Rights Share on the basis of one (1) Rights Share for every twenty (20) existing ordinary shares in the issued share capital of the Company (“**Shares**”) held by shareholders of the Company (“**Shareholders**”) as at a time and date to be determined by the Directors (“**Books Closure Date**”) for purposes of determining the provisional allotments of the entitled Shareholders under the Proposed Rights Issue.

As an indication of their support and commitment to the Company, the following Shareholders have provided irrevocable undertakings (“**Undertaking Shareholders**”) to the Company to, *inter alia*, fully subscribe for their entitled Rights Shares (“**Irrevocable Undertakings**”):

- (i) Mr Tony Tan Choon Keat (“**Mr Tony Tan**”), the Non-Executive Chairman who directly holds 60,960,070 Shares and is deemed interested in 199,900 Shares held by his immediate family member, which in aggregate, represents approximately 13.1% of the total number of issued Shares;
- (ii) Dr Beng Teck Liang (“**Dr Beng**”), the Executive Director and Chief Executive Officer who directly holds 58,071,484 Shares, representing approximately 12.5% of the total number of issued Shares;
- (iii) Dr Ho Choon Hou (“**Dr Ho**”), who holds in aggregate 42,672,713 Shares or approximately 9.2% of the total number of issued Shares, with 340,000 Shares held through Red Ancient Global Ltd (“**Red Ancient Global**”), a company wholly-owned by Dr Ho and 42,332,713 Shares held through Silver Mines Global Limited (“**Silver Mines**”), a wholly-owned subsidiary of Red Ancient Global; and

- (iv) Dr Wong Seng Weng ("**Dr Wong**"), an Executive Director who directly holds 16,732,241 Shares, representing approximately 3.6% of the total number of issued Shares.

In aggregate, the Undertaking Shareholders (excluding 199,900 Shares held by the immediate family member of Mr Tony Tan which he is deemed interested in) hold 178,436,508 Shares, representing approximately 38.3% of the issued Shares. For the avoidance of doubt, the Irrevocable Undertaking provided by Mr Tony Tan does not include his deemed interest of 199,900 Shares held by his immediate family member. Accordingly, the Undertaking Shareholders will subscribe for an aggregate of 8,921,824 Rights Shares pursuant to the Irrevocable Undertakings.

As at the Latest Practicable Date, the Company has an issued share capital comprising a total number of 466,171,036 outstanding Shares and 11,100,000 outstanding share options ("**Outstanding Share Options**") granted under the Company's employee share option scheme adopted by the Company on 30 April 2014 ("**SMG ESOS**"), of which up to 665,000 Outstanding Share Options are exercisable on or prior to the Books Closure Date into 665,000 new Shares ("**Vested Share Options**").

We note that as at the Latest Practicable Date, the Share price is S\$0.505 and the weighted average exercise price of the Vested Share Options are S\$0.297. As the Vested Share Options are "in-the-money", it is likely that the Vested Share Options may be exercised prior to the Books Closure Date. Should all 665,000 Vested Share Options be exercised prior to the Books Closure Date of the Proposed Rights Issue, the share capital of the Company will comprise 466,836,036 issued Shares.

Pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers ("**Code**"), except with the consent of the Securities Industry Council ("**SIC**"), where (a) any person who acquires whether by a series of transactions over a period of time or not, Shares which (taken together with Shares held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights in the Company; or (b) any person who together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights in the Company and such person, or any person acting in concert with him, acquires in any period of six (6) months additional Shares carrying more than 1.0% voting rights, ("**Mandatory Offer Threshold**"), he is required to make a mandatory general offer for all the Shares in the Company which he does not already own or control ("**Mandatory Offer**").

Pursuant to the Irrevocable Undertakings provided by Mr Tony Tan, Dr Beng, and Dr Ho ("**Relevant Shareholders**"), the Rights Shares to be issued to the Relevant Shareholders may result in the Relevant Shareholders acquiring more than 1.0% of the voting rights of the Company within a period of six (6) months, thereby triggering a requirement for the Relevant Shareholders to make a Mandatory Offer. Please refer to Paragraph 3.2.1 below for more details on the Relevant Shareholders who are deemed to be parties acting in concert.

Additionally, as set out in Section 2.5.4 of the Circular, the Relevant Shareholders intend to subscribe for up to 14,419,976 excess Rights Shares.

Accordingly, the Company had sought and obtained from the SIC, a waiver of the obligation of the Relevant Shareholders to make a Mandatory Offer under the Code for all the Shares not owned or controlled by the Relevant Shareholders as a result of the Relevant Shareholders subscribing for (i) their entitled Rights Shares pursuant to the Irrevocable Undertakings and (ii) up to 14,419,976 excess Rights Shares ("**Whitewash Waiver**"), and the Company will be seeking the approval of: (i) Shareholders for the Proposed Rights Issue; and (ii) Shareholders other than the Relevant Shareholders and parties not independent of it ("**Independent Shareholders**") for the proposed whitewash resolution for the waiver of Independent Shareholders' rights to receive a Mandatory Offer from the Relevant Shareholders ("**Proposed Whitewash Resolution**") at an extraordinary general meeting ("**EGM**") to be convened.

The SIC's approval for the Whitewash Waiver is subject to the satisfaction of certain conditions as set out in Section 7.2 of the Circular, including, *inter alia*, (i) the approval of the Proposed Whitewash Resolution by majority of the Independent Shareholders voting by way of a poll to waive their rights to receive the Mandatory Offer from the Relevant Shareholders at the EGM; and (ii) the appointment of an independent financial adviser ("**IFA**") to advise the Independent Shareholders on the Proposed Whitewash Resolution.

Accordingly, RHT Capital Pte. Ltd. ("**RHTC**") has been appointed by the Company as the IFA to advise the Directors who are deemed to be independent in respect of the Proposed Whitewash Resolution. Save for Mr Tony Tan and Dr Beng who will abstain from making any recommendation as Directors of the Company on the Proposed Whitewash Resolution, the remaining Directors, namely, Dr Wong, Mr Ho Lon Gee, Mr Jimmy Yim Wing Kuen and Ms Stefanie Yuen Thio are deemed independent directors in respect of the Proposed Whitewash Resolution ("**Independent Directors**").

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

The passing of the ordinary resolutions for the Proposed Rights Issue and the Proposed Whitewash Resolution are inter-conditional upon each other. If either of these resolutions is not passed, the Company will not proceed with the Proposed Rights Issue.

2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors in respect of the Proposed Whitewash Resolution. The purpose of this Letter is to provide an independent opinion on, whether the Proposed Whitewash Resolution, when considered in the context of the Proposed Rights Issue, is fair and reasonable and not prejudicial to the interests of the Independent Shareholders.

We were neither a party to the negotiations entered into by the Company in relation to the Proposed Rights Issue nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Proposed Rights Issue or to obtain the approval of the Independent Shareholders for the Proposed Rights Issue and/or the Proposed Whitewash Resolution, and we do not, by this Letter, warrant the merits of the Proposed Rights Issue and/or the Proposed Whitewash Resolution other than to express an opinion on whether the Proposed Whitewash Resolution is prejudicial to the interests of the Independent Shareholders when considered in the context of the Proposed Rights Issue.

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

In the course of our evaluation of the financial terms of the Proposed Rights Issue, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Company and/or the Group. We have also relied on information provided and representations made, including relevant financial analyses and estimates, by the Directors, the Management, and the Company's advisers, including but not limited to its solicitors and/or auditors. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information, representation or assurance. 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 Rights Issue, the Proposed Whitewash Resolution, the Company and/or the Group are fair and accurate and that there are no material facts or omissions of which would make any statement in the Circular misleading in any material respect. The Directors collectively and individually accept responsibility accordingly.

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

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

Our analysis and our opinion as set out in this Letter is based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as of 15 May 2018 (“**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 Rights Issue and/or the Proposed Whitewash Resolution 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 would 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, or other professional adviser immediately.

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

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

We have prepared this Letter for the use of the Independent Directors in connection with their consideration of the Proposed Whitewash Resolution and their advice to Independent Shareholders arising thereof. The recommendations made to the Independent Shareholders in relation to the Proposed Whitewash Resolution remain the sole responsibility of the Independent Directors.

Our opinion on the Proposed Whitewash Resolution 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 35 clinics strategically located in Singapore and comprises an extensive network of specialist and associate doctors across Singapore.

The Health Business encompasses both specialist and primary healthcare including executive and corporate health screening, general medicine, dermatology, general surgery, obstetrics and gynaecology, 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, based on the existing number of outstanding shares of the Company of 466,171,036 Shares and the last traded Share price of S\$0.505, the market capitalisation of the Company is approximately S\$235.4 million.

3.2 Key developments

In the past five years, the Company had undergone several major corporate exercises, including a take-over exercise, several fund-raising exercises and a number of acquisitions and joint ventures.

3.2.1 Take-over exercise

On 28 May 2013, Dr Beng became a controlling shareholder of the Company when he bought 29,770,000 Shares from the then executive chairman of the Company, Mr Felix Huang Keming, pursuant to a sale and purchase agreement dated 28 May 2013, resulting in Dr Beng acquiring a direct interest of 29,770,000 Shares, representing approximately 20.4% in the then issued Shares.

On 14 October 2013, Pure Beauty Investments Limited (“**Offeror**”), a vehicle with Mr Tony Tan and Dr Ho as its directors, made a voluntary general offer for all the issued Shares in the Company (“**2013 VGO**”). The shareholders of the Offeror were Mr Tony Tan and Silver Mines, a company indirectly wholly-owned by Dr Ho, as detailed in Paragraph 1 above. Dr Beng was deemed to be acting in concert with the Offeror for purposes of the 2013 VGO and did not accept the offer. In this regard, the Relevant Shareholders comprising Mr Tony Tan, Dr Ho and Dr Beng are regarded as parties acting in concert.

The 2013 VGO closed on 25 November 2013, and as at the close of the 2013 VGO, Dr Beng and the Offeror held approximately 68.8% of the total number of issued Shares. On 15 July 2014, the Offeror had undertaken a dividend-in-specie to distribute its assets to Mr Tony Tan and Silver Mines. Following which, Mr Tony Tan and Silver Mines held direct interests in the Shares respectively.

On 2 December 2013, the Company announced changes to its Board. The previous executive chairman Mr Felix Huang Keming, chief executive officer Dr Xiaoyan Baumann Geb. Bi, executive director Ms See-Toh Wai Keong and independent director Mr Lew Foon Keong, Charles resigned and Mr Tony Tan was appointed non-executive chairman of the Company while Dr Beng was appointed an executive director and chief executive officer of the Company.

3.2.2 Fund-raising exercises

The fund-raising exercises undertaken by the Company in the past five years is summarised in the following table:

Announcement Date	Details	Use of proceeds
24 Dec 2013	Renounceable non-underwritten rights issue of up to 72,868,000 Shares, on the basis of one (1) rights share for every two (2) existing Shares ("2013 Rights Issue")	<p>(i) To redeem the cumulative redeemable convertible preference shares that are convertible into Shares that were outstanding then;</p> <p>(ii) strengthen the financial position of the Group; and</p> <p>(iii) as a strategic initiative to enhance the financial flexibility of the Group to capitalise on potential growth opportunities by enlarging the Group's working capital and capital base.</p> <p>The net proceeds of S\$7.4 million was used in accordance with the use of proceeds above.</p>
4 Nov 2014	Placement exercise to issue 26,971,000 Shares ("2014 Placement")	<p>To fund the growth and expansion of the Group, with approximately 52.4% of the net proceeds to expand the Company's aesthetic business and the remaining net proceeds to enhance the financial flexibility of the Group to capitalise on potential growth and acquisition opportunities.</p> <p>The net proceeds of approximately S\$4.2 million was used in accordance with its intended purposes, save for the reallocation of S\$0.7 million intended for use to expand the Company's aesthetic business to other potential growth and acquisition opportunities, as announced by the Company on 4 January 2017.</p>
4 Nov 2014	Renounceable non-underwritten rights issue of up to 25,093,500 Shares on the basis of one (1) Rights Share for every ten (10) existing Shares ("2014 Rights Issue")	<p>To fund the growth and expansion of the Group, with approximately 55.6% of the net proceeds from the 2014 Rights Issue to grow the Group's existing medical specialist business and the remaining 44.4% to strengthen the financial position of the Group by enlarging the Company's working capital and capital base.</p> <p>The net proceeds of S\$3.6 million was used in accordance with its intended purposes, save for the reallocation of S\$1.3 million intended for use to strengthen the Company's working capital and capital base to other growth and acquisition opportunities, as announced by the Company on 15 March 2016 and 4 January 2017.</p>

Announcement Date	Details	Use of proceeds
16 Feb 2017	Placement exercise of 30,000,000 Shares to CHA Healthcare Co., Ltd. (" CHC Placement ")	<p>To fund the growth and expansion of the Group, with approximately 66.6% of the net proceeds from the CHC Placement for merger and acquisition opportunities, approximately 20.0% of the net proceeds for expansion into other South East Asian countries and the remaining 13.4% for the Company to grow its existing business.</p> <p>The net proceeds of S\$14.95 million was used in accordance with its intended purposes, save for the reallocation of S\$1.7 million originally intended for expansion into other South East Asian countries, with S\$0.4 million to be utilised for merger and acquisition opportunities and S\$1.3 million to be utilised for growing the Company's existing business, as announced by the Company on 16 November 2017 and 8 February 2018.</p>

3.2.3 Acquisitions and joint ventures

The acquisitions and joint ventures undertaken by the Company in the past five years is summarised in the following table:

Announcement Date	Details	Source(s) of funding
30 Apr 2014	The Company had on 29 April 2014, entered into a joint venture agreement with PT. Ciputra Raya Sejahtera to operate an eye specialist clinic and possibly operate more specialist clinics in Jakarta, Indonesia.	The joint venture was funded by proceeds from the 2013 Rights Issue.
7 May 2014	The Company entered into a sale and purchase agreement to acquire an additional 20.0% shareholding interest in The Cancer Centre Pte. Ltd. (" TCC ") from Dr Wong.	Consideration for the acquisition was satisfied through the issuance of Shares to Dr Wong.
14 May 2014	The Company entered into a sale and purchase agreement to acquire an additional 35.0% equity interest in The Obstetrics & Gynaecology Centre Pte Ltd.	The consideration was funded through the Company's internal resources.

Announcement Date	Details	Source(s) of funding
21 Oct 2014	<p>The Company entered into an agreement to subscribe for 196,000 new ordinary shares, or 49.0% of the issued and paid-up share capital of MindChamps Medical Pte Limited, a company seeking to engage in the business of operating as an operator and franchisor of private general practitioner healthcare providers under the brand name MindChamps Medical. The Company had intended to operate and/or franchise such general practitioner healthcare providers as a joint venture under the brand name "MindChamps Medical with SMG".</p> <p>However, the Company had on 9 September 2015 subsequently announced the divestment of the joint venture as the original timeline for setting up and operating the first clinic had been delayed due to uncertain business and economic conditions.</p>	The subscription was funded by the Company's internal resources.
21 Jan 2015	The Company entered into a joint venture agreement with Sansung Life & Science Co., Ltd to establish a company to engage in the aesthetics business and sales of aesthetic related range of products in the South-East Asia region.	The joint venture was funded by proceeds from the 2014 Placement.
20 Jul 2015	<p>The Company entered into a joint venture agreement with several individuals, including Mr Tony Tan, Dr Beng and Dr Wong to subscribe for ordinary shares in the capital of Lifescan Imaging Pte. Ltd. ("Lifescan"). The Company would own 40.0% shareholding interest in Lifescan, while each of the other individual investors, including Mr Tony Tan, Dr Beng and Dr Wong would own 10.0% shareholding interest in Lifescan.</p> <p>Lifescan was set up to undertake the acquisition and operation of a radiology business, and Lifescan had subsequently on 3 August 2015, entered into an asset transfer agreement to acquire the radiology business of Pacific Cancer Centre Pte. Ltd..</p>	The joint venture was funded by proceeds from the 2014 Placement.
23 Mar 2016	The Company and Lifescan entered into a sale and purchase agreement to acquire the entire issued and paid-up share capital of Novena Radiology Pte. Ltd., which is involved in the business of providing diagnostic imaging services.	The acquisition was funded by proceeds from the 2014 Rights Issue.
1 Jun 2016	The Company entered into a joint venture agreement with Cardioscan Pty Ltd to establish a company engaged in the provision of cardiac monitoring and reporting services in Singapore, Malaysia, Indonesia and Thailand.	The joint venture was funded by proceeds from the 2014 Placement.

Announcement Date	Details	Source(s) of funding
5 Aug 2016	<p>The Company entered into a sale and purchase agreement with the other shareholders of Lifescan (“Lifescan Vendors”) to acquire the remaining equity interest of Lifescan not owned by it (“Lifescan Acquisition”).</p> <p>The Lifescan Acquisition was approved by Shareholders at an extraordinary general meeting convened and Lifescan became a wholly-owned subsidiary of the Company.</p>	Consideration for the Lifescan Acquisition was satisfied through the issuance of Shares to the Lifescan Vendors.
11 Oct 2016	<p>The Company announced that it had entered into an agreement with several individuals for the acquisition of the entire issued and paid-up share capital of a group of obstetrics and gynaecology clinics, namely (i) Astra Women’s Specialists (WB) Pte. Ltd.; (ii) The Women’s Specialist Centre (HC) Pte. Ltd.; (iii) Fong’s Clinic For Women & Fertility Pte. Ltd.; (iv) Astra Centre for Women & Fertility Pte. Ltd.; (v) The London Clinic & Surgery For Women Pte. Ltd.; (vi) James Lee Healthcare Pte. Ltd.; and (vii) Alpha Healthcare International Pte. Ltd. (collectively, “Astra Companies”).</p>	Consideration for acquisition of the Astra Companies was satisfied through the issuance of Shares and cash funded by a combination of the Company’s internal resources and fund raising in the capital markets.
15 Dec 2016	<p>The Company had incorporated SMG International (Vietnam) Pte. Ltd. (“SMGIV”) and entered into a joint venture with several individuals including Dr Wong and Dr Ho to explore and invest in potential growth and acquisition opportunities, as the Group seek to expand and diversify its businesses and operations into the Vietnam market, to achieve a more consistent and sustainable financial growth.</p> <p>Subsequently, on 5 January 2017, SMGIV had entered into a conditional subscription agreement with CityClinic Asia Investments Pte. Ltd. (“CCAI”), to subscribe for not less than 32.0% of the total issued and paid-up share capital of CCAI. CCAI. The wholly-owned subsidiary of CCAI, CityClinic Vietnam Limited, provides outpatient healthcare services through a clinic providing multi-disciplinary healthcare specialist services which focuses on health screening, women’s health, paediatrics and diagnostic imaging.</p>	The joint venture was funded through the Company’s internal resources.
20 Apr 2017	<p>The Company entered into a sale and purchase agreement with Dr Wong to acquire an additional 10.0% shareholding interest in TCC.</p> <p>The acquisition was approved by Shareholders at an extraordinary general meeting convened and TCC then became a 90.0% owned subsidiary of the Group.</p>	Consideration for the acquisition was satisfied through the issuance of Shares to Dr Wong.

Announcement Date	Details	Source(s) of funding
12 Jun 2017	The Company's wholly-owned subsidiary, SMG Kids Clinic Pte. Ltd., had entered into sale and purchase agreements for the acquisition of the entire issued and paid-up share capital of two paediatrics clinics, namely the Children's Clinic Central Pte. Ltd. and Kids Clinic @ Bishan Pte. Ltd..	Consideration for acquisition was satisfied through the issuance of Shares and cash funded by a combination of the Company's internal resources, bank facilities and net proceeds from the CHC Placement.
27 Sep 2017	The Company entered into a convertible loan agreement to grant a convertible loan facility of up to US\$689,359 (" CCAI Loan ") to CCAI. Should the CCAI Loan be fully drawdown and converted, the Group will have an effective interest of 26.8% in CCAI comprising a direct interest of 6.9% and an indirect interest held through SMGIV of 19.9%.	The loan was funded from net proceeds of the CHC Placement.
19 Oct 2017	The Company entered into a sale and purchase agreement to acquire the entire issued and paid-up share capital of the Babies and Children Specialist Clinic Pte. Ltd. from Dr Ng Pau Ling Simon, a paediatrician who specialises in neonatology. The Company entered into a consultancy agreement with Dr Ng Pau Ling Simon with the aim for him to further grow the Group's paediatric practice, and identify and mentor talented paediatricians within the Group. The acquisition was part of the Company's plan for the clinic to provide both synergistic advantages and cross-selling opportunities to the Group's existing obstetrics and gynaecology practice.	Consideration for acquisition was satisfied through the issuance of Shares and cash funded by a combination of the Company's internal resources, bank facilities and fund raising in the capital markets.
30 Jan 2018	The Company subscribed for 20.0% equity interest in CHA SMG (Australia) Pte. Ltd. (" CHA Australia "), a company incorporated in Singapore for the purposes of investment holding.	The subscription is funded through the Company's internal resources.
26 Feb 2018	The Company subscribed for additional shares in CHA Australia, but retained their shareholding interest of 20.0% in CHA Australia.	The subscription was funded by net proceeds from the CHC Placement.
1 Mar 2018	The Company announced that it had entered into a binding term sheet for the acquisition of 85.0% of the issued and paid-up shares in the share capital of Pheniks Pte. Ltd., a company engaged in the business of operating an aesthetic and plastic surgery clinic under the clinic name of SW1 Clinic.	Consideration for acquisition was satisfied through the issuance of Shares and cash funded by a combination of the Company's internal resources, bank facilities and fund raising in the capital markets.

Following the issuance of new Shares during the Company's various fund-raising exercises and acquisitions, the aggregate shareholdings of the Relevant Shareholders (excluding 199,900 Shares held by the immediate family member of Mr Tony Tan which he is deemed interested in) was diluted to approximately 34.7% of the total number of issued Shares as at the Latest Practicable Date.

4. KEY TERMS OF THE PROPOSED RIGHTS ISSUE AND IRREVOCABLE UNDERTAKINGS

4.1 Key terms of the Proposed Rights Issue

Detailed terms of the Proposed Rights Issue are set out in Section 2 of the Circular.

The Proposed Rights Issue is proposed to be made on a renounceable non-underwritten basis, on the basis of one (1) Rights Share for every twenty (20) existing Shares held by the Shareholders as at the Books Closure Date at an Issue Price of S\$0.480 for each Rights Share.

The Issue Price for each Rights Share of S\$0.480 represents:

- (i) a discount of approximately 14.3% to the last transacted price of S\$0.560 per Share on the SGX-ST on 27 February 2018, being the last market day the Shares were last traded prior to the release of the Announcement; and
- (ii) a discount of approximately 13.7% to the theoretical ex-rights price of S\$0.556, based on the last transacted Share price of S\$0.560 prior to the release of the Announcement.

Entitled Shareholders will be at liberty to accept (in full or in part), or decline, or otherwise renounce or trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotments of Rights Shares, and will be eligible to apply for excess Rights Shares.

In the case of foreign Shareholders who are not entitled to the provisional allotments of the Rights Shares, in order to avoid violation of securities legislation applicable in their countries, it is stated in Section 2.7 of the Circular that if it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to foreign Shareholders to be sold “nil-paid” on the SGX-ST as soon as practicable after dealings in the provisional allotment of the Rights Shares commence. The net proceeds arising from the above will be dealt with in accordance with the terms set out in the offer information statement to be issued by the Company for the Proposed Rights Issue.

Fractional entitlements to the Rights Shares will be disregarded in arriving at the entitled Shareholders’ provisional allotments of Rights Shares and will, together with the provisional allotments of Rights Shares which are not taken up or allotted for any reason, be aggregated and allotted to satisfy applications for excess Rights Shares (subject to availability), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company subject to applicable laws and regulations.

In the allotment of excess Rights Shares, preference will be given to the rounding of odd lots and the Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Proposed Rights Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and the allotment of excess Rights Shares. The Company will also not make any allotment and issuance of any excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

The Rights Shares are payable in full upon acceptance and/or application, and when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares. For this purpose, “record date” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of the business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or the securities accounts of Shareholders must be credited with Shares in order to participate in such dividends, rights, allotments or distributions.

The Company had on 8 May 2018, received the listing and quotation notice from the SGX-ST for the permission to deal in and for the listing and quotation of up to 23,341,800 Rights Shares on the Catalist pursuant to the Proposed Rights Issue.

Shareholders should note that the Proposed Rights Issue is subject to, *inter alia*:

- (i) the listing and quotation notice obtained from the SGX-ST on 8 May 2018 for the dealing in, listing and quotation of the Rights Shares on Catalist not having been withdrawn or revoked on or prior to the Closing Date, and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company;
- (ii) the lodgement of the Offer Information Statement, together with all other necessary accompanying documents in connection with the Proposed Rights Issue, with the SGX-ST acting as agent on behalf of the Authority; and
- (iii) the approval of: (a) the Shareholders for the Proposed Rights Issue and the issue and allotment of the Rights Shares; and (b) the Independent Shareholders for the Proposed Whitewash Resolution, at the EGM.

4.2 Irrevocable Undertakings

As set out in Paragraph 1 above, the Undertaking Shareholders had provided Irrevocable Undertakings to the Company to subscribe for their entitled Rights Shares pursuant to the Proposed Rights Issue, in accordance with the following number of Shares set out in the table:

Undertaking Shareholders	Number of Shares
Mr Tony Tan	60,960,070 ⁽¹⁾
Dr Beng	58,071,484
Dr Ho	42,672,713
Dr Wong	16,732,241
Total	178,436,508

Note:

- (1) Not inclusive of Mr Tony Tan's deemed interest in 199,900 Shares, which are held by his immediate family member.

In aggregate, the number of Shares subjected to the Irrevocable Undertakings provided by the Undertaking Shareholders is 178,436,508 Shares. Accordingly, the Undertaking Shareholders will subscribe for an aggregate of 8,921,824 Rights Shares pursuant to the Irrevocable Undertakings.

Further details on the Irrevocable Undertakings are also set out in Section 2.5 of the Circular.

4.3 Excess Rights Shares

Further to the Irrevocable Undertakings, we note that the Relevant Shareholders also intend to subscribe for up to 14,419,976 excess Rights Shares, as set out in Section 2.5.4 of the Circular.

The Company will issue up to 23,341,800 Rights Shares pursuant to the Proposed Rights Issue. In the event that only the Undertaking Shareholders subscribe for their entitled Rights Shares of 8,921,824 Rights Shares, there will be an excess of 14,419,976 Rights Shares.

Based on the above, we note that if the Relevant Shareholders subscribe for 14,419,976 excess Rights Shares, the Proposed Rights Issue will be fully subscribed.

5. THE PROPOSED WHITEWASH RESOLUTION

As at the Latest Practicable Date, the Relevant Shareholders (excluding 199,900 Shares held by the immediate family member of Mr Tony Tan which he is deemed interested in) own in aggregate 161,704,267 Shares, representing approximately 34.7% of the total number of issued Shares.

Subscription of the Rights Shares by the Relevant Shareholders pursuant to the Irrevocable Undertakings may result in the Relevant Shareholders acquiring more than 1.0% of the voting rights of the Company within a period of six (6) months, thereby crossing the Mandatory Offer Threshold and resulting in the Relevant Shareholders being required to make a Mandatory Offer unless such requirement is waived by the SIC.

Accordingly, the Company had, on 14 March 2018, applied to the SIC for the Whitewash Waiver. The SIC had, on 27 April 2018, granted the Whitewash Waiver to the Relevant Shareholders, subject to the satisfaction of the SIC Conditions, including, *inter alia*, the following:

- (i) waiver by the Independent Shareholders, by way of an ordinary resolution passed on a poll or otherwise as required by the SIC, of the obligation of the Relevant Shareholders to make a Mandatory Offer;
- (ii) the Proposed Whitewash Resolution is separate from other resolutions;
- (iii) the Relevant Shareholders and their concert parties, as well as parties not independent of them, abstain from voting on the Proposed Whitewash Resolution;
- (iv) the Relevant Shareholders did not acquire and are not to acquire any Shares or instruments convertible into, rights to subscribe for and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the Circular):
 - (a) during the period between the Announcement Date and the date that Shareholders' approval is obtained for the Proposed Whitewash Resolution; and
 - (b) in the six (6) months prior to the Announcement Date but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Rights Issue;
- (v) the Company appointing an IFA to advise Independent Shareholders on the Proposed Whitewash Resolution;
- (vi) the Company sets out clearly in its Circular to Shareholders:
 - (a) details of the Proposed Rights Issue, including the Deeds of Undertaking and the Relevant Shareholders' intention to subscribe for up to 14,419,976 excess Rights Shares;
 - (b) the dilution effect to Independent Shareholders upon the issue of the Rights Shares;
 - (c) the number and percentage of voting rights in the Company held by the Relevant Shareholders as at the Latest Practicable Date;
 - (d) the number and percentage of voting rights to be issued to, as well as the number of instruments convertible into, rights to subscribe for and option in respect of shares in the Company held by the Relevant Shareholders and their concert parties as at the Latest Practicable Date; and

- (e) the number and percentage of voting rights to be issued to the Relevant Shareholders, or to be acquired by the Relevant Shareholders under the Proposed Rights Issue; and
- (f) that Independent Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from the Relevant Shareholders and their concert parties at the highest price paid by the Relevant Shareholders and their concert parties for the Shares in the past six (6) months preceding the commencement of such offer period,
- (vii) the Circular states that the Whitewash Waiver granted by the SIC to the Relevant Shareholders is subject to the conditions stated in paragraphs (i) to (vi) above;
- (viii) the Company obtains the SIC's approval in advance for those parts of the Circular that refer to the Proposed Whitewash Resolution; and
- (ix) to rely on the Proposed Whitewash Resolution, the subscription of Rights Shares by the Relevant Shareholders will be completed within three (3) months of the approval of the Proposed Whitewash Resolution.

We note that any purchase of rights to subscribe for Rights Shares by the Relevant Shareholders would invalidate the Whitewash Waiver granted by the SIC.

As at the Latest Practicable Date, save for conditions (i), (iii), (iv)(a) and (ix), all the above conditions imposed by the SIC have been satisfied.

The Independent Shareholders are therefore asked to vote, on a poll, on the Proposed Whitewash Resolution set out as Ordinary Resolution 2 in the Notice of EGM, included in the Circular.

The Independent Directors should advise the Independent Shareholders that:

- (a) **by voting in favour of the Proposed Whitewash Resolution (Ordinary Resolution 2), they will be waiving their rights to receive a general offer for their Shares from the Relevant Shareholders at the highest price paid or agreed to be paid by the Relevant Shareholders and their concert parties in the six (6) months preceding the commencement of the Proposed Rights which they would have otherwise been obliged to make for the Shares in accordance with Rule 14 of the Code; and**
- (b) **in the context of the Whitewash Waiver, the Proposed Rights Issue is conditional upon them voting in favour of the Proposed Whitewash Resolution (Ordinary Resolution 2). In view of this, in the event that the Proposed Whitewash Resolution (Ordinary Resolution 2) is not passed by the Independent Shareholders, the Proposed Rights Issue will not take place.**

6. EVALUATION OF THE PROPOSED WHITEWASH RESOLUTION

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

- (a) rationale of the Proposed Rights Issue and use of proceeds;
- (b) the Proposed Rights Issue being offered to all entitled Shareholders on a *pro rata* basis;
- (c) assessment of the Issue Price of the Rights Shares;
- (d) financial performance and position of the Group
- (e) financial effects of the Proposed Rights Issue;
- (f) dilution effect of the Proposed Rights Issue on the Independent Shareholders; and
- (g) other relevant considerations.

6.1 Rationale of the Proposed Rights Issue and the use of proceeds

It is not within our terms of reference to comment or express an opinion on the merits of the Proposed Rights Issue or the future prospects of the Group after the Proposed Rights Issue.

Nevertheless, we have reviewed the rationale of the Proposed Rights Issue as set out in Section 3.1 of the Circular as follows: *“The Company is proposing to undertake the Rights Issue to fund the Group’s mergers and acquisitions, and to fund the growth of the existing business of the Group.”*

In relation to the gross proceeds raised, we note that in the minimum subscription scenario where the Vested Share Options are not exercised prior to the Books Closure Date and only the Undertaking Shareholders subscribe for their *pro rata* entitlement of Rights Shares pursuant to the Irrevocable Undertakings (“**Minimum Subscription Scenario**”), the Company will raise net proceeds of S\$4.0 million, after deducting estimated expense of approximately S\$0.25 million incurred in connection with the Proposed Rights Issue.

In the event that the Vested Share Options are exercised prior to the Books Closure Date and all Shareholders subscribe for their *pro rata* entitlement of Rights Shares (“**Maximum Subscription Scenario**”), the Company will raise net proceeds of S\$11.0 million.

In the event that only the Undertaking Shareholders subscribe for their *pro rata* entitlements of Rights Shares pursuant to the Irrevocable Undertakings, and if the Relevant Shareholders subscribes for all the remaining 14,419,976 Rights Shares as intended (“**Excess Rights Scenario**”), the Proposed Rights Issue will also be fully subscribed, as per the Maximum Subscription Scenario, and the Company will similarly raise net proceeds of S\$11.0 million.

The Company expects to deploy the net proceeds in the following manner:

Use of proceeds		Maximum Subscription Scenario / Excess Rights Scenario		Minimum Subscription Scenario	
		S\$’million	%	S\$’million	%
Merger and acquisition		7.7	70.0	2.8	70.0
Growing existing business		3.3	30.0	1.2	30.0
Total		11.0	100.0	4.0	100.0

We note that the Company will be utilising net proceeds from the Proposed Rights Issue mainly for the continued growth and expansion of the Group's businesses, either organically or through acquisitions and joint ventures, in line with the Group's growth strategy over the past five years. Please refer to Paragraph 3.2.3 for more details on the acquisitions and joint ventures undertaken by the Group in the past five years.

6.2 The Proposed Rights Issue being offered to all entitled Shareholders on a *pro rata* basis

The Proposed Rights Shares are being offered on a *pro rata* basis to entitled Shareholders who will get the right of first refusal to subscribe to the Rights Shares based on their provisional allotment of the Rights Shares.

As set out above in Paragraph 4.3, the Relevant Shareholders intend to subscribe for up to 14,419,976 excess Rights Shares. Nonetheless, entitled Shareholders would also be at liberty to accept, decline, renounce or trade their provisional allotment of Rights Shares and can apply for excess Rights Shares in excess of their entitlements subject to availability.

In the allotment of excess Rights Shares, Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Proposed Rights Issue, or have representation (direct or through a nominee) on the board of the Company will be ranked last in priority for the rounding of odd lots and allotment of excess Rights Shares. As the Relevant Shareholders comprise individuals who are substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company, the Relevant Shareholders will rank last in priority for the allotment of excess Rights Shares. Hence, the Independent Shareholders will not be disadvantaged or prejudiced in the allocation of their application for their entitlements of Rights Shares and excess Rights Shares pursuant to the Proposed Rights Issue.

In the case of foreign Shareholders who are not entitled to the provisional allotments of the Rights Shares, in order to avoid violation of securities legislation applicable in their countries, it is stated in Section 2.7 of the Circular that if it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to foreign Shareholders to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotment of the Rights Shares commence. The net proceeds arising from the above will be dealt with in accordance with the terms set out in the offer information statement to be issued by the Company for the Proposed Rights Issue.

In the event that all Shareholders subscribe in full for their entitled Rights Shares, the current shareholding structure of the Company will remain unchanged.

6.3 Assessment of the Issue Price

The Issue Price of the Rights Shares is S\$0.480 per Rights Share.

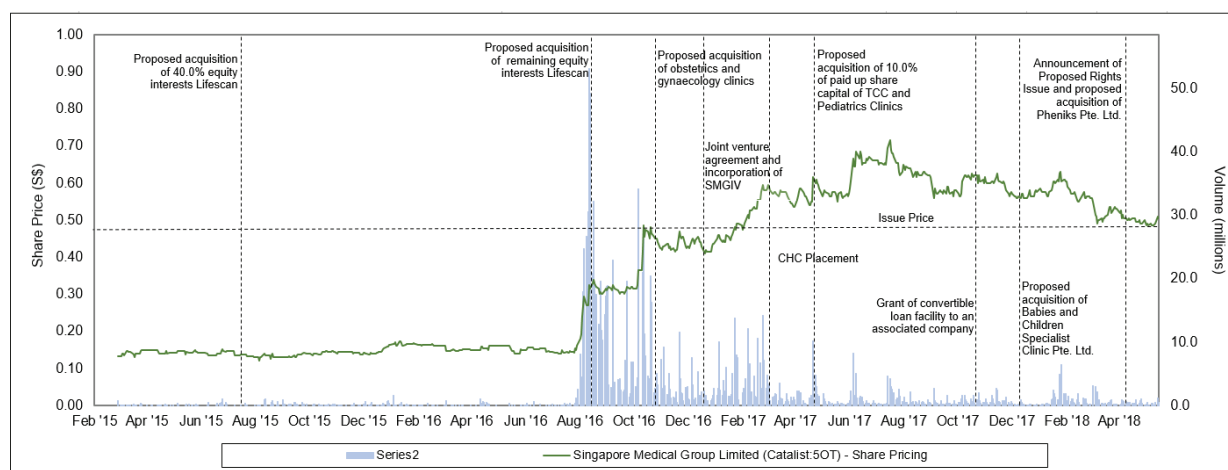
In assessing the Issue Price, we have considered:

- (i) the historical trading performance of the Shares; and
- (ii) compared the discount / premium of the Issue Price to the theoretical ex-rights price with the salient statistics of selected completed rights issues of shares by companies listed on the SGX-ST.

6.3.1 Market quotation and trading activity of the Shares

In assessing the Issue Price, we have compared the Issue Price against the historical market price performance of the Shares and the historical share trading volume of the Shares. We noted that the Shares were halted on 28 February 2018 before the commencement of market trading. As such, we set out below a chart showing the Issue Price relative to the daily last transacted prices and trading volume of the Shares from 28 February 2015, being the three-year period prior to the trading halt by the Company, to the Latest Practicable Date:

**Price movement and traded volume of the Shares
from 28 February 2015 to the Latest Practicable Date**



Source: S&P Capital IQ

We note that historically before the announcement made by the Company on the acquisition of the remaining equity interests of Lifescan on 5 August 2016, the Share price of the Company traded between a range of S\$0.120 to S\$0.240. Following the announcement on 5 August 2016, the Share price of the Company increased to S\$0.300.

Since then, the Share price of the Company had been on an increasing trend, rising in tandem with the acquisitions announced by the Group. The Share price of the Company increased from S\$0.370 to S\$0.420 following announcement of the proposed acquisition of the group of obstetrics and gynaecology clinics on 11 October 2016. Following the announcements on the proposed acquisition of 10.0% of the paid-up share capital of TCC, and the entire paid-up and issued share capital of Children's Clinic Central Pte. Ltd. and Kids Clinic @ Bishan Pte. Ltd. on 20 April 2017, the Share price had increased from S\$0.550 to S\$0.615.

Throughout this period, the Group was also involved in several other acquisitions and investments in joint venture companies, as detailed in Paragraph 3.2.3 above. Following the Announcement and up to the Latest Practicable Date, the Share price of the Company had decreased from S\$0.550 as at 2 March 2018, following the lifting of the trading halt, to S\$0.505 as at the Latest Practicable Date.

6.3.2 Market statistics

In addition, we have tabulated below additional statistical information on the share price performance and trading liquidity of the Shares for the 12-month period prior to the release of the Announcement, commencing from 28 February 2017, one year before the last trading date of the Shares on 27 February 2018 prior to release of the Announcement to the Latest Practicable Date:

	Highest traded price (S\$)	Lowest traded price (S\$)	VWAP ⁽¹⁾ (S\$)	Premium / (Discount) of Issue Price over / (to) VWAP (%)	Number of traded Days	Average daily traded volume ⁽²⁾ ('000)	Average daily traded volume as a percentage of free float ⁽³⁾ (%)
Prior to the release of the Announcement							
Last 1 month	0.625	0.545	0.580	(17.2)	21	899	0.4
Last 3 months	0.645	0.545	0.596	(19.5)	63	793	0.3
Last 6 months	0.645	0.545	0.598	(19.7)	126	759	0.3
Last 1 year	0.725	0.525	0.608	(21.1)	250	974	0.4
As at 27 February 2018, being the last traded day prior to the Announcement	0.57	0.560	0.564	(14.9)	1	202	0.1
After the release of the Announcement to the Latest Practicable Date							
After the release of the Announcement to the Latest Practicable Date	0.575	0.480	0.513	(6.4)	50	602	0.2
As at the Latest Practicable Date	0.525	0.505	0.512	(6.3)	1	8	0.0

Source: *Shareinvestor.com*

Notes:

- (1) The VWAP is calculated based on the turnover divided by volume of the Shares as extracted from Shareinvestor.com.
- (2) The average daily trading volume of the Shares was computed based on the total volume of Shares traded during the relevant periods, divided by the number of days that were open for trading (excluding public holidays and days with full day trading halts on the Shares) during that period.
- (3) Free float refers to the Shares other than those held by the Directors, chief executive officer, controlling Shareholders or substantial Shareholders of the Company and amounts to approximately 245.3 million Shares representing approximately 54.4% of the issued Shares as disclosed in the Company's annual report for FY2017.

Based on the information above, we note that:

- (i) during the 12-month period prior to the Announcement, the closing prices of the Shares ranged between a low of S\$0.525 and a high of S\$0.725. The Issue Price represents a discount of approximately 8.6% and 33.8% to the lowest closing price and highest closing price of the Shares over a 12-month period prior to the release of the Announcement respectively; and
- (ii) during the period after the release of the Announcement and the Latest Practicable Date, the closing prices of the Shares ranged between S\$0.480 and S\$0.575. The Issue Price is the same as the lowest closing price and represents a discount of approximately 16.5% to the highest closing price of the Shares during the period after the release of the Announcement to the Latest Practicable Date.

The Issue Price represents:

- (i) a discount of 17.2%, 19.5%, 19.7% and 21.1% to the VWAP of the Shares for the 1-month, 3-month, 6-month and 12-month periods prior to the release of the Announcement respectively;
- (ii) a discount of 6.4% to the VWAP of the Shares during the period between the Announcement and the Latest Practicable Date; and
- (iii) a discount of 6.3% to the VWAP of the Shares as at the Latest Practicable Date.

The theoretical ex-rights price is S\$0.556 based on the last transacted Share price of S\$0.560 on 27 February 2018, prior to the release of the Announcement. The Issue Price of S\$0.480 represent a discount of approximately 13.7% to the theoretical ex-rights price.

6.3.3 Statistics of selected completed renounceable rights issues of shares

In assessing the Issue Price, we have also looked at the salient statistics of selected completed renounceable rights issues of shares by companies (excluding real estate and business trusts) listed on the SGX-ST ("**Completed Rights Issues**"), that were announced since 1 March 2017 and up to the Latest Practicable Date.

Shareholders should note that the business activities, size of operations, risk profile, geographical spread, operating and financial leverage, market capitalisation, composition of business activities, cash flow requirement, track record, future prospects and other relevant criteria of each of the above companies are not identical to the Group. Accordingly, any inference that can be drawn from the comparison of the relevant discount to theoretical ex-rights prices may not be directly comparable to the Proposed Rights Issue and should not be conclusively relied upon.

Company	Date of Announcement	Terms of rights issue	Issue price of rights share (\$)	Last transacted share price prior to announcement (\$)	Premium / (Discount) of issue price over / (to) last transacted share price prior to announcement (%)	Theoretical ex-rights price ("TERP") ⁽¹⁾ (\$)	Premium / (Discount) of issue price over / (to) TERP (%)
3Cnergy Limited	13 Mar 17	One (1) rights share and two (2) warrants for every three (3) existing ordinary shares	0.067	0.05	34.0 ⁽²⁾	0.054	24.1 ⁽²⁾
Nutryfarm International Limited	30 Mar 17	One (1) rights share for every two (2) existing ordinary shares	0.10	0.22	(54.5)	0.180	(44.4)
Advanced Systems Automation Limited	31 Mar 17	Five (5) rights shares for every one (1) existing ordinary share	0.0009	0.005	(82.0)	0.002	(55.0)
Pan-United Corporation Ltd	3 May 17	One (1) rights share for every four (4) existing ordinary shares	0.43	0.73	(41.1)	0.669	(35.7)
Koh Brothers Eco Engineering Limited	15 May 17	Two (2) rights shares and two (2) warrants for every five (5) existing ordinary shares	0.055	0.091	(39.6)	0.081	(32.1)
Maxi-Cash Financial Services Corporation Ltd.	16 May 17	One (1) rights share for every six (6) existing ordinary shares	0.17	0.182	(6.6)	0.180	(5.6)
Viking Offshore and Marine Limited	18 May 17	Two (2) rights shares and one (1) warrant for every five (5) existing ordinary shares	0.018	0.027	(33.3)	0.024	(25.0)
China Medical (International) Group Limited	7 Jun 17	Three (3) rights shares and three (3) warrants for every one (1) existing ordinary share	0.001	0.005	(80.0)	0.002	(50.0)
CFM Holdings Limited	30 Jun 17	Six (6) rights shares for every seven (7) existing ordinary shares	0.015	0.03	(50.0)	0.023	(34.8)
Amplefield Limited	30 Jun 17	Three (3) rights shares and two (2) warrants for every one (1) existing ordinary share	0.05	0.053	(5.7)	0.051	(2.0)
Asia-Pacific Strategic Investments Limited	12 Sep 17	Two (2) rights shares and two (2) warrants for every one (1) existing ordinary share	0.003	0.004	(25.0)	0.003	0.0
CWX Global Limited (formerly known as Loyz Energy Limited)	30 Sep 17	Four (4) rights shares and one (1) warrant for every four (4) existing ordinary shares	0.009	0.014	(35.7)	0.011	(18.2)

Company		Date of Announcement	Terms of rights issue	Issue price of rights share (S\$)	Last transacted share price prior to announcement (S\$)	Premium / (Discount) of issue price over / (to) last transacted share price prior to announcement (%)	Theoretical ex-rights price ("TERP") ⁽¹⁾ (S\$)	Premium / (Discount) of issue price over / (to) TERP (%)
Jubilee Industries Holdings Ltd.		11 Oct 17	One (1) rights share and one (1) warrant for every two (2) existing ordinary shares	0.045	0.047	(4.3)	0.046	(2.2)
F J Benjamin Holdings Ltd		23 Oct 17	Three (3) rights shares and six (6) warrants for every five (5) existing ordinary shares	0.035	0.045	(22.2)	0.041	(14.6)
Vallianz Holdings Limited		6 Nov 17	One (1) rights share and two (2) warrants for every one (1) existing ordinary share	0.016	0.016	0.0	0.016	0.0
Maxi-Cash Financial Services Corporation Ltd.		9 Nov 17	One (1) rights share for every ten (10) existing ordinary shares	0.16	0.17	(5.9)	0.169	(5.3)
Lifebrandz Ltd		18 Dec 17	Two (2) rights shares for every one (1) existing ordinary share	0.015	0.034	(55.9)	0.021	(28.6)
Raffles Education Corporation Limited		18 Dec 17	Three (3) rights shares for every ten (10) existing ordinary shares	0.14	0.25	(44.0)	0.225	(37.8)
JB Foods Limited		20 Dec 17	One (1) rights share for every three (3) existing ordinary shares	0.25	0.58	(56.9)	0.498	(49.8)
SingHaiyi Group Ltd.		26 Dec 17	One (1) rights share for every two (2) existing ordinary shares	0.1	0.12	(16.7)	0.113	(11.5)
MTQ Corporation Limited		30 Jan 18	Four (4) rights shares and one (1) warrant for every ten (10) existing ordinary shares	0.2	0.4	(50.0)	0.343	(41.7)
Pine Capital Group Limited		7 Feb 18	Twenty five (25) rights shares and eight (8) warrants for every one hundred (100) existing ordinary shares	0.0025	0.004	(37.5)	0.004	(37.5)
Infinio Group Limited		14 Feb 18	One (1) rights share for every one (1) existing ordinary share	0.007	0.009	(22.2)	0.008	(12.5)
Global Dragon Limited (formerly known as TMC Education Corporation Ltd)		27 Feb 18	Three (3) rights shares for every one (1) existing ordinary share	0.0675	0.098	(31.1)	0.075	(10.0)
3Cnergy Limited		2 Mar 18	One (1) rights share for every one (1) existing ordinary share	0.022	0.04	(45.0)	0.029	(24.1)
				High	34.0		24.1	
				Low	(82.0)		(55.0)	
				Mean	(35.2)		(24.1)	
				Median	(36.6)		(24.6)	
Singapore Medical Group Limited		1 Mar 18	One (1) Rights Share for every twenty (20) existing ordinary shares	0.480	0.560	(14.3)	0.556	(13.7)

Sources: S&P Capital IQ, announcements and circulars of the respective companies and RHTC's calculations

Notes:

- (1) Computed based on the respective last transacted price immediately prior to the announcement of the rights issue.
- (2) Excluded in the mean and median calculations as it is a statistical outlier.

We note the following:

- (i) the Issue Price is priced at a discount of 14.3% to the last transacted Share price of S\$0.560 prior to the release of the Announcement, which is within the range of Completed Rights Issues but below the mean and median discounts of Completed Rights Issues of 35.2% and 36.6% respectively; and
- (ii) the Issue Price is priced at a discount of 13.7% to the theoretical ex-rights price, based on the last trading price of the Shares of S\$0.560 prior to the release of the Announcement, which is within the range of Completed Rights Issues but below the mean and median discounts of the theoretical ex-rights prices of Completed Rights Issues of 24.1% and 24.6% respectively.

6.4 Financial information of the Group

Financial performance of the Group for the financial year ended 31 December ("FY") 2015, FY2016, FY2017 and for the first quarter ended 31 March ("1Q") 2017 and 1Q2018

A summary of the audited financial performance of the Group for the last three financial years ended FY2015, FY2016 and FY2017 and the unaudited financial performance of the Group for 1Q2017 and 1Q2018 are set out below and in Section 6 of the Circular.

The following summary financial information should be read in conjunction with the full text of the Company's annual reports for FY2016 and FY2017 and the respective results announcements in respect of the relevant financial periods including the notes thereto.

(S\$'000)	Audited FY2015	Audited FY2016	Audited FY2017	Unaudited 1Q2017	Unaudited 1Q2018
Revenue	30,967	41,580	68,001	14,033	19,229
Cost of sales	(21,302)	(26,675)	(39,027)	(7,969)	(10,312)
Gross profit	9,665	14,905	28,974	6,064	8,917
Financial income	42	12	59	4	20
Other income	227	85	360	91	73
Other gain	—	1,612	236	-	-
Other losses	—	(881)	(329)	-	-
Distribution and selling expenses	(1,969)	(2,466)	(2,890)	(650)	(753)
Administrative expenses	(7,483)	(9,754)	(15,950)	(3,658)	(4,248)
Finance expenses	(75)	(116)	(723)	(72)	(236)
Share of results of associate and joint ventures	(364)	(354)	(254)	(48)	(12)
Profit before tax	43	3,043	9,483	1,731	3,761
Income tax (expense) / credit	157	(169)	(751)	(211)	(229)
Profit for the year	200	2,874	8,732	1,520	3,532
Profit / (loss) for the year attributable to owners of the Company	(148)	2,423	8,499	1,432	3,421

Sources: Company's annual reports for FY2016 and FY2017 and the results announcement for 1Q2018

FY2016 vs FY2015

The Group's revenue increased by S\$10.6 million or approximately 34.3% from S\$31.0 million in FY2015 to S\$41.6 million in FY2016. The increase was mainly due to the increase in the revenue of Health Business segment by S\$7.3 million and Diagnostic & Aesthetics Business segment by S\$3.3 million mainly due to subsidiaries acquired in FY2016.

Gross profit increased by S\$5.2 million or approximately 54.2% from S\$9.7 million in FY2015 to S\$14.9 million in FY2016 as a result of an increase in revenue. Other income decreased by S\$10.1 million or approximately 62.6% from S\$0.2 million in FY2015 to S\$0.1 million in FY2016 as there was no gain from disposal of property, plant and equipment in FY2016.

Other gain in FY2016 relates mainly to gain on remeasuring previously held equity interest in joint venture entity to fair value on business combination of S\$1.6 million. There was no such gain in FY2015. Other losses in FY2016 comprise one-off items such as loss on liquidation of subsidiary of S\$21,000, impairment loss on property, plant and equipment of S\$52,000, loss on dilution of interest in joint venture entity of S\$16,000, impairment loss on amounts due from joint venture entities of S\$0.4 million and impairment loss on investment in joint ventures of S\$0.4 million. There were no such losses in FY2015.

Distribution and selling expenses increased by S\$0.5 million or approximately 25.2% from S\$2.0 million in FY2015 to S\$2.5 million in FY2016 driven by an increase in revenue and marketing activities. Administrative expenses increased by S\$2.3 million or approximately 30.3% from S\$7.5 million in FY2015 to S\$9.8 million in FY2016. This is mainly due to the increase in staff headcount following completion of the acquisitions of subsidiaries in FY2016, and a higher depreciation charged for the financial year resulting from the completion of such acquisitions.

Financial expenses increased marginally mainly due to the acquisitions in FY2016 which resulted in an increase in interest expense.

As a result of the above, the Company reversed the net loss attributable to owners of the Company of S\$0.1 million in FY2015 to a net profit attributable to owners of the Company of S\$2.4 million in FY2016.

FY2017 vs FY2016

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

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

Other losses for FY2017 comprise transaction costs on acquisition of subsidiaries of S\$0.3 million, offset by one-off items such as reversal of impairment loss on amounts due from joint ventures and investment in joint ventures while other losses in FY2016 comprise one-off items such as loss on liquidation of subsidiary of S\$21,000, impairment loss on property, plant and equipment of S\$52,000, loss on dilution of interest in joint venture entity of S\$16,000, impairment loss on amounts due from joint venture entities of S\$0.4 million and impairment loss on investment in joint ventures of S\$0.4 million.

Other gains for FY2016 relate to gain on re-measuring previously held equity interest in joint venture entity to fair value on business combination of S\$1.6 million, offset by one-off items such as impairment loss on property, plant and equipment, impairment loss on amounts due from joint venture entities and impairment loss on investment in joint ventures.

Distribution and selling expenses increased by S\$0.4 million or approximately 17.2% from S\$2.5 million in FY2016 to S\$2.9 million in FY2017 mainly driven by the increase in revenue. Similarly, administrative expenses increased by S\$6.2 million or approximately 63.5% from S\$9.8 million in FY2016 to S\$16.0 million in FY2017, mainly due to the increase in staff headcount following completion of the acquisitions several companies.

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

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

1Q2018 vs 1Q2017

The Group's revenue increased by S\$5.2 million or approximately 37.0% from S\$14.0 million in 1Q2017 to S\$19.2 million in 1Q2018. The increase was mainly due to the increase in the revenue of Health Business segment by S\$4.6 million, contributed mainly by the Astra Companies, Children's Clinic Central Pte. Ltd., Kids Clinic @ Bishan Pte. Ltd. and Children Specialist Clinic Pte. Ltd., and increase in revenue of the Diagnostic & Aesthetics Business segment by S\$0.6 million.

Gross profit increased by S\$2.9 million or approximately 47.0% from S\$6.1 million in 1Q2017 to S\$8.9 million in 1Q2018 as a result of an increase in revenue. Other income decreased marginally by approximately 19.8% to S\$73,000 in 1Q2018.

Distribution and selling expenses increased by S\$0.1 million or approximately 15.8% from S\$0.7 million in 1Q2017 to S\$0.8 million in 1Q2018, mainly driven by increases in revenue. Administrative expenses increased by S\$0.6 million or approximately 16.1% from S\$3.7 million in 1Q2017 to S\$4.2 million in 1Q2018, mainly due to higher depreciation expenses and an increase in maintenance expenses during the financial period.

Financial expenses increased by S\$0.2 million or approximately 227.8% mainly due to higher interest expenses incurred for bank loans for payment of the cash consideration for the acquisition of the Astra Companies and the new finance leases obtained during the financial period, and accretion of interest on deferred purchase consideration of S\$68,000.

As a result of the above, the net profit attributable to owners of the Company had increased by S\$2.0 million or approximately 138.9% from S\$1.4 million in 1Q2017 to S\$3.4 million in 1Q2018.

We note that the Group has a history of growing through acquisitions and joint ventures as evidenced in the growth in the Group's revenue and net profit after tax from FY2015 to FY2017 and from 1Q2017 to 1Q2018 as set out above. As shown in Paragraph 6.3.1 above, the Share price of the Company has also increased following announcements of the various acquisitions and joint ventures undertaken by the Company in the past few years, as detailed in Paragraph 3.2.3 above.

Financial position of the Group as at 31 March 2018

The unaudited financial position of the Group as at 31 March 2018 is set out as follows:

(S\$'000)	Unaudited As at 31 March 2018
<u><i>Non-current assets</i></u>	
Property, plant and equipment	13,738
Intangible assets	119,199
Investment in joint ventures	7,063
Other receivables	1,764
Deferred tax assets	1,039
Total non-current assets	142,803
<u><i>Current assets</i></u>	
Inventories	1,422
Trade receivables	5,172
Prepayments	1,262
Other receivables	2,338
Cash and cash equivalents	13,002
Total current assets	23,196
Total assets	165,999
<u><i>Current liabilities</i></u>	
Trade payables	2,180
Other payables and accruals	7,392
Deferred purchase consideration	17,221
Obligations under finance leases	1,354
Loans and borrowings	5,573
Income tax payable	1,804
Total current liabilities	35,524
<u><i>Non-current liabilities</i></u>	
Provisions	309
Deferred purchase consideration	4,853
Obligations under finance leases	2,070
Loans and borrowings	11,281
Deferred tax liabilities	103
Total non-current liabilities	18,616

(S\$'000)	Unaudited
	As at 31 March 2018
Share capital	108,950
Share option reserve	583
Foreign currency translation reserve	(387)
Accumulated gains / (losses)	2,552
Equity attributable to owners of the Company	111,698
Non-controlling interests	161
Total equity	111,859
Total liabilities and equity	165,999
<hr/>	
Number of Shares (excluding Treasury Shares) as at Latest Practicable Date	466,171,036
Net asset value ("NAV") attributable to owners of the Company per Share as at 31 March 2018 (S\$)	111,698,000
NAV attributable to owners of the Company per Share as at 31 March 2018 (S\$)	0.240

Source: Company's results announcement for 1Q2018

As at 31 March 2018, the assets of the Group totalling S\$166.0 million comprised mainly (i) intangible assets of S\$119.2 million; (ii) property, plant and equipment of S\$13.7 million; and (iii) cash and cash equivalents of S\$13.0 million, representing approximately 71.8%, 8.3% and 7.8% of the Group's total assets respectively.

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

As at 31 March 2018, intangible assets of S\$119.2 million relate to goodwill arising from the acquisition of subsidiaries, comprising goodwill of S\$9.6 million from the acquisitions carried out by the Group in FY2016 and goodwill of S\$109.6 million from the acquisitions carried out by the Group in FY2017.

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

S\$109.6 million of goodwill from acquisitions carried out in FY2017 comprised: (i) S\$74.4 million from the value of strengthening the Group's market position in Singapore and the synergies expected to arise from integrating the Astra Companies into the Group's existing obstetrics and gynaecology business; (ii) S\$27.6 million from the synergies expected to arise from integrating Children's Clinic Central Pte. Ltd. and Kids Clinic @ Bishan Pte. Ltd. into the Group's existing business and the value of cross-selling opportunities with the Group's obstetrics and gynaecology business; and (iii) S\$7.6 million from the value of strengthening the Group's market position in Singapore and the synergies expected to arise from integrating Babies and Children Specialist Clinic Pte. Ltd. into the Group's existing paediatrics business.

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

The corresponding liabilities of the Group as at 31 March 2018 totalling S\$54.1 million comprised mainly: (i) deferred purchase consideration of S\$22.1 million; (ii) loans and borrowings of S\$16.9 million; and (iii) other payables and accruals of S\$7.4 million, representing approximately 40.9%, 31.2% and 13.7% of the Group's total liabilities respectively.

Deferred purchase consideration relates to outstanding cash consideration arising from the acquisition of the Astra Companies, Children's Clinic Central Pte. Ltd., Kids Clinic @ Bishan Pte. Ltd. and Children Specialist Clinic Pte. Ltd..

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

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

As at 31 March 2018, the NAV of the Group attributable to owners of the Company was approximately S\$111.7 million and the NAV per Share was approximately S\$0.240 per Share.

6.5 Financial effects of the Proposed Rights Issue

The financial effects of the Proposed Rights Issue are set out in Section 5 of the Circular. We recommend the Independent Directors to advise the Shareholders to read Section 5 of the Circular carefully, in particular, the assumptions relating to the preparation of the financial effects. The financial effects are for illustrative purposes only and do not purport to be an indication or a projection of the results and financial position of the Company and the Group after the completion of the Proposed Rights Issue. We set out below the summary of the financial effects of the Proposed Rights Issue:

- (i) Share capital – Assuming the Proposed Rights Issue had been completed on 31 December 2017, the number of issued Shares and the issued share capital of the Company will increase from 466,171,036 to 475,092,860 under the Minimum Subscription Scenario and from 466,836,036 to 490,177,836 under the Maximum Subscription Scenario. In addition, we note that the Relevant Shareholders intends to subscribe for up to 14,419,976 excess Rights Shares;
- (ii) NAV per Share – Assuming the Proposed Rights Issue had been completed on 31 December 2017, the NAV of the Company may increase, depending on the subscription levels of the Independent Shareholders. The NAV per Share of the Company will increase after the completion of the Proposed Rights Issue as the Issue Price of S\$0.480 is a premium to the NAV per Share of S\$0.240 as at 31 March 2018;
- (iii) Earnings per Share – Assuming the Proposed Rights Issue had been completed on 1 January 2017, the Proposed Rights would have a dilutive effect on the earnings per Share due to the enlarged number of Shares. The future effect of the Proposed Rights Issue on the Group's earnings will in turn depend on the returns earned from such deployment of the net proceeds from the issue of the Rights Shares and is not determinable at this point in time; and
- (iv) The gearing ratio of the Group will potentially improve from 0.11 to 0.10 due to the enlarged number of issued Shares following completion of the Proposed Rights Issue.

6.6 Dilution effect on the Independent Shareholders arising from the Proposed Rights Issue

As at the Latest Practicable Date, the Undertaking Shareholders (excluding 199,900 Shares held by the immediate family member of Mr Tony Tan which he is deemed interested in) own in aggregate 178,436,508 Shares, representing approximately 38.3% of the total number of issued Shares. The remaining Shares are held by Independent Shareholders.

Independent Shareholders will suffer a dilution in their shareholdings in the Company only if they do not subscribe to their full entitlements of the Rights Shares pursuant to the Proposed Rights Issue.

In evaluating the dilution impact of the Proposed Rights Issue on the Independent Shareholders, we have assumed that the Proposed Whitewash Resolution is passed by the Independent Shareholders.

We have considered the following key scenarios:

Scenario	Description	Remarks
Minimum Subscription Scenario	The issued share capital of the Company comprises 466,171,036 issued Shares and only the Undertaking Shareholders subscribe for their <i>pro rata</i> entitlements of Rights Shares pursuant to the Irrevocable Undertakings.	Shareholders other than the Undertaking Shareholders will face dilution in their shareholdings.
Maximum Subscription Scenario	The issued share capital of the Company comprises 466,836,036 issued Shares, assuming that the Vested Share Options will be exercised into new Shares for participation in the Proposed Rights Issue, and all Shareholders subscribe for their <i>pro rata</i> entitlements of Rights Shares.	No shareholding dilution to Independent Shareholders.
Excess Rights Scenario	<p>The issued share capital of the Company comprises 466,836,036 issued Shares, assuming that the Vested Share Options will be exercised into new Shares for participation in the Proposed Rights Issue, and only the Undertaking Shareholders subscribe for their <i>pro rata</i> entitlements of Rights Shares pursuant to the Irrevocable Undertakings, with the Relevant Shareholders subscribing for the remaining 14,419,976 Rights Shares.</p> <p>In this scenario, the Proposed Rights Issue will also be fully subscribed, as per the Maximum Subscription Scenario.</p>	Shareholders other than the Relevant Shareholders will face dilution in their shareholdings due to the subscription of excess Rights Shares by the Relevant Shareholders.

Minimum Subscription Scenario

	Before the Proposed Rights Issue		Number of Rights Shares Subscribed		Number of excess Rights Shares Subscribed		After the Proposed Rights Issue	
	Number of Shares	(%)	Number of Rights Shares Subscribed		Number of excess Rights Shares Subscribed		Number of Shares	(%)
Relevant Shareholders	161,704,267 ⁽¹⁾	34.7	8,085,212		–		169,789,479	35.7
The Relevant Shareholders' concert parties	199,900	0.0	–		–		199,900	0.0
Dr Wong	16,732,241	3.6	836,612		–		17,568,853	3.7
Independent Shareholders (excluding Dr Wong)	287,534,628	61.7	–		–		287,534,628	60.6
Total	466,171,036	100.0	8,921,824		–		475,092,860	100.0 ⁽²⁾

Notes:

(1) Excludes 199,900 Shares held by the immediate family member of Mr Tony Tan.

(2) Does not add up due to rounding.

Maximum Subscription Scenario

	Before the Proposed Rights Issue		Number of Rights Shares Subscribed		Number of excess Rights Shares Subscribed		After the Proposed Rights Issue	
	Number of Shares	(%)	Number of Rights Shares Subscribed		Number of excess Rights Shares Subscribed		Number of Shares	(%)
Relevant Shareholders	161,704,267 ⁽¹⁾	34.6	8,085,212		–		169,789,479	34.6
The Relevant Shareholders' concert parties	199,900	0.0	9,995		–		209,895	0.0
Dr Wong	16,732,241	3.6	836,612		–		17,568,853	3.6
Independent Shareholders (excluding Dr Wong)	288,199,628 ⁽²⁾	61.7	14,409,981		–		302,609,609	61.7
Total	466,836,036⁽³⁾	100.0⁽⁴⁾	23,341,800		–		490,177,836	100.0⁽⁴⁾

Notes:

- (1) Excludes 199,900 Shares held by the immediate family member of Mr Tony Tan.
- (2) The number of Shares held by Independent Shareholders will be 288,199,628 Shares, assuming that all Vested Share Options are exercised prior to the Books Closure Date of the Proposed Rights Issue.
- (3) The issued share capital of the Company will comprise 466,836,036 Shares, assuming that all Vested Share Options are exercised prior to the Books Closure Date of the Proposed Rights Issue.
- (4) Does not add up due to rounding.

Excess Rights Scenario

	Before the Proposed Rights Issue		Number of Rights Shares Subscribed	Number of excess Rights Shares Subscribed	After the Proposed Rights Issue	
	Number of Shares	(%)			Number of Shares	(%)
Relevant Shareholders	161,704,267 ⁽¹⁾	34.6	8,085,212	14,419,976	184,209,455	37.6
The Relevant Shareholders' concert parties	199,900	0.0	–	–	199,900	0.0
Dr Wong	16,732,241	3.6	836,612	–	17,568,853	3.6
Independent Shareholders (excluding Dr Wong)	288,199,628 ⁽²⁾	61.7	–	–	288,199,628	58.8
Total	466,836,036 ⁽³⁾	100.0 ⁽⁴⁾	8,921,824	14,419,976	490,177,836	100.0

Notes:

- (1) Excludes 199,900 Shares held by the immediate family member of Mr Tony Tan.
- (2) The number of Shares held by Independent Shareholders will be 288,199,628 Shares, assuming that all Vested Share Options are exercised prior to the Books Closure Date of the Proposed Rights Issue.
- (3) The issued share capital of the Company will comprise 466,836,036 Shares, assuming that all Vested Share Options are exercised prior to the Books Closure Date of the Proposed Rights Issue.
- (4) Does not add up due to rounding.

6.7 Other relevant considerations which may have a significant bearing on our assessment of the Proposed Whitewash Resolution

6.7.1 Inter-conditionality of the Proposed Rights Issue and the Proposed Whitewash Resolution

It is pertinent to note that the Proposed Rights Issue and the Proposed Whitewash Resolution are inter-conditional upon one another. If either of the resolutions is not approved by Independent Shareholders at the EGM, none of the above will take place.

6.7.2 Support from the Relevant Shareholders

The Relevant Shareholders (excluding 199,900 Shares held by the immediate family member of Mr Tony Tan which he is deemed interested in) collectively own 161,704,267 Shares, representing approximately 34.7% of the issued Shares.

Throughout the years, the Relevant Shareholders had been supportive of the fund-raising activities undertaken by the Company, and had provided irrevocable undertakings for the 2013 Rights Issue and 2014 Rights Issue. The Relevant Shareholders continue to show their support for the Group's fund-raising exercise through the provision of Irrevocable Undertakings for the Proposed Rights Issue which was undertaken to raise proceeds to fund the growth of the existing business of the Group organically and through acquisitions and joint ventures.

We believe that this underscores the Relevant Shareholders' continuing support for the Proposed Rights Issue and demonstrates the Relevant Shareholders' commitment to and confidence in the prospects of the Group.

6.7.3 Commentaries from the FY2017 annual report and 1Q2018 results announcement

We wish to highlight an extract of the following statement made by the Company in its FY2017 annual report.

"...While astute acquisitions in the past have fueled our high-growth trajectory, we are also spearheading organic growth initiatives to garner additional momentum. Lifescan Imaging, our 9,000 square foot diagnostic imaging centre in Paragon has been a beacon of success for us since its inception in 2016. In November 2017, we opened a new 5,500 square feet diagnostic centre at Novena Medical Center. This sprawling diagnostic facility is fully equipped and offers a comprehensive range of cross-disciplinary radiology services in a fast growing medical hub.

Furthering our organic growth initiatives within this segment, we opened another diagnostics centre at OUE Downtown Gallery in light of rising demand for convenient access to imaging and radiology services in the central business district. At both locations, we hope to replicate the success of our flagship diagnostic centre at Paragon.

Growing our specialist talent pool is vital as we continue to grow our suite of specialist services. In 2018, we will be kick starting a new specialist practice in cardiology with two new cardiologists who will join the Group. Additionally, a senior O&G doctor had joined us in the first quarter of 2018, bringing the total number of O&G specialists to 10, making us one of the largest women's specialists group in Singapore.

Complementing this growth will be the hiring of our fourth paediatrician who has joined us since January 2018. We are also planning to open a new paediatric clinic in the East of Singapore by April 2018. Within this vertical, we have also put in place a paediatric team of five doctors to spearhead the growth of this specialist segment in Vietnam..."

We also wish to highlight an extract of the following statement made by the Company in its 1Q2018 results announcement.

“The Group continues its focus on driving growth within its existing specialists businesses and seek to expand its range of medical specialties and services by bringing on board new medical specialists.

The Group opened a new Obstetrics & Gynaecology (“O&G”) clinic in Paragon in March 2018 and a new Paediatrics clinic in Bedok in April 2018. This increased its O&G and Paediatrics clinics to 14 and 4 respectively. The Group also started its Cardiology practice with the opening of 2 new clinics in Novena and Paragon in March and April 2018 respectively.

Within its Diagnostics segment, the Group officially opened its new 5,500 square feet centre at Novena Medical Center in February 2018 which offers a comprehensive range of cross-disciplinary radiology services in a fast growing medical hub and expect to add on one additional Radiologist and a visiting consultant Radiologist in cardiac and paediatrics to the business in the 3rd quarter of 2018.

In April 2018, the Group completed its acquisition of a majority stake in Pheniks Pte. Ltd., the operator of an aesthetics and plastic surgery clinic, SW1 Clinic, with 5 GP doctors and one plastic surgeon, and the addition of one more plastic surgeon in the third quarter of 2018. Through this acquisition, the Group aims to derive synergistic advantages and cross-selling opportunities for its women’s health segment and grow its Aesthetics segment locally and in the region.

The Group constantly reviews its costs structure and progressively integrates the acquired businesses by driving operational efficiencies in areas such as staffing, marketing and space utilisation. This has allowed the Group to derive revenue and cost synergies while leveraging on its existing regional network to scale and promote cross-selling opportunities. In addition to driving organic growth, the Group continues to explore value-driven investment opportunities that are synergistic with Group’s existing specialties.”

The Group expects to continue to grow its existing businesses through both mergers and acquisitions as well as organic growth to expand its healthcare specialties. This is in line with the use of proceeds of the Proposed Rights Issue to fund mergers and acquisitions and the growth of existing businesses for the Group.

7. OUR OPINION

In arriving at our recommendation in respect of the Proposed Whitewash Resolution, 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) the rationale of the Proposed Rights Issue and the use of net proceeds from the Proposed Rights Issue for the growth and expansion of the Group's business either organically or through mergers and acquisitions;
- (b) the Rights Shares being offered to entitled Shareholders on a *pro rata* basis;
- (c) an assessment of the Issue Price of the Rights Shares as follows:
 - (i) a discount of 17.2%, 19.5%, 19.7% and 21.1% to the VWAP of the Shares for the 1-month, 3-month, 6-month and 12-month periods prior to the release of the Announcement respectively;
 - (ii) a discount of 6.4% to the VWAP of the Shares during the period between the Announcement and the Latest Practicable Date; and
 - (iii) a discount of 6.3% to the VWAP of the Shares as at the Latest Practicable Date,
- (d) a comparison of the Issue Price with the market statistics of Completed Rights Issues as follows:
 - (i) the Issue Price is priced at a discount of 14.3% to the last transacted Share price of S\$0.560 prior to the release of the Announcement, which is within the range of Completed Rights Issues but below the mean and median discounts of Completed Rights Issues of 35.2% and 36.6% respectively; and
 - (ii) the Issue Price is priced at a discount of 13.7% to the theoretical ex-rights price, based on the last trading price of the Shares of S\$0.560 prior to the release of the Announcement, which is within the range of Completed Rights Issues but below the mean and median discounts of the theoretical ex-rights prices of Completed Rights Issues of 24.1% and 24.6% respectively,
- (e) the financial information of the Group;
- (f) the financial effects of the Proposed Rights Issue;
- (g) the maximum potential dilution in shareholdings of Independent Shareholders (excluding Dr Wong) from 61.7% to 58.8%; and
- (h) other relevant considerations as set out in Paragraph 6.7 of this Letter, namely (i) the inter-conditionality of the Proposed Rights Issue and the Proposed Whitewash Resolution; (ii) support from the Relevant Shareholders; and (iii) commentaries from the FY2017 annual report and 1Q2018 results announcement.

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 Whitewash Resolution (in relation to the Proposed Rights Issue) is fair and reasonable and not prejudicial to the interests of the Independent Shareholders.

We therefore advise the Independent Directors to recommend to the Independent Shareholders to vote in favour of the Proposed Rights Issue and the Proposed Whitewash Resolution.

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

We have prepared this Letter for the use of the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the Proposed Whitewash Resolution and should not be relied on by any other party. The recommendation made by the Independent Directors to the Shareholders in relation to the Proposed Whitewash Resolution shall remain the sole responsibility of the Independent Directors.

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 Rights Issue. The recommendation made by them to the Independent Shareholders in relation to the Proposed Rights Issue 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 faithfully
For and on behalf of
RHT Capital Pte. Ltd.

Khong Choun Mun
Chief Executive Officer

Mah How Soon
Managing Director

SINGAPORE MEDICAL GROUP LIMITED

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of the Company will be held at 290 Orchard Road, #14-03, The Paragon, Singapore 238859 on 6 June 2018 at 4.30 p.m. for the purpose of considering and, if thought fit, passing the following resolutions with or without any modifications.

All capitalised terms in this Notice which are not defined herein shall have the same meanings ascribed to them in the Circular to Shareholders of the Company dated 21 May 2018.

ORDINARY RESOLUTIONS:

RESOLUTION (1): THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 23,341,800 NEW ORDINARY SHARES IN THE ISSUED SHARE CAPITAL OF THE COMPANY, AT AN ISSUE PRICE OF S\$0.48 FOR EACH RIGHTS SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWENTY (20) EXISTING ORDINARY SHARES IN THE ISSUED SHARE CAPITAL OF THE COMPANY HELD BY ENTITLED SHAREHOLDERS AS AT THE BOOKS CLOSURE DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

THAT subject to and contingent upon the passing of Ordinary Resolution 2,

- (a) the Rights Issue of up to 23,341,800 new ordinary shares in the issued share capital of the Company at an issue price of S\$0.48 for each Rights Share, on the basis of one (1) Rights Share for every twenty (20) existing Shares in the issued share capital of the Company held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded, be and is hereby approved;
- (b) authority be and is hereby given to the Board to undertake the Rights Issue and provisionally allot and issue the Rights Shares on the basis of one (1) Rights Share for every twenty (20) Shares held by the Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded, on the terms and conditions set out below or on such other terms and conditions (including the basis of provisional allotments of the Right Shares) as the Directors may in their absolute discretion and from time to time think fit:-
 - (i) the provisional allotment of the Rights Shares shall be made on a renounceable basis to the Entitled Shareholders whose names appear in the Register of Members of the Company or the records of the CDP as at the Books Closure Date with registered addresses in Singapore or who have, at least three (3) market days prior to the Books Closure Date, provided to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents;
 - (ii) no provisional allotment of the Rights Shares shall be made in favour of Foreign Shareholders;
 - (iii) the provisional allotment of the Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders may be disposed of or dealt with by the Company in such manner and on such terms and conditions as the Directors may, in their absolute discretion, deem fit for the purpose of renouncing the rights entitlements relating thereto to Purchasers thereof and to deal with the net proceeds thereof (after deducting all expenses in connection therewith) in accordance with the terms set out in the Offer Information Statement;

- (iv) the provisional allotments of the Rights Shares not taken up or allotted for any reason shall be aggregated and allotted to satisfy applications for excess Rights Shares (if any) or otherwise dealt with in such manner and on such terms and conditions as the Directors may, in their absolute discretion, deem fit in the interests of the Company; and
- (v) the Rights Shares when issued and fully paid to rank *pari passu* in all respects with the then existing issued Shares, save for any dividends, rights, allotments or other distributions the record date for which falls before the date of allotment and issue of the Rights Shares; and
- (c) the Directors be and are hereby authorised to take such steps, do all such acts and things (including but not limited to finalising, approving and executing all such documents as may be required in connection with the Rights Issue, the issue of the Rights Shares and making amendments to the terms and conditions of the Rights Issue (including the Issue Price)) and to exercise their absolute discretion as they may deem fit, advisable or necessary to give full effect to this Ordinary Resolution 1 and the Rights Issue, and the issue of the Rights Shares.

RESOLUTION (2): THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY INDEPENDENT SHAREHOLDERS OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM THE RELEVANT SHAREHOLDERS FOR ALL THE ISSUED AND PAID-UP SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THEM AND THEIR CONCERT PARTIES ARISING FROM THE RELEVANT SHAREHOLDERS' SUBSCRIPTION OF THE ENTITLED RIGHTS SHARES PURSUANT TO THE IRREVOCABLE UNDERTAKINGS AND THE EXCESS RIGHTS SHARES

THAT subject to and contingent upon the passing of Ordinary Resolution 1, the proposed Whitewash Resolution for the waiver by Independent Shareholders of their right to receive a mandatory general offer in accordance with Rule 14 of the Code from the Relevant Shareholders at the highest price paid by the Relevant Shareholders and their concert parties for the ordinary Shares in the Company in the six months preceding the offer, for all the issued and paid-up Shares of the Company as a result of the subscription for the Entitled Rights Shares by the Relevant Shareholders pursuant to the proposed Rights Issue and the Deeds of Undertaking; the possible subscription by, and allotment to, the Relevant Shareholders of excess Rights Shares under the proposed Rights Issue be and is hereby (on a poll taken) unconditionally and irrevocably approved by the Independent Shareholders.

BY ORDER OF THE BOARD

Chan Wan Mei, Lee Pay Lee
Company Secretaries
Singapore, 21 May 2018

Notes:

- (1) A member (other than a Relevant Intermediary*) of the Company entitled to attend and vote at the EGM is entitled to appoint one or two proxies, in any case not more than two proxies, to attend and vote on his behalf. A proxy need not be a member of the Company.
- (2) Where a member (other than a Relevant Intermediary*) appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
- (3) A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

- (4) If the appointor is a corporation, the instrument appointing a proxy must be executed under the corporation's common seal or signed by its attorney or an officer on behalf of the corporation.
- (5) The instrument appointing a proxy must be deposited at the registered office of the Company at 1004 Toa Payoh North, #06-03/07, Singapore 318995 at least 48 hours before the time appointed for the EGM. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the EGM if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

* A Relevant Intermediary is:

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

PERSONAL DATA PRIVACY:

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

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

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

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

SINGAPORE MEDICAL GROUP LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 200503187W)

PROXY FORM

EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. 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.
2. 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.
3. 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.

*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 6 June 2018 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*
Ordinary Resolution 1 The proposed renounceable non-underwritten Rights Issue of up to 23,341,800 new ordinary shares		
Ordinary Resolution 2 The proposed Whitewash Resolution for the waiver by Independent Shareholders of their right to receive a mandatory general offer		

*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 _____ 2018

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

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

* Delete where inapplicable



Important: Please read notes overleaf

NOTES:

- (1) A member (other than a Relevant Intermediary*) of the Company entitled to attend the EGM and vote is entitled to appoint one or two proxies, in any case not more than two proxies, to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the registered office of the Company at 1004 Toa Payoh North, #06-03/07, Singapore 318995 not less than 48 hours before the time appointed for holding the EGM.
- (2) Where a member (other than a Relevant Intermediary*) appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- (3) Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy to the EGM.
- (4) If the member has shares entered against his name in the Depository Register (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.
- (9) An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

* A Relevant Intermediary is:

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

Personal data privacy:

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