

## **JOINT VENTURE IN SINGAPORE**

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The Board of Directors (the “**Board**”) of Singapore Medical Group Limited (the “**Company**” or “**SMG**” together with its subsidiaries, the “**Group**”) refers to the announcement dated 26 November 2014 in relation to the non-binding memorandum of understanding entered into with Samsung Life & Science Co., Ltd (“**SLS**”) (the “**Announcement**”).

### **1. INTRODUCTION**

Further to the Announcement, the Board wishes to announce that the Company has on 21 January 2015 entered into a joint venture agreement (“**JV Agreement**”) with SLS with the objective to establish a company to engage in the aesthetics business and sales of aesthetic related range of products in the South-East Asia region.

SLS is a company incorporated in South Korea and listed on the Korea Exchange. It engaged in the aesthetic medicine and cosmeceutical products business, which was founded by a group of dermatologists from Seoul National University, a renowned university in Asia. Its operations encompass research and development, manufacturing, distribution and direct sale of cosmeceutical products. It markets its cosmeceutical products under the brand “Leaders Cosmetics” and its products are currently distributed in over 10 countries including the United States, Japan, Hong Kong, China and Singapore.

### **2. THE JV COMPANY**

Pursuant to the JV Agreement, a joint venture company (the “**JV Company**”), a limited liability company, will be incorporated in the Republic of Singapore with an issued and paid-up capital of US\$1,000,000 (one million United States Dollars) consisting of 1 million shares which shall be subscribed, paid up and owned by SMG and SLS (the “**Parties**”) as follows:

- (i) SMG: 510,000 (five hundred and ten thousand) shares of US\$510,000 (five hundred and ten thousand United States Dollar ) representing 51% of the total paid-up shares in the JV Company; and
- (ii) SLS: 490,000 (four hundred and ninety thousand) shares of US\$490,000 (four hundred and ninety thousand United States Dollar) representing 49% of the total paid-up shares in the JV Company.

The Parties agree that the main business of the JV Company shall be:

- (a) to engage in aesthetics related business in the South-East Asia region including but not limited to the operation of aesthetic medical clinics;
- (b) to distribute and sale of cosmetic range of products in the South-East Asia region; and
- (c) to the extent permitted by the applicable laws and Articles of Association of the JV Company, other activities as may be deemed necessary by the JV Company to ensure the success of the business.

The management of the JV Company shall be vested in a Board of Directors composed of 4 (four) Directors, 1 (one) of whom shall be appointed as Chairman of the Board, 1 (one) of whom shall be appointed as Deputy Chairman of the Board and 2 (two) of whom shall be appointed as Directors. Of the 4 (four) Directors, 2 (two) including the Chairman shall be elected from candidates nominated by SMG and 2 (two) including the Deputy Chairman shall be elected from candidates nominated by SLS.

The investment is in the ordinary course of business and consistent with the Group's efforts in expanding its aesthetics business in Singapore and into the Southeast Asia region.

Further announcements will be made by the Company via SGXNet upon incorporation of the JV Company.

### 3. THE JV AGREEMENT

Under the JV Agreement, the Parties agree that:

- (i) SMG shall in its best effort obtain the licenses, conduct the recruitment of doctors, nurses, and/or paramedic and non-medical staff, procurement of equipment, and other preparation for operational of the JV Company.
- (ii) SLS shall provide training and transfer of skills and knowledge to doctors, nurses and medical staff of the JV Company, uses its knowledge and capabilities to research, develop and manufacture new cosmetics products, and grant an exclusive right to the JV Company to distribute and sell the new range of products in the South-East Asia region.

Save as disclosed in this announcement, there are no other material conditions attached to the JV Agreement.

### 4. FUNDING AND FINANCIAL EFFECTS

The subscriptions of the shares in the JV Company by the Company will be funded through the proceeds from the Placement which was issued and announced on 14 November 2014 and are not expected to have any material impact on the consolidated net tangible assets per share and consolidated earnings per share of the Group for the financial year ending 31 December 2015.

The above use of the Placement proceeds is in accordance with the intended use as stated in the Company's announcement dated 4 November 2014 in relation to the Placement.

### 5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the JV Agreement, other than through their shareholdings in the Company.

None of the Directors or controlling shareholders or substantial shareholders of the Company and their respective associates are related to SLS.

By Order of the Board

Dr Beng Teck Liang  
Chief Executive Officer  
21 January 2015

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor (the "Sponsor"), CIMB Bank Berhad, Singapore Branch, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "Exchange"). The Sponsor has not independently verified the contents of this announcement, including the correctness of any of the figures used, statements or opinions made.*

*This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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