

# SINGAPORE MEDICAL GROUP LIMITED

(Company Registration No.: 200503187W)

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- (1) THE PROPOSED ACQUISITION OF 2,925,000 SHARES REPRESENTING 61.9% OF THE TOTAL ISSUED AND PAID-UP SHARE CAPITAL OF LIFESCAN IMAGING PTE. LTD. AS AN INTERESTED PERSON TRANSACTION WITH THE ALLOTMENT AND ISSUANCE OF 33,363,282 SHARES IN THE CAPITAL OF THE COMPANY AS CONSIDERATION; AND
  - (2) THE PROPOSED GRANT OF OPTIONS UNDER THE SMG SHARE OPTION SCHEME TO BENG TECK LIANG, AN EXECUTIVE DIRECTOR AND A CONTROLLING SHAREHOLDER OF THE COMPANY AND THE ALLOTMENT AND ISSUANCE OF SHARES THEREUNDER
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## 1. THE PROPOSED ACQUISITION

### 1.1 Introduction

The Board of Directors (the "**Board**") of Singapore Medical Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company had, on 5 August 2016, entered into a sale and purchase agreement (the "**SPA**") with the shareholders (the "**Vendors**" and each a "**Vendor**") of Lifescan Imaging Pte. Ltd. ("**Lifescan**"), to acquire an aggregate of 2,925,000 shares in Lifescan representing 61.9% of the total issued and paid-up share capital of Lifescan (the "**Proposed Acquisition**"). As consideration for the Proposed Acquisition, the Company will allot and issue an aggregate of 33,363,282 shares in the capital of the Company (the "**Shares**") to the Vendors (the "**Consideration Shares**").

### 1.2 Shareholders' Approval

Approval of the shareholders of the Company (the "**Shareholders**") is being obtained for the Proposed Acquisition for the following reasons:-

- (a) The Consideration Shares to be issued to the Vendors involve the issuance to certain Directors of the Company; and
- (b) as certain Vendors are Directors and controlling Shareholders of the Company, the Proposed Acquisition is an interested person transaction pursuant to Chapter 9 of the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**").

More details of the above can be found in sections 1.5 and 1.7 of this Announcement.

A circular to Shareholders setting out more information on the Proposed Acquisition and convening an extraordinary general meeting (the "**EGM**") for the purposes of approving, *inter alia*, the Proposed Acquisition (the "**Circular**"), will be despatched in due course.

### 1.3 Rationale for the Proposed Acquisition

As announced on 20 July 2015, the Company had entered into a joint venture agreement with certain individuals to invest in an imaging and radiology business. At that time, the Company subscribed for shares amounting to 40% of the share capital of Lifescan, with the balance 60% being held by the other individual joint venture partners. On 3 August 2015, the Company announced that Lifescan had entered into an asset transfer agreement (the "**Lifescan ATA**") with Pacific Cancer Centre Pte. Ltd. to acquire its imaging and radiology business (the "**PCCPL Radiology Business**").

At the point of acquisition, the PCCPL Radiology Business incurred a net loss before tax of S\$1.78 million for the financial year ended 31 December 2014 and continued making losses for FY2015. Although the radiology business was underperforming, the Company saw the potential in the radiology business and the benefits in adding a new business segment to enhance its services to its patients.

While the Group saw potential in the radiology business, it had wanted to limit the potential risks associated with acquiring a new business which was under performing. Consequently, the Company and some of the Vendors had agreed to jointly develop the business. While legal completion under the Lifescan ATA took place on 18 March 2016, it was provided in the Lifescan ATA that the liabilities of the radiology business would be assumed by Lifescan from 15 September 2015. Accordingly, the Company has been involved in the operation of Lifescan since such date. Since then, the radiology business has shown itself to be profitable. The Directors therefore believe that the Proposed Acquisition is in the best interests of the Shareholders and is beneficial for the Group as it not only provides an opportunity for expansion of the Group's business, but also allows the Group to gain control of Lifescan as a wholly-owned subsidiary and to further strengthen the Group's diagnostic business segment.

#### 1.4 Information on Lifescan and the Vendors

Lifescan is a company incorporated in Singapore on 26 June 2015 with its principal activities being that of operating an X-ray laboratory and diagnostic imaging clinic, and owns assets for such purpose, including medical diagnostic imaging equipment such as x-ray machines, computerised tomography (CT) scanners and magnetic resonance imaging (MRI) machines.

Lifescan currently operates its business at 290 Orchard Road, #07-18/19/20, The Paragon, Singapore 238859.

Lifescan also owns 49% of the equity interest in Novena Radiology Pte Ltd ("**NRPL**"), a company incorporated in Singapore primarily involved in the business of providing diagnostic imaging services. NRPL operates from two premises, i.e. Novena Specialist Centre and Novena Medical Centre, in Singapore. The remaining 51% equity interest in NRPL is owned by the Company.

As at the date of this Announcement, Lifescan has an issued and paid-up share capital of S\$4,725,000 comprising 4,725,000 ordinary shares. The Company is a controlling shareholder of Lifescan, holding shares representing 38.1% of the total issued and paid-up share capital of Lifescan. As at the date of this Announcement, the shareholdings in Lifescan is as follows:-

Shareholder	Number of shares in Lifescan	Shareholding Percentage
Singapore Medical Group Limited	1,800,000	38.1%
Ong Wee Song	450,000	9.5%
Cheng Yong Liang	459,000	9.7%
Tony Tan Choon Keat	445,500	9.4%
Wong Seng Weng	450,000	9.5%
Beng Teck Liang	445,500	9.4%
Chong Wei Wen	450,000	9.5%
John Huang Yung Shui	112,500	2.4%
Kenneth Sheah Ban Joo	112,500	2.4%

The Vendors are individuals and include:-

- (a) Mr. Tony Tan Choon Keat ("**Mr Tony Tan**") who is the non-executive chairman of the Company. Being a 20.3% Shareholder, he is a controlling Shareholder of the Company;
- (b) Dr Beng Teck Liang ("**Dr Beng**") who is the chief executive officer and an executive Director of the Company. Being a 17.9% Shareholder, he is a controlling Shareholder of the Company; and
- (c) Dr Wong Seng Weng ("**Dr Wong**") who is an executive director of the Company and is a 2.0% Shareholder of the Company. He is also an oncologist at The Cancer Centre, a clinic of the Group.

#### 1.5 **The Proposed Acquisition as an Interested Person Transaction**

As mentioned in section 1.4 above, the Vendors include:-

- (a) Mr Tony Tan, who is the non-executive chairman and controlling Shareholder of the Company;
- (b) Dr Beng, who is chief executive officer, executive Director and a controlling Shareholder of the Company; and
- (c) Dr Wong, who is an executive Director of the Company,

(together, the "**Interested Persons**" and each an "**Interested Person**").

As such, the above Vendors are interested persons within the meaning of Chapter 9 of the Catalist Rules and the Proposed Acquisition constitutes an "interested person transaction" as defined in Rule 904(5) of the Catalist Rules.

The value at risk of the Proposed Acquisition is the aggregate Vendor Consideration Price (as defined in section 1.6.2(a) below) for Mr Tony Tan, Dr Beng and Dr Wong, being S\$3.9 million. Based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2015 ("**FY2015**"), the audited consolidated net tangible assets ("**NTA**") of the Group was approximately S\$11.0 million. The value at risk of the Proposed Acquisition expressed as a percentage of the Group's latest audited consolidated NTA value for FY2015 is approximately 35.5%. As this value exceeds 5% of the Group's latest audited consolidated NTA value for FY2015, pursuant to Rule 906 of the Catalist Rules, the Proposed Acquisition is an interested person transaction which is subject to the approval of the Shareholders.

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

Pursuant to Rule 917(5) of the Catalist Rules, the current total of all interested person transactions during the course of the financial year ending 31 December 2016, up to the date of this Announcement are as follows:-

<b>Name of interested person</b>	<b>S\$'000</b>
K S Beng Pte Ltd <sup>(1)</sup>	95
MW Medical Pte Ltd <sup>(2)</sup>	4
MW Medical Holdings Pte Ltd <sup>(2)</sup>	107
BB Ventures Pte Ltd <sup>(3)</sup>	25

Notes:

- (1) K S Beng Pte Ltd is wholly-owned by the immediate family members of Dr Beng.

- (2) MW Medical Pte Ltd and MW Medical Holdings Pte Ltd are each owned by Dr Wong and his immediate family member.
- (3) BB Ventures Pte Ltd is owned by Dr Beng and his immediate family member.

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

## 1.6 **Principal terms of the Proposed Acquisition**

### 1.6.1 Conditions Precedent to the Completion of the Proposed Acquisition

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

- (a) the Company obtaining all applicable governmental or regulatory approvals, including but not limited to any SGX-ST requirements, for the transactions contemplated under the SPA; and
- (b) the approval of the Shareholders for the Proposed Acquisition and any transaction contemplated under the SPA and other related transactions as may be required in relation thereto.

### 1.6.2 Consideration for the Proposed Acquisition

The consideration for the Proposed Acquisition was determined to be an aggregate of S\$8,541,000 (the "**Aggregate Consideration**"), based on a price of S\$2.92 per share in Lifescan, and will be satisfied by the allotment and issuance of 33,363,282 new Shares in the capital of the Company (the "**Consideration Shares**") to the Vendors at an issue price of approximately S\$0.256 per Consideration Share.

The issue price per Consideration Share is determined based on the volume weighted average price of the Shares traded on the SGX-ST on 4 August 2016 and 5 August 2016, being the preceding market day prior to signing of the SPA and the date the SPA is signed, respectively.

The Consideration Shares represent 12.1% and 10.8% of the existing share capital and the enlarged share capital of the Company after the completion of the Proposed Acquisition respectively.

Details of the following are set out in the table below:-

- (a) the consideration price paid to each Vendor (the "**Vendor Consideration Price**");
- (b) the corresponding number of Consideration Shares to be allotted and issued to each Vendor;
- (c) the percentage shareholding of each Vendor in the share capital of the Company before the Proposed Acquisition; and
- (d) the resultant total percentage shareholding of each Vendor in the enlarged share capital of the Company after the Proposed Acquisition.

Vendor	Vendor Consideration Price (S\$'000)	Number of Shares to be issued	Percentage shareholding of the Vendors in the share capital of the Company before the Proposed Acquisition (%)	Total Percentage shareholding of the Vendors in the enlarged share capital of the Company after the Proposed Acquisition (%)
Ong Wee Song	1,314	5,132,813	0.0	1.7
Cheng Yong Liang	1,340	5,235,469	2.9	4.3
Tony Tan Choon Keat	1,301	5,081,484	20.3 <sup>(1)</sup>	19.8
Wong Seng Weng	1,314	5,132,813	2.0	3.4
Beng Teck Liang	1,301	5,081,484	17.9	17.6
Chong Wei Wen	1,314	5,132,813	0.0	1.7
John Huang Yung Shui	329	1,283,203	0.0	0.4
Kenneth Sheah Ban Joo	329	1,283,203	less than 0.1	0.4
<b>Total</b>	<b>8,541<sup>(2)</sup></b>	<b>33,363,282</b>	<b>43.1</b>	<b>49.3</b>

Notes:

- (1) Includes Tony Tan Choon Keat's deemed interest of 0.07% of the share capital of the Company held by his immediate family member.
- (2) Any discrepancy is due to rounding of numbers.

The Company had commissioned Deloitte & Touche Financial Advisory Services Pte. Ltd. (the “**Independent Valuer**”), to value the entire issued share capital of Lifescan for the purposes of the Proposed Acquisition. According to the valuation letter issued by the Independent Valuer (the “**Valuation Letter**”), the range of values of the entire issued and paid-up share capital of Lifescan (including its 49% equity interest in NRPL) is estimated to be S\$15.6 million to S\$17.9 million. Correspondingly, the estimated range of values of the ordinary shares in Lifescan that will be sold by the Vendors to the Company pursuant to the SPA (“**Sale Shares**”) (representing 61.9% of the share capital of Lifescan) is S\$9.66 million to S\$11.08 million. The Independent Valuer adopted the Discounted Cash Flow, Guideline Public Company and Recent Transaction Price methods in arriving at the value of the shares in Lifescan.

The Aggregate Consideration represents a discount of 11.6% from the lower range of the value of the Sale Shares. The Aggregate Consideration was arrived at taking into consideration various commercial factors such as the financial performance and potential growth of Lifescan and the valuation by the Independent Valuer.

### 1.6.3 Completion under the SPA

On completion under the SPA, the following shall take place:-

1.6.3.1 each Vendor shall deliver to the Company the following:-

- (a) the share certificates in respect of the Sale Shares;
- (b) valid and registerable transfers duly executed transferring the legal and beneficial ownership of the Sale Shares to the Company;
- (c) duly passed resolutions of the board of directors of Lifescan approving the transfer of the Sale Shares; and
- (d) all such other documents as may be necessary to transfer the full legal and beneficial title in the Sale Shares to the Company and as the Company may reasonably require to complete the purchase of the Sale Shares.

1.6.3.2 the Company shall, against receipt of the above, allot and issue such number of Consideration Shares as set out in Section 1.6.2(d) to the Vendors by instructing The Central Depository (Pte) Limited ("**CDP**") to credit the Consideration Shares into the securities account of the relevant Vendor and despatching to CDP the share certificate(s) in respect of the Consideration Shares and such other documents as may be required by CDP.

### 1.7 **Allotment and Issuance of Consideration Shares to the Vendors**

Rule 805(1) of the Catalist Rules provides that an issuer must obtain prior approval of shareholders in general meeting for the issue of shares unless such issuance of shares is covered under a general mandate obtained from shareholders of the Company. Further, Rule 804 of the Catalist Rules states that except in the case of an issue made on a pro rata basis to shareholders or a scheme referred to in Part VIII of Chapter 8 of the Catalist Rules, no director of an issuer, or associate of the director may participate directly or indirectly in an issue of equity securities or convertible securities unless shareholders in general meeting have approved the specific allotment. Such directors and associates must abstain from exercising any voting rights on the matter.

The Company will be seeking approval from independent Shareholders for the allotment and issuance of the Consideration Shares to the Vendors at the EGM pursuant to Section 161 of the Companies Act (Cap. 50) of Singapore, Rule 805(1) and Rule 804 of the Catalist Rules for the following reasons:-

- (a) the allotment and issuance of the Consideration Shares to the Vendors for the Proposed Acquisition is not in reliance of the general mandate obtained from Shareholders at the annual general meeting of the Company on 25 April 2016; and
- (b) the Consideration Shares will be allotted and issued to Mr Tony Tan, Dr Beng and Dr Wong who are Directors of the Company.

## 1.8 Relative Figures Under Chapter 10 of The Catalyst Rules

Relative figures of the Proposed Acquisition under Listing Rule 1006 of the Catalyst Rules, based on the Company's latest announced financial results for the six months period ended 30 June 2016 ("HY2016"), are set out below.

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable <sup>(1)</sup>
(b)	Net profits <sup>(2)</sup> attributable to the assets acquired, compared with the Group's net profits <sup>(2)</sup>	40.0 <sup>(3)</sup>
(c)	Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	13.8 <sup>(4)</sup>
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	12.1 <sup>(5)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable <sup>(1)</sup>

Notes:

- (1) This basis is not applicable to the Proposed Acquisition.
- (2) Pursuant to Rule 1002(3)(b) of the Catalyst Rules, "net profits" means profit before income tax, minority interests and extraordinary items.
- (3) The net profit attributable to the Proposed Acquisition is determined based on the latest announced net profit of the Group of approximately S\$870,000 for HY2016.
- (4) The market capitalisation is calculated based on the volume weighted average price of S\$0.225 on 4 August 2016, being the last market day on which the shares of the Company were traded, preceding the date of the SPA.
- (5) The number of equity securities to be issued by the Company as consideration for the Proposed Acquisition is 33,363,282 new Shares.

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

## 1.9 Listing Approval

In addition, CIMB Bank Berhad, Singapore Branch, acting as Sponsor to the Company, will be submitting an additional listing application to the SGX-ST on behalf of the Company for the listing of and quotation for 33,363,282 Consideration Shares on Catalyst. An announcement will be made in due course to notify the Shareholders when the listing and quotation notice from the SGX-ST is obtained.

## 1.10 Financial Effects of the Proposed Acquisition

The financial effects of the Proposed Acquisition on the Company as set out below are for illustrative purposes only and do not reflect the actual financial performance or position of the Group after the Proposed Acquisition. The financial effects of the Proposed Acquisition set out below have been prepared based on the Group's audited consolidated financial statements for FY2015 and the audited financial statements of Lifescan for FY2015.

### 1.10.1 Earnings per Share ("EPS")

The effects of the Proposed Acquisition on the EPS of the Group for FY2015, assuming that the Proposed Acquisition had been effected at the beginning of FY2015, are summarised below:

EPS	Before the Proposed Acquisition	After the Proposed Acquisition
Earnings <sup>(1)</sup> (S\$'000)	(148)	3,176 <sup>(2)(3)</sup>
Weighted average number of issued shares	275,134,759	308,498,040 <sup>(4)</sup>
EPS - Basic (cents)	(0.05)	1.03
EPS – Diluted (cents)	(0.05)	1.03

Notes:

- (1) Represents net (loss) / profit attributable to the Shareholders of the Company.
- (2) Included gain of \$3.58 million arising from re-measurement of the Company's existing 38.1% equity shares in Lifescan from its carrying amount to fair value in accordance with the Singapore Financial Reporting Standard 103 Business Combination, assuming the fair value per share of Lifescan is S\$2.92.
- (3) Included financial effects of the increase in share capital of Lifescan by way of allotment and issuance of 1,225,000 ordinary shares during HY2016.
- (4) Pursuant to the allotment and issuance of 33,363,282 Shares in the capital of the Company as consideration for the Proposed Acquisition.

### 1.10.2 NTA

The effects of the Proposed Acquisition on the NTA per share of the Group for FY2015, assuming that the Proposed Acquisition had been effected as at 31 December 2015, are summarised below:

NTA	Before the Proposed Acquisition	After the Proposed Acquisition
Consolidated NTA (S\$'000) <sup>(1)</sup>	10,311	12,315 <sup>(2)(3)</sup>
Number of issued shares	276,028,500	309,391,782 <sup>(4)</sup>
Consolidated NTA per share (cents)	3.74	3.98

Notes:

- (1) Represents consolidated NTA attributable to the Shareholders of the Company.



- (2) The following assumptions have been made in the computation of the consolidated NTA:-
  - (a) the carrying value of assets and liabilities of Lifescan as at 31 December 2015 is assumed to be approximately fair value; and
  - (b) the Consideration Shares' fair value is assumed to be approximately S\$8.5 million.
- (3) Included financial effects of the increase in share capital of Lifescan by way of allotment and issuance of 1,225,000 ordinary shares, during HY2016.
- (4) Pursuant to the allotment and issuance of 33,363,282 Shares in the capital of the Company as consideration for the Proposed Acquisition.

#### 1.10.3 Other Financial Information

Based on the management accounts of Lifescan for HY2016, the net profit attributable to the Sale Shares is approximately S\$348,000, and the net tangible assets of the Sale Shares is approximately S\$3,118,000.

#### 1.11 **Directors' Service Contracts**

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

#### 1.12 **Independent Financial Adviser**

The Company has appointed PrimePartners Corporate Finance Pte. Ltd. as the independent financial adviser to advise the Independent Directors on whether the Proposed Acquisition is on normal commercial terms and whether it will be prejudicial to the interests of the Company and independent Shareholders (the "**IFA Opinion**"). The Audit Committee of the Board of the Company will be obtaining the IFA Opinion before forming its view on the Proposed Acquisition which will be announced in due course.

## 2. **GRANT OF OPTIONS UNDER THE SMG SHARE OPTION SCHEME**

It is proposed that independent Shareholders' approval be sought for authority to be given to grant options (the "**Options**") to Dr Beng under the share option scheme approved by Shareholders at an extraordinary general meeting of the Company held on 30 April 2014 (the "**SMG Share Option Scheme**") (the "**Proposed Grant of Options**").

The Company recognises that Dr Beng, as chief executive officer and executive Director of the Group, plays an integral role in driving the strategic direction of the Group. The granting of Options to Dr Beng to participate in the SMG Share Option Scheme will spur him to continue to further contribute to the future growth, profitability and development of the Group over a longer horizon.

The Proposed Grant of Options is consistent with the Company's objectives to motivate its key employees to achieve and maintain a high level of performance and contribution which is vital to the success of the Group. It will also ensure that Dr Beng is similarly entitled, with the other eligible employees of the Group who are not controlling Shareholders or their associates, to take part in and benefit from this system of remuneration, thereby enhancing his long-term commitment to the Group.

In view of the above reasons, the Company proposes to grant the Options to Dr Beng on the following terms:-

(a)	Proposed date of grant of Options	Any time within a period of four (4) weeks from the date of Completion of the Proposed Acquisition.
(b)	Exercise price of Options granted	A price equal to the average of the closing price of the Shares on the SGX-ST over the five consecutive market days for which there are trades done on the Shares immediately preceding the date of grant of the Options.
(c)	Number of Options Granted and number of Shares comprised in the Options	2,100,000
(d)	Market Price of Shares on the Date of Grant	Not applicable as the Options will only be granted according to the time period in 2(a) above.
(e)	Exercise and validity period of the Proposed Grant of Options	<p>Only exercisable after the first anniversary of the date of grant of the Options subject to the following:-</p> <ul style="list-style-type: none"> <li>• the Option over up to one third only of the Shares comprised in the Option(s) may be exercised after the first anniversary of the Date of Grant of the Option;</li> <li>• the Option over up to two thirds only of the Shares comprised in the Option(s) may be exercised after the second anniversary of the Date of Grant of the Option; and</li> <li>• the Option over all of the Shares comprised in the Option may be exercised after the third anniversary of the Date of Grant of the Option(s),</li> </ul> <p>provided always that the Options shall be exercised before the fifth anniversary of the proposed date of grant or such earlier date as may be determined by the Committee, failing of which the unexercised Options shall immediately lapse and become null and void and Dr Beng shall have no claim against the Company.</p>

**Notes:**

*\* At an annual general meeting of the Company held on 25 April 2016, Shareholders had given authority to the Directors (to continue in full force until the conclusion of the next annual general meeting of the Company, unless revoked or varied by the Company in general meeting) to offer and grant options in accordance with the SMG Share Option Scheme and to allot and issue such shares as may be required to be issued pursuant to the exercise of the options granted under the SMG Share Option Scheme, provided always that the aggregate number of new ordinary shares to be allotted and issued pursuant to the SMG Share Option Scheme and any other scheme or plan for the time being of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.*

The Circular to Shareholders setting out more information on the Proposed Grant of Options and convening the EGM for the purposes of approving, *inter alia*, the Proposed Grant of Options and the allotment and issuance of Shares thereunder, will be despatched in due course.

Further details of the SMG Share Option Scheme may be found in the circular to shareholders dated 15 April 2014.

### **3. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save for (i) Mr Tony Tan, Dr Beng and Dr Wong who are interested in the Proposed Acquisition, and (ii) Dr Beng who is interested in the Proposed Grant of Options, none of the other Directors and to the best of the Directors' knowledge, none of the controlling Shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Acquisition or the Proposed Grant of Options.

Mr Tony Tan, Dr Beng and Dr Wong will abstain from voting on the ordinary resolution relating to the Proposed Acquisition and Dr Beng will abstain from voting on the ordinary resolution relating to the Proposed Grant of Options at the EGM.

### **4. EXTRAORDINARY GENERAL MEETING**

The Company will be seeking specific approval of Shareholders at the EGM for:

- (a) the Proposed Acquisition as an interested person transaction and the allotment and issuance of the Consideration Shares to the Vendors (which includes certain Directors of the Company) pursuant to the Proposed Acquisition; and
- (b) the Proposed Grant of Options under the SMG Share Option Scheme and the allotment and issuance of Shares thereunder.

The Circular containing, *inter alia*, the notice of EGM and the details of the aforementioned Proposed Acquisition and Proposed Grant of Options will be despatched to the Shareholders in due course.

### **5. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the Company's registered office at 290 Orchard Road, #13-01, The Paragon, Singapore 238859 for a period of three (3) months commencing from the date of this Announcement:

- (a) the Constitution of the Company;
- (b) the SPA;
- (c) the Valuation Letter;
- (d) the annual report of the Company for FY2015; and
- (e) the SMG Share Option Scheme.

### **6. CAUTIONARY STATEMENT**

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

## 7. RESPONSIBILITY STATEMENT BY THE DIRECTORS

The Directors of the Company (who may each have delegated detailed supervision of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries that, as at the date hereof, to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Proposed Grant of Options and the Group. The Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in this Announcement 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 Announcement in its proper form and context.

### By Order of the Board

Beng Teck Liang  
Executive Director and Chief Executive Officer  
5 August 2016

*This Announcement 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 Catalist Rules. The Sponsor has not independently verified the contents of this Announcement.*

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

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