

ALLIANCE HEALTHCARE GROUP LIMITED
(Incorporated in the Republic of Singapore on 6 June 2006)
(UEN. 200608233K)

PROPOSED ACQUISITION OF SHARES IN THE CAPITAL OF SG IMED PTE. LTD.

1. INTRODUCTION

The board of directors (the "**Board**") of Alliance Healthcare Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that Alliance Healthcare Pte. Ltd. ("**AHPL**"), a wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement (the "**SPA**") on 8 September 2021 with (i) Tsai Yu-Chen ("**Alex**"); and (ii) Tang Chi Feng ("**Jerome**", and together with Alex, the "**Vendors**") to purchase an aggregate of 7,000 ordinary shares (the "**Sale Shares**") in or 20% of the share capital in SG IMED Pte. Ltd. ("**SGIMED**") for an aggregate cash consideration of S\$630,000.00 ("**Purchase Consideration**") (the "**Purchase**").

In conjunction with the Purchase, on or before the date on which the completion of the transfer of the Sale Shares is to take place, AHPL will also enter into a facility agreement with SGIMED to grant a loan in the amount of S\$610,000.00 (the "**Loan**") to fund the operations and growth of SGIMED (the "**Facility Agreement**"). The term of the Facility Agreement is two (2) years and the rate of interest on the Loan is 1.0% per annum plus the Singapore Overnight Rate Average. Upon the earlier of (i) two (2) years from the execution of the SPA or (ii) SGIMED achieving a clinic subscription base of 500 clinics in respect of the Hummingbird Software (as defined below), AHPL has the right (but not the obligation) to assign its rights under the Facility Agreement to the Vendors in exchange for such number of ordinary shares in SGIMED representing 10% of the share capital in SGIMED as at the date on which the completion of such transfer of shares in SGIMED is to take place (the "**Loan Assignment**"). Pursuant to the terms of the Facility Agreement, SGIMED may draw down on the Loan in a single tranche or in separate tranches by providing AHPL with at least five (5) business days' prior notice. AHPL's provision of the Loan is subject to certain conditions, including the receipt of certain specified documents in a satisfactory form as well as certain representations and warranties in respect of SGIMED in the Facility Agreement remaining true and correct on both the date of the notice of the draw down and the proposed drawdown date. In addition, where the Loan Assignment does not happen by the second anniversary date after the execution of the SPA, SGIMED is required to repay the principal amount of the Loan on a monthly basis over the course of six (6) months after the second anniversary date after the execution of the SPA.

In addition, pursuant to the SPA, the Vendors irrevocably grant an option to AHPL (the "**Option**") pursuant to which AHPL has the right (but not the obligation) to purchase from the Vendors such number of shares in SGIMED representing 30% of the share capital in SGIMED as at the date of which the completion of such transfer of shares in SGIMED is to take place. The Option can only be exercised upon the earlier of (i) three (3) years from the execution of the SPA or (ii) SGIMED achieving a clinic subscription base of 800 clinics in respect of the Hummingbird Software (as defined below). The consideration payable upon the exercise of the Option shall be an amount equal to the sum of S\$3,070,000.00 (the "**Option Consideration**") of which (a) the first 70.0% of such amount shall be paid in cash and the remaining 30.0% of such amount shall be paid in cash, shares in the Company or a mix of both, where the valuation of shares in the Company shall be based on the volume-weighted average price ninety (90) market days immediately preceding the date on which the completion of such transfer of shares in SGIMED is to take place. For the avoidance of doubt, the exercise of the Option is not conditional upon the Loan Assignment.

The Purchase, the Loan and the Option shall hereinafter be referred as to as the "**Transaction**". The Transaction constitutes a "discloseable transaction" under Chapter 10 of the Singapore

Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst ("**Catalist Rules**").

2. INFORMATION ON SGIMED

SGIMED is a company incorporated in Singapore on 6 August 2014. As at the date of the SPA, SGIMED has an issued and paid-up share capital of S\$35,000 comprising 35,000 ordinary shares and no other outstanding share options or convertible instruments, with Alex and Jerome holding 14,000 and 21,000 ordinary shares, or 40% and 60% of the issued and paid-up share capital in SGIMED respectively.

SGIMED's core business is the development and the leasing of their proprietary software, a B2B clinic management and electronic medical record solution ("**CMS/EMR**") for medical service providers such as general practitioners, specialists and dentists (the "**Hummingbird Software**"). Broadly, the Hummingbird Software offers a fully-integrated and configurable practice management solution with features including but not limited to (a) an online appointment system; (b) data analytics; (c) medical billing; and (d) pharmacy and inventory modules.

Based on the unaudited financial statements of SGIMED for the financial year ended 31 July 2020 ("**FY 2020**"), SGIMED reported a net profit of S\$30,263 and had a book value of S\$44,057, and net tangible liabilities of S\$60,423 as at 31 July 2020. Based on the management accounts of SGIMED, SGIMED had a book value of S\$187,540 and net tangible liabilities of S\$39,627 as at 31 January 2021. For the avoidance of doubt, the latest available open market value of SGIMED is not available as SGIMED is not a publicly listed and traded entity. The Company and AHPL did not commission any independent valuation of SGIMED.

3. DETAILS OF THE TRANSACTION

(1) PURCHASE CONSIDERATION, LOAN AND OPTION CONSIDERATION

The Purchase Consideration, the Option Consideration were arrived at after arm's length negotiations and taking into account, *inter alia*, the management's expertise, the technological know-how, the market potential of the Hummingbird Software, and the future plans and business prospects of SGIMED.

In addition, the Loan was negotiated after considering the working capital requirements and projected capital investment of SGIMED, and was arrived at after arm's length negotiations.

To fund the Purchase Consideration and the Loan, the Company intends to use the proceeds raised from its initial public offering. To fund the Option Consideration, the Company intends to obtain a bank loan which is intended to be drawn down at completion of the exercise of the Option.

(2) CONDITIONS PRECEDENT

Completion of the SPA is subject to, *inter alia*, the following conditions precedent being satisfied:

- (i) the completion of satisfactory financial, technical and legal due diligence by AHPL on SGIMED;
- (ii) the execution of a service agreement by Tsai Yu-Chen and a consultancy agreement by Tang Chi Feng; and
- (iii) the execution of a shareholders' agreement in respect of SGIMED (the "**SHA**").

4. RATIONALE FOR THE TRANSACTION

The Board believes that the Transaction is in the best interest of the Company as the partnership with SGIMED will allow the Group to leverage SGIMED's capabilities and scalable digital platform to create an integrated digital platform that engages patients and clinics within the healthcare ecosystem in an efficient manner.

In particular, the Company will be able to promote its e-services to clinics using the Hummingbird Software as well as their patients, realising the economic benefits of the existing ecosystem's transactions. Also, through the development of joint products and services based on the Hummingbird Software, the Company and SGIMED will also be able to jointly strengthen their competitiveness and drive market share in the CMS/EMR space.

5. CHAPTER 10 OF THE CATALIST RULES

Based on the unaudited consolidated financial statements of the Group for the financial year ended 30 June 2021 ("FY 2021"), the relative figures for the Transaction computed on the relevant bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases	Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets	Not applicable
(b)	The net profits attributable to the assets acquired, compared with the Group's net profits	1.29% ⁽¹⁾
(c)	The 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	12.05% ⁽²⁾
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not available ⁽³⁾
(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 and gas assets by a mineral, oil and gas company, but not an acquisition of such assets	Not applicable

Notes:

- (1) As defined under Rule 1002 of the Catalist Rules, "net profits" means profit or loss before income tax, minority interests and extraordinary items.

Based on the unaudited consolidated financial statements of the Group for FY 2021, the net profits of the Group was approximately S\$2.4 million.

Based on the unaudited financial statements of SGIMED for FY 2020, the net profit of SGIMED was approximately S\$30,263.

- (2) The aggregate value of the consideration is computed based on the sum of the Purchase Consideration, the Loan and the Option Consideration.

The Company's market capitalisation of approximately S\$35.8 million was computed based on the volume weighted average price of S\$0.172 on 7 September 2021 (being the last full market day preceding the date of the SPA on which there was trading in the Company's Shares) and the Company's share capital of 207,888,000 Shares.

- (3) The Company is not able to determine the relative percentage for Rule 1006(d) of the Catalist Rules as the number of Shares to be issued by the Company arising from the exercise of the Option is not fixed at the time of grant of these options. Accordingly, in the event that the Company decides to pay 30% of the Option Consideration by way of issuance of its Shares, the Option shall be further subject to the requirements under Chapter 10 of the Catalist Rules at such time of exercise.

6. FINANCIAL EFFECTS OF THE TRANSACTION

For the purposes of illustration only, the following is an illustration of the pro forma financial effects of the Transaction on the net tangible assets per share ("**NTA**") and earnings per share ("**EPS**") based on the Group's unaudited consolidated financial statements for FY 2021 and SGIMED's unaudited financial statements for FY 2020.

(1) NTA

Purely for illustrative purposes only, assuming that the Transaction had been effected on 30 June 2021, the effect of the Transaction on the Group's NTA per share as at 30 June 2021 will be as follows:

	As at 30 June 2021	After the Transaction
NTA (S\$'000)	14,672	10,326
Number of Shares ('000)	207,888	207,888*
NTA per Share (Singapore cents)	7.06	4.97

* The number of Shares assume that the Option Consideration will be paid entirely in cash.

(2) EPS

Purely for illustrative purposes only, assuming that the Transaction had been effected on 1 July 2020, the effect of the Transaction on the Group's EPS for FY 2021 will be as follows:

	As at 1 July 2020	After the Transaction
Net profit attributable to shareholders (S\$'000)	1,532	1,550
Weighted average number of Shares ('000)	207,888	207,888*
EPS (Singapore cents)	0.74	0.75

* The weighted average number of Shares assume that the Option Consideration will be paid entirely in cash.

7. SERVICE CONTRACT

No person is proposed to be appointed as a director of the Company in connection with the Transaction. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the Transaction.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Transaction, the Company, and its subsidiaries, and the directors of the Company 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 of the Company 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.

10. FURTHER ANNOUNCEMENT(S)

The Company will make the relevant announcement(s) upon completion of the Transaction.

11. DOCUMENTS FOR INSPECTION

Copies of the SPA and the Facility Agreement are available for inspection during normal business hours at the Company's registered office at 25 Bukit Batok Crescent, #07-12 The Elitist, Singapore 658066 for a period of 3 months commencing from the date of this announcement.

BY ORDER OF THE BOARD

Dr Barry Thng Lip Mong
Executive Chairman and Chief Executive Officer

8 September 2021

*This announcement has been reviewed by the Company's sponsor, RHB Bank Berhad, through its Singapore branch (the "**Sponsor**") in accordance with Rule 226(2)(b) of the Catalist Rules. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Mr Alvin Soh, Head, Corporate Finance, RHB Bank Berhad, Singapore branch, at 90 Cecil Street, #04-00 Singapore 069531, Telephone: +65 6320 0627.*