



SINGAPORE O&G LTD.
(Company Registration No. 201100687M)

PROPOSED ACQUISITION OF THE BUSINESS AND MEDICAL PRACTICES OF JL LASER & SURGERY CENTRE PTE. LTD., JL ESTHETIC RESEARCH CENTRE PTE. LTD. AND JL DERMATOLOGY PTE. LTD.

1. INTRODUCTION

The Board of Directors (the “**Directors**” or the “**Board**”) of Singapore O&G Ltd. (“**SOG**” or “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that it has, on 4 November 2015 entered into a binding framework agreement (the “**Framework Agreement**”) with Dr. Joyce Lim Teng Ee (“**Dr. Lim**”, or the “**Vendor**”) and JL Laser & Surgery Centre Pte. Ltd. (“**JLLSC**”), JL Esthetic Research Centre Pte. Ltd. (“**JLERC**”) and JL Dermatology Pte. Ltd. (“**JLD**”, and together with JLLSC and JLERC, the “**Targets**”).

Pursuant to the Framework Agreement, the Company shall, through a wholly-owned subsidiary (the “**Acquiring Entity**”), acquire the entirety of the Vendor and Targets’ rights, title and interest in the Targets’ business and medical practices (the “**Business**”), including, but not limited to, the following assets (“**Business Assets**”) in connection with the Business (the “**Proposed Acquisition**”):

- (a) any and all contracts and other arrangements between the Targets and its customers, suppliers, employees, contractors, agents and business partners in connection with the Business;
- (b) the Targets’ list of customers, suppliers, employees, contractors, agents and business partners;
- (c) any and all intellectual property rights which the Targets and/or the Vendor has, in connection with the Business; and
- (d) any and all equipment, properties and leases which the Targets and/or the Vendor has or is interested in, in connection with the Business,

but excluding the Vendor and Targets’ rights title and interest in the following properties:

- (i) 8 Eu Tong Sen St, #14-95, The Central, Singapore 059818;
- (ii) 8 Sinaran Drive, #05-19 and #05-20, Novena Specialist Centre, Singapore 307470; and
- (iii) 101 Irrawaddy Road, #11-01, Royal Square at Novena, Singapore 329565.

The Framework Agreement sets out the key agreed terms in connection with the Proposed Acquisition, and shall form the basis of a more formal and detailed sale and purchase agreement for the Proposed Acquisition (the “**SPA**”). The Framework Agreement is binding upon the parties in accordance with its terms and the terms and conditions set out therein will be incorporated into the SPA without any material deviation therefrom, together with such other terms and conditions

as may be agreed between the parties, and which are usually included in a sale and purchase agreement of business and business assets.

Completion of the Proposed Acquisition (“**Completion**”) is expected to take place on 31 December 2015 (or on such other date as the parties may agree in writing) (the “**Completion Date**”). Upon Completion of the Proposed Acquisition, the Acquiring Entity will legally and beneficially own the Business and the Business Assets, and will carry on the Business.

2. INFORMATION ON THE VENDOR, THE TARGETS, THE BUSINESS AND THE BUSINESS ASSETS

The Targets were incorporated in Singapore by the Vendor and her father, Mr. Lim Cheng Quee (“**Mr. Lim**”), and details of the Targets are set out below.

<u>Target</u>	<u>Incorporation Date</u>	<u>Issued and Paid-up Share Capital</u>	<u>Shareholders / Shareholdings</u>	<u>Principal Activities / Medical Practice</u>
JLLSC	2 May 2003	S\$2 comprising 2 ordinary shares	The Vendor / 50% Mr. Lim / 50%	Laser and Surgery Centre
JLERC	2 May 2003	S\$2 comprising 2 ordinary shares	The Vendor / 50% Mr. Lim / 50%	Pharmaceutical
JDL	18 February 2000	S\$250,000 comprising 250,000 ordinary shares	The Vendor / 51% Mr. Lim / 49%	Skin Clinic

Pursuant to the net tangible assets target discussed below in paragraph 3.4.3, the book value and net tangible asset value of the Business and the Business Assets will, following the completion of the Proposed Acquisition, be at least S\$1.5 million. No independent valuation was conducted on the Business and the Business Assets.

The Vendor is the beneficial owner of the entirety of the Targets and the Business. Neither the Vendor nor Mr. Lim are related to the Directors or controlling shareholders of the Company, and their respective associates.

The Vendor, Dr. Lim, is a dermatologist, recognised and accredited by the Ministry of Health, Singapore, and the Ministry of Health, Malaysia. Dr. Lim is also a registered doctor in Hong Kong.

Dr. Lim has, since the incorporation of each of the Targets, been carrying on her dermatology practice exclusively thereat, and is also responsible for the management, operation and Business of the Targets.

Dr. Lim’s curriculum vitae and profile is attached hereto as **Appendix A**.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 STATUS OF THE FRAMEWORK AGREEMENT

The Framework Agreement sets out the key agreed terms in connection with the Proposed Acquisition, and shall form the basis of the SPA. The Framework Agreement is binding upon the parties in accordance with its terms and the terms and conditions set out therein will be incorporated into the SPA without any material deviation therefrom, together with such other terms and conditions as may be agreed between the parties, and which are usually included in a sale and purchase agreement of business and business assets.

The parties shall, in good faith, finalise the terms of, and enter into the, SPA contemplated by the Framework Agreement by 15 December 2015 (or such other date as the parties may mutually agree). To the extent that the parties do not, for whatever reason, enter into the SPA, the terms and conditions of the binding Framework Agreement shall remain in effect.

3.2 CONSIDERATION

The total consideration for the purchase of the Business and the Business Assets (the “**Consideration**”) shall be **S\$26.5 million**, of which **S\$14 million** shall be satisfied in cash and **S\$12.5 million** shall be satisfied by the issue and allotment of such number of new shares in the capital of SOG (the “**Consideration Shares**”) to the Targets (or such other person(s) as the Targets may direct by way of written notification to the Company), at an issue price per Consideration Share of **S\$0.6127**, which represents a discount of approximately 5% to the volume weighted average price of approximately S\$0.645 per share of SOG for trades done on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the full market day on which the Framework Agreement was signed. The number of Consideration Shares to be issued shall be calculated and rounded down to the nearest whole number, and no cash adjustment will be made in respect thereof.

The Consideration was arrived at on a willing-seller and willing-buyer basis, after negotiations which were conducted at arm’s length between the parties, and takes into account, *inter alia*, prevailing market conditions and the capabilities and synergies between the Group and the Business and Business Assets. No independent valuation was conducted on the Business and Business Assets.

The cash consideration will be fully funded through the Company’s internal funds as well as the use of the initial public offering (“IPO”) proceeds, which is in accordance with the use as disclosed in its offer document dated 26 May 2015 in relation to its IPO (the “**Offer Document**”). The Company will provide periodic updates as and when the balance of the proceeds from the IPO are materially utilised.

The Consideration Shares shall rank in all respects *pari passu* with the ordinary shares of SOG (the “**Shares**”) existing at the date of the issue of the Consideration Shares, save that they shall not rank for any entitlements, distributions, dividends or rights (if any), the record date in respect of which falls on or prior to the date of issue of the Consideration Shares. The Consideration Shares are to be issued pursuant to the existing share issue mandate approved by the shareholders of SOG held on 14 May 2015.

3.3 PAYMENT OF THE CONSIDERATION

The Consideration shall be paid in three (3) tranches as follows:

- (a) a first tranche of S\$6.0 million in cash, which shall be paid on 31 December 2015 (the “**Completion Date**”), and the issue and allotment of the Consideration Shares within three (3) months thereof;
- (b) a second tranche of S\$4.0 million in cash, which shall be paid one (1) calendar year following the Completion Date (the “**Second Tranche Cash Consideration**”); and
- (c) a third and final tranche of S\$4.0 million in cash, which shall be paid two (2) calendar years following the Completion Date (the “**Third Tranche Cash Consideration**”).

The Company will be making an application to a the SGX-ST via the Sponsor (as defined herein) in due course for the listing and quotation of the Issuer’s Consideration Shares on Catalist. The Company will make the relevant announcements upon receipt of the listing and quotation notice from the SGX-ST.

3.4 MATERIAL TERMS OF THE FRAMEWORK AGREEMENT

3.4.1 Adjustment of Second Tranche Cash Consideration

In the event that the Company declares any distributions or dividends in connection with the financial year ending 31 December 2015, the Second Tranche Cash Consideration shall be reduced by such amount received by the Targets in respect of the Consideration Shares.

3.4.2 Adjustment of Third Tranche Cash Consideration

Following the Completion of the Proposed Acquisition by the Acquiring Entity on the Completion Date, the Acquiring Entity shall carry on the Business, and shall for the financial year ending 31 December 2016 (“FY2016”), achieve an audited recurrent net profit after tax (“NPAT”) of at least **S\$2.5 million**, with a tolerance threshold of **S\$0.2 million** (the “NPAT Target”). For the avoidance of doubt, the NPAT Target shall be deemed achieved if the Acquiring Entity’s NPAT for FY2016 is **S\$2.3 million**.

In the event that the NPAT Target is not achieved, the Third Tranche Cash Consideration shall be reduced by a sum amounting to ten (10) times the difference between the Acquiring Entity’s NPAT for FY2016, and the NPAT Target after accounting for the tolerance threshold of **S\$0.2 million**. For the avoidance of doubt, where the Acquiring Entity’s NPAT for FY2016 exceeds the NPAT Target, the Third Tranche Cash Consideration shall not be increased.

3.4.3 Net Tangible Assets Target

The Vendor and the Targets covenant and undertake to the Company that following the completion of the Proposed Acquisition by the Acquiring Entity on the Completion Date, the Acquiring Entity shall have net tangible assets of at least **S\$1.5 million** immediately thereafter, and of which approximately **S\$1.0 million** shall be in cash, cash equivalents or receivables.

3.4.4 Moratorium

The Vendor and the Targets covenant and undertake not to (directly or indirectly), *inter alia*, offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, all or any part of the Consideration Shares for a period of six (6) months commencing from the date of the issue and allotment thereof, and no more than 50% of the Consideration Shares for a period of six (6) months thereafter.

3.4.5 Conditions Precedent

Completion is conditional upon, *inter alia*, the following conditions having been fulfilled (or waived):

- (a) the results of the due diligence exercise conducted by the Company and/or its advisors on the Targets, the Business and the Business Assets being satisfactory to the Company;
- (b) receipt by the Company and the Acquiring Entity of such waivers or consents as may be necessary to enable the Company and/or the Acquiring Entity to be registered as holder of any and all of the Business and the Business Assets;
- (c) all other consents and approvals required under any and all applicable laws for the sale and purchase of the Business and the Business Assets and/or to give effect to the transactions contemplated under the Framework Agreement (including without limitation, such waivers as may be necessary of terms which would otherwise constitute a default under any instrument, contract, document or agreement to which the Vendor or any of the Targets is a party or by which the Vendor or any of the Targets or its or their respective assets are bound) being obtained and where any consent or approval is subject to conditions, such conditions being satisfactory to the Company in its sole and absolute discretion;

- (d) there being no change to the prospects, operations, financial and/or business conditions of the Targets from the date of the Framework Agreement and up to and including the Completion Date that would constitute a material adverse effect on or material adverse change in the condition (financial or otherwise), results of operations, assets, prospects, liabilities or business of any of the Targets;
- (e) Dr. Lim and the Targets having entered into a secondment agreement with the Acquiring Entity, pursuant to which Dr. Lim shall be seconded by the Targets to the Acquiring Entity to manage and carry on the Business on the following terms:
 - (i) the secondment shall continue for a term of eight (8) years from the effective date specified therein, and which may be renewed on similar terms for a further term of two (2) years;
 - (ii) the Acquiring Entity shall pay to the Targets a secondment fee of **S\$2.5 million** per annum, payable in twelve (12) monthly instalments in arrears by the last working day of every month, with the first of such payment being calculated on a pro-rata basis commencing on the effective date specified therein;
 - (iii) for each financial year during the term of the secondment, in the event that the Acquiring Entity's NPAT for a relevant financial year exceeds **S\$2.5 million**, the Acquiring Entity shall pay to the Targets an incentive bonus of at least 10%, but not more than 20%, of the amount by which the NPAT exceeds **S\$2.5 million**; and
 - (iv) Dr. Lim shall agree to a non-competition clause.

4. THE RATIONALE FOR THE PROPOSED ACQUISITION

As stated in the Company's Offer Document in relation to its IPO, the Company intends to:

- (a) expand its business operations locally and regionally through, *inter alia*, acquisitions;
- (b) make investments in healthcare professionals and synergistic businesses; and
- (c) diversify and grow its patient base.

The Board believes that the Proposed Acquisition will:

- (i) achieve the above aims, and provide the Group with in-roads into the practice of dermatology, which the Group currently does not engage in;
- (ii) will provide the Group with a diversified and recurrent stream of revenue, and strengthen the future financial performance of the Group; and
- (iii) enable the Group to accelerate the expansion of its offerings complementary to women's healthcare.

5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The *pro forma* financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company after the completion of the Proposed Acquisition.

5.1 NET TANGIBLE ASSETS

Assuming that the Proposed Acquisition had been completed on 31 December 2014, the effect of the Proposed Acquisition on the Group's net tangible assets ("**NTA**") per Share as at 31 December 2014 ("**FY2014**") will be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA of the Group attributable to shareholders of the Company (\$'000)	11,856	3,709 ⁽¹⁾
Number of Shares ('000)	174,400	238,401 ⁽²⁾
NTA per Share (Cents)	6.80	1.56

⁽¹⁾ NTA after the Proposed Acquisition takes into account the net IPO proceeds of S\$9.2 million received in 2015, dividends of S\$3.4 million paid to shareholders in 2015 and the total cash consideration to be paid for the Proposed Acquisition of S\$14.0 million.

⁽²⁾ The number of Consideration Shares is based on an issue price per Consideration Share of S\$0.6127.

5.2 EARNINGS PER SHARE

Assuming that the Proposed Acquisition had been completed on 1 January 2014, the effect of the Proposed Acquisition on the Group's earnings per Share ("**EPS**") for FY2014 will be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit attributable to shareholders of the Company for FY2014 (\$'000)	4,248	6,748
Weighted average number of Shares ('000)	174,033	194,276
EPS (Cents)	2.44	3.47

5.3 GEARING

There is no impact on the gearing ratio of the Company arising from the Proposed Acquisition.

6. RELATIVE FIGURES UNDER RULE 1006

Based on the Group's latest announced unaudited consolidated accounts for the six (6) months ended 30 June 2015, the relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual Section B: Rules of Catalyst (the "**Catalist Rules**") are as follows:

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
(b)	Net profit attributable to the assets acquired, compared with the Group's net profit ⁽¹⁾	44.8%
(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 ⁽²⁾	18.9%

(d)	Number of equity securities issued as consideration for an acquisition, compared with the number of securities previously in issue ⁽³⁾	9.4%
(e)	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

Notes:

- (1) The Group's profit before tax for the six (6) months ended 30 June 2015 was approximately S\$3.3 million.
- (2) The Company's market capitalisation of approximately S\$140.6 million was computed based on the Company's existing issued share capital of 218,000,000 Shares and the volume weighted average price of S\$0.645 per Share for trades done on the SGX-ST for the full market day on which the Framework Agreement was signed.
- (3) Based on the Consideration Shares at the issue price of S\$0.6127 per Consideration Share to be issued, and the Company's existing issued share capital of 218,000,000 Shares as at the date of this announcement.

7. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a 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 in connection with the Proposed Acquisition.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings in the Company.

9. INSPECTION OF DOCUMENT

A copy of the Framework Agreement is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 34 Cassia Crescent, #01-80, Singapore 390034 for a period of three (3) months from the date of this announcement.

10. FURTHER ANNOUNCEMENTS

The Company will update shareholders on material developments relating to the Proposed Acquisition, if any.

11. RESPONSIBILITY STATEMENT

The Directors 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 Proposed Acquisition, the Company and its subsidiaries, and 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.

12. **RESPONSIBILITY STATEMENT**

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders of the Company are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD
SINGAPORE O&G LTD.

DR. NG KOON KENG
CHIEF EXECUTIVE OFFICER
5 November 2015

This announcement has been prepared by the Company and its content have been reviewed by the Company's sponsor, Hong Leong Finance Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement. 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. Tang Yeng Yuen, Vice-President, Head of Corporate Finance. Telephone number: (65) 6415 9886 Email: tangyy@hlf.com.sg

Appendix A

Dr. Lim, is a dermatologist, recognised and accredited by the Ministry of Health, Singapore, and the Ministry of Health, Malaysia. Dr. Lim is also a registered doctor in Hong Kong.

Dr. Lim graduated from the University of Malaya in 1978 with a Bachelor of Medicine and Bachelor of Surgery. Dr. Lim then completed her internal medicine specialisation and was admitted as a physician member of the Royal College of Physicians and Surgeons of Ireland. Thereafter, Dr. Lim served as a consultant physician with the Ministry of Health, Malaysia until 1988. Dr Lim was subsequently conferred the fellowship of the Royal College of Physicians and Surgeons of Ireland in 1992.

Dr Lim completed her dermatological training at the National Skin Centre, Singapore (“**NSC**”) in 1991 and went on to sub-specialise in dermatologic surgery and laser surgery. She also did perceptorships under renown dermatologists and dermatologic and laser surgeons in both Europe and the United States of America.

Dr. Lim practiced at the NSC from 1989 to 2000. While at NSC, she was made its first Division Head, Dermatologic and Laser Surgery. She carried on in that position until 2000, when she left to start her own dermatology practice in June 2000.

Dr Joyce Lim has been an appointed member of the Pigment Disorders Academy (“**PDA**”) since its inception in 2003. The PDA is an international group of renown dermatologists who have special interests in pigmentary disorders. Dr. Lim is also one of the founding directors of the Asian Dermatologic Laser and Surgery Research Group (“**ADLAS**”). The ADLAS was established in 2005 by a group of dermatologists to organise yearly meetings for dermatologists across Asia to exchange their experiences and professional opinions on laser treatments, skin surgery and aesthetic dermatological procedures for Asian skin. Dr Lim is also one of the founding directors of the Aesthetic Dermatology Educational Group (“**ADEG**”), which comprises dermatologists interested in teaching aesthetic procedures to medical practitioners. The ADEG is recognised by the Singapore Medical Council to conduct courses and to issue certificates of competence for medical practitioners who wish to better learn aesthetic procedures.