



INTERESTED PERSON TRANSACTION – TENANCY AGREEMENT ENTERED INTO WITH DR ANG PENG TIAM

1. INTRODUCTION

The Board of Directors (the “**Board**”) of TalkMed Group Limited (the “**Company**”) wishes to announce that its wholly-owned subsidiary, Singapore Cancer Centre Pte. Ltd. (“**SCC**”) had entered into a tenancy agreement (“**Tenancy Agreement**”) with Dr Ang Peng Tiam (“**Dr Ang**”) on 6 July 2015 pursuant to which SCC will lease the premises located at 3 Mount Elizabeth, Mount Elizabeth Medical Centre (“**MEMC**”) #10-11/12, Singapore 228510 (the “**Property**”).

2. TENANCY AGREEMENT AS AN INTERESTED PERSON TRANSACTION

Dr Ang is the chief executive officer and executive director as well as the controlling shareholder of the Company as defined in the SGX-ST Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Dr Ang is considered as an interested person for the purpose of Chapter 9 of the Catalist Rules.

3. DETAILS OF THE TENANCY AGREEMENT

The Property comprises a lettable area of approximately 2,174 square feet. Under the terms of the Tenancy Agreement, rental will be at S\$25.00 per square feet per month for a period of three (3) years, commencing with effect from 1 June 2015 due to renovations which have commenced since then.

Under the Tenancy Agreement, the maximum aggregate rental fees payable by SCC is approximately S\$1,957,000 which represents an amount equivalent to approximately 3.93% of the latest audited net tangible assets of the Company and its subsidiaries (the “**Group**”).

4. RATIONALE FOR THE INTERESTED PERSON TRANSACTION

Requirement for additional capacity

In view of the existing utilisation of treatment facilities by Parkway Cancer Centre (“**PCC**”)⁽¹⁾ at MEMC which is operating at close to full capacity, additional space in the form of a new clinic offering such additional capacity will ensure that PCC’s continued presence and growth in Mount Elizabeth Hospital, located next to MEMC.

Comparable to market rental rates

The management had obtained rates of completed transactions of comparable medical suites at MEMC for rent by unrelated third parties and reviewed a market report issued by DTZ Research dated 29 September 2014⁽²⁾ which had indicated that the asking rents by medical suites at MEMC is significantly higher than medical suites at other medical centres.

⁽¹⁾ The Company (through its wholly-owned subsidiary, Singapore Cancer Centre Pte. Ltd.) currently provides medical oncology services to patients through the PCC vehicle.

⁽²⁾ Source:

<http://www.dtz.com/portal/downloadContent?image=3328339a74fb8410VgnVCM1000000c02a8c0STFL&item=f2aa339a74fb8410VgnVCM1000000c02a8c0&ctd=RESEARCH>



Further, the Company had obtained an independent report dated 19 June 2015 and issued by Housing88 (a specialist real estate agency for the leasing and rental of medical suites that are located in MEMC and Gleneagles Medical Centre) which indicated that the open market rental value of the Property presently ranges between S\$22.00 to S\$28.00 per square feet per month.

Based on comparisons with the rental rates of completed transactions that were obtained from unrelated third parties for comparable medical suites at MEMC and the reports, the Board is of the view that the rental payable to Dr Ang under the Tenancy Agreement is comparable to the market rental rates for such medical suites.

5. AUDIT AND RISK COMMITTEE

Pursuant to Rule 916(1) of the Catalist Rules, the Audit and Risk Committee of the Company which mainly comprises the Independent Directors of the Company, has reviewed the terms of the Tenancy Agreement and is of the view that the transaction is on normal commercial terms and is not prejudicial to the interest of the Group and the minority shareholders of the Company.

6. CURRENT TOTAL OF INTERESTED PERSON TRANSACTIONS

The following table sets out the total of all the interested person transactions with Dr Ang for the financial year ending 31 December 2015 as at the date of this announcement, including the subject of this announcement:

Interested Person Transactions	S\$'000
Rental of medical suite at MEMC	1,957
Investment in Stem Med Pte. Ltd. (" Stem Med ") ⁽³⁾	1,800
Rental of unit from StemCord Pte. Ltd. (" StemCord ") ⁽³⁾ to Stem Med ⁽⁴⁾	285
Total of interested person transactions for the current financial year ending 31 December 2015	4,042

⁽³⁾ The Company entered into a shareholders' agreement on 20 January 2015 with StemCord to incorporate Stem Med. on 21 January 2015 with a registered capital of S\$3,000,000. Pursuant to the incorporation of Stem Med, the Company owns 60% of the registered capital of Stem Med and the remaining 40% is owned by StemCord. Dr Ang Peng Tiam is also a Director and a substantial shareholder of StemCord, holding 17.35% in StemCord. Pursuant to Rule 904 of the Catalist Rules, the investment in Stem Med (the "**Investment**") constitutes an interested person transaction. Even though the Investment exceeds 5% of the Group's then latest audited net tangibles, which necessarily requires the Company to obtain shareholders' approval pursuant to Rule 906, the Investment falls within Rule 916(2) which exempts the Company from complying with the requirements of Rule 906.

⁽⁴⁾ Stem Med has entered into a tenancy agreement with StemCord on 3 March 2015 with StemCord pursuant to which Stem Med is currently leasing the premises located at 100 Pasir Panjang #03-05 Singapore 118518. Pursuant to Rule 904 of the Catalist Rules, the entry into the tenancy agreement by Stem Med, a subsidiary of the Company, with StemCord (the "**Stem Med Tenancy Agreement**") constitutes an interested person transaction. Under the Stem Med Tenancy Agreement, the maximum aggregate rental fees payable by the Company is approximately S\$285,000 which represents an amount equivalent to approximately 2.23% of the then latest audited net tangible assets of the Group.



By Order of the Board

Lee Boon Yong
Chief Financial Officer

7 July 2015

The Announcement has been prepared by the Company and its contents 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"), this being the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this Announcement.

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

The contact person for the Sponsor is Ms Joan Ling, Senior Vice President, Head of Corporate Finance, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581, Telephone (65) 6415-9886.