

Singapore Medical Group fully acquires earnings accretive Lifescan Imaging to fuel its next growth engine in diagnostics

- Acquisition to lift Group's stake in Lifescan Imaging from 38.1% to 100% with expected positive impact to 2H16 financial performance; the 61.9% stake would have contributed an additional net profit of S\$348,000 for 1H16
- Total consideration of S\$8.5 million, representing a 11.6% discount from the lower range of valuation and carrying an implied valuation of 12.3x P/E, will be funded via issuance of new shares
- Establishes the Group's new vertical in diagnostic imaging as it leverages on synergies derived from existing core specialties and its associated medical network

Singapore – 8 August 2016, SGX-listed Singapore Medical Group Limited ("SMG" or "the Group"), a specialist and primary healthcare services provider with 23 clinics in Singapore had on 5 August 2016 announced that it will fully acquire the remaining 61.9% stake in its associated company, Lifescan Imaging Pte. Ltd. ("Lifescan") for a consideration of S\$8.5 million. The 61.9% stake would have contributed an additional net profit of S\$348,000 for the six months ended 30 June 2016 ("1H16").

This earnings accretive acquisition will be funded via the issuance of 33,363,282 new shares at approximately S\$0.256/share and was determined based on the volume weighted average price of the shares traded on 4 August 2016 and shares traded on 5 August 2016 prior to the trading halt. This carries an implied Price-to-Earnings Ratio of 12.3¹ and the overall consideration represents a 11.6% discount from the lower range of valuation carried out by independent valuer, Deloitte & Touche Financial Advisory Services Pte. Ltd.

On the Group's latest acquisition, CEO and Executive Director Dr. Beng Teck Liang remarked, *"Lifescan was a loss-making entity when we first acquired a stake in August 2015. As such, we decided to adopt an incremental approach to limit the potential risks associated with the business via a shareholding of 38.1%. Despite its underperformance then, we identified the potential in the diagnostic business and the synergies we could reap with our existing core specialties and our associated medical network.*

Since then, our efforts have paid off and we successfully turned the business around, returning to profitability this year. As part of the Group's key objective in enhancing shareholder value, the Directors believe that this value-driven acquisition would fuel growth in the newly earmarked diagnostic business segment. We have identified this segment to be a key growth driver for the Group as we continue to expand our diagnostic imaging assets. As our network of medical specialists leverages on this acquisition to promote more cross-selling opportunities, we are confident that this will contribute positively to our financial performance for the second half of 2016."

The proposed acquisition is subject to shareholders approval at an Extraordinary General Meeting to be convened in due course.

– The End –

¹ Computed based on the annualised net profit achieved in 1H16 (S\$348,000 on a 61.9% stake).

About Singapore Medical Group Limited

Incorporated in 2005 and listed on the Singapore Exchange Securities Trading Limited (SGX) since 2009, Singapore Medical Group (SMG) is a private specialist and primary healthcare provider with a network of 30 specialties. The Group is committed to its promise of providing patient centred medical care and experience to every individual.

The Group currently has a total of 23 clinics strategically located in Paragon, Mount Elizabeth Novena Specialist Centre, Parkway East Medical Centre, Raffles Place, Connexion and Gleneagles Medical Centre with a growing network of SMG Associates clinics across the island.

SMG Clinics: The Lasik Surgery Clinic, The Dental Studio, The Wellness Suite An SMG Clinic, Facedoctor Aesthetic & Laser, Dr. L Dermatology Aesthetics & Facial Plastic Surgery, The Skin Specialist, Lifescan Medical Centre, Singapore Vision Centre, SMG Vision Centre, The Cancer Centre, The Obstetrics & Gynaecology Centre, SMG Specialist Centre, SMG Orthopaedic Group, SMG Urology Centre with Beng Surgery, Wellness & Gynaecology Centre by Dr Julinda Lee and SMG ENT Centre Ear Nose Throat Face Neck.

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This press release 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 relevant rules of 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 press release.

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

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