

(I) UPDATE ON THE GROUP'S BUSINESS
(II) REVISION OF PROPOSED DIVIDEND

The Board of Directors (the “**Board**”) of Singapore Medical Group (“**SMG**” or the “**Group**”) wishes to provide a business update on the impact of the COVID-19 outbreak to the shareholders of SMG (“**Shareholders**”) as follows:

Impact of COVID-19

Up to the middle of March 2020, our businesses had largely not been affected by the novel coronavirus outbreak.

However, the private healthcare industry has since experienced disruptions caused by the pandemic, both from the reduction in medical tourism and from the circuit breaker measures announced by the Government of Singapore, to contain the outbreak.

Medical tourism in Singapore has been severely curtailed by the various measures introduced by the Government of Singapore - in particular, border and travel restrictions implemented to curb the spread of the virus. With foreign patients contributing 15% to 20% of the Group's turnover, revenue from various segments of our business were affected e.g. oncology, cardiology, diagnostic imaging, following a significant drop in the number of foreign patients seeking treatments in Singapore.

The circuit breaker measures implemented by the Government of Singapore from 7 April 2020, which have since been extended to 1 June 2020 (“**CB Period**”), have resulted in clinical services which are triaged as non-essential being deferred, with only those services which are deemed essential permitted to continue. Accordingly, our aesthetic clinics have been closed and medical services such as Lasik, health screening, and non-emergency dental services have also temporarily ceased during the CB Period.

Notwithstanding the above, the Job Support Scheme extended by the Government of Singapore and the rental assistance from the landlords of the premises in which our clinics operate have provided support to our business. In addition, the Group has undertaken various cost-cutting measures to mitigate the impact of COVID-19, including the up to 30% reduction of salary of senior management, and containment of staff costs from requesting staff to utilise annual leave.

Despite the efforts to contain costs, as the Group is only able to offer limited services during the CB Period, we expect the results of the Group to be negatively impacted by the COVID-19 situation. The extent of such impact will depend on when the circuit breaker measures will be lifted and how quickly economic life returns to normal in Singapore and from the region. Nevertheless, barring unforeseen circumstances and assuming the gradual and effective easing of the circuit breaker measures, the Group foresees little liquidity risk and believes that the Group will be able to operate as a going concern and also to take advantage of the business recovery when the infection risk in Singapore de-escalates.

Revision of Proposed Dividend

As there is no certainty as to how the COVID-19 situation will evolve in Singapore and globally, the Board has decided to take a more prudent stance in relation to the proposed dividend announced on 24 February 2020 (“**Proposed Dividend**”).

After careful deliberation, the Board has decided to revise the Proposed Dividend to S\$0.004 per share in order to conserve an additional S\$1.9 million in cash. The revised Proposed Dividend of S\$0.004 per share is subject to the Shareholders' approval in the upcoming Annual General Meeting. In coming to this decision, the Board took on board the inherent unpredictability of the current global pandemic situation and extent of the economic fallout, as well as the prudent need to preserve cash to ensure the viability of the Group should the restrictions from the COVID-19 measures be extended.

The Board seeks the understanding of the Shareholders that this decision is taken in the best interest of the Group.

BY ORDER OF THE BOARD

Dr Beng Teck Liang
Chief Executive Officer
15 May 2020

*This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("**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.*

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