

SINGAPORE MEDICAL GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200503187W)

LOAN COVENANTS - UPDATE

All capitalised terms used and not defined herein shall have the same meanings given to them in the Company's announcements released on 24 December 2013, unless otherwise expressly stated or the context otherwise requires.

The Board of Directors (the “**Board**”) of Singapore Medical Group Limited (the “**Company**”) refers to the announcement made on 24 December 2013 in respect of the breach or potential breach of loan covenants. The Company wishes to update its shareholders as follows:

1. RHB Facility

The Company is still pending receipt of the waiver from RHB Bank for the breach of the Relevant RHB Covenant.

In addition, the terms of the RHB Facility required the Company to maintain a gearing ratio lower than 1 time throughout the tenure of the RHB Facility. As at 31 December 2013, the Company's gearing ratio stood at negative 0.9 hence there is a breach of this loan covenant. This breach has been restored following the completion of the Right Issue on 5 February 2014, which is subsequent to the financial year ended 31 December 2013. Assuming the Rights Issue was completed on 31 December 2013, the Company's gearing would have been at 0.4. The Company is currently seeking waiver from RHB Bank for the temporary breach of this loan covenant.

2. Maybank Facility

As at 31 December 2013, there is a breach of the Relevant Maybank Covenant as the net tangible assets of the Company of approximately negative S\$2.3 million was below S\$4 million. The breach has been restored following the completion of the Right Issue on 5 February 2014 which is subsequent to the financial year ended 31 December 2013.

Assuming the Rights Issue was completed on 31 December 2013, the Company's net assets would have been at approximately \$5 million. The Company is currently seeking waiver from Maybank for the temporary breach of the Relevant Maybank Covenant.

The Company shall make announcement to update the shareholders on the status of waiver in due course.

The directors of the Company are of the opinion that the Company and the Group are able to continue on a going concern basis as the management is reasonably confident that the Group will have sufficient resources including net proceeds received from the Rights Issue which was completed on 5 February and cashflow generated from the operations to pay its debts as and when they fall due.

By Order of the Board

Dr Beng Teck Liang
Chief Executive Officer

28 February 2014

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor (the "**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**Exchange**"). The Sponsor has not independently verified the contents of this announcement, including the correctness of any of the figures used, statements or opinions made.*

This announcement has not been examined or approved by the Exchange and the Exchange 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. Liao H.K.
Telephone number: 6221 0271*