

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

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**SETTLEMENT OF ARBITRATION PROCEEDINGS AND INCREASE IN INTEREST IN A  
SUBSIDIARY**

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*All capitalised terms used and not defined herein shall have the same meanings given to them in the Company's Announcements released on 29 August 2013 and 31 October 2013, unless otherwise expressly stated or the context otherwise requires.*

The Board of Directors (the “**Board**”) of Singapore Medical Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcements made on 29 August 2013 and 31 October 2013 in respect of the arbitration case filed by an ex-employee (the “**Claimant**”) of SECTC, a subsidiary of the Company, against the Company and SECTC (the “**Arbitration Proceedings**”).

The Company wishes to update its shareholders that a full and final settlement agreement has been entered into between the Claimant, the Company and SECTC (together the “**Parties**”) on 18 February 2014 (the “**Settlement**”). It is a term of the Settlement Agreement that within 7 days of 27 February 2014, Parties shall take such steps as may be appropriate and necessary to fully and finally discontinue the Arbitration Proceedings. The Company will make further announcement to update the Shareholders once the Arbitration Proceedings have been fully discontinued.

The Settlement, which includes, *inter alia*, the acquisition of 49% equity shares of SECTC from the Claimant by the Company for a cash consideration of S\$800,000 (the “**Acquisition**”), is not expected to have material impact on the consolidated net tangible assets or earning per share of the Group for the financial year ending 31 December 2014.

Further details relating to the Acquisition are set out below:

(1) Background of SECTC

Prior to the Acquisition, the Company holds 51% equity interests in SECTC and the remaining 49% equity interest in SECTC is held by the Claimant. Upon completion of the Acquisition, SECTC will become a wholly-owned subsidiary of the Company.

The principal activities of SECTC are those principally involved in the provision of a comprehensive one-stop eye specialist centre for managing cataract, cornea diseases, cornea transplantation, refractive surgery and presbyopia correction. SECTC is currently inactive due to the on-going Arbitration Proceedings. The management will review the business plan of SECTC upon the settlement of the Arbitration Proceedings.

Based on the unaudited management accounts of SECTC as at 30 June 2013, the net assets value of SECTC is approximately S\$1.3 million and the loss for the 6 months period ended 30 June 2013 is approximately S\$0.2 million.

(2) Consideration

The consideration of S\$800,000 is arrived at willing buyer willing seller basis after taking into consideration, *inter alia*, the net tangible assets of SECTC as well as the ongoing Arbitration Proceedings (including but not limited to the potential legal costs). No valuation was commissioned by the Company in respect of the Acquisition.

The consideration is to be satisfied entirely by cash and shall be payable in the following manner:

- (a) S\$200,000 is payable by 24 February 2014; and
- (b) the remaining S\$600,000 is payable in 8 monthly instalments of S\$75,000 each with the final payment in October 2014.

The consideration will be funded by the Group's internal resources. There are no other material terms and conditions in relation to the Acquisition.

(3) Requirements of Chapter 10 of the listing manual section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") ("Catalist Rules")

The relative figures for the Acquisition computed on the bases set out in Rule 1006 of the Catalist Rules based on the latest announced consolidated financial statements of the Group for the 6 months period ended 30 June 2013 are as follows:

	Bases of calculation	Size of relative figures
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
(b)	The net profits attributable to the assets acquired compared with the Group's consolidated net profits	13.8% <sup>(1)</sup>
(c)	The aggregate value of the consideration given, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares	2.7% <sup>(2)</sup>
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable

Notes:

- (1) Based on the latest announced consolidated financial statements of the Company for the 6 months period ended 30 June 2013 and the unaudited management accounts of SECTC for the 6 months period ended 30 June 2013.
- (2) The Company's market capitalization is computed based on the total issued shares of 218,604,000 and the weighted average share price of S\$0.135 on 17 February 2014.

Based on the relative figures computed above, the Acquisition is a discloseable transaction for the purposes of Chapter 10.

As the relative figure computed pursuant to Rule 1006(b) is a negative figure, pursuant to Rule 1007(1), SGX-ST had been consulted. The SGX-ST had on 18 February 2014 informed, *inter alia*, that the Acquisition is a discloseable transaction.

#### (4) Financial Effects of the Acquisition

The proforma financial effects of the Acquisition on the Group set out below are for illustrative purposes only and are therefore, not indicative of the actual financial performance or position of the Group. The financial effects set out below have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2012 ("FY2012") and on the following basis:-

- (i) the effect of the Acquisition on the losses per share ("LPS") of the Group is based on the assumption that the Acquisition had been effected at the beginning of FY2012, being 1 January 2012; and
- (ii) the effect of the Acquisition on the consolidated net tangible assets("NTA") per share of the Group shown below is based on the assumption that the Acquisition had been effected at the end of FY2012, being 31 December 2012.

#### LPS

The effects of the Acquisition on the LPS of the Group for FY2012 are as follows:-

	Before the Acquisition	After the Acquisition
Net loss after tax (S\$'000)	(860)	(860)
Loss per share (cents)	(1.08)	(0.89)

#### NTA

The effects of the Acquisition on the NTA per share of the Group as at 31 December 2012 are as follows:-

	Before the Acquisition	After the Acquisition
NTA (S\$'000)	3,224	3,167
NTA per share (cents)	2.21	2.17

The Acquisition is not expected to have material impact to the net tangible assets and earnings per share of the Group for the financial year ending 31 December 2014.

#### (5) Interests of Directors and Controlling Shareholders

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

There are no directors proposed to be appointed to the Company in connection with the Acquisition.

#### (6) Directors' Responsibility Statement

The Directors (including any Director who may have delegated detailed supervision of this announcement), collectively and individually accept full responsibility for the accuracy of the information given in this announcement, and confirm after making all reasonable enquiries that, as at the date of this announcement, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Acquisition, the Company and its subsidiaries and the Directors are not aware of any fact the omission of which would make any statement in this announcement misleading. Where information has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this announcement in its proper form and context.

By Order of the Board

Dr Beng Teck Liang  
Chief Executive Officer  
19 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.*

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