

SINGAPORE MEDICAL GROUP LIMITED
(Company Registration No.: 200503187W)

DIVESTMENT OF A JOINT VENTURE COMPANY, MINDCHAMPS MEDICAL PTE LIMITED

The Board of Directors (the “**Board**”) of Singapore Medical Group Limited (the “**Company**” or “**SMG**” together with its subsidiaries, the “**Group**”) announced on 21 October 2014 that the Company had entered into a shareholders’ agreement with MindChamps Holdings Pte Limited (“**MCH**”) and MindChamps Medical Pte Limited (“**MCM**”), pursuant to which the Company had subscribed for 196,000 ordinary shares in the issued and paid-up share capital of MCM, representing 49.0% of the issued and paid-up share capital of MCM, for an aggregate subscription price of S\$100,000.

The Board wishes to announce that the Company has on 9 September 2015 entered into a share purchase agreement (the “**Agreement**”) with MCH to dispose to MCH the Company’s entire interest of 196,000 ordinary shares in the issued and paid-up share capital of MCM, representing 49.0% of the total issued and paid-up share capital of MCM, for an aggregate cash consideration of S\$100,000 (the “**Divestment**”).

CONSIDERATION

The consideration of S\$100,000 will be fully settled in cash upon completion and has been arrived at arm’s length, commercial negotiations between the Company and MCH on a willing buyer and willing seller basis, taking into account the initial cost of investment of S\$100,000, the assets value and the business prospects of MCM. No valuation was conducted for the Divestment. The Divestment is expected to result in a gain of approximately S\$22,000 (being the difference between the consideration and the carrying amount of the Company’s 49.0% interest in MCM recorded in the Group’s consolidated financial statements as at 30 June 2015).

As at 30 June 2015, the net tangible asset value of MCM was approximately S\$352,000, and the carrying amount of the Company’s 49.0% interest in MCM recorded in the Group’s consolidated financial statements was approximately S\$78,000. For the six (6) months ended 30 June 2015, the Company recorded a share of net loss before tax of approximately S\$22,000 from MCM.

The Divestment is not expected to have any material impact on the consolidated net tangible assets and earnings per share of the Group for the financial year ending 31 December 2015.

RATIONALE OF THE DIVESTMENT

MCM was incorporated in the Republic of Singapore on 7 October 2014 with the objective of engaging in the business of operating as an operator and franchisor of private general practitioner healthcare providers under the brand name MindChamps Medical. To the date of this announcement, MCM has yet to set-up its first clinic and commence operations. The original timeline for setting up and operating the first clinic had been delayed due to uncertain business and economic conditions. In view of the above and the losses incurred, both SMG and MCH reached an understanding that it will not be beneficial for both parties to continue to maintain the existing joint venture relationship.

The proceeds will be used for the general working capital of the Company.

RULE 1006 OF THE CATALIST RULES

The relative figures pursuant to Rule 1006 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”), based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2014 (“**FY2014**”), 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. This basis is not applicable to an acquisition of assets.	2.6% ⁽¹⁾
(b)	The net profits ⁽²⁾ attributable to the assets acquired or disposed of, compared with the group's net profits.	Not meaningful ⁽³⁾
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	0.3% ⁽⁴⁾
(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 as the Divestment is not an acquisition of assets involving the issuance of securities as consideration.
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable as the Company is not a mineral, oil and gas company

Notes:

- (1) The 49.0% of MCM's net asset value as at 31 December 2014 was approximately S\$195,000 and the Company's net asset value as at 31 December 2014 was approximately S\$7,361,000.
- (2) Net profits or loss mean profit or loss before income tax, minority interest and extraordinary items.
- (3) The relative figure computed is a negative figure of 0.9% based on 49.0% of the unaudited net loss of MCM of S\$2,000 for FY2014 and the Group's audited net profit of S\$112,000 for FY2014.
- (4) The market capitalisation is calculated based on the volume weighted average price of S\$0.133 on 8 September 2015, being the last market day on which the shares of the Company were traded, preceding the date of the Agreement.

As the relative figures computed under Rules 1006(a) and (c) of the Catalyst Rules are less than 5%, and after consulting SGX on the negative figure under Rule 1006(b) pursuant to Rule 1007(1), the Divestment does not constitute a disclosable transaction under Part VI of Chapter 10 of the Catalyst Rules nor does it fall within the classification of a major transaction under Part VII of Chapter 10 of the Catalyst Rules.

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Divestment, other than through their respective interests (if any) in the Company.

By Order of the Board

Dr Beng Teck Liang
Executive Director and Chief Executive Officer

9 September 2015

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor (the "**Sponsor**"), CIMB Bank Berhad, Singapore Branch, 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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