

Singapore Medical Group enters Vietnam's private healthcare market with investment into CityClinic Asia

- JV entity SMG International (Vietnam) Pte. Ltd. to subscribe new shares representing not less than a 32.0% stake in CityClinic Asia Investment Pte. Ltd. – holder of a 100% foreign investor license for Vietnamese healthcare operations, for US\$1.6 million with additional 15.0% of bonus shares to be issued upon achieving milestones over the next 12 months
- Proposed investment through the JV entity of US\$0.9 million will gain SMG access to an existing 15,000 sqft clinic in Ho Chi Minh City's Tan Binh District, with a network of over 50 doctors across 11 disciplines, and provide an opportunity for CityClinic Asia Investment Pte. Ltd. to acquire a premium clinic in one of the wealthiest district of the city
- Exports the Group's medical expertise such as in oncology and women's health to an existing infrastructure in Vietnam; positioning the Group to reap cross-border synergies in Ho Chi Minh City's rapidly growing private healthcare landscape

Singapore – 5 January 2017, SGX-listed Singapore Medical Group Limited (“SMG” or “the Group”), a multi-discipline specialist healthcare services provider has announced a strategic investment in Vietnam as the Group enters the country's private healthcare market through an investment in CityClinic Asia Investments Pte. Ltd. (“CCAI”).

As per the Group's announcement via SGXnet on 15 December 2016, a joint venture company, SMG International (Vietnam) Pte. Ltd. (“SMGIV”) was established with the objective of exploring and investing in potential growth and acquisition opportunities. According to the Subscription Agreement, SMGIV will acquire no less than a 32.0% stake in CCAI for US\$1.6 million. As SMG holds a 50.0% stake in SMGIV, it will contribute US\$0.9 million to this strategic investment, which will be funded by internal resources. Notwithstanding the above, certain milestones have also been outlined over the course of the next 12 months. Upon achievement, it will entitle SMGIV an additional 477,650 bonus shares in CCAI representing an additional 15.0%. Despite the minority stake, SMGIV will retain no less than 50.5% of the voting rights as the power of attorney will be executed by two existing shareholders.

With the business operations commencing only in 2016, CCAI reported losses of US\$0.4 million for the financial year ended 31 December 2015. These were largely attributed to initial set-up costs, which were necessary to kick-start operations.

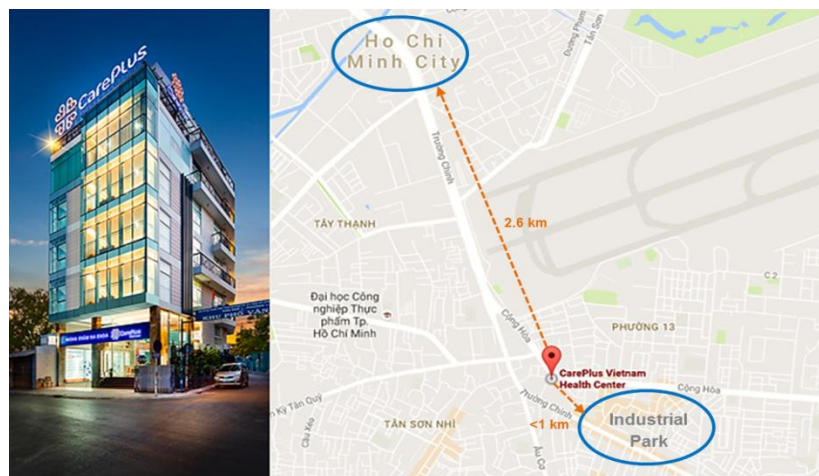


Fig 1. Strategic location of CarePlus Vietnam – less than 1.0km away from an industrial park and just 2.6km away from the CBD of Ho Chi Minh, Vietnam

Incorporated in Singapore, CCAI is a limited liability company and is involved in management consultancy services and investment holdings. Its wholly-owned subsidiary, CityClinic Vietnam Limited (“CCVN”), having a 100% foreign investor license for Vietnamese healthcare operations, runs CarePlus Clinic Vietnam, a multi-disciplinary healthcare specialist clinic which focuses on health screening, women’s health, pediatrics and diagnostic imaging for corporate and residential clientele in one of the largest residential districts, Tan Binh District of Ho Chi Minh City. Strategically located beside a business complex with 72,000 sqm of office space, the clinic spans seven floors with 15,000 square feet of service area with over 24 examination rooms and six patient waiting lounges. In addition, CarePlus Clinic Vietnam has over 50 medical professionals across 11 specialties. In line with the Group’s emphasis on various specialties such as oncology and women’s care, a subsequent investment by CCAI into a new premium clinic, which is currently in progress, will strengthen the overall offering of premium private healthcare services. Situated in a prime location in one of the wealthiest districts of the city, with a floor area of 15,000 square feet, this will position the Group favourably to target the affluent local and expatriate population.

Pursuant to the agreement, SMGIV will provide training to CCVN in areas such as marketing while arranging specialist seminars in Ho Chi Minh City on a quarterly basis. Senior management from SMGIV will also conduct monthly visits to Ho Chi Minh City as the Group continues to expand and diversify its business operations into the Vietnamese market.

Commenting on the Group’s proposed investment, CEO and Executive Director Dr. Beng Teck Liang remarked, *“Our recent success with Lifescan Imaging demonstrated our unique competencies in turning around a company within a short gestation period. Adopting the same prudent approach, this investment will be incremental in nature as we seek to mitigate risks related to Vietnam and those of a relatively new operation. With most fixed and set-up costs necessary to support the existing infrastructure already being undertaken and with the right skill sets, we are well-poised to turn the business into a positive bottom line contributor and expand over time.*

More importantly, we identified this investment into Vietnam as a strategic move for the Group as we export our Singapore brand and expertise to a geography that covers premium private healthcare. We will be leveraging our SMG specialists in Vietnam to inculcate the best medical practices and overtime, this will enhance the overall healthcare quality in the region.

Through our extensive network and marketing efforts, we have been particularly strong in attracting Vietnamese medical tourism to Singapore. This partnership with CCAI is a natural progression to the growth of our business in Vietnam as we look for acquisitions that are both value-driven and synergistic to our suite of medical services. As a significant portion of our foreign medical patients in Singapore come from Vietnam, we will work closely with our Vietnamese partners through a patient referral system to cross-sell our key specialist segments in areas such as Oncology, Obstetrics & Gynaecology and Health Screening to reap cross-border synergies. The partnership will also provide us with better access and control over Vietnamese patients that are seeking medical treatment in Singapore.

Having direct access to Vietnam’s rapidly growing but fragmented healthcare landscape provides us with an opportunity to increase our patient load while establishing a firm presence in a regional market place to drive awareness of the SMG brand. We are confident that this puts us on track in enhancing shareholder value in the long run.”

– The End –

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 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.

For media enquiries, please contact:

Mr. Chong Yap TOK /Mr. James BYWATER

Financial PR Pte Ltd

Tel: +65 6438 2990

chongyap@financialpr.com.sg /

james@financialpr.com.sg

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.

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The contact person for the Sponsor is Mr. Eric Wong, Director, Investment Banking, Singapore. The contact particulars are 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623, Telephone: +65 6337 5115.