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Singapore Medical Group completes acquisition of two paediatrics clinics for S\$25.3 million

- Provides the impetus for the Group to forge operational efficiencies in staffing and marketing; allowing doctors to focus on delivering the highest quality of care to their paediatric patients
- With terms of the acquisition construed to fulfill Singapore Medical Council's guidelines, the Group is confident of empowering its doctors with the right platform to yield synergies from existing specialisations
- In line with the Group's high growth trajectory, plans have been made to aggressively scale its paediatrics specialty with the addition of more paediatricians over the next 12 months

Singapore, 1 July 2017 – Following its initial announcement on 20 April 2017, SGX-listed Singapore Medical Group ("SMG" or "the Group"), has announced the completion of the agreement to acquire two paediatric clinics for S\$25.3 million.

The acquisition marks the Group's initial foray into paediatrics, a highly complementary specialist vertical that will provide synergies and cross-selling opportunities to the Group's burgeoning Obstetrics & Gynaecology ("O&G") segment. Coupled with the Group's eight existing O&G doctors, the addition of two paediatricians will make SMG one of the largest specialist practitioners in the private sector dedicated towards women's health and wellness, and now babies and children.

Pursuant to the agreement, the Group will acquire the Children's Clinic in Toa Payoh and the Kids Clinic located in Bishan. Led by the established Dr Heng Siok Kheng and Dr Oh Meng Choo respectively, the two paediatric clinics are located conveniently in prominent heartland locations. Both doctors will serve six-year service agreements and are committed to identifying and mentoring talented paediatricians as the Group looks to aggressively grow this segment in the near-term.

Commenting on the completion, Executive Director and CEO Dr. Beng Teck Liang said, *"Our rationale for doing acquisitions is to allow doctors to be the best doctors they can be. With benefits that include driving operational efficiencies in staffing and marketing, doctors will be free from the administrative burden they face on a day-to-day basis. This will provide doctors with the freedom they need to focus on what is most important, providing patients with the highest quality of care. With terms of the acquisition construed to fulfill Singapore Medical Council's guidelines, we remain confident of empowering our doctors with the right platform to yield synergies from our existing specialisations."*

We are delighted to be partnering with two terrific individuals who are well-loved by their patients and respected by their peers in the local paediatric fraternity. With their expertise, the Group is committed to identifying and mentoring talented specialists to further grow this segment. In this light, we aim to add paediatricians over the next 12 months with the intention to aggressively scale our paediatrics division."

Our foray into paediatrics is a natural progression for the Group and propels us up the value chain in providing our O&G patients with comprehensive care for their children. As we bring more doctors in different sub-specialties on board, our patients will be well taken care of from cradle and beyond, in line with our vision of creating Asia's best healthcare network."

For a total consideration of S\$25.3 million, this earnings accretive acquisition will be funded via the issuance of approximately 21,024,931 new shares at S\$0.54/share¹ and the payment of S\$13.9 million in cash over four tranches².

Based on the latest financial year, the net profit after tax of the two paediatric clinics amounted S\$2.3 million after adjusting for the appropriate doctors' remuneration, fair rental and reasonable administrative costs.

The cash consideration will be funded by internal resources, bank facilities, and the net proceeds of S\$15.0 million from the placement of shares to Korea's leading O&G specialist, CHA Healthcare Co. Ltd. on 15 March 2017.

– 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 an extensive network of 24 specialities, 31 clinics and SMG Associates clinics. The Group is committed to its promise of providing patient centred medical care and experience to every individual.

SMG's practices are strategically and conveniently located at Paragon Medical Centre, Mount Elizabeth Medical Centre, Mount Elizabeth Novena Specialist Centre, Novena Medical Centre, Novena Specialist Centre, The Arcade, Gleneagles, Farrer Park Medical Centre @ Connexion, and other locations at Bishan, Hougang, Jurong, Raffles Place, and Redhill.

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, Lifescan Imaging 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 the Astra Women's Specialists Group

SMG Specialties: Aesthetic Medicine, Age Management, Anaesthesiology, Cardiology, Cardiothoracic Surgery, Dentistry, Dermatology, Endocrinology, General Medicine & Health Screening, Gastroenterology, General Surgery Infectious Diseases, Medical Oncology, Neurosurgery, Obstetrics & Gynaecology, Ophthalmology, Orthopaedic and Sports Surgery, Otorhinolaryngology (ENT), Pain Management, Plastic and Reconstruction Surgery, Psychology, Radiology, Traditional Chinese Medicine (TCM), and Urology

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¹ Based on the volume weighted average price of S\$0.5415 on 19 April 2017

² S\$5.0 million upon completion on 1 July 2017; S\$5.0 million on the first anniversary of the completion date; S\$2.5 million on the second anniversary of the completion date; S\$1.4 million on the third anniversary of the completion date

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.

This press release has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made or reports contained in this press release.

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