

CHANGE IN USE OF PROCEEDS FROM THE RIGHTS ISSUE

All capitalised terms used and not defined herein shall have the same meanings given to them in the Offer Information Statement (the “OIS”) dated 9 December 2014, unless otherwise expressly stated or the context otherwise requires.

Further to the announcements made on 2 February 2015, 29 May 2015, 31 August 2015, 20 November 2015, 15 March 2016, 1 April 2016 and 5 October 2016, the Board of Directors (the “**Board**”) of Singapore Medical Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) would like to announce that there is a change in the use of proceeds from the Rights Issue.

After considering the Group’s current financial position and for the purpose of subscribing to the new shares of SMG International (Vietnam) Pte. Ltd. (“**SMGIV**”), a 50% owned joint venture entity, and pursuing new potential growth opportunities in line with the Group’s business strategy, the Board had re-allocated S\$500,000 of the unutilised proceeds from the Rights Issue, which was originally allocated for strengthening the Company’s working capital & capital base, to be utilised for potential growth and acquisition (the “**Re-allocation**”).

Consequent to the Re-allocation, the use of the net proceeds raised from the Rights Issue is as follows:

	Amount Allocated S\$ million	Amount Re-allocated S\$ million	Revised Amount Allocated S\$ million
Strengthen the Company’s working capital & capital base	0.8	(0.5)	0.3
Growing existing medical specialist business	2.0	-	2.0
Potential growth and acquisition	0.8	0.5	1.3
Total	3.6	-	3.6

After the Re-allocation, the Company has utilised the amount re-allocated of S\$500,000 intended for potential growth and acquisition, to subscribe for new shares in SMGIV (a 50% owned joint venture entity of the Company). Accordingly, the Board would like to provide an update on the use of the net proceeds from the Rights Issue as follows:

	<u>Actual</u> <u>(after the Re- allocation)</u>	<u>Intended</u> <u>(after the Re- allocation)</u>
	S\$ million	S\$ million
Net Proceeds	3.6	3.6
Less:		
(i) Strengthen the Company's working capital & capital base	(0.3)	(0.3)
(ii) Growing existing medical specialist business	(1.7)	(2.0)
(iii) Potential growth and acquisition	(1.3)	(1.3)
Balance as at 4 January 2017	<u>0.3</u>	

The above use of the net proceeds is in accordance with the Re-allocation as well as the change of use and re-allocation of the proceeds from the Rights Issue as stated in the announcement dated 15 March 2016.

The Company will continue to make periodic announcements via SGXNET upon utilisation of the remaining Rights Issue Proceeds as and when the funds are materially disbursed.

By Order of the Board

Dr Beng Teck Liang
Executive Director and Chief Executive Officer
4 January 2017

This announcement 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 Catalist. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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. Eric Wong, Director, Investment Banking, Singapore. The contact particulars are 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623, Telephone: +65 6337 5115.