

THE STRATEGIC COLLABORATION AGREEMENT AND THE PLACEMENT OF 30,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE "PLACEMENT SHARES") AT S\$0.50 FOR EACH PLACEMENT SHARE (THE "PLACEMENT")

1. STRATEGIC COLLABORATION AGREEMENT

- 1.1 The Board of Directors (the "**Board**") of Singapore Medical Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has, on 16 February 2017, entered into a Strategic Collaboration Agreement (the "**SCA**") with CHA Healthcare Co., Ltd. ("**CHC**").
- 1.2 CHC is a subsidiary of a Korean healthcare provider CHA Medical Group ("**CHA**"). CHA's healthcare business encompasses healthcare research, education, pharmaceuticals and the operation of hospitals and clinics in Korea, Japan and the United States of America. CHA's subsidiaries include CHA Biotech Co., Ltd. and CMG Pharmaceutical Co., Ltd. both of which are companies listed on the Korean Securities Dealers Automated Quotation (KOSDAQ) trading board of the Korea Stock Exchange with a combined market capitalization of S\$1,240.4 million as of 15 February 2017. CHA is a business contact of the Group.
- 1.3 The SCA is intended to (i) act as a framework for the Company and CHC (the "**Parties**") to actively collaborate with each other on joint participation in future development and investment opportunities, business projects and regional operational support in North Asia and South East Asia and (ii) to facilitate and strengthen the Parties' collaboration through a reciprocated investment by the Company upon completion of the Placement.

2. THE PLACEMENT

2.1 Placement Agreement

In furtherance of the SCA, the Company has, on 16 February 2017, entered into a Placement Agreement with CHC for the issue and allotment of 30,000,000 Placement Shares at an aggregate Placement Price of S\$15,000,000 (at S\$0.50 per Share) (the "**Placement Agreement**") to CHC.

2.2 Placement Price

The Placement Price represents a discount of approximately 6.0% of the volume weighted average price of S\$0.5318 for trades done on the Shares of the Company on the SGX-ST on 15 February 2017, being the preceding full market day prior to the Placement Agreement was signed.

2.3 Ranking

The Placement Shares, when issued and delivered, shall rank *pari passu* with, and shall carry all rights similar to, the existing Shares except that the Placement Shares shall not be entitled to any dividends, rights, allotments or other distributions, the record date for which is before the date of completion of the Placement.

2.4 No placement agent

No placement agent has been appointed in respect of the Placement. Therefore, no commission or referral fees will be paid to any party.

2.5 **No moratorium**

There is no moratorium imposed on the Placement Shares.

2.6 **No Transfer of controlling interest**

There will be no transfer of a controlling interest in the Company pursuant to the Completion of the Placement.

2.7 **Private Placement**

There will not be any Prospectus or Offer Information Statement issued in connection with the Placement as the Placement will be made pursuant to exemptions under Sections 272B of the Securities and Futures Act (Cap. 289) of Singapore (the "**SFA**").

3. **AUTHORITY FOR THE ISSUE OF THE PLACEMENT SHARES**

3.1 The Placement Shares will not be issued to any of the persons listed in Rule 812(1) of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and will be in compliance with Rule 812 of the Catalist Rules.

3.2 The Placement Shares are intended to be issued pursuant to the general share issuance mandate ("**General Mandate**") obtained at the annual general meeting of the Company held on 25 April 2016 ("**2016 AGM**"), which authorizes the Directors of the Company to allot and issue new Shares not exceeding 100% of the total number of issued Shares as at the date of the 2016 AGM (excluding treasury shares), of which the aggregate number of new Shares to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed 50% of the total number of issued Shares as at the date of the 2016 AGM, after adjusting for (i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time the resolution is passed and (ii) any subsequent bonus issue, consolidation or subdivision of shares.

3.3 The total number of issued Shares (excluding treasury shares) as at the date of the 2016 AGM was 276,028,500 and as at the date of this announcement is 311,032,782.

Since the date of the 2016 AGM:-

- (i) the Company has no treasury shares;
- (ii) there are 1,641,000 Shares, arising from the exercise of employee share options existing at the time of the 2016 AGM;
- (iii) no bonus issue, consolidation or subdivision of Shares has been carried out;
- (iv) 33,363,282 new Shares were issued to the shareholders of Lifescan Imaging Pte. Ltd. ("**Lifescan**") as consideration ("**Consideration Shares**") for the Company's acquisition of 61.9% of the total issued and paid-up share capital of Lifescan. The issue and allotment of the Consideration Shares was not in reliance of the General Mandate. The Company had obtained shareholders' approval at an extraordinary general meeting held on 1 September 2016; and
- (iv) no new Shares were issued pursuant to the General Mandate.

As at the date of the announcement, after adjusting for the issue of new Shares arising from (ii) above, the maximum number of new Shares that can be issued to CHC pursuant to the General Mandate is 138,834,750 (the "**Balance Number**").

- 3.4 The number of Placement Shares does not exceed the Balance Number. The next number of new Shares that can be issued pursuant to the General Mandate other than on a pro-rata basis to existing shareholders of the Company after the Placement is 108,834,750 new Shares.
- 3.5 Pursuant to the issue and allotment of the Placement Shares, the Company's issued and paid-up share capital will increase from 311,032,782 Shares as at the date of this announcement, to 341,032,782 Shares. Such number of Placement Shares represents approximately 9.6% of the existing issued and paid up share capital of the Company as at the date of this announcement, and approximately 8.8% of the enlarged issued and paid up share capital of the Company after the Placement.

4. CONDITIONS PRECEDENT

Completion of the Placement is conditional upon, *inter alia*:-

- (a) the listing and quotation notice from the SGX-ST ("**LQN**") for the listing and quotation of the Placement Shares on Catalist of the SGX-ST;
- (b) where the LQN granted is subject to any conditions (the "**LQN Conditions**"):-
 - (i) such LQN Conditions being reasonably acceptable to the Company; and
 - (ii) such LQN Conditions be satisfied, insofar as the LQN Conditions are required to be fulfilled prior to the date of completion of the Placement Agreement (the "**Date of Completion**");
- (c) the allotment, issue and subscription of the new Shares not being prohibited by any statute, order, rule, regulation, directive or request promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore or elsewhere, which is applicable to the Company or CHC;
- (d) the exemption under section 272B(1) of the SFA being applicable; and
- (e) on the Completion Date, the undertakings and warranties in the Placement Agreement herein being true, accurate and correct in all respects as if made on the Completion Date, with reference to the then existing circumstances and the Parties having performed in all respects all of its obligations under the Placement Agreement before the Completion Date.

CIMB Bank Berhad, Singapore Branch ("**CIMB**"), acting as Sponsor to the Company, will be submitting an additional listing confirmation to the SGX-ST on behalf of the Company for the listing and quotation of the Placement Shares on Catalist of the SGX-ST. An announcement will be made in due course to notify the shareholders when the LQN is obtained.

5. FINANCIAL EFFECTS OF THE PLACEMENT

The table illustrates the financial effects of the Placement on (i) the net tangible asset per share of the Group (assuming the Placement had been completed at the end of that financial period); and (ii) the earnings per share of the Group (assuming the Placement had been completed at the beginning of that financial period), based on the audited financial statements of the Group for the financial year ended 31 December 2015 are set out below:-

	Before the Placement (in Singapore cents)	After the Placement (in Singapore cents)
Effect of the Placement on the net tangible asset per share	3.74	8.27
Effect of the Proposed Placement on the earnings per share	(0.05)	(0.05)

The abovementioned financial effects are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after completion of the Placement.

6. USE OF NET PROCEEDS

The net proceeds to be raised by the Company from the Placement are approximately S\$14,950,000 ("**Net Proceeds**"). The Company intends to utilise the Net Proceeds in the following manner:

- (a) approximately S\$9,950,000 or 66.6% of the Net Proceeds for merger and acquisition opportunities;
- (b) approximately S\$3,000,000 or 20.0% of the Net Proceeds for expansion into other South East Asia countries; and
- (c) approximately S\$2,000,000 or 13.4% of the Net Proceeds to grow its existing business.

Pending the deployment of the Net Proceeds, the Company intends to place the Net Proceeds with banks and/or financial institutions or use the Net Proceeds for any other purposes on a short-term basis, as the Directors may deem fit.

The Company will make periodic announcements on the actual utilisation of the Net Proceeds as and when the Net Proceeds are materially disbursed and to provide a status report on the use of the Net Proceeds in the Company's interim and full-year financial statements issued under Rule 705 of the Catalist Rules and the Company's annual report.

Where there is any material deviation from the stated use of the Net Proceeds, the Company will announce the reasons for such deviation.

7. CONFIRMATION BY DIRECTORS

The Directors are of the opinion that after taking into consideration the present bank facilities available to the Group, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding this, the Company has decided to undertake the Placement to strengthen its financial position for merger and acquisition opportunities, expand into other South East Asia countries, and to grow its existing business.

8. GENERAL

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

9. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for accuracy of the information given in this announcement and confirm after making all reasonable enquires, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Placement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context

By Order of the Board

Beng Teck Liang
Executive Director and Chief Executive Officer

17 February 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 Catalist Rules. 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.

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