SINGAPORE INSTITUTE OF ADVANCED MEDICINE HOLDINGS LTD.
(Incorporated in the Republic of Singapore on 24 November 2011)
(Company Registration Number: 201134046D)

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE REGULATION

The Board of Directors ("**Board**") of Singapore Institute of Advanced Medicine Holdings Ltd. (the "**Company"**, and together with its subsidiaries, the "**Group**") refers to the queries raised by the Singapore Exchange Regulation ("**SGX RegCo**") (i) on 13 December 2024 with reference to the Company's announcement dated 12 December 2024, titled "Establishment of Strategic Review Committee" (the "**Announcement**"), and (ii) on 17 December 2024 with reference to the Company's announcement dated 11 December 2024 on the Company's Annual Report for the financial year ended 30 June 2024 ("**FY2024**").

The responses provided to the queries raised by SGX RegCo below will be addressed at the upcoming Annual General Meeting ("**AGM**") of the Company, if similar concerns are raised by the Company's shareholders. The AGM will be held on Friday, 27 December 2024, at 2.30 p.m., at Level 2, Auditorium, 1 Biopolis Drive, Amnios.

A. The queries from the SGX RegCo on 13 December 2024 and the Company's responses are set out below:

1. It is disclosed in the Announcement that, "Given the foregoing which has had a negative adverse impact on the Company's financial performance and financial condition, the Board has decided to form a Strategic Review Committee ("SRC") with immediate effect. The SRC comprising of the non-executive directors of the Company will assist the Company's executive directors and management team (together with other external professionals or service providers, as appropriate), on various ongoing and new initiatives focused on…"

(i) Please disclose the terms of reference of the SRC.
(ii) Please disclose the key differences between the roles of the SRC and Non-Executive Directors ("NED") given that the current role of the NEDs, amongst other, is to participate actively in developing strategies, providing strategic leadership, assessing business plans and funding needs, as well as reviewing the performance of the Group.
(iii) Please provide a description on the Company's ongoing and new initiatives.

Company's response to question 1(i)

Capitalised terms used but not defined herein shall have the meanings as ascribed to them in the Announcement.

Terms of Reference for the Strategic Review Committee

1. Mandate

The Strategic Review Committee (the "**Committee**") will assist the Company's executive directors and management team (together with other external professionals or service providers, as appropriate), on various ongoing and new initiatives focused on: (1) improving the utilisation of the Company's proton beam therapy and photon radiation therapy facilities as well as its medical diagnostic equipment; (2) assessing the sustainability of the Company's operations; and (3) considering any other corporate action deemed appropriate to address the Company's funding requirements.

2. Composition

The Committee shall consist of at least three Non-Executive Directors and any other members whom the Committee deems as necessary to assist them in fulfilling their mandate. One of the Non-Executive Directors shall be appointed as the Chair of the Committee. Other members may be appointed by the Committee, as appropriate, to help with the Committee's mandate, with consideration to their expertise, experience, and understanding of the business and industry. The CEO and other senior executives may be invited to attend Committee meetings but shall not be members of the Committee.

3. Authority

The Committee is authorized by the Board to:

a. Access all relevant company documents, data, and employees as needed to fulfill its mandate.
b. Engage independent external consultants, advisors, and experts.
c. Communicate with any relevant specialist or doctors within or outside the Company to assist the Committee in assessing the Company's strategies and initiatives.
d. Discuss business arrangements with any internal or external parties in connection with carrying out the mandate of the Committee.

4. Role

The Committee shall assist the Company's executive directors and management team as follows:

a. Explore ways to improve the utilisation of the Group's proton beam therapy and photon radiation therapy facilities as well as its medical diagnostic equipment;
b. Assess the sustainability of the Group's operations which will include:
    i. Reviewing and approving strategic plans, including major capital expenditures, mergers, acquisitions, joint ventures and divestments; and
    ii. Ensuring that appropriate resource allocation and risk management plans are in place.
c. Consider any other corporate action deemed appropriate to address the Company's funding requirements; and
d. Provide timely reporting and recommendations to the Board.

5. Meetings

The Committee shall meet as frequently as required, to review and discuss its progress in fulfilling its mandate. A quorum shall consist of two members, including the Chair. Meetings may be conducted in person, by telephone, or via video conference. The Committee may invite external consultants, advisors, or company management to be present at meetings, but they shall have no voting rights and shall not form part of the quorum.

6. Agenda and Minutes

The agenda for each meeting shall be prepared by the Committee Chair in consultation with other Committee members. Minutes of each meeting shall be recorded and circulated to all Committee members. The Committee shall report to the Board on a regular basis, outlining key discussions, decisions, and recommendations.

7. Accountability and Reporting

The Committee is accountable to the Board and shall report on its activities, findings, and recommendations during each Board meeting. The Committee may also provide an update to the shareholders on their progress, as appropriate.

8.	<u>Review of Terms of Reference</u> The Terms of Reference for the Committee shall be reviewed as and when appropriate to ensure its effectiveness and alignment with its mandate. Any proposed amendments to the Terms of Reference must be approved by the Board.

This structure ensures that the Strategic Review Committee serves as a critical function in providing strategic insights and oversight, enhancing the company's ability to make informed, long-term decisions.

Company's response to question 1(ii)

Key Differences:

Aspect	**Non-Executive Director (NED)**	**Strategic Review Committee (SRC) Member**
Overall Role	Board-level oversight, governance, risk management, and strategic input	Focused on just 3 specific mandates as detailed in the Terms of Reference of the SRC
Responsibilities	High-level oversight, ensuring good corporate governance and performance	Assist the Company's executive directors and management team specifically to improve utilisation of proton and photon facilities, assess sustainability of business and consider funding requirements
Composition	Directors	Directors and external experts or consultants as appropriate

Company's response to question 1(iii)

The Company's ongoing initiatives are as disclosed in the IPO Offer Document.

New initiatives will include actions under recommendations of the SRC and new developments some of which were mentioned in our Annual Report, eg development of intiatives with EnGeneIC, Oncobeta and Cyclotek.

2. It is disclosed in the Announcement that, "The lower revenue combined with higher operating expenses incurred to develop and expand the business as well as additional audit, legal and other listing expenses that were significantly higher than what was planned due to various delays and complexities has resulted in the Company continuing to record (i) net losses; (ii) negative working capital; and (iii) negative cashflow from operations."

(i) Please disclose the factors that had led to the lower revenue and higher operating expenses.

(ii) Please elaborate on the various delays and complexities that had led to the higher audit, legal and other listing expenses.

Company's response to question 2(i)

To clarify, the lower revenue mentioned in the announcement was in relation to the anticipated revenue for FY2024. This was due to the following reasons:

a. Lower than projected patient acquisitions;
b. Lower than expected results from collaborations and referrals;

c. Competition; and
d. Pricing pressures.

However, in comparison with the Company's financial year ended 30 June 2023 ("**FY2023**"), as disclosed in the Annual Report, the Group recorded a revenue of $16.65 million in FY2024, which was marginally higher by 3% compared to $16.23 million in FY2023. The Radiation Therapy and Medical Oncology Services segment recorded a revenue of $1.97 million in FY2024, an increase of 147% from a low base of $0.80 million in the previous year. This was primarily due to the commencement of Proton Beam Therapy services, which started its operations in June 2023.

The Medical Diagnostics and Treatment segment revenue decreased by 5% to $14.67 million in FY2024 from $15.43 million in FY2023, reflecting the impact of increased market competition.

Operating expenses saw significant movements during the year. Repair and maintenance expenses increased by 46% to $4.44 million in FY2024, primarily driven by the maintenance requirements of the Varian ProBeam Compact system following the commencement of proton beam therapy services. The Group recorded a substantial increase of $6.70 million in depreciation of property, plant and equipment to reach $12.46 million in FY2024, mainly attributable to the full-year depreciation impact of the proton beam therapy facilities. Employee compensation decreased by 5% to $11.08 million in FY2024, resulting from the reversal of share-based payments following a radiologist's resignation and adjustments to bonus and leave provisions.

For FY2024, finance costs increased by 377% to reach $11.55 million, up from $2.42 million in FY2023. This substantial increase primarily resulted from the cessation of interest expense capitalisation following the MOH approval in June 2023, as borrowing costs related to the proton beam therapy facilities were subsequently recognised as finance costs. The Group recorded other losses of $5.19 million, an 83% increase from $2.83 million in FY2023, mainly due to fair value losses on derivative liabilities prior to the conversion related to the listing exercise, though partially offset by gains from interest waivers on converted redeemable convertible loans.

These factors (including lower than anticipated revenue for FY2024) collectively contributed to an increased loss after tax of $37.45 million in FY2024, compared to $18.07 million in FY2023. This 107% increase in net loss primarily reflects the impact of higher depreciation charges, increased finance costs, and fair value losses on derivative liabilities.

Company's response to question 2(ii)

There was a delay in the receipt of the approval from the Ministry of Health ("**MOH**") which led to a delay in the listing of the Company, as audit and legal due diligence, valuation and other due diligence work has to be updated continuously to keep up with the delay in the listing, the Company incurred higher and planned audit, legal and other listing expenses. Furthermore, the Company's auditors review of going concern and verification of the carrying value of fixed assets resulted in more work to be done by them and higher costs incurred in conducting additional business valuations and asset value reviews.

B. The queries from the SGX RegCo on 17 December 2024 and the Company's responses are set out below:

We refer to the Company's annual report in respect of the financial year ended 30 June 2024 ("Annual Report").

We noted that the auditor has issued a disclaimer of opinion on the Company's FY2024 Financial Statements due to the following basis:
1. Going Concern
2. Impairment of property, plant and equipment ("PPE")
3. Impairment of the Company's other receivables from a subsidiary

Going concern

1. **It is disclosed on Page 119 to 121 of the Company's Final Offer Document dated 2 Feb 2024 that the Board is of the opinion that the Group has sufficient working capital available for its present requirements and for at least 12 months after the listing of the Company on Catalist.**

   (i) Please confirm if there are any material changes to the disclosures made in the Final Offer Document with respect to the working capital sufficiency, as of to-date.

   (ii) Please disclose if there are any other unutilized banking facilities available and if the Group has sufficient banking facilities available as of to-date.

Company's response to question 1(i)

There are no material changes required to be made to the disclosures made in the Final Offer Document dated 2 February 2024 with respect to working capital sufficiency.

In relation to the preparation of the FY2024 Financial Statements on a going concern basis in the Annual Report, the Group is expected to draw down on the financial support and bridging loan as disclosed in the Annual Report as follows:

- The Group has drawn down loans from a subsidiary of the controlling shareholder for a total of S$6 million subsequent to the financial year end ("**S$6M CC Loan**");
- The Group has drawn down on the loan announced on 20 December 2024 for further financial support from a prominent third party for S$5 million ("**S$5M TP Loan**");
- The Group is expected to be able to obtain further financial support from a subsidiary of the controlling shareholder for an additional $6 million ("**Second S$6M CC Loan**"), if necessary; and
- The Group and Company is finalizing a bridging loan from a related party of a substantial shareholder for S$5 million ("**S$5M RP Loan**"), if necessary.

Company's response to question 1(ii)

While there are no other unutilized banking facilities available, the Group has reduced its bank borrowings significantly from S$29.1 million as at 30 June 2023 to S$6.2 million as at 30 June 2024 and the Group is expected to draw down on the financial support and bridging loan as stated above.

2. **It is disclosed on Page 87 of the Annual Report that the accompanying financial statements have been prepared on a going concern basis as a result of certain key assumptions that have been made which are dependent on the outcome of certain future events. These include the ability of the Company to draw down on the financial support and bridging loan as well as to ramp up the radiation therapy business which includes amongst others, the following:**

   - **the Group and Company expects to be able to obtain further financial support from a subsidiary of the controlling shareholder for an additional $6 million, if necessary;**
   - **the Group and Company expects to be able to obtain further financial support from a prominent third-party for $5 million, if necessary;**
   - **the Group and Company is finalising a bridging loan from a related party of a substantial shareholder for $5 million, if necessary.**

   Please disclose:

   (i) The expected timeline on the finalisation of the financial supports and the bridging loan with the parties stated above.

   (ii) How the Board is satisfied that the subsidiary of the controlling shareholder, the third party and the related party of a substantial shareholder will be able to provide the financial supports as and when required by the Group.

Company's response to question 2(i)

As at date of this response, the S$6M CC Loan and S$5M TP Loan has been drawn down. The Second S$6M CC Loan and S$5M RP Loan is expected to be finalized in January 2025 and in the next 3 months respectively.

Company's response to question 2(ii)

The S$5M TP Loan has been drawn down as of 20 December 2024.

For the remaining loans that have yet to be finalized, the Board is satisfied that the subsidiary of the controlling shareholder is able to provide the Second S$6M CC Loan required by the Group in consideration that the said subsidiary of the controlling shareholder has provided the S$6M CC Loan this year subsequent to its financial year-end and the Group's ultimate holding company and controlling shareholder is Berjaya Corporation Berhad which is a listed company on the Kuala Lumpur Stock Exchange with a market capitalization of approximately MYR 1.79 billion.

3. It is further disclosed on Page 87 of the Annual Report that, Management has evaluated its forecasted cash flows over the next twelve months from the end of the financial year ended 30 June 2024 (including the above inflow of sources of funds) and is of the view that the Group and the Company are able to meet their obligations as and when they fall due. The key assumptions underlying the forecasted cash flows include the Group's ability to ramp up the radiation therapy business of its subsidiary (which includes proton beam therapy and photon radiation therapy) over the next twelve months from the end of the financial year ended 30 June 2024 ("FY2024") as follows:

- **Revenue from proton beam therapy for the financial year ending 30 June 2025 ("FY2025") is projected to increase by 603%* compared to FY2024.**
- **Revenue from photon radiation therapy for FY2025 is projected to increase by 313%* compared to FY2024.**
  *** Assumes an increase in both volume of patients and average fees per patient.**

We noted that it is disclosed on Page 15 of the Annual Report that, the Radiation Therapy and Medical Oncology Services segment recorded a revenue of $1.97 million in FY2024, an increase of 147% from $0.80 million in the previous year.

Notwithstanding the increase of 147% in Revenue for Radiation Therapy and Medical Oncology Services segment for FY2024, Management has projected an increase by 603% for Revenue from proton beam therapy and 313% for Revenue from photon radiation therapy for FY2025. Please disclose:

(i) The Management's bases, together with justifications, for the above key assumptions (ie increase in both volume of patients and average fees per patient).
(ii) The Board's view on the sufficiency of forecasted cash flow by the M for the next 12 m due 30 June 2024, as stated above.

Company's response to question 3(i)

Volume of patients is projected to increase from the following sources:

Sources of revenue	Bases
In-house radiation oncologists ("RO")	- Based on discussions with in-house ROs and their historical performance for FY2024. - These ROs commenced their practice with the Group in November and December 2023.

	- The Group has been empaneled on 2 insurance companies (Great Eastern Life and Income Insurance) that cover for proton therapy treatments since September and November 2024 respectively, and such empanelment is expected to facilitate in patient flow.
Private medical center/hospital referral	- The Group has signed the service level agreement with ICON as announced on 26 June 2024, which has been slow to gain momentum due to the issue of empanelment, which is expected to gradually be resolved due to the Group's empanelment mentioned above. - Based on discussions with registered practitioners and the number of patients treated by them in 2023. - As part of the current Raffles Hospital service level agreement, the Group has accredited a new visiting consultant from Raffles Hospital in July 2024 and this has started to see increased patient flow.
Foreign hospital/medical facility referral	- The Group has been empaneled on an Indonesian third party administrator since December 2024, and such empanelment would increase patient flow from these foreign insurance companies as well. - The Group has started receiving and treating patients from the Australian Medical Treatment Overseas Program since July 2024.

Pricing is subject to individual treatment protocols and patient condition. The pricing forecasts are based on average treatment costs per patient. To the best of the Board's knowledge, the other proton therapy centres in Singapore have increased their prices as of 1H FY2025. Furthermore, since July 2024, the Group's average prices have shown an increase and as the Group make inroads into foreign patient acquisitions, the current treatment costs for foreign patients range from $$70,000 to S$80,000 per patient (compared to local patients who are currently billed around S$50,000 to S$60,000 per patient), which will lead to the projected increase in fees per patient set out in the Group's forecast for FY2025.

Company's response to question 3(ii)

As disclosed in Page 87 Note 2.2 of the Annual Report, the Board is of the view that there is sufficient cash flow for the Company to continue as a going concern for the next 12 months from 30 June 2024, if abovementioned further financial support is obtained and if the management's assumptions on the business performance in FY2025 materialises.

Impairment of PPE

4. It is disclosed on Page 74 of the Independent Auditor Report that, "We were unable to obtain sufficient appropriate audit evidence regarding the reasonableness of certain key assumptions used in the determination of the recoverable amount of the radiation therapy services CGU, in particular, the forecasted revenue of proton beam therapy and photon radiation therapy services over the period of the forecast."

Please disclose:

(i) The certain key assumptions for which the auditors were unable to obtain sufficient appropriate audit evidence.

(ii) The reason(s) for which the Company is unable to provide sufficient appropriate supporting evidence to the auditors.

(iii) The Board's assessment and supporting bases on the reasonableness of the key assumptions in (i).

Company's response to question 4(i)

To the best of the Company's knowledge, the Company believes that the auditor was unable to obtain appropriate audit evidence to support the key revenue assumptions made by the management in arriving at the (i) number of patients; and (ii) increase in fees per patient in its forecast for the 5-year projection from FY2025 to FY2029.

Company's response to question 4(ii)

As a provider of radiation therapy services, the Group faces inherent challenges in providing concrete supporting evidence on patient volume projections despite having entered into several collaboration agreements with medical Groups and individual practitioners. These agreements often lack binding provisions that guarantee specific patient numbers, and these arrangements depend largely on external factors, such as patient decisions. In addition, apart from competitor pricing pressures, it is important to note that treatment fees can vary significantly depending on the specific treatment protocol and the patient's medical condition.

To the best of the Company's knowledge, the Company understands that the auditor has expressed concerns over insufficient evidence to support the assumptions for patient flows and fees per patients, particularly as actual results for FY2024 reflected lower figures as compared to the forecast. Missing the forecast for FY2024 presents a significant challenge for the Group during its audit for FY2024 to convince the auditor of the veracity of the assumptions or provide numerical evidence to support its projection for FY2025.

This is despite the Group engaging independent valuer, Baker Tilly Consultancy (Singapore) Pte. Ltd. (the "**Independent Valuer**") to conduct a business valuation on the CGUs of the Group for the purpose of the FY2024 audit to ascertain their values in use. Based on the impairment assessment report prepared by the Independent Valuer, there was no indication of impairment on the radiation therapy services CGU.

Company's response to question 4(iii)

The Board has assessed that the assumptions are reasonable in consideration of the following:

The prospects of the business of the Group remains promising.

(i) Based on the cancer statistics published by NCCS (https://www.nccs.com.sg/patient-care/cancer-types/cancer-statistics), there are more than 17,000 new cancer cases yearly in Singapore alone; and

(ii) Based on World Health Organisation publication (https://www.who.int/news/item/05-03-2021-new-who-iaea-publication-provides-guidance-on-radiotherapy-equipment-to-fight-cancer), 50-70% of cancer cases will require some form of radiation therapy.

The Group is taking measures to address the issues that resulted in the forecast shortfall in FY2024.

The lower than projected patient acquisitions from in-house doctors and lower than expected results from collaborations and referrals are being addressed with (i) the empanelment on insurance companies and third party administrator; (ii)signing of the visiting consultant as mentioned above and in the explanatory notes to the Group's forecast for FY2025; (iii). the ongoing efforts to secure more of such collaborations and referrals, and (iv)a new service level agreement with a public healthcare group in Singapore is being finalized and is expected to be executed in the first quarter of the calendar year 2025.

The Group is increasing collaboration efforts with medical groups and hospitals.

To mitigate competition and relieve pricing pressures, the Group is in discussions with medical groups and hospitals that do not have access to proton therapy services to provide their patients with access to such treatment options with shorter waiting time and competitive pricing, the Group believes that there will be patient flows from local and foreign patients from these sources. In addition, such medical groups and hospitals have access to foreign patients who have higher pricing thresholds.

5. **It is disclosed on Page 104 of the Annual Report that, "For the purposes of impairment testing, the recoverable amount of the CGU has been determined based on the higher of its value-in-use ("VIU") and fair value less cost of disposal ("FVLCD"), with the assistance of an external professional valuer." and "Based on the VIU calculation described above, management determined that no impairment was deemed necessary in relation to the radiation therapy services CGU for the financial year ended 30 June 2024."**

Please disclose:

(i) The identity of the external professional valuer;
(ii) Whether the valuer has assessed the reasonableness of the key assumptions used in the VIU Calculation for the Radiation Therapy services CGU.

Company's response to question 5(i)

The external professional valuer appointed is Baker Tilly Consultancy (Singapore) Pte. Ltd.

Company's response to question 5(ii)

As part of their scope of work, the Independent Valuer discussed with the management of the Group to understand the historical and future strategy of each CGU to assess if there is any indication that each CGU might be subject to impairment assessment.

Impairment of the Company's other receivables from a subsidiary

6. **It is disclosed on Page 75 of the Independent Auditor Report that, "As a consequence of the matters described above, we were unable to determine whether any adjustments to the statement of financial position of the Company in relation to the carrying amount of the Company's other receivables from the subsidiary (which manages the radiation therapy services CGU) of $84,322,500 is necessary."**

It is disclosed on Page 105 of the Annual Report that, "For the financial year ended 30 June 2024, management has determined the amount of $59,715,953 as the lifetime ECL on the receivable from this subsidiary and charged this to the profit or loss of the Company. In determining the lifetime ECL, management did not measure the probability-weighted recoverable amount by evaluating a range of possible outcomes, and, instead, determined the lifetime ECL on this receivable based on the net liability position of the subsidiary as at 30 June 2024."

Please explain why the Management did not measure the probability-weighted recoverable amount by evaluating a range of possible outcomes and clarify if this is in line with industry practice.

Company's response to question 6

Discussions were held with the auditor, PwC who accepted the use of the net tangible liability ("**NTL**") method. During the management's discussions with PwC, PwC suggested that the management conduct an assessment of the NTL. Such as assessment was carried and subsequently submitted for PwC's review. The impairment arising from such assessment was recognised in the unaudited full year results announcement, which reviewed by PwC.

However, at the audit committee meeting on 4 December 2024, prior to the signing off on the independent auditor's report, PwC informed the management that the NTL method would not be deemed appropriate and that the PWRA method should be used moving forward. The Company accepted the revised recommendation from PwC and planned to carry out the necessary assessments using this updated methodology going forward. Regrettably, the Company believes that there was a miscommunication that led to a difference in the approach adopted by the management (NTL method) compared to the PWRA method proposed in the report by PwC to the audit committee for the audit of the Group's financials for FY2024.

Due to time constraints of other reporting requirements, the valuation methodology was not switched from the NTL method to the PWRA method assessment as highlighted by PwC to be in time by 9 December 2024 for the release of the Group's Annual Report. This led to the use of the NTL approach in the Annual Report. Despite this, the management remains committed to ensuring that the assessment of recoverable amounts is aligned with PwC's recommendations. The Group understands the importance of adopting the industry practice methodology and will prioritize carrying out the PWRA moving forward.

BY ORDER OF THE BOARD

Dr Djeng Shih Kien
Executive Director and Chief Executive Officer
24 December 2024

Singapore Institute of Advanced Medicine Holdings Ltd. (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 16 February 2024. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**").

This announcement has been reviewed by the Sponsor. It has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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