



Singapore  
O&G Ltd.  
Caring for Women's Health

# 'Caring for Women's Health'

ANNUAL REPORT 2015





Singapore O&G (“**SOG**”) is a leading group of Specialist Medical Practitioners dedicated towards women’s health and wellness with a long and established track record in the Obstetrics and Gynaecology field.

SOG’s goal is to provide women comprehensive life-long health and wellness. Currently its specialties are: pregnancy care and delivery; the female reproductive system; gynaecological and breast cancer; skin and aesthetic treatments (as at 31 December 2015); and other ancillary medical services.

SOG was listed on the Singapore Exchange – Catalist board on 4 June 2015. The aim of the listing was to provide SOG with the financial muscle and market discipline to help it achieve its goal of comprehensive life-long health and wellness for women profitably.

As at 31 December 2015, we have six O&G specialist medical practitioners and one breast and general surgeon.

SOG used its financial muscle and market discipline, on 31 December 2015, to acquire the entire rights, title and interests of Dr. Joyce Lim Teng Ee and the business and medical practices of JL Laser & Surgery Centre Pte. Ltd., JL Esthetic Research Centre Pte. Ltd. and JL Dermatology Pte. Ltd. (the “Acquisition”). With the completion of the Acquisition, Dr. Joyce Lim Teng Ee, a renowned Skin Specialist (Dermatologist), will help SOG move towards its goal of providing comprehensive service to women, especially in the area of wellness. As previously announced, the Acquisition is expected to provide SOG with a new pillar of growth and contribute positively to the Group’s earnings in 2016.

For the financial year 2015, SOG generated S\$16.4 million of revenues and S\$5.3 million of net profit after tax, both of which were above budget. SOG was able to achieve these results mainly due to organic growth from its core O&G business which saw an increase in total number of deliveries from 1,462 babies in 2014 to 1,633 babies in 2015. SOG declared an interim and final dividend of 2.03 Singapore cents per share.

## **ABOUT THIS REPORT**

Welcome to our first Annual Report 2015. This Annual Report has been prepared based on the integrated reporting format. As such we aim to explain our business, governance and latest financial performance against our strategic objectives in clear, concise and “user-friendly” manner that will give stakeholders a holistic view of SOG including where we come from, where we are now and where we wish to be in the future. As this is our first Annual Report, we believe improvements can be made and welcome all comments to [eric@sog.com.sg](mailto:eric@sog.com.sg).

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Singapore O&G Ltd. (the “**Company**”) is listed on Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 4 June 2015. The initial public offering of the Company (the “**IPO**”) is sponsored by Hong Leong Finance Limited (the “**Sponsor**”).

This Annual Report has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this Annual Report. This Annual Report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Annual Report including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

The contact person for the Sponsor is Mr. Tang Yeng Yuen, Vice-President, Head of Corporate Finance. Telephone number: (65) 6415 9886.

# Our mission, vision and values

## OUR MISSION

We bring new life, preserve life and extend life for our patients and their families while preserving our core values of sincerity, professionalism and commitment.

## OUR VISION

SOG is a leading group of Specialist Medical Practitioners dedicated towards women's health and wellness. Our goal is to provide women whole of life coverage.

We are expanding our specialties and aspire:

- to be the premier specialist healthcare provider in holistic and comprehensive care for women and children.
- to be the number one choice for patients seeking private specialist healthcare.
- to be affordable, convenient and welcoming.
- to increase the Company's share value and its returns to shareholders.
- to be a good corporate citizen.

We endeavour to deal with all stakeholders in a transparent and fair manner. On a continuing basis, we attach great importance in the development of our Specialist Medical Practitioners, nursing staff and employees.

## OUR VALUES

Our Specialist Medical Practitioners, nursing staff and employees are guided by the following values:

### ACCOUNTABILITY

We are responsible for our actions and attitudes.

### COMMITMENT TO EXCELLENCE

We are committed to do the best for our patients, their families and other stakeholders.

### INTEGRITY

We are open, honest and ethical, and we do the right thing for our patients and their families.

### RESPECT

We embrace diversity and treat one another with dignity and empathy.

### TEAMWORK

We work together in delivering the best outcomes and highest quality service.

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# Snapshot of SOG

## OUR SPECIALIST MEDICAL PRACTITIONERS

The value that SOG adds to its patients and their families is through the skills of its Specialist Medical Practitioners. These include, in alphabetical order:



### DR. BEH SUAN TIONG

#### OBSTETRICIAN & GYNAECOLOGIST

MBBS, MRCOG, FAMS (Singapore)

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Dr. Beh Suan Tiong is a Consultant Obstetrician and Gynaecologist and operates his own practice at the Thomson Medical Centre. He graduated in 1987 and obtained his specialist membership from The Royal College of Obstetricians and Gynecologists in 1993. Besides specializing in antenatal, intrapartum and postnatal care, Dr. Beh's special interest is in minimal invasive surgery (key hole surgery), laparoscopic and hysteroscopic surgery for various gynaecological problems. He received further training for such techniques and in other areas of speciality in leading centers in the United States.

Dr. Beh is actively involved in the development, training and teaching of minimally invasive surgery ("MIS") in Singapore, and is also a senior consultant in the MIS unit in KK Women's and Children's Hospital on a part time basis. As a firm believer in continuous medical education, he has helped to organise numerous scientific meetings and taken part in many local and overseas congresses and workshops.

Dr. Beh Suan Tiong is the first doctor recipient of the KK Service from the Heart Award, which recognises excellence in service. He was the past President of the OGSS and the past Treasurer of the College of O&G, Singapore. His present appointments include Chairman of the Operating Room and ICU Committee of Thomson Medical Centre, Member of the medical advisory board of Thomson Medical Centre and Chairman of the Gynaecology Endoscopy Subsection.

SOG – Beh Clinic for Women in Thomson Medical Centre, offers comprehensive pregnancy and gynaecological services for the complete health care needs of women.

# Snapshot of SOG



## **DR. CHOO WAN LING**

### **OBSTETRICIAN & GYNAECOLOGIST**

MBBS (Singapore), MMed (O&G), FAMS (Singapore)

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Dr. Choo Wan Ling is an Obstetrician and Gynaecologist who graduated from the National University of Singapore in 1994 with a Bachelor's degree in Medicine and Surgery. She obtained her Masters in Obstetrics and Gynaecology at the National University of Singapore in 2000 and is also the winner of the IV Asian Obstetrics and Gynaecology Congress Gold Medal (2000) which recognizes academic excellence.

A prolific writer, Dr. Choo has published in scientific journals such as *Gynaecologic and Obstetric Investigations – Vaginal Delivery after Previous Caesarean Section*, *Annals of Medicine – Osteoporosis in relation to Menopause* and contributed to various medical publications in her field of specialisation. Dr. Choo has also contributed chapters to a guidebook for expectant mothers, published by Oxford University Press.

In 2003, Dr. Choo was elected as a council member of the Obstetrical and Gynaecological Society of Singapore, and was the Honorary Treasurer from 2004-2006. During that time, Dr. Choo was instrumental in organising the fifth and sixth Singapore Congress of O&G for the Obstetrical & Gynaecological Society of Singapore.

Dr. Choo is experienced in antenatal and gynaecological scans, antenatal care and risk assessment, prenatal screening, vaginal, assisted and caesarean delivery. She is also well versed in the management and treatment, both medical and surgical, of gynaecological issues (infection, endometriosis, uterine fibroids, ovarian cysts), pap smear abnormalities, colposcopy, fertility challenges and treatment. She also has a special secondary interest in menopausal care and female sexual dysfunction. Dr. Choo currently operates out of SOG – Choo Wan Ling Clinic for Women in Gleneagles Medical Centre.



**DR. CHUA WEILYN NATALIE**  
**OBSTETRICIAN & GYNAECOLOGIST**

MBBS (Singapore), MRCOG (London), FAMS (Singapore)

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Dr. Natalie Chua graduated from the National University of Singapore with a Bachelor's degree in Medicine and Surgery in 2004. With an early focus and determination to be an obstetrician-gynaecologist, Dr. Natalie Chua attained and continued her specialist traineeship at Kandang Kerbau Hospital, culminating in her obtaining her Membership of the Royal College of O&G (MRCOG London) in 2009.

Dr. Chua specializes in obstetric care which includes preconception health screening, gynaecological cancer screening and prevention, and the management of common gynaecological problems. Dr. Natalie Chua was elected as a council member of the Obstetrical and Gynaecological Society of Singapore in 2010. She remains an active member till this day and has contributed tremendously in the O&G training of other aspiring trainees.

She is a strong believer of continuing medical education and contributes actively towards nurturing the future generation of specialists. In this respect, Dr. Natalie Chua was Chairman of the 12th and 13th Regional MRCOG Preparatory Course for aspiring gynaecologists.

She was the O&G Representative for the Association for Breastfeeding Advocacy (ABAS) between 2011 and 2013. Through her hard work, Dr. Natalie Chua was honoured with the Excellent Service Award by SingHealth in 2010 and was accorded a Fellow of the Academy of Medicine Singapore in 2013.

Dr. Chua currently operates out of 2 clinics, SOG Clinic for Women in Parkway East Medical Centre and SOG – Heng Clinic for Women in Cassia Crescent.

# Snapshot of SOG

**DR. HENG TUNG LAN****OBSTETRICIAN & GYNAECOLOGIST**

MBBS (Singapore), MMed (O&G), FAMS (Singapore)

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Dr. Heng Tung Lan is a leading Obstetrician and Gynaecologist practicing in Parkway East Medical Centre and a shophouse unit in Cassia Crescent. She graduated from the National University of Singapore with a Bachelor's degree in Medicine and Surgery in 1981 (MBBS) and started her traineeship in Obstetrics & Gynaecology at Kandang Kerbau Hospital. She obtained her Master of Medicine (O&G) in 1988 and was admitted to the Academy of Medicine Singapore in 2004.

Dr. Heng established her private practice in September 1993 and has since built a solid reputation as a renowned physician well-liked and respected by her peers and patients.

She specializes in pregnancy care and delivery, female health screening, menopause and female wellness enhancement. Known for her bubbly and friendly disposition, she never fails to greet her patients with a smile and her positive energy. Despite practicing as an Obstetrician & Gynaecologist for more than three decades, her sense of fulfillment and job satisfaction have not abated. More often than not, the children she saw into the world return to her to deliver their children.

Dr. Heng remains very passionate about her field of specialization and occasionally shares her expertise in public forums and talks. She is often featured in numerous publications to promote awareness for family planning and female fertility issues.

Dr. Heng currently operates her practice, SOG – Heng Clinic for Women, out of Parkway East Medical Centre and a shop house unit in Cassia Crescent.



**DR. LEE KEEN WHYE****OBSTETRICIAN & GYNAECOLOGIST,**

MBBS (Singapore), FAMS (Singapore), FRCOG (UK)

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Dr. Lee Keen Whye is a Consultant Obstetrician and Gynaecologist at the Gleneagles Medical Centre.

Besides providing pregnancy care and delivery services, Dr. Lee is passionate and highly skilled in endoscopic work, especially in hysteroscopy, laparoscopy and vaginal rejuvenation, and has done many international lectures and preceptored many endoscopic workshops in the region.

As a testament to his expertise and dedication, he has received numerous awards and is frequently invited to share in lectures both locally and around the world. In 1996, he was presented the National Serviceman of the Year Award by Army Medical Services Headquarters (HQ) for his leadership and dedication to Singapore Armed Forces Medical Services. In 2003, Dr. Lee was awarded the prestigious Benjamin Henry Sheares Gold Medal by the Obstetrical and Gynaecological Society of Singapore.

Dr. Lee was the Chairman of the Minimally Invasive Surgery Centre, Gleneagles Medical Centre between 2001 and 2008. From 2003 to 2005, Dr. Lee Keen Whye was the President of the Obstetrical and Gynaecological Society of Singapore ("OGSS"). He is a founder member of the Asia-Pacific Association of Gynaecological Endoscopists, and an Associate of the Laser Vaginal Institute of Los Angeles, USA. From 2005 to 2010, he also held the position of Chairman of Surgeons International Holdings Pte. Ltd.

Outside work, Dr. Lee is actively involved in medical missions. He has been a medical volunteer with Singapore International Foundation and participated in a medical mission with Ren Ci Hospital to Sri Lanka, during the aftermath of the tsunami in 2005.

With immense experience in providing quality healthcare for women, Dr. Lee currently practices as a Consultant Obstetrician and Gynaecologist at SOG – K W Lee Clinic for Women in Gleneagles Medical Centre.

# Snapshot of SOG



## **DR. LIM TENG EE JOYCE**

### **DERMATOLOGIST**

MBBS (Mal), FRCPI, FAMS (Dermatology)

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Dr. Joyce Lim graduated from the Medical Faculty, University of Malaya in 1978. She completed her internal medicine specialisation and was admitted as a physician member of the Royal College of Physicians and Surgeons of Ireland. Thereafter she served as a consultant physician with the Ministry of Health, Malaysia, till 1988. Dr. Lim was subsequently conferred the fellowship of the Royal College of Physicians and Surgeons of Ireland in 1992.

Dr. Joyce Lim completed her dermatological training at the National Skin Centre, Singapore in 1991 and went on to sub-specialise in dermatologic surgery and laser surgery. She also did preceptorships under renown dermatologists/dermatologic and laser surgeons in both Europe and the USA. Dr. Joyce Lim was the first Division Head, Dermatologic and Laser Surgery at the National Skin Centre, Singapore till 2000 when she left to start her own practice, the Joyce Lim Skin and Laser Clinic at the Paragon in Orchard Road, Singapore.

Dr. Joyce Lim is an appointed member of the Pigment Disorders Academy (PDA) since its inception in 2003. The PDA is a group of renowned dermatologists worldwide who have special interests in pigmentary disorders and who meets regularly to exchange information and discuss issues relating to skin pigmentary problems. From such meetings various scientific papers have been published.

Dr. Joyce Lim is one of the founding directors of the Asian Dermatologic Laser and Surgery Research Group ("ADLAS"). ADLAS was formed in 2005 by a group of dermatologists to organise yearly meetings for dermatologists from the region (Singapore, Malaysia, Thailand, Indonesia, Hong Kong and the Philippines) to share their experiences and exchange professional opinions on laser treatments, skin surgery and aesthetic dermatological procedures of the Asian skin.

Dr. Joyce Lim is also one of the founding directors of Aesthetic Dermatology Educational Group ("ADEG"), a group of like-minded dermatologists who are interested in teaching doctors on aesthetic procedures. The ADEG is recognised by the Singapore Medical Council to conduct courses and to issue certificates of competence for doctors who wish to learn aesthetic procedures.

Dr. Joyce Lim currently operates out of Joyce Lim Skin & Laser Clinic in Paragon Medical Suites.



**DR. PANG YI PING CINDY**  
**OBSTETRICIAN & GYNAECOLOGIST**  
**GYNAEONCOLOGY**

MBBS (Singapore), MMed (O&G), MRCOG (UK)

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Dr. Cindy Pang is an experienced obstetrician and gynae-oncologist with more than 10 years of clinical practice. She received her MBBS (Bachelor of Medicine/Bachelor of Surgery) from the National University of Singapore and subsequently completed 6 years of specialist training in Obstetrics & Gynaecology. She was granted Membership to the Royal College of Obstetricians and Gynaecologists in the United Kingdom, as well as Master of Medicine (O&G) by the National University of Singapore in 2008. Thereafter, she achieved Specialist Accreditation with the Ministry of Health Singapore and the Singapore Medical Council in 2010. She also serves as a Council Member in the Society of Colposcopy and Cervical Pathology of Singapore (SCCPS) since 2009.

Dr. Pang underwent advanced surgical training as a fellow at the Western Australian Gynae-oncology Group in Perth under the Health Manpower Development Plan from Ministry of Health and SingHealth Foundation in 2012. This has equipped her with skills for complex pelvic oncologic surgeries as well as advanced laparoscopic procedures.

Her research has been published in various medical journals and she has presented at several international conferences. She was awarded the Tony McCartney Surgical Innovation Prize at the Australian Society of Gynaecological Oncologists Annual Scientific Meeting at Darwin in 2013.

Besides the management of a wide range of conditions involving the female reproductive system and providing antenatal care to expectant mothers, her main subspecialty interest is in gynaecological cancer care.

Dr. Pang is an accredited colposcopist and trainer. She assists the division of graduate medical studies, NUH in assessing trainees for in-hospital clinical training modules on colposcopy.

She is passionate about public education on prevention and early detection of female cancers and has been actively involved in several cancer prevention talks and campaigns. She represented Singapore General Hospital in the Women's Gynaecological Cancer Awareness Month Steering Committee (WGCAMC) organised by Singapore Cancer Society. She is a clinical instructor of Yong Loo Lin School of Medicine, as well as an adjunct professor at the Duke-NUS Graduate School of Medicine.

Dr. Pang is one of SOG's Women Cancer Specialists. She currently operates out of SOG – Cindy Pang Clinic for Women & GynaeOncology in Mount Elizabeth Novena Specialist Centre.

# Snapshot of SOG

**DR. RADHIKA LAKSHMANAN****GENERAL SURGEON****BREAST & ONCOPLASTIC SURGERY**

MBBS (Singapore), MMed (Surgery), FRCS (Edinburgh)

Dr. Radhika Lakshmanan is a general surgeon with more than 18 years of surgical experience. Before joining the private sector, she was a consultant surgeon in the Department of Surgery at Khoo Teck Phuat Hospital where she still practices as a visiting consultant.

Dr. Radhika is accredited by the Royal College of Surgeons Edinburgh, and she trained for specialisation in Breast and Reconstructive Surgery under the Human Manpower Development Programme scholarship. From 2010 to 2011, Dr. Radhika was appointed as an Honorary Clinical Fellow in Breast Surgery at the Nottingham Breast Institute. She was also the Clinical Lead in Surgery for Lee Kong Chian School of Medicine, NTU/Imperial College of London in 2012.

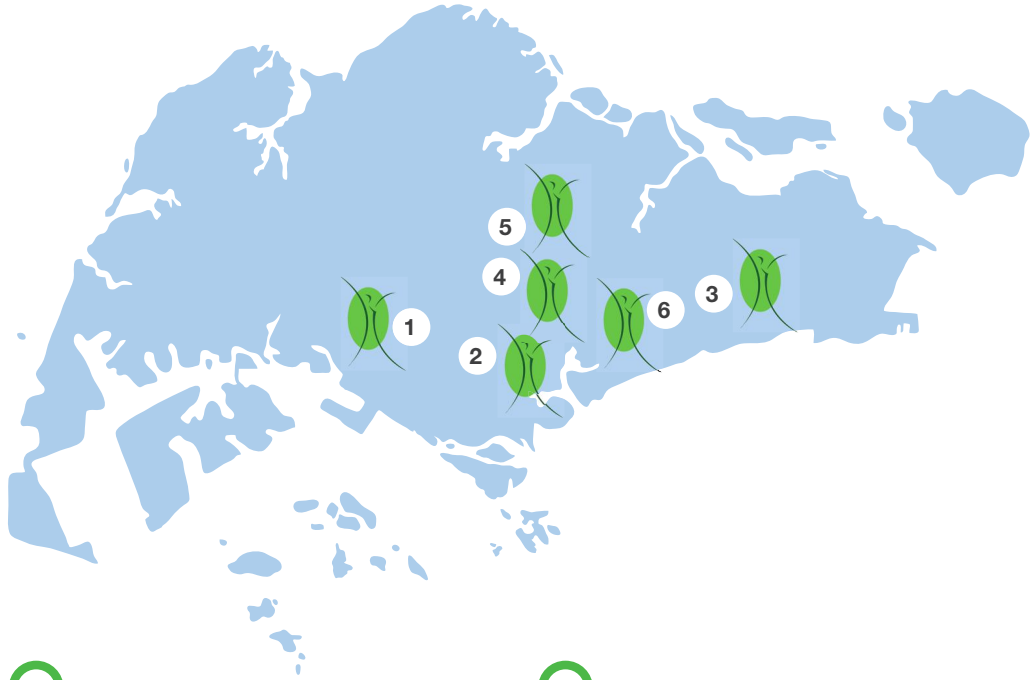
Her sub-specialty interest lies in the treatment of breast diseases ranging from management of benign breast disorders such as breast cysts, lumps, nipple discharge, lactation problems, screening, male breast disorders and breast cancer. Dr. Radhika has published several peer-reviewed articles and chapters on cancer-related topics. She is frequently invited to present at regional and international conferences.

She is an active member of the Singapore Breast Cancer Foundation and Asian Breast Diseases Association, she aims to improve awareness and share her expertise in the Asia Pacific region.

With the rapid advancements in the field of surgery, Dr. Radhika ensures that she keeps abreast with new developments so as to ensure that her patients receive the best and most updated mode of treatment.

Dr. Radhika is one of SOG's Women Cancer Specialists. She currently operates her practice out of SOG – Radhika Breast & General Surgicare in Gleneagles Medical Centre and SOG Clinic for Women in Parkway East Medical Centre.

## OUR AREAS OF OPERATION



**SOG – KW Lee Clinic for Women**  
**SOG – Choo Wan Ling Clinic for Women**  
**SOG – Radhika Breast and General Surgicare**  
 Gleneagles Medical Centre  
 #08-14/15/16, 6 Napier Road  
 Singapore 258499



**SOG – Cindy Pang Clinic for Women & GynaeOncology**  
 Mount Elizabeth Novena Specialist Centre  
 #08-25, 38 Irrawady Road  
 Singapore 329563



**Joyce Lim Skin & Laser Clinic**  
 Paragon Medical Suites  
 #11-16/20, 290 Orchard Road  
 Singapore 238859



**SOG – Beh Clinic for Women**  
 Thomson Medical Centre  
 #05-03, 339 Thomson Road  
 Singapore 307677



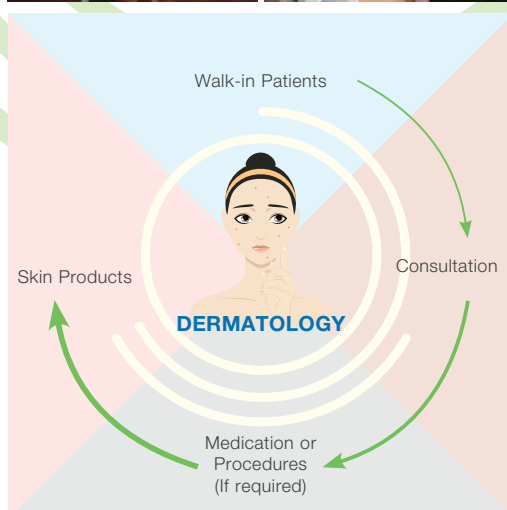
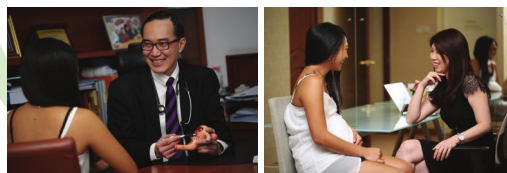
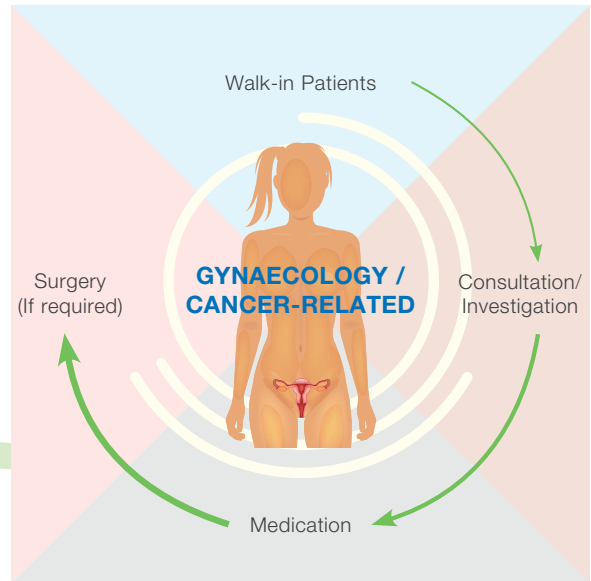
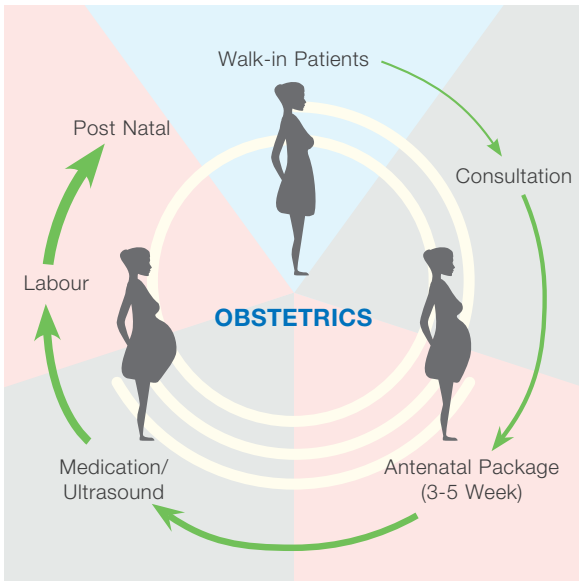
**SOG Clinic for Women**  
**SOG – Heng Clinic for Women**  
 Parkway East Medical Centre  
 #02-07, 319 Joo Chiat Place  
 Singapore 427989



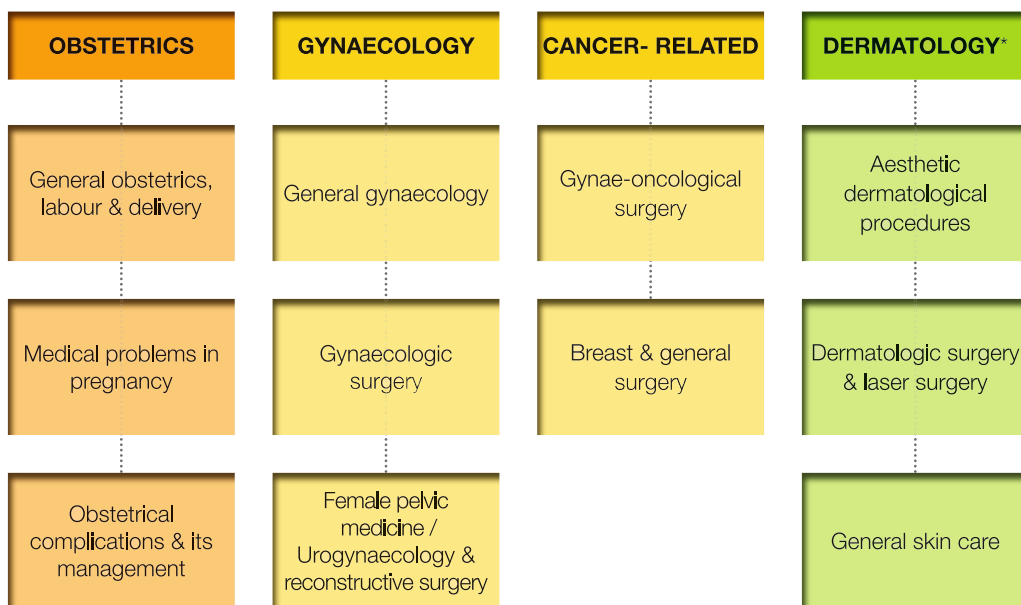
**SOG – Heng Clinic for Women**  
 34 Cassia Crescent  
 #01-80 Singapore 390034

# Snapshot of SOG

## What We Do



## Our Business



\* Our dermatology business commenced in January 2016.

# Creating joy and saving lives

At the risk of sounding lyrical, we view the growth of SOG like the growth of a rainforest tree where a seedling must first establish a sound foundation. It then builds on this by concentrating on its trunk and when it is of a certain size, new branches sprout to provide new surfaces from which essential elements are absorbed to the benefit of the whole tree.

SOG laid such a foundation through the coming together of two very established and respected obstetrician & gynaecologists, namely Dr. Lee Keen Whye and Dr. Heng Tung Lan. Together with our CEO, Dr. Ng Koon Keng, the three co-founders established certain values that remain the core of the Group's beliefs:



- 
- To create joy by bringing new healthy lives (babies) into the world.



- 
- To preserve lives by treating and managing our patients and their families using only evidence-based medicine.



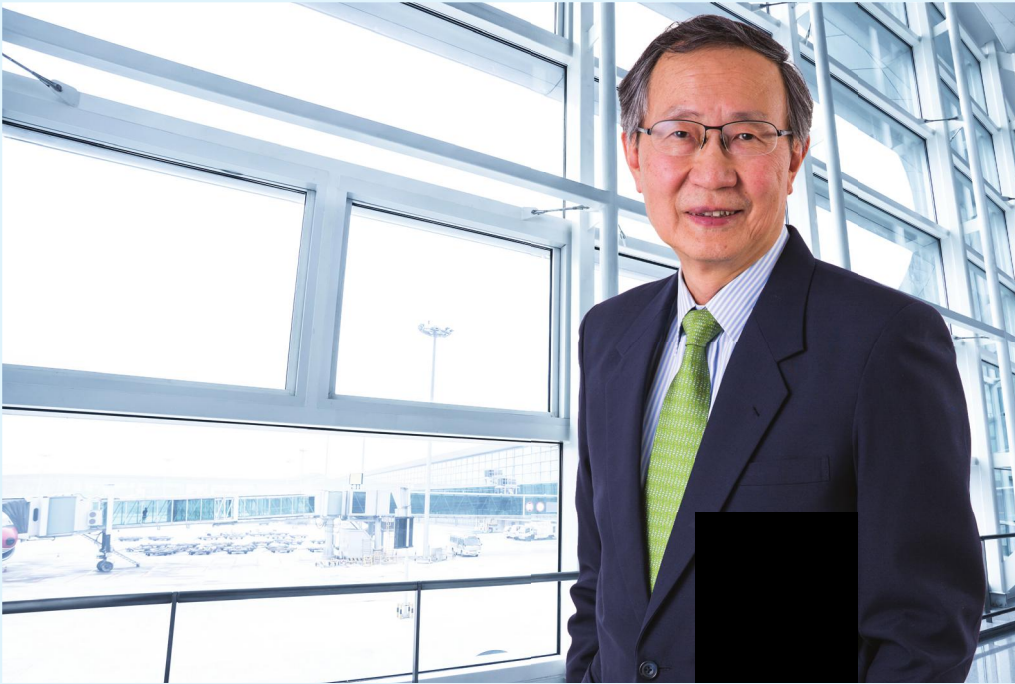
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- With sincerity, empathy and professionalism, to add value to our patients and their loved ones, and in turn create a culture of oneness among our colleagues and all those associated with SOG.



# Caring for Women's Health



# Chairman's statement



## DEAR FELLOW SHAREHOLDERS,

I am very pleased to pen this letter. Whilst I have been Chairman for several years and since SOG's inception, this is my first communication with you after our listing on the 4 June 2015. My fellow doctors and I were deeply moved by the warm reception from the market. Thus, we were exceptionally happy to announce FY2015 profits and dividends above internal budgets. The Company made a Net Profit after Tax of S\$5.3 million and paid a full year dividend of 2.03 Singapore cents per share or 8.1% on the IPO price of 25 Singapore cents and 2.7% on the closing price of 76 Singapore cents at 29 February 2016.

When I co-founded SOG, the concept was to bring like-minded professionals together so that we can provide a better service to existing and potential patients. Deep in my heart, I meant to bring in and nurture younger doctors with good skills and potentials. This ensures continuity and progress in medical care and ensures patients will not be medical orphans when a doctor retires or leaves. This is one legacy I want to leave behind. We intended to do so through three phases:

- a. Phase 1: by expanding the number of locations we operate from, and the number of specialties and choices. This requires us to hire more specialists particularly in medical specialties we previously were unable to offer;
- b. Phase 2: by becoming a comprehensive female medicine and whole of life provider; and
- c. Phase 3: by being able to offer some of these services outside of Singapore.

And to do so we need to put in place an infrastructure and to prove at least part of our concept. My focus and my energies, outside of serving patients, are thus to ensure that the operations, quality management, compliance & internal controls, culture and Phase I goals are materialised. Whilst there is further room for improvement, I am pleased to say we appear to be well on the way to getting there.

I am passionate about us being a comprehensive female medicine and whole of life medical provider. At present, we are largely looking after women who are pregnant between the ages of 22 to 40. Whilst pregnancy care is critical to women's health and wellness, the rise in cancer amongst our patients, particularly those who have crossed 40, is alarming. Cancer now ranks higher than pneumonia and coronary heart disease as principal causes of death in Singapore. Breast cancer accounts for around 30% and the combined uterus, ovary and cervix cancers accounts for 15% of all women cancers. Early detection is the key to curing the vast majority of cancers. We want to make it easy for our patients to come to us for check-ups and in the event cancer is detected, we can provide case management and surgical intervention early.

In the longer term we would also like to be able to export Singapore skills in women health and wellness by bringing in more foreign patients into Singapore and by establishing joint venture clinics in other countries. But our top priority is to establish a bastion of excellence in Singapore.

The putting in place of the required infrastructure and achieving Phase 1 growth has taken quite a lot out of me. More importantly, I am a great believer that good governance is a shared responsibility and not a refereed game. For all these reasons, I have been able to persuade my fellow executive directors that a 2-year rotational Chairmanship would make a lot of sense. Accordingly, I am delighted to inform you that my co-founder, Dr. Heng Tung Lan, will take over the Executive Chairman for the next two years to then be followed by my esteemed colleague, Dr. Beh Suan Tiong. This allows me more time for what I dedicate my life to, and that is teaching and clinical work.

Finally, I would like to emphasize that SOG is growing healthily because of the dedication and professionalism of the doctors and nurses and the trust in us by our patients. This is the foundation of our success story.

**Dr. Lee Keen Whye**

*Chairman*

# CEO's statement



## DEAR SHAREHOLDERS,

What an eventful year it has been for SOG. For everyone associated with our Company, our shareholders large and small, our Medical Specialists, our clinical and administrative staff and our Board of Directors, this has indeed been a year that will be etched permanently in our memories. What was only a possibility, a dream, a challenge encompassing bringing together a group of exceptional individuals and entwining it with the intricacies of corporate finance has now resulted in the creation of an entity that has a market capitalisation of S\$180 million. All in the space of just over 60 months.

When my two co-founders Dr. Lee Keen Whye, Dr. Heng Tung Lan and I sat around a table just slightly more than 5 years ago, we had the vision of building a platform to provide medical and surgical care for whole of life women's health and then to extend this provision of care to our hope for the future, our children. This platform would also provide an opportunity for medical professionals who share the same vision to ply their skills and at the same time be rewarded emotionally and financially for their dedication. Services provided ultimately had to be efficient, professional and affordable. We continue to aspire and practice with these values in mind and we believe these same principles will endear our patients, our business associates and our future partners to have confidence in SOG.

### THE PAST

SOG's financial performance to date has gone mostly according to our expectations. From two specialists in 2012 with a net profit after tax of S\$3.0 million, we reported a Net Profit After Tax of S\$5.3 million for 2015 with the contributions from seven specialists, two of who only joined us towards the end of 2014. This is an increase of 76.7% over 2012 and 25.7% over 2014, and translates into a Compounded Annual Growth rate ("CAGR") of 15.5%. These figures take into consideration one-off listing expenses incurred for our initial public offering.

Gross revenue for 2015 came in at S\$16.4 million, an improvement of 21.2% over 2014 and 102.2% over 2012. Control over our expenses has been a key point in maintaining our net profit margin and this was established even with the two new specialists ("SOG Women Cancer Specialists") having just joined us towards the end of 2014. Whenever new specialists are recruited from the public sector, there will invariably be set up costs and a certain period should be factored in for them to become profitable. With this in mind, even though our profit from operations margin declined from 37.2% in 2014 to 36.9% in 2015, this can be considered a creditable achievement. The two women cancer specialists, Dr. Radhika Lakshmanan and Dr. Cindy Pang are breast cancer and gynaecological cancer specialists respectively and we are confident their margins will improve from here on. They contributed 9.4% or S\$1.5 million toward the Group's revenue for 2015.

Obstetrics continue to be our segmental best performer and contributed approximately 54% to the Group's revenue. On the back of this is the increased number of deliveries handled by our group of Obstetricians. Total number of deliveries increased by 171 or 11.7% from 1,462 in 2014 to 1,633 in 2015. This is one baby delivered by an SOG obstetrician every 5.4 hours.

Most of our obstetricians registered increased number of deliveries with Dr. Heng Tung Lan still leading the charge with 803 babies. Dr. Choo Wan Ling delivered 329 babies and Dr. Natalie Chua contributed 180 babies. Currently, SOG's deliveries represents approximately 6.7% of all babies delivered in the private sector, compared with a market share of 5.6% in 2014. We believe we can continue to establish a significant market share barring any unforeseen global health risk as we keep a close watch and monitor the impact of the Zika virus both internationally and locally.

Gynaecological consultations and procedures contributed 37% to the Group's revenue. Our minimally invasive specialists, Dr. Lee Keen Whye, Dr. Beh Suan Tiong and Dr. Cindy Pang continue to anchor and establish our gynaecological division and will contribute positively to our revenue and net profit margins.

# CEO's statement

## THE PRESENT

Women's cancer particularly breast cancer has a worrying trend and to combat this, Dr. Radhika Lakshmanan, SOG's Breast Cancer Specialist will have a new colleague. SOG welcomes Dr. Lim Siew Kuan who will be joining us in May 2016. Dr. Lim is a consultant general surgeon with a special interest in breast surgery. She did her advanced training at the Centre for Breast Cancer, National Cancer Centre, Korea from 2013 to 2014 where she learned the latest advancements in breast cancer management including breast oncoplastic and reconstruction techniques. Together with Dr. Radhika who is also trained in breast oncoplastic techniques, SOG now has a strong team in place to treat all benign and malignant breast diseases.

Dr. Cindy Pang, our Gynaecological Cancer specialist did remarkably well in 2015. With her exemplary work attitude and compassionate disposition, we are confident she will continue to do well and contribute significantly in our fight against women cancers.

We are so very pleased to announce a further step in our goal of life-long women health and wellness. SOG has a new division, Dermatology and Aesthetics after our acquisition of Dr. Joyce Lim's businesses. Some have questioned if such a speciality should be part of our Group. These people obviously have never suffered outbreaks of pimples during pregnancy (due to hormone change) or the distress of stretch marks whilst under post natal depression or the feeling of diminished worth due to facial blemishes or bad skin. Dr. Lim is a skin specialist and before she left for private practice, she was the first Division Head of Dermatology and Laser Surgery at the National Skin Centre, Singapore. Dr. Lim brings with her immense experience and knowledge in the treatment of skin diseases and aesthetic enhancements using conventional, dermatologic and laser surgery techniques. Dr. Lim's proprietary skin care and treatment products can now be scaled and distributed throughout our other clinics around the island and with her passion for mentoring junior doctors, we hope to grow a team of aesthetic doctors under her leadership. There are multiple levels of synergies between Obstetrics & Gynaecology, Breast and Skin diseases and we believe this will enhance our revenue stream in areas previously unexplored.

With five Obstetricians & Gynaecologists, one Obstetrics and Gynaecological oncologist, one Breast and General Surgeon with another joining in May 2016 and a Skin Specialist, SOG has a stable and recognisable foundation to 'care for women's health'.

### THE FUTURE

SOG will continue to recruit and possibly acquire skilled medical and surgical professionals. We will be on constant lookout for doctors who complement and can add value to the group. The doctors should have a passion for treating patients with an emphasis on women's health but as our obstetrics unit invariably grows larger, we will explore moving into children healthcare sooner rather than later.

Skin care, aesthetics and women's health are intimately connected. A person's well-being is invariably linked to how they feel and how they look and vice versa. We will expand and scale our dermatology and aesthetic division and with Dr. Joyce Lim helming this segment, we are confident it will become a significant pillar in SOG's future growth.

For all the various services that make up healthcare, whether it is hardware as in hospital based models or software as in pure medical services, there are ancillary components that can potentially generate significant revenue and profits. These are the side benefits of becoming holistic as we make it more convenient for patients to get the best treatments available under one roof. SOG will explore opportunities in these areas and might include an antenatal or prenatal diagnostic centre and possibly a health screening centre.

One of the more common questions I frequently get asked is whether we are looking at opportunities overseas. Whilst we still have a big market share of deliveries and cancer treatments to go after locally, SOG realises that there are great opportunities abroad. It would be too premature to say whether any of our efforts will result in fruitful outcomes, but we will endeavour to explore and evaluate with care opportunities that come our way. We will work with both government agencies and private enterprises to this avail.

Finally, I would like to take this opportunity to thank SOG's Board of Directors, doctors, clinical and management staff for their dependable commitment, hard work and dedication; and to our shareholders for their support as we endeavour to put SOG on the path of sustainable growth and increasing share value.

**Dr. Ng Koon Keng**

*Chief Executive Officer*

## Letter from our Financial Controller

The operating philosophy we maintain has been described as the 'bird cage'. Meaning each doctor is allowed the widest latitude subject to strict controls over non-negotiable issues (allowing the doctors to 'fly' anywhere within and only within the 'bird cage'). This is because, such a philosophy has proven in many bespoke businesses, to deliver the best results to customers. Naturally this philosophy must also apply to financial systems and internal controls. For example, each doctor can decide on patient loads, patient mix, number of clinical staff, bonus pool, stock levels and many other issues. However, for the doctors to make good decisions, they need information. Thus, a good Management Information System ("MIS") system is important. We maintain a detailed but easy to use MIS system that generates data on a regular basis and when the doctors need them. The decision made by the doctors, however, are based on principles that are clear and the recording, controls and checks are common, regular and managed centrally. For example, the doctors together decide on an approved drug list which then applies to all clinics. Each clinic then keeps stocks at their respective clinic's 'normal usage'. However, when usage is greater than normal, one clinic can borrow from another clinic through a formalised borrowing system that allows us to instantly know where each drug is and where it has been used.

During the year, we employed internal auditors to examine our internal controls. I am delighted to inform you that the results were satisfactory and our systems to protect the integrity of financial accounts appear good. I also liaise with our Independent Directors, and on a regular basis speak to the Chairman of the Audit Committee and often with no other officers of the Company present.

During the year, we embarked on a project to implement an Enterprise Risk Management ("ERM") system. The project was deemed by the Directors as being necessary given that medicine involves the lives of people and thus any risk to life is deemed unacceptable. Thus, our ERM system will be heavily focused not only on financial risk but many operational issues including operational health and safety risks. I am pleased to inform you that the project is quite advanced and of the many risks identified, an equal number of controls are already in place.

Our business is highly cash generative. As a result, it is important to re-invest those monies over and above what we have returned to shareholders. Our first major re-investment was the acquisition of Dr. Joyce Lim's Dermatology and Aesthetics business (the "Acquisition"). Re-investment of monies through acquisition (inorganic growth) carries risk. As a result, the Board and I first questioned why we needed to buy as opposed to hire a junior doctor, the cultural fit, the consideration and the terms of the Acquisition. I then oversaw the legal, financial and operational due diligence. I have also put into place a system to see if the synergies and expected returns materialise. Whilst I am excited by our first and bold use of surplus funds, I am equally determined to ensure that continuous monitoring occurs and that there is sufficient information available to the Board if and when they want it.

**Eric Choo**

*Financial Controller*



# Letter from our Head of People, Performance & Culture

With caring and treating our patients well as a top priority, SOG's focus on employees (including specialist medical practitioners) who provide these services is thus crucial.

In SOG, we try not to be 'just another healthcare group'. As part of our Group's strategy to become the best, we endeavour to motivate and encourage our employees including our Specialist Medical Practitioners, clinical and management staff to participate in each and every process of looking after our patients.

Our HR policy has two 'wings'. The first is directed at striving for the best possible fit between employees, their duties and our patients. During our recruitment process, we screen candidates carefully and shortlist those with the right attitude, aptitude and competence. The second is to make sure it is important that our employees have the right tools, get the right feedback and enjoy their time with us. In this way we try to make sure they do not see their responsibilities simply as fulfilling a job but a devotion.

This second "wing" is to give our staff maximum freedom to decide what is best for our patients but in a structured and processed manner. This aviary philosophy requires that we ensure our Specialist Medical Practitioners and clinical staff are well-equipped with the latest knowledge and skills to serve our patients. Specialist Medical Practitioners are encouraged to attend medical conferences each year to keep updated with the latest in medical developments and technology. SOG also sponsors our clinical and management staff on courses for their personal development and career advancement.

It is SOG's aim to be the employer of choice in the healthcare sector and we believe in 'Giving Opportunity, and Rewarding Effort'.

**Heng Tong Bwee**

*Chief Administrative Officer*

# Board of Directors



**DR. LEE  
KEEN WHYE**  
Executive Chairman



**DR. HENG  
TUNG LAN**  
Executive Director

**DR. LEE KEEN WHYE** is a graduate of the National University of Singapore qualifying with a MBBS. He subsequently specialised in O&G and was awarded both with a FRCOG from the Royal College of Obstetricians and Gynaecologists, United Kingdom, and a FAMS from the National University of Singapore. Dr. Lee Keen Whye is a renowned O&G specialist and a Consultant Obstetrician and Gynaecologist at the Gleneagles Medical Centre.

Dr. Lee Keen Whye's specialty includes endoscopy especially in hysteroscopy, laparoscopy and vaginal rejuvenation. He was the Chairman of the Minimally Invasive Surgery Centre, Gleneagles Hospital between 2001 to 2008. He was the President, from 2003 to 2005, of the OGSS. He was the Chairman of Surgeons International Holdings Pte Ltd, an established medical marketing group in Singapore, from 2005 to 2010. He is a founder member of the Asia-Pacific Association of Gynaecological Endoscopists (APAGE). He is also an Associate of the Laser Vaginal Institute of Los Angeles, USA.

In 1996, Dr. Lee Keen Whye was awarded the Singapore Armed Forces HQ Army Medical Services (National Serviceman of the Year) Award. In 2003, he was awarded the Benjamin Henry Sheares Gold Medal by the OGSS.

**DR. HENG TUNG LAN** is the leading Consultant Obstetrician and Gynaecologist practicing in Parkway East Medical Centre. She graduated from the National University of Singapore qualifying with a Bachelor's degree in Medicine and Surgery. Dr. Heng Tung Lan subsequently specialised in O&G, was awarded a MMed (O&G) and was admitted to the Academy of Medicine, Singapore.

Dr. Heng Tung Lan established her private practice in September 1993. Her medical and interpersonal skills make her very popular and sought after. In 2014, Dr. Heng Tung Lan delivered more than 755 babies.



**DR. BEH SUAN TIONG** graduated from the National University of Singapore in 1987 with a MBBS. He subsequently specialised in women's healthcare and became a Member of the Royal College of Obstetricians and Gynaecologists, United Kingdom. Thereafter, he was awarded a FAMS from the Academy of Medicine, Singapore. Dr. Beh Suan Tiong is a Consultant Obstetrician and Gynaecologist at the Thomson Medical Centre.

Dr. Beh Suan Tiong specialises in minimally invasive surgery and is a senior consultant in the Minimally Invasive Surgery Unit in KK Women's and Children's Hospital on a part-time basis. He is a firm believer in continuous medical education and is the first doctor recipient of the KK Service from the Heart Award, which recognises excellence in service.

Dr. Beh Suan Tiong was the past President of the OGSS and the past Treasurer of the College of O&G, Singapore. His current appointments include Chairman of the Operating Room and ICU Committee of Thomson Medical Centre, member of the medical advisory board of Thomson Medical Centre, Chairman of the Gynaecology Endoscopy Subsection, and part-time Senior Consultant of the Minimally Invasive Surgery Unit in the Department of Obstetrics and Gynaecology of KK Women's and Children's Hospital.



**MR. CHRISTOPHER CHONG MENG TAK** is a partner and co-founder of ACH Investments Pte Ltd, a specialist corporate advisory firm in Singapore. He has significant experience as a director of listed companies, and he is currently an independent director of several listed companies including ASL Marine Holdings Ltd and Ying Li International Real Estate Limited on the SGX-ST and GLG Corp Ltd and Koon Holdings Limited on the Australian Stock Exchange. Mr. Chong is also a director/trustee of several private companies, trusts and international funds.

Mr. Chong has significant experience in capital markets, securities law, corporate governance and corporate affairs. He was a multi-award winning analyst and the Managing Director of HSBC Securities (Singapore) Pte Ltd, formerly known as HSBC James Capel Securities (Singapore) Pte Ltd, and prior to this was an Executive Director of UOB Kay Hian Holdings Ltd, formerly known as Kay Hian James Capel Ltd. Mr. Chong holds a Bachelor of Science degree in Economics (1st Honours) from the University College of Wales and a Master of Business Administration degree from the London Business School. He is a member of the Institute of Chartered Accountants of Scotland, a Fellow of the Australian Institute of CPAs, a Fellow of the Hong Kong Institute of Certified Public Accountants, a Fellow of the Singapore Institute of Directors, a Fellow of the Australian Institute of Company Directors and a Master Stockbroker of the Securities and Derivatives Industry Association of Australia.

# Board of Directors



**MR. CHAN  
HENG TOONG**  
Independent Director

**MR. CHAN HENG TOONG** has more than thirty (30) years of experience in banking. He was the Head of Investment Banking in HL Bank prior to his retirement in February 2013.

Mr. Chan Heng Toong started his career in Diethelm Singapore Pte. Ltd. (now known as Diethelm Keller Property & Investment Pte. Ltd.) in 1975 and left in 1977 to pursue his post-graduate studies. He joined Citibank N.A. as its Relationship Officer in 1979, and was promoted to Vice-President in 1984. He joined as Vice-President of American Express Bank (NY) from 1988 to 1989 where he managed the marketing department. He was the Vice-President of the corporate banking division of Overseas Union Bank Limited in 1989, before serving as the General Manager and Chief Executive Officer of Overseas Union Bank Limited Singapore (Canada) from 1990 to 1995. In 1995, he was the Vice-President of the corporate finance division in Overseas Union Bank Limited, and in 2002, he was the Director of United Overseas Bank Asia Limited. Thereafter, he was the Managing Director of the investment banking division (corporate finance) in UOB in 2008 until his departure in 2009. Mr. Chan Heng Toong was appointed as Head, Investment Banking, HL Bank in September 2010, and retired in February 2013. Since 1995, he has been involved in the initial public offerings of more than 30 local and foreign companies on the SGX-ST. He obtained a Bachelor of Engineering (Honours) from the University of Singapore in 1973 and Masters of Business Administration (Finance) from the University of British Columbia (Canada) in 1979.



**MR. CHOOI  
YEE-CHOONG**  
Independent Director

**MR. CHOOI YEE-CHOONG** has more than twenty-five (25) years in the airlines and tourism industry, and is currently the Chief Executive Officer of Myanmar Airways International Co., Ltd., an airline based in Yangon, Myanmar. Mr. Chooi Yee-Choong started his career in Singapore Airlines Limited in 1984 as a Methods Analyst, before becoming a systems analyst in 1986. In 1990, he became a Marketing Executive and by 2000, had been promoted through the ranks to become the Vice-President (Commercial) of Silk Air (Singapore) Private Limited. In 2004, he joined as the Head of Commercial of Jetstar Asia Airways Pte Ltd, a subsidiary of Jetstar Airways. In 2005, he joined the Singapore Tourism Board as the Regional Director of Indonesia, Philippines and Brunei. Thereafter, he was promoted to be the Regional Director of Indonesia, Philippines, Australia, New Zealand, Brunei and Fiji in 2009. In 2011, he joined Jetstar Airways as the Chief Planning Officer. In 2012, he joined TransAsia Airways as the Chief Commercial Officer before being appointed as the Chief Executive Officer of TransAsia Airways. In 2015, he joined Myanmar Airways International Co., Ltd. as its Chief Executive Officer.

He obtained a Bachelor of Industrial and Systems Engineering from the Ohio State University in 1984.

# Key management



Left to right:

**DR. NG KOON KENG**  
Chief Executive Officer

**MS. HENG TONG BWEE**  
Chief Administrative Officer

**MR. ERIC CHOO**  
Financial Controller

**DR. NG KOON KENG** became CEO of our Group in August 2011, and is responsible for the overall administration, operation, business development, marketing and management of our Group.

Dr. Ng Koon Keng holds a First Class Honours degree (BMSc.) in Pharmacology and obtained his medical degree from the University of Dundee (UK). After qualifying, Dr. Ng Koon Keng started his traineeship in Obstetrics and Gynaecology but then decided to pursue a career in family medicine instead. He became a partner in a successful GP practice servicing the eastern part of Singapore in 1988. In 1997, Dr. Ng joined the financial industry and worked for two (2) leading institutions before returning to medicine in 1998 (and the start of the Asian recession). In 2004, he started A-Vic Enterprises Pte. Ltd., a media company that produced a lifestyle magazine designed for the medical profession in Singapore. At the end of 2008, he placed the publication on hold when he accepted an offer to become CEO of Surgeons International Holdings Pte. Ltd., an established medical marketing company in Singapore. During this period, he also served as Medical Advisor to Red Carpet Medical, a premier medical tourism business of Red Carpet Edition Pte. Ltd., and as a director of the Orchard Surgery Center Pte. Ltd. In 2010, Dr. Ng became the CEO of Asiamedic Limited, a medical

company listed on the SGX-ST. After a short stint he returned to his position as CEO of Surgeons International Holdings Pte. Ltd. In 2011, Dr. Ng Koon Keng, together with Dr. Lee Keen Whye and Dr. Heng Tung Lan, decided to form SOG, a comprehensive and integrated woman's medicine business.

**MS. HENG TONG BWEE** became our CAO in November 2013, and oversees, maintains and enhances the administrative structure of the Group, including the supervision and management of the staff of the Group, and the planning and implantation of various administrative systems of the Group. She has been with our Group since the incorporation of our Company.

Ms. Heng Tong Bwee holds a degree in Accountancy from the National University of Singapore. After qualifying, Ms. Heng was the People's Association's Internal Auditor from December 1977 to May 1981. She then left to join Foo Kon & Tan (now known as Foo Kon Tan LLP) as an External Auditor. She held this post from May 1981 until January 1984. From January 1984 to October 1989, she was the Audit Manager at Harry Tan & Partners. She was a director at Transview Decor Pte Ltd and A-Plan Management Pte Ltd, a position she has held since 1989 and 1990, respectively, until her resignation from both companies in 2013. She became a director and the Finance

Manager at Heng Clinic for Women in March 2005.

**MR. ERIC CHOO** joined our Group in June 2014 as the Financial Controller, and oversees the financial accounting and reporting function of our Group including cash management, corporate governance and internal controls. He also oversees our Group's financial operations, corporate secretarial and tax matters. He has over thirteen (13) years of experience in the accounting and finance sector.

Mr. Eric Choo began his career as an Accountant with Pacific Healthcare Holdings Ltd in 2002. Prior to joining our Group, Mr. Eric Choo was an Audit Senior Manager with KPMG Singapore. Mr. Eric Choo has over nine (9) years of audit and assurance experience working as an auditor in Singapore and the United States, and his professional experience includes providing audit and assurance services to public companies listed on the SGX-ST and stock exchanges in the USA, multi-national corporations and government-linked corporations in Singapore.

Mr. Eric Choo holds a Bachelor of Business (Accountancy) degree from the Royal Melbourne Institute of Technology and is currently a non-practising member of the Institute of Singapore Chartered Accountants and CPA Australia.

# Materiality and stakeholder engagement

## OUR CHALLENGES AND ISSUES

SOG has taken efforts to seek the opinion of many stakeholders either in a casual or formal way. We aspire to understand the needs and expectations of our key stakeholders and strive to build mutual beneficial relationships.

In doing so, we have adopted a materiality analysis to identify challenges and issues that are important to our stakeholders and which are relevant to our businesses today and in the future.

Subsequent to our listing on 4 June 2015, SOG's senior management determined areas where SOG can have the biggest economic, environmental and social impact, as well as the areas that are most important to our stakeholders. SOG conducted meetings and interviews with various working groups, consisting of our Specialist Medical Practitioners, senior clinical staff, senior management and Independent Directors. SOG has also had conversations with current and potential investors especially institutional fund managers. In the future, we also plan to engage our external stakeholders more extensively to identify areas that are material, sustainable and necessary for development.

From the results of our meetings and interviews, material challenges and issues were identified and incorporated into the materiality analysis. The challenges and issues were grouped into the following key focus areas:

- Growth and Economic Sustainability
- Technological, Environmental and Regulatory Impact
- Employees (including Specialist Medical Practitioners)
- Stakeholder Expectations

SOG uses these aspects to prioritise and review our sustainable development initiatives.

### GROWTH AND ECONOMIC SUSTAINABILITY

- Focus on corporate governance by upholding our commitment to openness, transparency and risk mitigation for all stakeholders.
- Generate good returns to shareholders by sustaining efficient capital structure: Applicable leverage and high dividend payout.
- Business model focuses on cost leadership but not compromising our service level and priority on patient's care, organic growth from the existing pool of Specialist Medical Practitioners and acquisition of businesses that give good returns.
- Market position by ensuring we gain the trust of our patients and their families and continuously build our reputation and brand name in the healthcare industry.

### STAKEHOLDER EXPECTATIONS

- Business ethics implies SOG corporate culture and code of compliance along with corruption and fraud management.
- Compliance management implies compliance with all applicable laws and regulations.
- Community relations include running public forums and conduct public and private seminars and lectures to create health awareness, participating in analysts' forums and engaging fund managers, referrals of our patients and their families to other medical colleagues for services that are not our specialisation.

### KEY FOCUS AREAS

### TECHNOLOGICAL, ENVIRONMENTAL AND REGULATORY IMPACT

- Biohazard waste management focus on the proper disposal of infectious waste or biomedical waste.

### EMPLOYEES

(including Specialist Medical Practitioners)

- Recruitment and retention of talent includes cooperation with professional institutions, talent pool development and retention, grievance mechanism.
- Occupational health & safety implies adherence to government regulations such as Private Hospitals and Medical Clinics Act, Nurses and Midwives Act, Medicine Act, Singapore Medical Council Ethical Code and Ethical Guidelines.
- Personnel development focuses on KPIs, training, employee feedbacks and conducting townhall meetings.

# Materiality and stakeholder engagement

## GROWTH AND ECONOMIC SUSTAINABILITY

- Continued revenue growth arising from offering more services to existing patients over the whole of their life and attracting new patients.
- Continued capacity growth by being able to attract more and younger talent by being the Company of choice and through a fair sharing of returns.
- Cost leadership through technology and discipline but never compromising on service.
- Inorganic growth by good execution of our whole of life health and wellness concept for women.
- Earnings and dividends per share growth through the use of efficient capital structures.

## TECHNOLOGICAL, ENVIRONMENTAL AND REGULATORY IMPACT

- By always ensuring that our medical specialist are up to date with the latest medical developments, knowledge and techniques.
- By having the best and most appropriate technology.
- By having respected external professionals on our medical council to provide peer reviews.
- By having systems that identify, manage and monitor these risks. For example constantly monitoring work on pre-disposition with respect to select diseases, trends in public policy and management of biohazards.

## EMPLOYEES (including Specialist Medical Practitioners)

- By continually recruiting talent particularly younger talent and grooming them through mentorship, recommending patients to them and requiring them to undertake free public presentations thereby engaging with potential patients and their families.
- By ensuring that the people we recruit have the same values as we do.
- By ensuring that our people understand the concept of the 'bird cage' philosophy thereby ensuring self discipline with respect to maintaining standards and being in compliance with regulations.
- By providing goal posts and feedback through the use of KPIs.

## STAKEHOLDER EXPECTATIONS

- By explaining the goals and our execution plans clearly.
- By listening.
- By ensuring that we keep to our word both in substance as well as in form.
- By being a good corporate citizen by setting aside a certain amount for charitable work each year, by undertaking free public seminars and by deepening our engagement with society.

## DIALOGUE WITH OUR STAKEHOLDERS

SOG proactively engages our stakeholders. The table set out below identifies our key stakeholder groups, and explains why we engage with them and our progress in 2015.



STAKEHOLDER GROUP	OUR PATIENTS AND THEIR FAMILIES	SHAREHOLDERS AND FINANCIAL COMMUNITY	EMPLOYEES (including Specialist Medical Practitioners)	GOVERNMENT AND REGULATORY AGENCIES	MEDIA
<b>WHY WE ENGAGE</b>	<p>Our top priority is our patients.</p> <p>A reliable and transparent relationship with our patients and their families will help us build our trust and further our ambition to provide whole of life services to them.</p>	<p>As a listed company, we need to provide open, timely and transparent information to help our investors make informed decisions about our financial and non-financial performance.</p>	<p>Every aspect of our business strategy is based on the commitment of our Specialist Medical Practitioners. Their knowledge, willingness to work and their satisfaction are the keys to economic sustainability.</p> <p>Our Specialist Medical Practitioners could not function without clinic support and the Company could not grow without its management staff. Thus our employees are equally important.</p>	<p>As a responsible healthcare company, we need to comply with the industry's best practices as well as local laws and regulations.</p> <p>SOG aims to establish and maintain stable and constructive relationships with government and regulatory agencies based on the principles of accountability and good faith.</p>	<p>SOG needs accurate and timely coverage by the various media channels when disclosing our financial and operational results, important external and internal events etc.</p> <p>The right perception of SOG and its strategy by all stakeholders is important for SOG and its target audiences.</p>
<b>KEY FOCUS AREAS</b>	<ul style="list-style-type: none"> <li>• Good patient care and service excellence</li> <li>• Professional ethics</li> <li>• Affordability</li> <li>• Convenience</li> <li>• Educate our patients and their families on good health and wellness practices</li> </ul>	<ul style="list-style-type: none"> <li>• Stable and sustainable profit growth at risk levels previously agreed with shareholders</li> <li>• Stable and sustainable dividend growth</li> <li>• Secure the assets and integrity of our financial reports</li> <li>• Good corporate governance</li> <li>• Proactive risk management</li> <li>• Good and continuous level of communication</li> </ul>	<ul style="list-style-type: none"> <li>• Mutual respect and trust in accordance with our HR Policies</li> <li>• Fair and sustainable financial and non-financial incentives</li> <li>• Learning and development opportunities</li> <li>• Employees development</li> <li>• Government and workplace safety and health standards</li> </ul>	<ul style="list-style-type: none"> <li>• Full compliance with regulations</li> <li>• Anticipate where the risk of non-compliance might occur and put in safeguards</li> <li>• Maintain an open and frank relationship with the regulators</li> <li>• Pay taxes</li> <li>• Corporate philanthropy</li> </ul>	<ul style="list-style-type: none"> <li>• Be frank and truthful</li> <li>• Keep them informed on a timely basis</li> <li>• Know their needs</li> <li>• Encourage them to engage us</li> <li>• Timely disclosure of corporate news and events</li> <li>• Maintain relationships with stakeholders at all levels</li> </ul>

# Materiality and stakeholder engagement

STAKEHOLDER GROUP	OUR PATIENTS AND THEIR FAMILIES	SHAREHOLDERS AND FINANCIAL COMMUNITY	EMPLOYEES (including Specialist Medical Practitioners)	GOVERNMENT AND REGULATORY AGENCIES	MEDIA
<b>WHAT WE ARE DOING</b>	<ul style="list-style-type: none"> <li>Obtain feedback from our patients and their families</li> <li>Uphold our professional conduct and ethics by doing things that are good for our patients</li> <li>Running public forums and conduct public and private seminars and lectures to create health awareness</li> </ul>	<ul style="list-style-type: none"> <li>Maintain a robust internal control system</li> <li>Implement an Enterprise Risk Management System</li> <li>Participate in analysts' forums and engaging fund managers</li> <li>Website publication of our news, events and announcements</li> <li>Management's presentations at industry and regional conferences</li> <li>Meetings between management and financial community</li> </ul>	<ul style="list-style-type: none"> <li>Diligently apply our HR Policy when recruiting</li> <li>Ensure that our compensation packages are fair and encourage long term thinking and commitment</li> <li>Ensure our medical professionals are up to date</li> <li>Ensure compliance with government regulations such as Nurses and Midwives Act, Medicine Act, Singapore Medical Council Ethical Code and Ethical Guidelines</li> <li>Provide internal communication and feedback</li> <li>Ensure workplace safety</li> </ul>	<ul style="list-style-type: none"> <li>Maintain a robust reporting structure</li> <li>Maintain the independence of our medical council</li> <li>Communicate regularly with government and regulatory agencies on legislative and regulatory matters</li> <li>Participate in workshops and surveys</li> <li>Participate in corporate charity drive and fund raising events</li> </ul>	<ul style="list-style-type: none"> <li>Provide the media with timely, consistent balanced and relevant information</li> <li>Provide the media with sufficient background so that they can make reasoned judgments</li> <li>Provide the media with access to senior management</li> </ul>

# Our strategy

	<b>1 OUR PATIENTS ARE OUR TOP PRIORITY</b>	<b>2 FOCUS ON PEOPLE</b> (including Specialist Medical Practitioners)	<b>3 COST CONTAINMENT AND COST LEADERSHIP</b>	<b>4 GROWING SHAREHOLDER RETURNS</b>	<b>5 CONTINUED FOCUS ON CORPORATE GOVERNANCE</b>
<b>VISION</b>	We aspire to be the number one choice for women seeking health and wellness	We aim to be the employer of choice in the private healthcare sector	We aspire to be amongst the most affordable private healthcare company in Singapore	We are committed to increase the Company's earnings and dividends per share	We are guided by the principles of openness, transparency and risk minimisation for all stakeholders and are committed to continuously improve our corporate governance practices
<b>PRIORITIES</b>	<ul style="list-style-type: none"> <li>• Provide good patient care and emphasise on service excellence</li> <li>• Practise good medicine and treat our patients professionally and ethically</li> <li>• Educate and take time to explain to our patients and their families</li> </ul>	<ul style="list-style-type: none"> <li>• Seek to be employer of choice in the private healthcare sector</li> <li>• Deliver value and service excellence to our patients and their families whilst operating in a socially responsible and ethical manner</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure operating performance and efficiency in running our clinics</li> <li>• Consolidate purchases through our central procurement system and work with our suppliers for the best prices</li> </ul>	<ul style="list-style-type: none"> <li>• Increase the Company's earnings and dividends per share through organic growth and acquisitions</li> <li>• Maintain balanced approach to capital investment and robust capital discipline</li> </ul>	<ul style="list-style-type: none"> <li>• Remain committed to openness, transparency and risk mitigation for all stakeholders</li> </ul>
<b>RISKS</b>	<ul style="list-style-type: none"> <li>• Tarnish reputation of SOG and our Specialist Medical Practitioners</li> <li>• Reduction in the number of patients</li> <li>• Loss of market share</li> </ul>	<ul style="list-style-type: none"> <li>• Challenge in striking a balance between incentivising our Specialist Medical Practitioners and encouraging them to think long term</li> <li>• Inability to hire or retain qualified employees</li> </ul>	<ul style="list-style-type: none"> <li>• Inflation</li> <li>• Increase in operating costs such as rental of clinics</li> <li>• Appreciation of the Singapore dollar making us less affordable to women who come to see us from other countries</li> </ul>	<ul style="list-style-type: none"> <li>• Damages and loss of reputation arising from accidents or mistakes</li> <li>• Inability to execute our organic growth strategy through whole of life health and wellness for women</li> <li>• Failure to achieve the desired targets set for investments</li> </ul>	<ul style="list-style-type: none"> <li>• Adverse changes in sovereign or regulatory risk</li> <li>• Inadvertent breach of the law, regulations or internal controls</li> </ul>
<b>STAKEHOLDERS ENGAGED</b>	<ul style="list-style-type: none"> <li>• Our patients and their families</li> <li>• Employees</li> </ul>	<ul style="list-style-type: none"> <li>• Employees (notably Specialist Medical Practitioners)</li> </ul>	<ul style="list-style-type: none"> <li>• Our suppliers especially our landlords, the hospitals we operate from and our drug suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholders and financial community</li> <li>• Media</li> </ul>	<ul style="list-style-type: none"> <li>• Our patients and their families</li> <li>• Shareholders and financial community</li> <li>• Government and regulatory agencies</li> <li>• Media</li> </ul>

# Key performance indicators

## 1 OUR PATIENTS ARE OUR TOP PRIORITY

### NUMBER OF PATIENTS WHO VISITED OUR CLINICS



### RELEVANCE TO THE STRATEGY

The number of patients visiting our clinics is a key determinant of our revenue. It is an important indicator of our pricing, positioning, marketing and locational strategies and also provides us feedback on our efforts to provide good patient care and service.

### MEASUREMENT

We have used the number of patients who visited the following clinics in 2014 and 2015 to create the comparison:

1. SOG - Beh's Clinic for Women
2. SOG - Choo Wan Ling Clinic for Women
3. SOG - Heng Clinic for Women
4. SOG - KW Lee Clinic & Surgery for Women
5. SOG Clinic for Women




The doctors have held their positions in these clinics for the last two years or longer. Other doctors are not included in this segment as they do not have a full two-year track record. If they were included, the increase in 2015 would be even greater.

### PERFORMANCE OVERVIEW

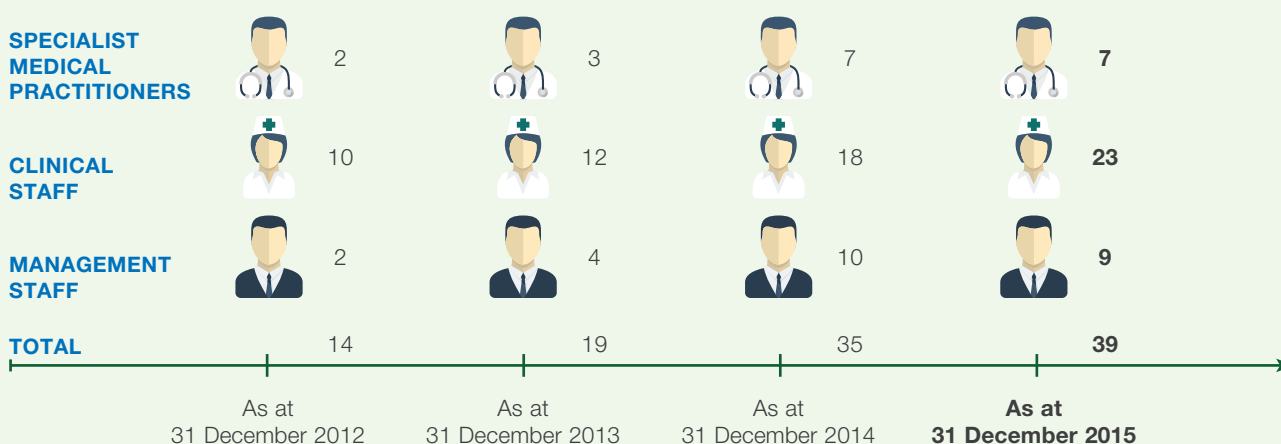
It appears the pricing, positioning, marketing and locational strategies we put in place three years ago appear to be working. Anecdotal evidence also suggests our doctors are doing a good job given many recurrent patients coming back for their second, third and even fourth pregnancies and the many new patients who have come because of personal recommendations from existing patients.

**2 FOCUS ON PEOPLE** (including specialist medical practitioners)

**NUMBER OF SPECIALIST MEDICAL PRACTITIONERS**

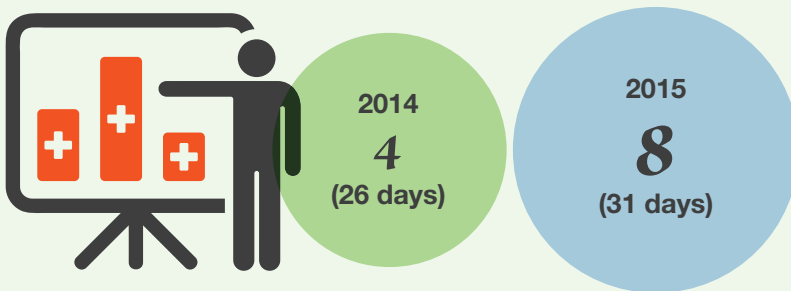
	 O&Gs	 CANCER SPECIALISTS	 DERMATOLOGIST	TOTAL
<b>As at 31 December 2015</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>8</b>
As at 31 December 2014	5	2	–	7
As at 31 December 2013	3	–	–	3
As at 31 December 2012	3	1	–	4

**NUMBER OF HEADCOUNT**

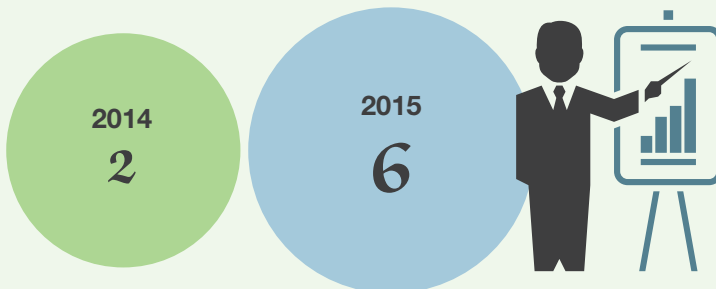


# Key performance indicators

## NO. OF MEDICAL CONFERENCES ATTENDED BY OUR SPECIALIST MEDICAL PRACTITIONERS:



## NO. OF EMPLOYEES WHO ATTENDED EXTERNAL COURSES, RELATING TO THEIR AREAS OF WORK:



### RELEVANCE TO THE STRATEGY

Specialist medical practitioners and clinical staff are responsible for ensuring our patients are well serviced. New specialist medical practitioners expand our capacity and our ability to offer other services. Management employees are responsible for executing our positioning, marketing and locational strategies and to ensure compliance.

Our people is one of the key focus areas for the success of SOG.

### MEASUREMENT

The growth and profile of our people headcount demonstrates our focus in ensuring we provide sufficient attention and care to our patients as well as new capacity for new patients.

Medical conferences and courses relating to their work are critical to equip our people with the up-to-date knowledge and skills in serving our patients and to support one another in SOG.

### PERFORMANCE OVERVIEW

Increase in our people headcount demonstrates our ability to attract talent, grow capacity and maintain good service to patients.

Due to work commitment, we regret to report the low statistics for the number of medical conferences attended by our specialist medical practitioners and the number of employees who attended external courses relating to their areas of work. We will encourage our people to participate more actively in these areas.

### 3 COST CONTAINMENT AND COST LEADERSHIP

#### Expenses as a percentage of revenue

	2015	% of Revenue	2014	% of Revenue	Increase/ (Decrease)
<b>Revenue</b>	16,412,739		13,546,906		
Consumables & medical supplies used	1,857,776	11.3%	1,510,199	11.1%	0.2%
Employees benefits expense	6,283,428	38.3%	4,835,122	35.7%	2.6%
Depreciation of plant & equipment	240,006	1.5%	187,934	1.4%	0.1%
Other operating expense	2,158,519	13.2%	2,119,003	15.6%	-2.4%
Finance expense	-	0.0%	999	0.0%	0.0%
		64.3%		63.8%	0.5%

#### RELEVANCE TO THE STRATEGY

Expenses as a percentage of revenue demonstrates that we are not simply growing, buying, overpaying for talent, and that we are cost conscious.

#### MEASUREMENT

All actual expense categories (except for income tax expense) included in our Group's statement of comprehensive income as a percentage of the Group's revenue.

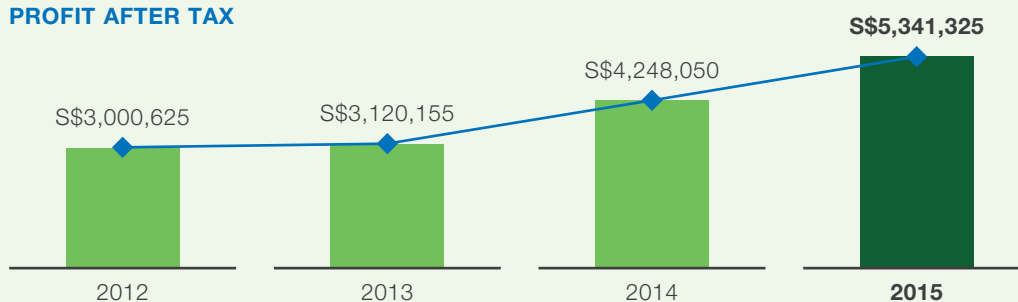
#### PERFORMANCE OVERVIEW

The net change of all actual expense categories for 2015 increased slightly by 0.5% compared to 2014 and this is mainly due to the employee benefits expense category and our shift towards non-O&G specialities. The rise in employee benefits expense was partly due to hiring more doctors, an increase in marketing and accounting staff.

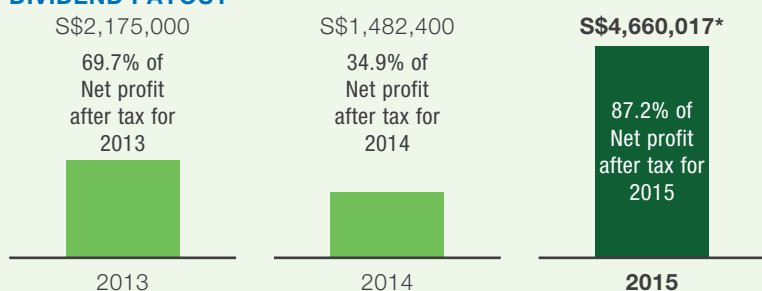
# Key performance indicators

## 4 GROWING SHAREHOLDER RETURNS

### PROFIT AFTER TAX



### DIVIDEND PAYOUT



\* Dividend payout for 2015 consists of interim dividend of S\$1,918,400 which was declared and paid to the shareholders of the Company and final dividend of S\$2,741,617 which was proposed by the Board of Directors but not recognised as liability as at 31 December 2015. The proposed final dividend, if approved by the shareholders of the Company at the Annual General Meeting to be held on 8 April 2016, will be paid on 4 May 2016.

### RELEVANCE TO THE STRATEGY

Dividend payout reflects our balanced approach to growth and delivering value to shareholders. We seek to deliver the largest amount back to shareholders subject to:

- Our Group's financial position, results of operations, cash flow and commitments;
- Our Group's expected working capital requirements to support our Group's future growth;
- Our Group's projected financial performance; and
- The general economic and such other external factors that our Group believes to have an impact on the business operations of our Group.

### MEASUREMENT

Dividends for the year divided by net profit after tax.

### PERFORMANCE OVERVIEW

Pursuant to the Dividend Policy as set out on Page 54 of the Company's Offer Document dated 26 May 2015, the Group targets to distribute up to 90% of our net profit after tax to our shareholders for 2015. In view of our performance of the Group in 2015, the Board of Directors has recommended a final one-tier exempt dividend of 1.15 Singapore cents per share in respect of 2015, together with an interim dividend of 0.88 Singapore cents per share had been paid on 3 September 2015, will constitute 87.2% of the net profit after tax for 2015.



## 5 CONTINUED FOCUS ON CORPORATE GOVERNANCE

### RELEVANCE TO THE STRATEGY

Good corporate governance is key to retaining the confidence of our stakeholders particularly our shareholders and our employees.

### MEASUREMENT

The Company uses internal and external checklists to measure performance. One such external checklist, the Governance and Transparency Index, and how we think we perform, is shown below.

### PERFORMANCE OVERVIEW

Corporate governance continued to be one of the top priorities for the Company in 2015. The decision-making process in the Company is strictly in line with legal and regulatory requirements and in compliance with the Code of Corporate Governance issued by Monetary Authority of Singapore.

The Company has not received any correspondences or notifications in relation to any non-compliance of legal and regulatory requirements or the Code of Corporate Governance from any government and regulatory agencies in 2015.

Below is a self-assessment based on the Governance and Transparency Index.

	SELF ASSESSMENT	MAXIMUM POINTS POSSIBLE	REASONS FOR NOT ACHIEVING MAXIMUM POINTS
<b>1 Board size</b> Number of directors on board	2	2	
<b>2 Board independence</b> Proportion of independent directors on board	3	5	We do not have a majority of non-executive directors because there is sufficient checks and balances namely: we have strong independent directors, the Executive Chairman and the CEO are separate persons and the CEO is not a member of the board.
<b>3 Board competencies</b> Does the board comprise of individuals with various qualifications and backgrounds? Does at least one of the independent directors have experience in the industry the company is in?	1	1	
<b>4 Directorships/Chairmanships in listed companies</b> Is there disclosure of all the directorships and chairmanships held by its directors at present and over the past 3 years?	3	3	

# Key performance indicators

	SELF ASSESSMENT	MAXIMUM POINTS POSSIBLE	REASONS FOR NOT ACHIEVING MAXIMUM POINTS
<b>5 CEO-Chairman separation</b>			
Is the chairman an independent director?			
If the answer to the above is no, is the chairman a non-executive director and not related to the CEO?	2	4	Given the nature of our business which is bespoke in nature, our Executive Chairman needs to have hands on understanding of the business. In order to provide further checks and balances, the Group has appointed a Lead Independent Director.
<b>6 Board and committee meetings</b>			
How many times did the board meet during the year?	3	3	The Board met 6 times on an annualised basis.
How many times did the nominating committee meet during the year?	1	1	The NC met 2 times on an annualised basis.
How many times did the remuneration committee meet during the year?	1	1	The RC met 2 times on an annualised basis.
How many times did the audit committee meet during the year?	1	1	The AC met 4 times on an annualised basis.
Is individual director attendance at board meetings given?	1	1	
Is individual director attendance at all committee meetings given?	1	1	
<b>7 Nominating Committee independence</b>			
Percentage of NC who are independent	2	2	100% of NC are independent directors.
<b>8 Selection of directors</b>			
Is the skills/experience sought disclosed?	1	1	
Is an external search done?	1	1	
Is the process followed disclosed?	1	1	
<b>9 Board and individual director appraisal</b>			
For board appraisal, is the process disclosed in detail?	1	1	
For board appraisal, is the criteria disclosed?	1	1	
For individual director appraisal, is the process disclosed in detail?	1	1	
For individual director appraisal, is the criteria disclosed?	1	1	
Is an external party used at least periodically to conduct the board and/or individual director appraisal?	0	2	The Group may consider undertaking this in the future but as the Company has only just been listed such an appraisal is unlikely to add much value at this time.

	SELF ASSESSMENT	MAXIMUM POINTS POSSIBLE	REASONS FOR NOT ACHIEVING MAXIMUM POINTS
<b>REMUNERATION MATTERS</b>			
<b>1 Remuneration Committee independence</b>			
Percentage of RC who are independent	2	2	100% of RC are independent directors.
<b>2 Executive director/Top 5 executives' remuneration</b>			
Is the remuneration of executive directors disclosed?	4	4	Rounded to the closest S\$1.
Is the remuneration of top 5 executives disclosed?	3	4	There are only 3 other senior executives other than the 3 executive directors and their remuneration is shown in bands due to commercial sensitivities.
Are the names of the top 5 executives given with the bands?	1	1	
Are short-term incentives used?	1	1	
Are long-term incentives used?	0	1	The Board is awaiting a report from RC on long term incentives which must be delivered on or before May 2016.
Are performance measures of executive directors disclosed?	0	1	The Board is awaiting a report from RC on the KPIs to be used for short and long term incentives which must be delivered on or before May 2016 and will be disclosed in the FY2016 Annual Report.
<b>3 Non-Executive director fees</b>			
Is the fees of non-executive directors disclosed?	3	3	
Is the fee structure disclosed?	2	2	
<b>4 Stock options</b>			
Is the vesting period for stock options 3 years or more?	0	1	The Board is awaiting a report from RC on long term incentives including vesting periods which must be delivered on or before May 2016.

# Key performance indicators

	SELF ASSESSMENT	MAXIMUM POINTS POSSIBLE	REASONS FOR NOT ACHIEVING MAXIMUM POINTS
<b>ACCOUNTABILITY AND AUDIT</b>			
<b>1 Composition of the audit committee</b>			
Percentage of AC who are independent	3	3	100% of AC are independent directors.
Does the majority of the audit committee members have an accounting or finance background?	2	2	
Does the audit committee chairman have an accounting or finance background?	2	2	
<b>2 Risk management and internal controls</b>			
Are key risks (including operational risks) disclosed in the annual report?	2	2	Though the current ERM may change the ranking of the top 10 risks.
Is there disclosure of how these risks are assessed and managed?	2	2	
Is there disclosure of the process and framework used to assess the adequacy of internal control systems and risk management?	2	2	
Is there disclosure that the internal auditor meets or exceeds IIA standards?	2	2	
Does the annual report have a statement by the board or audit committee on the adequacy of the internal controls (including operational, financial and compliance) and risk management systems?	2	2	
<b>3 Whistleblowing policy</b>			
Does the company have a whistleblowing policy?	3	3	Key details of the policy are disclosed and anonymous reporting is allowed.
<b>COMMUNICATION WITH SHAREHOLDERS</b>			
<b>1 Timeliness of release of results</b>			
Number of days taken to release the results	3	5	The Group disclosed its financial results within 35 days and significantly faster than the 60 days allowed. As the Board requires that the results are reviewed by the Auditors prior to announcement, it is highly unlikely that the Group's results will be announced within 30 days.

	SELF ASSESSMENT	MAXIMUM POINTS POSSIBLE	REASONS FOR NOT ACHIEVING MAXIMUM POINTS
<b>2 Corporate website</b>			
Is the link provided on the SGX website and/or annual report?	1	1	
Does the website have a clearly dedicated IR link instead of providing the financial information under links such as "News" or "Announcements"?	1	1	
Are the latest financial results available on the website?	1	1	
Is the latest annual report available on the website?	1	1	
Is the IR contact given on the website/ annual report?	1	1	The CEO's and Financial Controller's emails are provided.
<b>3 Does the company respond to calls/ emails requesting information?</b>	2	2	The Group acknowledges all relevant emails and must respond with a reasoned answer within 10 days.
<b>4 Results briefings</b>			
Does the company hold results briefings for media and analysts?	3	3	In one occasion, the Company had to hold two meetings as some of the media could not attend the earlier meeting.
Are key management present at the results briefings?	2	2	
Are the powerpoint slides/webcast from the briefing available on SGX or the corporate website?	1	1	
<b>5 Shareholder participation</b>			
Does the company allow shareholders who hold shares through nominees to attend AGMs as observers without being constrained by the two-proxy rule?	0	2	Our Company Secretary believes this is costly to implement especially since we know of no shareholder who has requested for more than 2 proxies (and in such an event we would welcome the additional persons as observers).
Notice period of AGM	0	1	We want our AGM to be earlier than later so that our shareholders can attend.
Is detailed information on each item in the agenda for the AGM disclosed in the Notice?	1	1	
Does the company conduct voting by show of hands (H) or by ballot/poll?	2	2	
Does the company publish detailed information of the vote results?	1	1	
<b>TOTAL BASIS SCORE</b>	<b>84</b>	<b>99</b>	

# Key performance indicators

		SELF ASSESSMENT	MAXIMUM POINTS POSSIBLE	REASONS FOR NOT ACHIEVING MAXIMUM POINTS
<b>BONUSES</b>				
1	Having a positive confirmation statement at the start of the corporate governance report that they have adhered to the principles and guidelines of the Code, and if there is any deviation from the Code, specify each area of non-compliance	3		
2	Having limits on the number of directorships that can be held concurrently  If the proportion of directors holding fewer than 6 concurrent directorships in other companies is more than those who hold a higher number	2		
3	CEO/CFO certification of financial statements	3		
4	Providing a comprehensive description of how the company assesses the independence of its directors	3		
5	Having a policy which encourages non-executive directors to purchase shares in the company and hold them till they leave the Board	3		All our independent directors own shares in the Company.
6	Disclosing the company's code of conduct or ethics	3		
<b>PENALTIES</b>				
1	If the same independent directors sit on all the nominating, remuneration and audit committees in the company	-5		We only need and have three independent directors.
<b>TOTAL SCORE</b>		<b>96</b>		

# Risk identification and management

The identification of risks around our businesses and how they should be managed are one of SOG's most important strategic objectives.

The purpose of risk identification and management is to ensure that events that may adversely affect SOG's achievement of its goals are identified promptly and to take adequate actions and measures by distributing the responsibilities among decision-makers.

## **PRINCIPLES ON WHICH RISK IS ASSESSED AND MANAGED**

When considering risk and risk oversight, the Board has uses a variant of the COSO Ten Principles namely:

1. How does the Company generate patient revenue, manage its human capital and remain competitive? For example, we seek to provide more services, more doctors and in multiple locations, thereby reducing the risk of having to 'price gorge' in order to record revenue growth.
2. How do we manage the inherent regulatory, general industry and specific medical sub-specialty risks and how our strategy interacts with or addresses such risk? For example, how would we cope with China or Vietnam regulations if we decided to expand into those countries, what research advances have taken place that could help our patients and what services we need to consider adding, in the face of the huge spike in sedentary lifestyles of Singapore women.
3. What can, should and how does the Board and its committees address such risks and foster a culture that is risk efficient? For example, the Board has sought professional help to establish an Enterprise Risk Management system.
4. Do we have a culture that is risk efficient? For the Company, this means being conservative and up-to-date whilst treating patients but more aggressive in addressing and offering value to whole of life health and wellness concerns of women.
5. What framework should the Board agree with management on how risk is presented, processed, communicated and monitored? These include instant communication in the event of an important negative event, no over reaction in the event of an immaterial development and snail mail on good news.
6. Being frank and open in the discussion of risk. For example, getting doctors to ask for second opinions, to shift patients to other doctors who have greater expertise in a sub-sub specialty and to share potential oversight or possible mistakes early. For example, getting the Board to explicitly set a risk bar so management knows what is acceptable and what is not.
7. How can we ensure that our remuneration schemes do not foster a culture of short-termism or unjustifiable risk taking? For example, the new package we are designing for our CEO has a sizeable variable component tied to 5 objective KPIs.
8. Monitor the critical assumptions we have made and to revisit our strategy every time one of these critical assumptions diverges materially. For example, actions we need to take if Singapore was suddenly hit by Zika virus.

# Risk identification and management

9. Trying to forecast more than 5 years into the future by considering both emerging trends and black swan events. For example, the possible breakthrough in DNA testing for predisposition and the sudden incapacity or death of a doctor.

## IMPLEMENTATION OF AN ENTERPRISE RISK MANAGEMENT (“ERM”) SYSTEM

In 2015, SOG kicked started our risk management activities by inviting an external professional to help us start an ERM framework. The ERM framework based on the 10 principles stated above and involves:

- Identifying events or circumstances relevant to SOG’s objectives (risks and opportunities),
- Assessing these risks and opportunities in terms of likelihood and magnitude of impact,
- Determining a response strategy, and
- Monitoring progress.

This section discusses the top ten key risk factors that have emerged and which may have a significant impact on SOG’s financial and operating performance. It should be noted that as the ERM procedures are still in progress, there may be changes in ranking or management of these risks. All estimates and forecasts contained in this report should only be viewed taking these risks into account.

Other risk factors which SOG is unaware or which are not currently deemed to be significant, may be material in the future and have a considerable adverse effect on the Group’s financial and operating performance.

This report does not aim to give an exhaustive discussion of all risks that may impact the Group. Below discloses our top ten preliminary key risk factors and explains our minimisation measures to manage these risks.

Our risk management approach is based on our understanding of our current risk exposure, appetite and external forces.





RISK	DESCRIPTION	IMPACT TO THE GROUP	LIKELIHOOD OF OCCURRENCE	RISK MINIMISATION MEASURES
<b>FINANCIAL RISKS</b>				
<b>1. Uncertain global economic outlook</b>	Our Group may be adversely affected by the uncertain economic outlook which will result in decline in the number of expatriates, immigrants and medical tourists to Singapore.	Medium	Medium	SOG will continue to focus on our domestic market and increase our local patient pool for our O&G and cancer-related segments.  In view that most of our patients can use Medisave and/or insurance, the impact is lessened.
<b>2. Decline in birth rate</b>	Obstetrics accounted for 53.7% of the Group's revenue for 2015. A decline in birth rate will have a direct impact on this part of the Group's revenue.	High	Low	It is in the Company's business plan to diversify its revenue base. With the acquisition of a new dermatology/aesthetic business in January 2016, revenues from the Obstetrics, Gynaecology and Cancer will be proportionately reduced in 2016.
<b>3. Death or incapacity of key specialist medical practitioners</b>	Our Group will be adversely affected if any of our key specialist medical practitioners are not able to consult, manage and treat our patients.	High	Low	We recognise this as one of the key risks and have put in place succession and contingent plans such as recruiting new specialist medical practitioners of younger age groups.
<b>OPERATIONAL RISKS</b>				
<b>4. Inability to attract new talent and retain existing talent</b>	Our business operations is the provision of specialist medical services and healthcare professionals play a significant role.  The demand for healthcare professionals is highly competitive in Singapore. If the Group is unable to recruit and retain sufficient healthcare professional, it will impact our ability to grow and achieve our goals in a timely manner.	High	Medium	We are continuously looking out for new talent especially specialist medical practitioners.  We focus on staff retention and conduct employee feedbacks and townhall meetings to further understand our employees.  Mutually beneficial terms in the employment contract will be an attraction for recruitment.

# Risk identification and management

RISK	DESCRIPTION	IMPACT TO THE GROUP	LIKELIHOOD OF OCCURRENCE	RISK MINIMISATION MEASURES
<b>5. Complaints, claims and regulatory actions arising from the provision of healthcare services</b>	<p>The provision of healthcare services entails inherent risks of liability.</p> <p>While we have not been the subject of any material complaints, claims or regulatory actions arising from the provision of our healthcare services, we are exposed to the risks of the same being made against us, and the risks of litigation and potential liability arising from the conduct of our business and the provision of professional healthcare services.</p>	High	Medium	<p>All employees (including specialist medical practitioners) are constantly reminded to adhere to our Code of Conduct and Practices, and Code of Ethics, and treat our patients professionally and ethically.</p> <p>We have stringent processes to ensure we treat our patients professionally and ethically.</p> <p>We have a Medical Advisory Committee who oversees the governance and standards of the Group.</p>
<b>6. Reputation risk</b>	<p>Any negative comments or news such as complaints, allegations and legal actions against us will impact our reputation.</p>	Medium	Low	<p>We often conduct townhall meetings to address certain operational issues and highlight the importance of key areas in our Code of Conduct and Practices, and Code of Ethics, and ensure our employees comply with these codes.</p> <p>Any non-compliance will result in disciplinary actions taken against the employees.</p>
<b>7. Lease renewals and relocation risks</b>	<p>Currently, we lease the premises of all of our medical clinics. Upon the expiry of such lease terms, the landlords have the right to review and revise the terms and conditions of such lease agreements. Thus, we face the risk of an increase in rental or not being able to renew the leases on terms and conditions favourable to us or at all. Any increase in rental or relocation would increase our operating expenses.</p>	Medium	Low	<p>We negotiate the terms and conditions of our lease agreements, at least 3 months, before the expiry of such lease terms. This is to ensure we have sufficient time to plan for relocation if the terms and conditions are not favourable.</p>

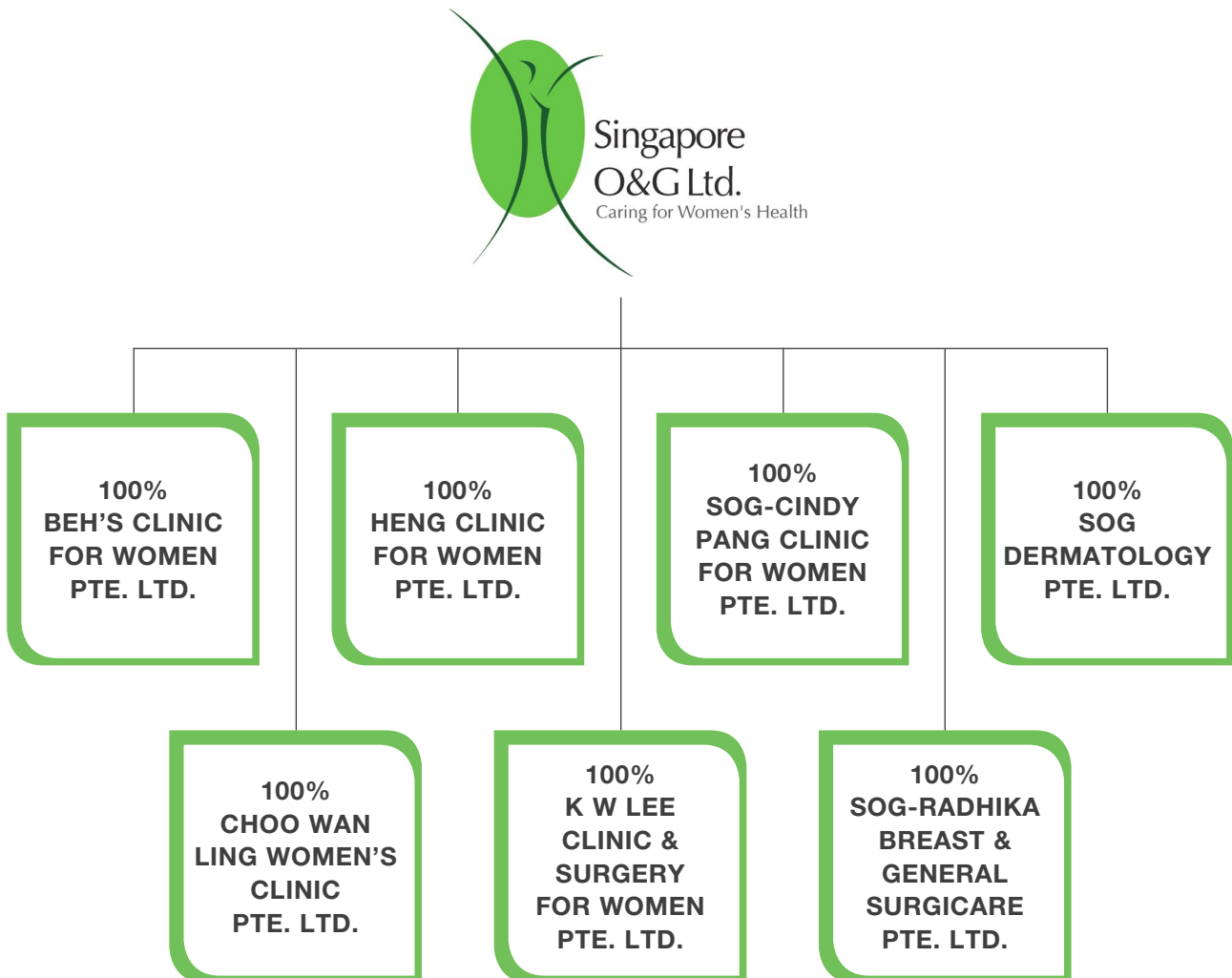
RISK	DESCRIPTION	IMPACT TO THE GROUP	LIKELIHOOD OF OCCURRENCE	RISK MINIMISATION MEASURES
<b>SOCIAL AND ENVIRONMENTAL RISKS</b>				
<b>8. Outbreak of infectious diseases</b>	<p>Outbreak of infectious diseases such as Zika virus, Severe Acute Respiratory Syndrome ("SARS"), Middle East Respiratory Syndrome ("MERS") or any other contagious or virulent diseases like influenza (H5N1 and H7N9) or bird flu can possibly have a material adverse impact on our operations and affect the health of our patients or their babies.</p>	High	Low	<p>Guidelines are in place both at the macro level (MOH has stringent guidelines on preparedness) and micro, company/clinic level.</p> <p>Employees are instructed on the procedures in such situations to protect patients, their families and the employees themselves.</p> <p>Contingent plans to tackle outbreak of infectious diseases are drawn up to help our clinics manage such risks.</p>
<b>9. Increase in radiation and pollution and inappropriate diet which could affect the incidence of cancer and other illnesses</b>	<p>Aetiology of cancer can be related to environmental, lifestyle or behavioural factors.</p> <p>With the increase in radiation and pollution and unhealthy diet, the number of cancer notifications is expected to be in an increasing trend and there must be rapid developments in medical technology and expertise to handle this situation.</p> <p>Specifically, our Cancer Specialists may be exposed to changes in medical technology such as alternative procedures, treatments, drugs and other products that may be more effective, easier to use or more economical than those currently utilised by us.</p>	High	Low	<p>Our Cancer Specialists often attend medical conferences and attend peer review discussions to keep updated. They also keep abreast of the latest developments in medical equipments and technology by paper review and also participating in product launches.</p>

# Risk identification and management

RISK	DESCRIPTION	IMPACT TO THE GROUP	LIKELIHOOD OF OCCURRENCE	RISK MINIMISATION MEASURES
<b>LEGAL/REGULATORY RISKS</b>				
<b>10. Non-compliance to regulations and licensing requirements for our operations</b>	Any non-compliance to regulations and licensing requirement will result in us not being able to operate our clinics.	High	Low	<p>We constantly review our policies and processes to ensure compliance with the regulations and to ensure timely approvals are obtained from the relevant authorities.</p> <p>When in doubts, we always clarify and seek their assistance in a timely manner.</p>

# Group structure

Our Group Structure as at 31 December 2015 is as follows:



Note:

On 29 January 2016, we have incorporated the following two wholly-owned subsidiaries:

1. SOG-Natalie Chua Clinic for Women Pte. Ltd.
2. SOG-SK Lim Breast & General Surgicare Pte. Ltd.

# Financial highlights

## REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE

	FY 2015 (S\$)	FY 2014 (S\$)	Increase/ (Decrease) (S\$)	%	The increase or (decline) in FY 2015 as compared to FY 2014 was mainly due to:
Revenue	16,412,739	13,546,906	2,865,833	21.2%	<ul style="list-style-type: none"> <li>• The full-year revenue contribution of S\$1.5 million from our new Cancer Specialists clinics; and</li> <li>• The increase in patient loads.</li> </ul>
Other Operating Income	182,016	145,563	36,453	25.0%	More government grants received.
Consumables and Medical Supplies Used	(1,857,776)	(1,510,199)	347,577	23.0%	<ul style="list-style-type: none"> <li>• Change in revenue mix. Cancer treatment uses more consumables; and</li> <li>• Rise in patient loads.</li> </ul>
Employee Benefits Expense	(6,283,428)	(4,835,122)	1,448,306	30.0%	<ul style="list-style-type: none"> <li>• The full-year salary and benefits expense of the two new Cancer Specialists clinics; and</li> <li>• The increase in headcount from 28 in 2014 to 32 in 2015.</li> </ul>
Depreciation of Plant & Equipment	(240,006)	(187,934)	52,072	27.7%	The increase is mainly due to the acquisition of three new ultrasound machines.
Other Operating Expenses	(2,158,519)	(2,119,003)	39,516	1.9%	<ul style="list-style-type: none"> <li>• Rental expenses of S\$0.2 million for our new Cancer Specialist clinics; and</li> <li>• Impairment charge of investment in available-for-sale financial assets of S\$0.1 million; offset by</li> <li>• A S\$0.3 million decline in professional &amp; legal expenses.</li> </ul>
<b>Profit from Operations</b>	<b>6,055,026</b>	<b>5,040,211</b>	<b>1,014,815</b>	<b>20.1%</b>	
Net Finance Income/(Expense)	126,573	(845)	127,418	>100%	Interest income earned from the placement of cash surplus with financial institutions including placement of our IPO proceeds into fixed deposit arrangements.
<b>Profit before Income Tax</b>	<b>6,181,599</b>	<b>5,039,366</b>	<b>1,142,233</b>	<b>22.7%</b>	
Income Tax Expense	(840,274)	(791,316)	48,958	6.2%	Higher profits in 2015.
<b>Profit for the Year</b>	<b>5,341,325</b>	<b>4,248,050</b>	<b>1,093,275</b>	<b>25.7%</b>	

## REVIEW OF THE GROUP'S FINANCIAL POSITION

	31 Dec 2015 (S\$)	31 Dec 2014 (S\$)	Increase/ (Decrease) (S\$)	%	The increase or (decline) as at 31 Dec 2015 as compared to 31 Dec 2014 was mainly due to:
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Goodwill	842,295	842,295	–	–	Goodwill arising from the acquisition of Beh's Clinic for Women and Choo Wan Ling Women's Clinic in 2014.
Plant & Equipment	678,680	601,383	77,297	12.9%	Acquisition of three new ultrasound machines in 2014.
Investment in Available-for-Sale Financial Assets	148,411	–	148,411	100.0%	<ul style="list-style-type: none"> <li>Relates to the 5% equity interest in SG Meditech Pte. Ltd. held by the Company; offset by</li> <li>An impairment charge of S\$0.1 million recorded in 2015.</li> </ul>
<b>Total Non-Current Assets</b>	<b>1,669,386</b>	<b>1,443,678</b>			
<b>Current Assets</b>					
Inventories	278,452	204,860	73,592	35.9%	The purchase of inventories for Joyce Lim Skin & Laser Clinic in December 2015.
Trade & Other Receivables	1,477,586	1,931,484	(453,398)	-23.5%	Our step-up effort in following up on the outstanding doctor's professional fees due from hospitals and insurance companies.
Cash & Cash Equivalents	24,209,144	11,276,114	12,933,030	114.7%	The IPO proceeds received in 2015.
<b>Total Current Assets</b>	<b>25,965,182</b>	<b>13,412,458</b>			
<b>Total Assets</b>	<b>27,634,568</b>	<b>14,856,136</b>			

## EQUITY AND LIABILITIES

### Capital & Reserves

Share Capital	14,428,020	4,212,615	10,215,405	>100%	The IPO proceeds received, net of share issuance costs of S\$0.7 million
Capital Reserve	1,771,070	1,771,070	–	–	Capital reserve represents the difference between the fair value of the purchase consideration of S\$3.1 million paid by the Company and the net assets of S\$1.3 million from Beh's Clinic for Women, ST Surgery and Choo Wan Ling Women's Clinic acquired in 2014.





# Financial highlights

	31 Dec 2015 (S\$)	31 Dec 2014 (S\$)	Increase/ (Decrease) (S\$)	%	The increase or (decline) as at 31 Dec 2015 as compared to 31 Dec 2014 was mainly due to:
Merger Reserve	(1,695,311)	(1,695,311)	–	–	Merger reserve represents the difference between the consideration of S\$3.0 million paid by the Company and the net assets of S\$1.3 million from KW Lee Clinic & Surgery and Heng Clinic for Women acquired.
Retained Earnings	9,508,210	7,567,685	1,940,525	25.6%	<ul style="list-style-type: none"> <li>• Net profit after tax of S\$5.3 million for FY 2015; offset by</li> <li>• Dividend paid to shareholders of S\$1.5 million and S\$1.9 million in March and September 2015 respectively.</li> </ul>
<b>Total Equity</b>	<b>24,011,989</b>	<b>11,856,059</b>			
<b>Non-Current Liabilities</b>					
Deferred Tax Liabilities	85,536	12,696	72,840	>100%	Temporary differences between the accounting and tax carrying value of the plant and equipment.
<b>Total Non-Current Liabilities</b>	<b>85,536</b>	<b>12,696</b>			
<b>Current Liabilities</b>					
Trade & Other Payables	1,648,992	1,749,551	(100,559)	-5.7%	More prompt payment to suppliers.
Deferred Revenue	379,693	279,076	100,617	36.1%	More antenatal package fees received.
Current Tax Liabilities	1,508,358	958,754	549,604	57.3%	<ul style="list-style-type: none"> <li>• The balance as at 31 Dec 2015 comprises of income tax payables of S\$0.7 million for FY 2014, and</li> <li>• Current year's tax provision of S\$0.8 million.</li> </ul>
<b>Total Current Liabilities</b>	<b>3,537,043</b>	<b>2,987,381</b>			
<b>Total Liabilities</b>	<b>3,622,579</b>	<b>3,000,077</b>			
<b>Total equity and liabilities</b>	<b>27,634,568</b>	<b>14,856,136</b>			









## KEY FINANCIAL INFORMATION

## REVENUE





2015		<b>S\$16,412,739</b>
2014		S\$13,546,906
2013		S\$8,641,700
2012		S\$8,116,481

## REVENUE BY OPERATING SEGMENTS


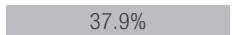
2015		<b>S\$14,876,884</b>		<b>S\$1,535,855</b>
2014		S\$13,452,728		S\$94,178
2013		S\$8,641,700		
2012		S\$8,116,481		

■ O&G ■ Cancer-related

## PROFIT FROM OPERATIONS

2015		<b>S\$6,055,026</b>
2014		S\$5,040,211
2013		S\$3,719,463
2012		S\$3,425,819

## PROFIT FROM OPERATIONS (MARGINS)

O&G			
2015		<b>41.2%</b>	<b>S\$6,125,664</b>
2014		37.9%	S\$5,094,305
Cancer-related			
			Not meaningful to be discussed

## PROFIT AFTER TAX

Year	S\$
2015	<b>S\$5,341,325</b>
2014	S\$4,248,050
2013	S\$3,120,155
2012	S\$3,000,625

## DIVIDEND

Year	S\$
2015	<b>S\$4,660,017</b> (Dividend per share: 2.03 cents based on 218,000,000 shares for interim dividend, and 238,401,501 shares for final dividend)
2014	S\$1,482,400 (Dividend per share: 0.85 cents based on 174,400,000 shares)

2013 & 2012 – Not meaningful to be discussed

BASIC AND DILUTED EARNINGS PER SHARE<sup>1</sup>

Year	Cents
2015	<b>2.45</b>
2014	1.95
2013	1.43
2012	1.38

NET ASSET VALUE PER SHARE<sup>2</sup>

Year	Cents
2015	<b>11.01</b>
2014	6.80
2013	—*
2012	—*

\* Not meaningful to be discussed

<sup>1</sup> For illustration purposes, earnings per share is computed based on the profit after tax for the financial years ended 31 December 2015, 2014, 2013 and 2012 and based on 218,000,000 shares of the Company.

<sup>2</sup> The calculation of net asset value per ordinary share was based on 218,000,000 shares as at 31 December 2015 (31 December 2014: 174,400,000 shares).

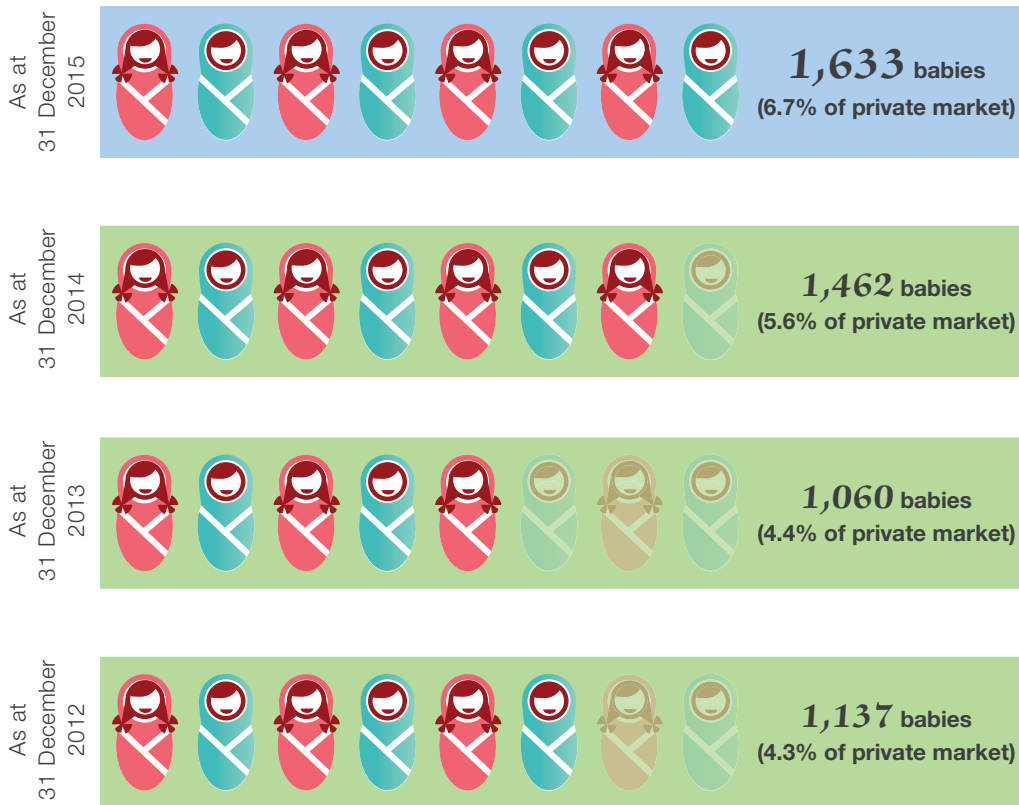
# Sustainable development

## Delivering new lives (babies) in Singapore

### 2015 HIGHLIGHTS

SOG delivered 171 or 11.7% more babies in 2015 from 1,462 babies in 2014 to 1,633 babies in 2015. Our number of deliveries in 2015 represents 6.7% of the private delivery market. In conjunction with the SG50 celebrations to commemorate Singapore’s Golden Jubilee, Singapore government and various agencies had provided strong support in encouraging the nation to have more SG50 babies. This contributed to our success in delivering more new lives (babies) in 2015.

### NUMBER OF BABIES DELIVERED BY SOG



\* Each figure represents 200 babies

With the announcement “Have three, or more if you can afford it”<sup>3</sup> from our First Deputy Prime Minister Goh Chok Tong on 1 March 1987, the slogan marked the end of the anti-natalist two-child population policy in Singapore which had been in place since 1972.

Over the subsequent years, the Singapore Government has promoted heavily and encouraged couples to have more babies. Various initiatives, measures and incentives have been introduced by the Singapore Government each year, ranging from giving and increasing tax rebates, childcare subsidies, flexibility to use Medisave to cover the delivery costs of the first three children, and allocating priority to parents who had given birth to a third child to upgrade to larger Housing and Development Board flats.

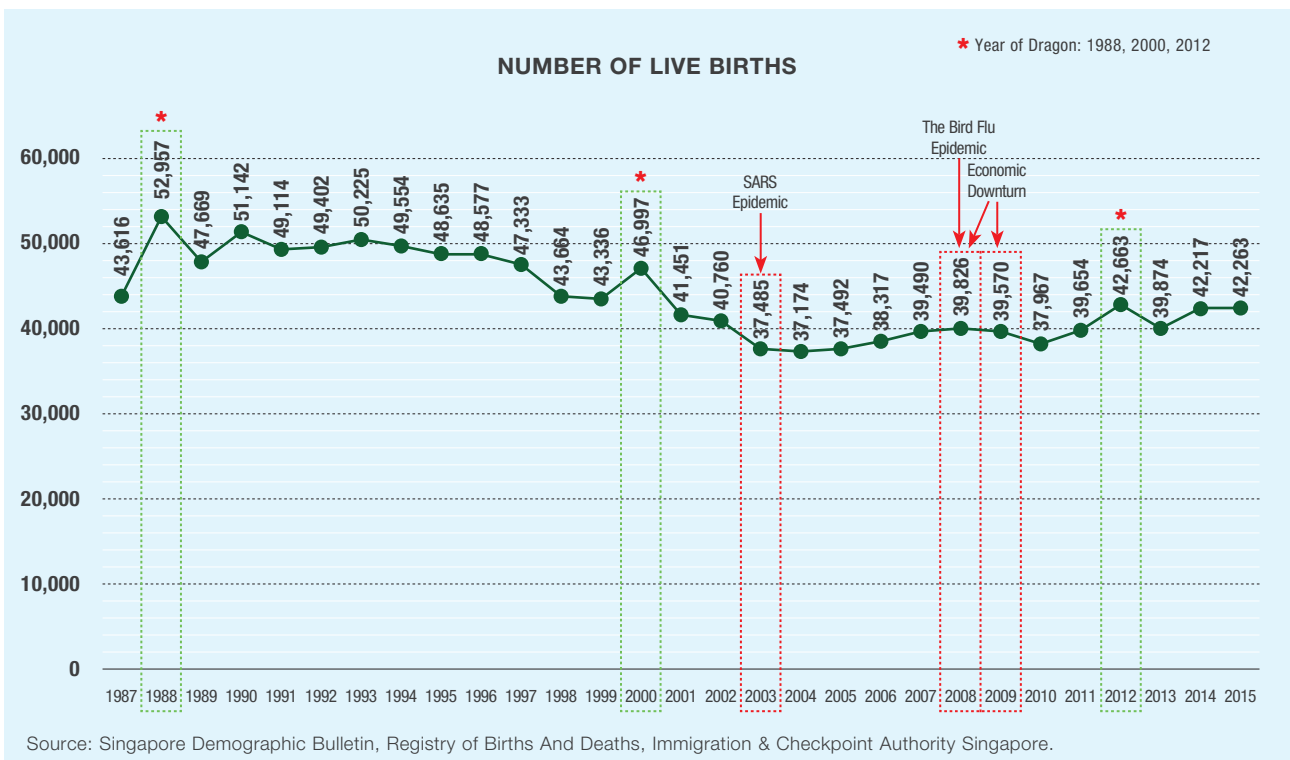
<sup>3</sup> Source: Saw, S.-H. (2012). The population of Singapore (p. 215). Singapore: Institute of Southeast Asian Studies. Call no.: SING 304.6095957 SAW.

We hope to work with the Singapore Government to continue to increase the population in Singapore.

**2016 OUTLOOK**

Whilst the number of live births in Singapore was the highest in 2015 for the last decade, we are hopeful that the birth rate for 2016 will continue to hold or better that of 2015.

Despite the prediction of a gloomy economic outlook and couples may think twice about having children, we believe the attractiveness of the Singapore government’s initiatives, measures and incentives will entice couples to continue to have children. Based on the historical birth rates, we noted that the birth rate may not be as significantly affected by economic downturns as assumed.



From the above graph, we note that during the economic turmoil in 2008 and 2009, the number of deliveries were 39,826 and 39,570 respectively. These were actually higher than those registered in 2007 which saw total deliveries of 39,490. We cannot infer conclusively that there is no effect as there are usually more than one factor affecting a family’s decision to have or not to have a baby in any particular year.

We also note that there was a spike in live births for 1988, 2000 and 2012 which are the ‘Year of Dragon’. According to Chinese astrology, the dragon’s qualities such as honesty, magnanimity, courage and power manifest in individuals born in a Year of the Dragon. Notwithstanding that SOG just started out in 2011, our number of deliveries for 2012 was higher than 2013 and this could be partly attributed to the myth of having a Dragon Year baby.

# Sustainable development

## *Preserving and extending lives for our patients and their families*

### **2015 HIGHLIGHTS**

Towards the end of 2014, SOG recruited two Cancer Specialists to help treat and manage women cancers particularly breast cancer and gynaecological cancers. We have consistently seen a rise in cancer cases in Singapore and the number of breast and gynaecological cancers have risen in tandem. At present, we have a Gynae-Oncologist and a Breast Surgeon (the “Cancer Specialists”) and in 2015, they collectively treated 1,003 patients and performed 170 surgeries.

SOG is committed to preserve and extend the lives of our patients and we are constantly looking to recruit the right specialist medical practitioners to help us achieve our mission.

### **2016 OUTLOOK**

2016 will be an exciting year for SOG as we continue on our expansion plans to create value for our shareholders while not losing sight of our mission to improve the health of our patients. To this regards and in widening our strategy to diversify our revenue stream, we have managed to acquire a skin care business helmed by the renowned Dr. Joyce Lim. We are delighted that Dr. Lim officially joined us in January 2016. Dr. Lim, a skin specialist (Dermatologist) adds a new dimension to our revenue stream and provides synergistic possibilities to our core O&G business.

Pregnant patients and patients going through hormonal changes either at puberty or during menopause can have increased incidences of skin problems. Dr. Lim will benefit from these referrals on top of her already impressive list of recurring patients. Dr. Lim also has a range of proprietary skin care products which can now be marketed and sold through our O&G clinics.

In January 2016, we recruited a new Breast Surgeon, Dr. Lim Siew Kuan who will be joining us in May 2016 and she will be a significant addition in our fight against cancer. Dr. Lim Siew Kuan will practice out of Mount Elizabeth Novena Medical Centre.

# Future plans

## Some common issues for late pregnancy

- Take longer to get pregnant
- Require assisted reproductive technologies
- More likely to develop gestational diabetes during pregnancy
- More likely to develop high blood pressure during pregnancy
- More likely to have a low birth weight baby and a premature birth
- Might need a C-section delivery
- Risk of chromosome abnormalities is higher
- Risk of pregnancy loss is higher



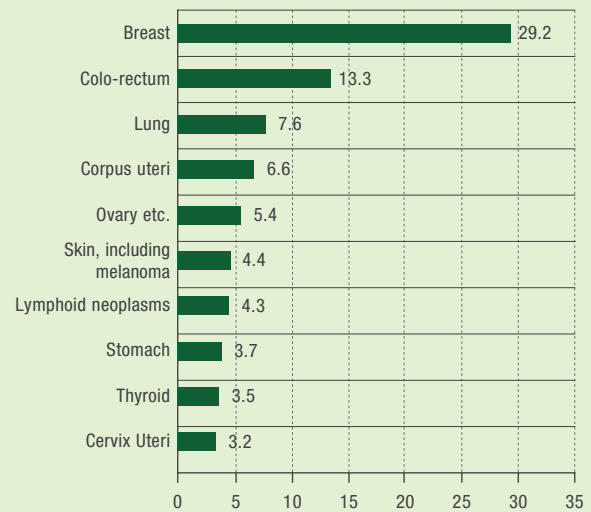
- Obstetricians & Gynaecologist
- Gynae-Oncologist
- Breast Surgeon
- Dermatologist

## Our current Specialist Medical Practitioners

Cancer can develop at any age, but is most common in older people. More than one third of cancers are diagnosed in people aged 75 and above.

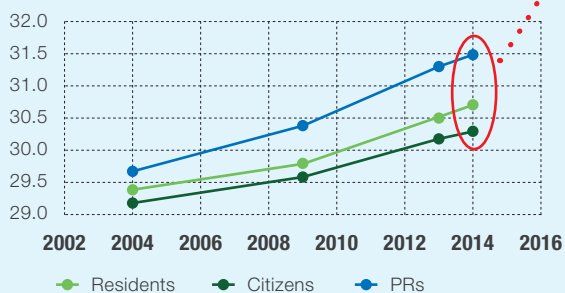
Source: <http://www.cancerresearchuk.org/health-professional/cancer-statistics/incidence#heading-Two>

### Ten Most Frequent Cancers (%) in Females 2010 - 2014



Source: <http://www.singaporecancersociety.org.sg/learnaboutcancer/cancerfactsfigures.aspx>

### Median age of mothers at first birth by residency status of mothers



Source: <http://population.sg/population-in-brief/files/population-in-brief-2015.pdf>

# Future plans

## OUR FUTURE PLANS

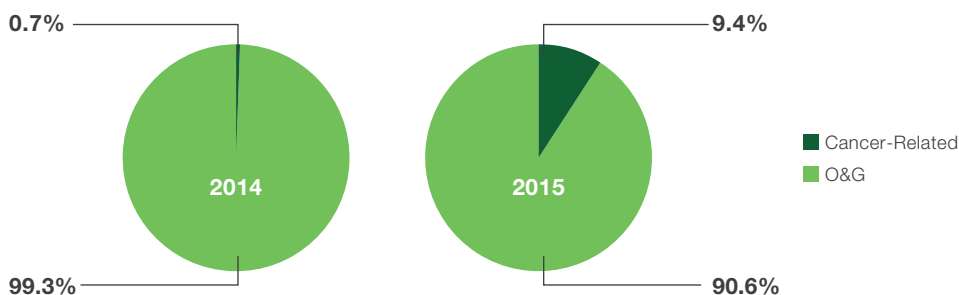
- Offering additional services by way of whole of life health and wellness to women in Singapore.
- To expand our business operations regionally through organic growth, joint ventures and acquisitions.
- Investment in our healthcare professionals and in other synergistic businesses to ensure that we are at the forefront of the industry.
- Diversify and grow our business base to include more corporate clients and medical travellers.

## WHERE ARE WE NOW

As a leading group of Specialist Medical Practitioners dedicated towards women's health and wellness, we strive to provide the full suite of services relating to women's health and wellness. Towards end of 2014, SOG started its Cancer division by recruiting a breast and general surgeon, Dr. Radhika Lakshmanan, and an obstetrician and gynae-oncologist, Dr. Cindy Pang.

In 2015, the contribution of our five O&G specialist medical practitioners and two Cancer Specialists to the Group's revenue are as follows:

### Revenue contribution by segment



The commencement of our Cancer division is a ground-breaking development from our core O&G business. With our new incoming Breast Surgeon, Dr. Lim Siew Kuan, joining in May 2016, we will be establishing our presence in this area of healthcare. We hope to make this a significant pillar of our revenue stream and one that will also make an impact on our patient's lives.

On 31 December 2015, we completed the acquisition of the entire rights, title and interest of Dr. Joyce Lim Teng Ee and the business and medical practices of JL Laser & Surgery Centre Pte. Ltd., JL Esthetic Research Centre Pte. Ltd. and JL Dermatology Pte. Ltd. (the "Acquisition"). With the completion of the Acquisition, SOG will have a new dermatology division. With the contribution from the dermatology division, the percentage of revenue contribution from the other O&G segments will be proportionately reduced in 2016.

Both the enlargement of our Cancer division and the Acquisition are aligned with our existing business strategy and future expansion plans.

## WHAT WE AIM TO ACHIEVE IN THE FUTURE



At the heart of our future plans, we aim to:

- Continue to recruit more O&G specialist medical practitioners to enlarge our core pillar of the Group.
- With number of live births delivered by SOG each year, we hope to create another new business pillar by providing our patients with our own Paediatricians.
- Work with Dr. Joyce Lim to offer a range of pharmaceutical and cosmeceutical skin products through different distribution channels.
- Develop a team of aesthetic physicians under SOG Dermatology and under Dr. Joyce Lim's mentorship to increase market share and territorial advantage.
- Increase the level of inter-company referrals through synergy awareness.
- Look out for overseas opportunities, especially in areas where not just profitability but also humanitarian contributions can be provided.
- Diversify our core O&G business and build up the remaining business segments to achieve 25% revenue contribution from each of the four segments – O&G, cancer-related, dermatology and paediatrics.

# Corporate information

## BOARD OF DIRECTORS

### Dr. Lee Keen Whye

(Executive Chairman)

### Dr. Heng Tung Lan

(Executive Director)

### Dr. Beh Suan Tiong

(Executive Director)

### Mr. Christopher Chong Meng Tak

(Lead Independent Director)

### Mr. Chan Heng Toong

(Independent Director)

### Mr. Chooi Yee-Choong

(Independent Director)

## AUDIT COMMITTEE

### Mr. Christopher Chong Meng Tak (Chairman)

### Mr. Chan Heng Toong

### Mr. Chooi Yee-Choong

## REMUNERATION COMMITTEE

### Mr. Christopher Chong Meng Tak (Chairman)

### Mr. Chan Heng Toong

### Mr. Chooi Yee-Choong

## NOMINATING COMMITTEE

### Mr. Chan Heng Toong (Chairman)

### Mr. Christopher Chong Meng Tak

### Mr. Chooi Yee-Choong

## COMPANY SECRETARY

Ms. Lee Bee Fong

(a member of the Singapore Association of the Institute of Chartered Secretaries and Administrators)

## REGISTERED OFFICE

34 Cassia Crescent #01-80

Singapore 390034

## PRINCIPAL PLACE OF BUSINESS AND CONTACT DETAILS

34 Cassia Crescent #01-80

Singapore 390034

Telephone Number: +65 64404123

Facsimile Number: +65 64408240

## SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Tricor Barbinder Share Registration Services

(a division of Tricor Singapore Pte. Ltd.)

80 Robinson Road #02-00

Singapore 068898

## SPONSOR

Hong Leong Finance Limited

16 Raffles Quay

#01-05 Hong Leong Building

Singapore 048581

## AUDITORS

Foo Kon Tan LLP

47 Hill Street #05-01

Singapore Chinese Chamber of

Commerce & Industry Building

Singapore 179365

Partner-in-charge: Ms. Ang Soh Mui

Date of appointment: 12 November 2014

## PRINCIPAL BANKERS

DBS Bank Ltd

United Overseas Bank Limited



# CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**”) of Singapore O&G Ltd. (the “**Company**”) and its subsidiaries (together with the Company, the “**Group**”) recognises the importance of corporate governance and is committed to ensuring the highest standards of corporate governance are practised throughout the Group, as a fundamental part of discharging its responsibilities to protect and enhance shareholder value, as well as strengthening investors’ confidence in its management and financial reporting while seeking to achieve operational excellence and delivering the Group’s long-term strategic objectives.

This Corporate Governance report (the “**Report**”) describes the Group’s ongoing efforts since 4 June 2015, being the date of the initial public offering (“**Listing Date**”) of the Company’s shares on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), to 31 December 2015, in keeping pace with the evolving corporate governance practices and complying with the Code of Corporate Governance 2012 (the “**Code**”) and where applicable, the Listing Manual Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (the “**Catalist Rules**”), the Companies Act (Cap. 50 of Singapore) (the “**Companies Act**”) and the Audit Committee Guidance Committee Guidebook, focusing on areas such as internal controls, risk management, financial reporting, internal and external audit. The Board confirms that the Company has adhered to the principles and guidelines as set out in the Code. Where there are deviations from the Code, appropriate explanations are provided.

## (A) BOARD MATTERS

### The Board’s Conduct of Affairs

#### Principle 1

*Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.*

The Board is primarily responsible for overseeing and supervising the Management of the business and corporate affairs, and the overall performance of the Group. Board members are expected to act in good faith and exercise independent judgement in the best interests of the Group.

The principal functions of the Board are:

- providing entrepreneurial leadership, reviewing and setting the strategic directions and broad policies, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and monitoring the organisational performance towards them;
- approving the Group’s annual budgets, key operational matters, investment and divestment proposals, corporate or financial restructuring, material acquisitions and disposal of assets and making decisions in the interest of the Group, interested person transactions of a material nature, convening of shareholders’ meetings and major funding proposals;
- establishing and reviewing the adequacy and integrity of the Company’s framework of risk management systems, internal controls and financial reporting systems;
- ensuring the Group’s compliance with relevant laws, regulations, policies, directives, guidelines, internal codes of conduct and obligations to shareholders;
- approving all Board appointments or re-appointments and appointments of any persons who have authority and responsibility for planning, directing and controlling the activities of the Company (“**key management personnel**”) as well as evaluating their performance and reviewing their compensation packages;
- ensuring accurate, adequate and timely reporting to, and communication with shareholders;

## CORPORATE GOVERNANCE REPORT

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- setting the Group's values and standards of conduct and assuming the responsibility for the satisfactory fulfilment of social responsibilities of the Group; and
- reviewing the performance of the Group towards achieving adequate shareholder value including but not limited to the declaration of interim and final dividends, if applicable, approval of financial results of the Group and the audited financial statements and timely announcements of material transactions.

To facilitate effective management and assist the Board in discharging its responsibilities and to enhance the Group's corporate governance framework, the Board has delegated specific responsibilities to three committees namely the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (collectively, the "**Board Committees**"), details of which are set out below.

These Board Committees have the authority to review and examine particular issues and to report to the Board their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board, which will take into consideration the overall interests of the Company. Each Board Committee has its own specific written terms of reference which clearly set out its objectives, scope of duties and responsibilities, rules and regulations, and procedure governing the manner in which it is to operate and how decisions are to be taken.

The Board has adopted a set of internal guidelines on matters requiring its approval. Matters which are specifically reserved for the Board's decision include those involving corporate policies, plans and budgets, material acquisitions and disposals of assets, corporate strategy, financial restructuring, share issuances, dividend and other returns to shareholders, major financial decisions such as investment and divestment proposals, expenditure beyond a prescribed amount as well as interested person transactions.

The Company will provide a comprehensive new director package and conduct an induction programme for newly appointed directors which seek to familiarise directors with the Group's businesses, board processes, internal controls and governance practices. The induction programme includes meetings with various key management personnel and briefings on key areas of the Company's operations. The Company provides a formal letter to each new director upon his appointment, setting out clearly the director's duties and obligations. The Company appointed four (4) new directors during the financial year 31 December 2015 ("**FY2015**"), namely Dr. Beh Suan Tiong, Mr. Christopher Chong Meng Tak, Mr. Chan Heng Toong and Mr. Chooi Yee-Choong.

The directors are also provided with updates and/or briefings from time to time by professional advisers, auditors, the Management of the Company ("**Management**"), Sponsors and the Company Secretary in areas such as directors' duties and responsibilities, corporate governance practices, risk management matters and changes in financial reporting standards. The Company also encourages and where it feels appropriate, will arrange for training courses to supplement and keep directors updated on areas such as accounting, legal, regulatory and industry-specific knowledge. The Company is responsible for funding the training of directors.

The Board meets at least six (6) times a year with additional meetings convened as and when necessary. In the six months since the Listing Date to 31 December 2015, the Company has held three (3) Board meetings. The Company's Articles of Association ("**Articles**") allow for Board meetings to be conducted by way of telephone or video conferencing or other means of similar communication equipment, whereby all persons participating in the meeting are able to communicate with each other without requiring the directors' physical presence at the meeting. All Directors are provided with the agenda and a set of the Board papers prior to the Board meetings. These are issued in advance to give the Directors sufficient time to better understand the matters to be discussed and to obtain further clarifications or explanations at the Board meeting where necessary. The Company and the Board acknowledge that an unimpeded flow of relevant information in a timely manner is crucial for the Board to be effective in discharging its duties and responsibilities.

Each Board member brings with him independent judgement, diversified knowledge and experience when dealing with issues of strategy, performance, resources and standards of conduct.

## CORPORATE GOVERNANCE REPORT

The number of meetings held by the Board and Board committees since Listing Date to 31 December 2015 and the attendance of directors at these meetings are disclosed below. It should be noted that the Company's Board has been functional since 2011 and the current Board as it is now composed, including the Independent Directors, have been in place since 2014 though the Independent Directors were only formally appointed in FY2015. The members that constituted the Board held several meetings in 2014 and three (3) meetings in 2015 prior to the Listing Date and over and above the three (3) meetings held after the Listing Date.

Meeting of	Board	AC	NC	RC
Total meetings held	3	2	–	–
Total meetings attended				
Dr. Lee Keen Whye <sup>1</sup>	3	2*	–	–
Dr. Heng Tung Lan <sup>2</sup>	3	2*	–	–
Dr. Beh Suan Tiong <sup>3</sup>	3	2*	–	–
Mr. Christopher Chong Meng Tak <sup>4</sup>	3	2	–	–
Mr. Chan Heng Toong <sup>5</sup>	3	2	–	–
Mr. Chooi Yee-Choong <sup>6</sup>	3	2	–	–

\* Executive Directors were invited to sit in AC meetings

<sup>1</sup> appointed on 6 January 2011

<sup>2</sup> appointed on 8 October 2011

<sup>3 4 5 6</sup> appointed on 14 May 2015

### Board Composition and Guidance

#### Principle 2

*There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

As at the date of this Report, the Board comprises of three (3) Executive Directors and three (3) Independent Directors. There is no Non-Executive Director in the Company. The current members of the Board and their membership on the Board Committees of the Company are as follows:

Name of Directors	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Dr. Lee Keen Whye	Executive Chairman	–	–	–
Dr. Heng Tung Lan	Executive Director	–	–	–
Dr. Beh Suan Tiong	Executive Director	–	–	–
Mr. Christopher Chong Meng Tak	Lead Independent Director	Chairman	Member	Chairman
Mr. Chan Heng Toong	Independent Director	Member	Chairman	Member
Mr. Chooi Yee-Choong	Independent Director	Member	Member	Member

The Board believes that in its current form, it is of the right size and composition for the Company. The NC reviews the size and composition of the Board annually, to ensure that it remains suitable for the Company and it continues to facilitate effective decision making, taking into account the size, nature and scope of the Group's then operations.

## CORPORATE GOVERNANCE REPORT

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The NC, with the concurrence of the Board, is of the opinion that the current Board size of six (6) Directors is appropriate and that the Board possesses the appropriate diversity – being mix of gender, nationality, skills, knowledge, expertise and experience to provide core competencies in areas such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and patient-based experience or knowledge that are relevant to the direction of the expansion of the Group. The current Board comprises one (1) woman Director who is one of the three (3) Executive Directors who are also Medical Specialist Practitioners, one (1) finance specialist, one (1) accountant and one (1) with an extensive background in commercial industries. Among the six (6) Directors, two (2) come with significant experience in corporate governance and one (1) with compliance and internal controls.

Further details on each Director, including their academic and professional qualifications, shareholding in the Company and its subsidiaries, dates of first appointment as a Director, directorships or chairmanships both present and those held over the preceding three (3) years in other listed companies and other major appointments or principal commitments, are presented under the “Directors’ Statement” and “Board of Directors” sections on page 91 and 24 of this Annual Report.

Out of six (6) Directors, three (3) are independent and makes up half of the Board. Therefore, no individual or group is able to dominate the Board’s decision-making process. There is also an appropriate balance, even though the Chairman is an Executive Director, the CEO is not a member of the Board and because of the presence of Independent Directors who have the calibre and proven track record necessary to carry sufficient weight in Board decisions.

The Board and Management fully appreciate that an effective and robust Board whose members engage in open and constructive debate and challenge Management on its assumptions and proposals is fundamental to good corporate governance. Although all the Directors have equal responsibilities towards the Group’s operations, the role of the Independent Directors is particularly important in ensuring that the strategies proposed by the executive management team are fully discussed and examined, and take into account the long-term interests of shareholders as well as employees, patients, specialist medical practitioners, and the various communities which the Group conducts business with. They also review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

The Company has adopted initiatives to ensure that the Directors are well supported by accurate, complete and timely information, have unrestricted access to Management, and have sufficient time and resources to discharge their oversight function effectively. These initiatives include regular informal meetings for Management to brief the directors on prospective deals and potential developments at an early stage, and the circulation of relevant information on business initiatives, industry developments, and analyst and media commentaries on matters in relation to the Company and the industries in which it operates.

Independent Directors will also meet on a need-to basis without the presence of Management to discuss the matters in relation to the corporate development of the Group to ensure effective and independent review of the Management.

The Board and Management fully appreciate the importance of aligning the interest, and especially the interest of the Independent Directors with those of shareholders. The Board therefore encouraged our Independent Directors to apply for shares in the Company and is pleased to note that all the Independent Directors are shareholders of the Company.

The Board confirms that there is no Director who has served on the Board beyond nine (9) years from the date of his first appointment.

## CORPORATE GOVERNANCE REPORT

### **Chairman and Chief Executive Officer/Executive Director**

#### **Principle 3**

*There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.*

The Chairman and Chief Executive Officer (“**CEO**”) roles in the Company are assumed by different individuals. The Chairman, Dr. Lee Keen Whye, is the Executive Chairman while the role of the CEO is held by Dr. Ng Koon Keng, Victor (“**Dr. Ng**”). Dr. Ng is not a Director of the Company.

There is a clear division of the roles and responsibilities between the Chairman and CEO, which ensures a balance of power and authority at the top of the Company.

The Executive Chairman assists Management in charting the Group's strategic direction, and the business planning and development. The Executive Chairman reviews the Board papers together with the CEO and Financial Controller, before they are presented to the Board, and ensures that Board members are provided with complete, adequate and timely information. The Executive Chairman monitors communications and relations between the Company and its shareholders, between the Board and Management, between Executive and Independent Directors, with a view to encourage constructive relations and dialogue amongst them. The Executive Chairman also works to facilitate the effective contribution of Directors and assists to ensure procedures are introduced to comply with the Company's guidelines on corporate governance. He contributes towards the quality and timeliness of information flow between the Board and the Management. In addition, he provides close oversight, guidance, and advice to the CEO and Management. At annual general meeting (“**AGM**”) and other shareholder meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management as well as between Board members, and promote high standards of corporate governance.

The CEO leads Management in setting strategies, objectives and missions and executing the approved strategies and policies and he is responsible for the day-to-day operations, overall administration, business and strategic development, marketing, corporate planning and management of the Group. The role of Dr. Ng also includes scheduling and controlling the quality, quantity and timeliness of information supplied to the Board.

The Executive Chairman and the CEO are not related. In line with the best practices in corporate governance, the duties and responsibilities of the Executive Chairman and the CEO have been approved by the Board.

Dr. Ng's performance and remuneration will be reviewed annually by the NC and the RC, whose members also comprise of Independent Directors of the Company. As such, the strong independent element on the Board ensures decisions are not based on a considerable concentration of power in a single individual. With the existence of various committees with power and authority to perform key functions, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.

#### **Lead Independent Director**

As the Executive Chairman and CEO are both part of the Medical and Management team respectively, the Board has appointed Mr. Christopher Chong Meng Tak as Lead Independent Director to lead and co-ordinate the activities of the Independent Directors of the Company. The Lead Independent Director assists the Board in ensuring effective corporate governance in managing the affairs of the Board and the Company.

Led by the Lead Independent Director, the Independent Directors communicate regularly without the presence of other directors to discuss matters such as board processes, corporate governance initiatives, succession and leadership development planning, and remuneration matters. Feedback on the outcomes of these discussions is provided to the Executive Chairman after such meetings.

# CORPORATE GOVERNANCE REPORT

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## **Board Membership**

### **Principle 4**

*There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.*

The Company has established a NC to, among other things, make recommendations to the Board on all Board appointments and oversee the Company's succession and leadership development plans.

The NC, regulated by a set of written terms of reference, comprises the following three (3) members, all of whom, including the Chairman, are Independent Directors:

Mr. Chan Heng Toong (Chairman)  
Mr. Chooi Yee-Choong (Member)  
Mr. Christopher Chong Meng Tak (Member)

The Lead Independent Director is a member of the NC.

The NC is responsible for the following under its terms of reference:

- reviewing and recommending the nomination or re-nomination of the Directors having regard to each of their contribution and performance;
- reviewing and determine annually if a director is independent, bearing in mind the circumstances set forth in the Code and any other salient factors;
- in respect of a Director who has a multiple board representations on various companies, to review and decide whether or not such director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving multiple boards;
- deciding whether or not a Director is able to and has been adequately carrying out his duties as a director;
- reviewing and approving any new employment or related persons and the proposed terms of their employment;
- reviewing the structure, size and composition of the Board and Board Committees and making recommendations to the Board, where appropriate;
- giving full consideration to succession planning for directors and other key management and senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
- reviewing and recommending to the Board the nomination of retiring directors and those appointed during the year standing for re-election at the Company's AGM, having regard to the director's contribution and performance;
- deciding how the Board's performance may be evaluated and propose objective performance criteria, which allow for comparison with industry peers and address how the Board has enhanced long term shareholders' value, for approval by the Board;
- implementing a process to assess the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board and for assessing the contribution of the Chairman and each individual Director to the effectiveness of the Board of Directors;

## CORPORATE GOVERNANCE REPORT

- ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings; and
- any such other duties or functions as may be delegated by the Board or required by regulatory authorities.

The NC has not held any meeting during FY2015 as the Company was recently listed on 4 June 2015. However, as at the date of this Report, the NC has held one (1) meeting to review the above matters. NC has been mandated by the Board to meet twice a year.

The Board, through the NC, will review annually the effectiveness of the Board as a whole and its required mix of skills and experience and other qualities, including core competencies, which Directors should bring to the Board. The process that the NC will undertake shall include:

- reviewing if the Directors have met the KPI set for them which include attendance at meetings, attendance at courses designed to enhance director's awareness and visiting the clinics, meeting staff and attending the open forum sessions held by the Company;
- assessment by other directors of the Director; and
- self assessment.

*(For more information on the assessment forms, please see Principle 5)*

The NC has in place a formal process for the selection of new Directors and re-appointment of Directors to increase transparency of the nominating process in identifying and evaluating nominees or candidates for appointment or re-appointment. In selecting potential new Directors, the NC will seek to identify the competencies and expertise required to enable the Board to fulfil its responsibilities. The NC will also evaluate the suitability of the nominee or candidate based on his qualifications, business and related experience, commitment, ability to contribute to the Board process and such other qualities and attributes that may be required by the Board, before making its recommendation to the Board. The Board is to ensure that the selected candidate is aware of the expectations and the level of commitment required.

In its search and selection process for new directors, the NC has a process that considers the attributes of the existing Board members, such as balance and diversity of skills, knowledge and experience on the Board, and the requirements of the Group. The process will include obtaining and comparing resumes from at least five (5) candidates and scoring it against a pre-determined score card, carrying out background checks, preliminary and secondary interviews and in selected cases an invitation to be an observer so that the Board can see the potential Director in action.

The NC is most likely to use various independent external parties to help it source for new directors such as executive recruitment consultants, the Company's sponsors, and associations such as the Singapore Institute of Directors that are independent of the Group or any of its directors.

New directors are appointed by way of a Board resolution, upon their nomination by the NC. Newly appointed executive directors will be provided with service agreements setting out their term of office and terms of appointment. The service agreement is subject to the RC's recommendations, and may be renewed for such period as the Board may decide after the expiry of its first term of appointment, unless terminated by either party. For Non-Executive Directors, formal letters of appointment setting out their terms of appointment will be issued to new appointees to the Board.

## CORPORATE GOVERNANCE REPORT

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### Annual Review of Director's Independence in 2015

Every year, the NC reviewed and affirmed the independence of the Company's Independent Directors. Each director is required to complete a Director's Independence Form on an annual basis to confirm his independence. The checklist is drawn up based on the guidelines provided in the Code and requires each director to assess whether he considers himself independent despite not being involved in any of the relationships identified in the Code.

The checklist requires each director to disclose any relationship which would interfere or be reasonably perceived to interfere with the exercise of independent judgement in carrying out the functions as an Independent Director of the Company. Amongst the items included in the checklist are disclosure pertaining to any employment including compensation received from the Company or any of its related corporations, relationship to an executive director of the Company, its related corporations or its 10% shareholders, immediate family members employed by the Company or any of its related corporations as senior executive officer whose remuneration is determined by the RC, shareholding or partnership or directorship (including those held by immediate family members) in an organisation to which the Company or any of its subsidiaries made, or from which the Company or its subsidiaries received, significant payments in the current or immediate past financial year. The NC will then review the checklist.

As at the date of this Report and in respect of FY2015, the NC has reviewed and is satisfied with the independence of the Company's Independent Directors, Mr. Christopher Chong Meng Tak, Mr. Chan Heng Toong and Mr. Chooi Yee-Choong. None of the Independent Directors have any relationship including immediate family relationship with the Directors, the Company or its 10% shareholders.

Each of the Independent Directors has also confirmed his independence. The Board has concurred with the NC's views.

### Re-nomination of Directors

The NC is also responsible for making recommendations to the Board on the re-nomination of directors. In recommending a Director for re-appointment to the Board, the NC considers, amongst other things, his/her contributions to the Board (including attendance and participation at meetings, time and effort accorded to the Company's or Group's business and affairs), his/her performance and independence.

Pursuant to Article 91 of the Company's Articles, at every AGM, one-third of the Board are to retire from office by rotation and be subject to re-election and for this purpose, every director shall retire from office once every three (3) years. In addition, Article 97 of the Company's Articles provides that a newly appointed director must retire and submit himself for re-election at the next AGM following his appointment. This will enable all shareholders to exercise their rights in selecting all board members of the Company.

At the forthcoming AGM, the following Directors will be subject to retirement and all Directors, being eligible will seek for re-election:

- (1) Dr. Lee Keen Whye, pursuant to Article 91
- (2) Dr. Beh Suan Tiong, Mr. Christopher Chong Meng Tak, Mr. Chan Heng Toong and Mr. Chooi Yee-Choong, pursuant to Article 97

The Board does not encourage the appointment of alternate directors. No alternate director is appointed to the Board.



## CORPORATE GOVERNANCE REPORT

### Directors' Time Commitments & Multiple Board Representations

The NC also considers annually whether Directors who serve on multiple boards are able to commit the necessary time to discharge their responsibilities as Directors of the Company. The NC has taken into account the results of the assessment of the effectiveness of the individual Director, and the respective Director's actual conduct on the Board in making this determination and is satisfied that sufficient time and attention are being given by each Director to the affairs of the Group, notwithstanding that some of the Directors may have multiple board representations and other principal commitments. In view of the foregoing, the NC does not consider it necessary to determine a maximum number of listed company board representations which any Director may hold.

### Directors' Training

The directors are also kept updated on revisions to relevant laws and regulations through presentations and workshops organised by the Management. The Board supports Directors receiving further relevant training in connection with their duties, particularly on relevant new laws and regulations. In addition, Management facilitates attendance at such training sessions by disseminating information on the availability of such training sessions to each Director. Management monitors, on behalf of the Board, attendance of its Directors at such training sessions.

The key information and profile of the directors are disclosed on page 24 of this Annual Report.

### Succession Planning for the Board and Senior Management

Succession planning is an important part of the governance process. The NC will review the succession planning of the Board and senior management and seek to refresh Board membership as and when it may be necessary.

## **Board Performance**

### **Principle 5**

*There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board Committee and the contribution by each director to the effectiveness of the Board.*

The NC assesses the performance and effectiveness of the Board as a whole as well as the contribution of individual Directors to the effectiveness of the entire Board. The qualitative measures include the effectiveness of the Board in its monitoring and the attainment of the strategic objectives set by the Board. The evaluation exercise is carried out annually by way of a Board Assessment Checklist, which is circulated to the Board members for completion and thereafter the NC to review and determine the actions required to ensure continuous improvement of the corporate governance of the Company and effectiveness of the Board as a whole.

### Board performance criteria

The performance criteria for the evaluation of the Board are as follows:

- the Board's size and composition;
- the Board's independence;
- the Board's effectiveness in its monitoring role and attainment of the strategic and long-term objectives;
- the Board's information and accountability;
- the Board's performance in relation to discharging its principal functions; and
- the Board's committee performance in relation to discharging their responsibilities set out in their respective terms of reference.

## CORPORATE GOVERNANCE REPORT

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### Individual Director's performance criteria

Individual Director's performance is evaluated annually and informally by the NC and the Chairman. In assessing the individual Director's performance, the NC takes into consideration the following performance criteria:

- interactive skills (whether the director works well with other directors and participates actively);
- knowledge (the director's industry and business knowledge, functional expertise, whether the director provides valuable inputs, the director's ability to analyse, communicate and contribute to the productivity of meetings, and understanding of finance and accounts, are taken into consideration);
- director's duties (the director's board committee work contribution, whether the director takes his role as director seriously and works to further improve his own performance, whether he listens and discusses objectively and exercises independent judgement, and meeting preparation are taken into account);
- availability (the director's attendance at board and board committee meetings, whether the director is available when needed, and his informal contribution via email, telephone, written notes, etc. are considered); and
- overall contribution, bearing in mind that each director was appointed for his strength in certain areas which taken together provides the Board with the required mix of skills and competencies.

The performance of the Directors is evaluated using agreed criteria, aligned as far as possible with appropriate corporate objectives. The criteria include short and long term measures and cover financial and non-financial performance indicators such as the strength of his experience and stature, and his contribution to the proper guidance of the Company.

The NC is satisfied that the current size and composition of the Board provides adequate ability to meet the existing scope of needs and the nature of operations of the Company. From time to time, the NC will review the appropriateness of the current Board size, taking into consideration the changes in the nature and scope of operations as well as the regulatory environment.

The NC is satisfied that each Director has contributed effectively and demonstrated commitment to their respective role (including commitment of time for the Board and Board Committee meetings, and any other duties). The Board as a whole has also met the performance evaluation criteria and objectives during the financial year.

Each member of the NC will abstain from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as a Director.

### **Access to Information**

#### **Principle 6**

*In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.*

The Board and the Board committees are furnished with management reports containing complete, adequate and timely information, and papers containing relevant background or explanatory information required to support the decision-making process. Management team and the Company's auditors would also provide additional information on the matters for discussion.

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All Directors have separate and independent access to key management personnel, senior management and to the Company Secretary. The Company Secretary administers and prepares minutes of Board and Board committees meetings and assists the Chairman in ensuring that Board procedures are adhered to and that applicable statutory and regulatory rules and regulations are complied with.

The Company Secretary and/or her representative attends all Board and Board Committee meetings. The appointment and removal of the Company Secretary are subject to approval of the Board.

Where decisions to be taken require expert opinion or specialised knowledge, the Directors, whether as a group or individually, may seek independent professional advice as and when necessary in furtherance of their duties at the Company's expense. The appointments of such independent professional advisors are subject to approval of the Board.

### **(B) REMUNERATION MATTERS**

#### **Procedures for Developing Remuneration Policies**

##### **Principle 7**

*There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.*

Matters relating to the remuneration of the Board, key management personnel and other employees who are related to the controlling shareholders and/or Directors are handled by the RC whose primary function is to develop and ensure that a formal and transparent policies and procedures on remuneration matters in the Company is in place for fixing the remuneration packages of individual Directors, the CEO and key management personnel. All aspects of remuneration frameworks, including but not limited to Directors' fees, salaries, allowances, bonuses and other benefits-in-kind, incentive payments and share options or other share awards are reviewed by the RC. The RC also reviews the specialist medical practitioners and related employees remuneration package annually to ensure that they are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The basis for determining the remuneration of related employees is the same as the basis for determining the remuneration of unrelated employees.

The recommendations of the RC are submitted for endorsement by the Board. Remuneration frameworks are reviewed periodically to ensure that the Directors and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies. The RC also ensures that the Company's remuneration system is appropriate to attract, retain and motivate the required talents to run the Company successfully.

Matters which are required to be disclosed in the annual remuneration report have been sufficiently disclosed in this Report under Principles 7, 8 and 9; and in the Financial Statements of the Company and of the Group.

The RC, regulated by a set of written terms of reference, comprises the following three (3) members, all of whom, including the Chairman, are Independent Directors:

- Mr. Christopher Chong Meng Tak (Chairman)
- Mr. Chan Heng Toong (Member)
- Mr. Chooi Yee-Choong (Member)

## CORPORATE GOVERNANCE REPORT

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The RC is responsible for the following under its terms of reference, apart from the above primary function:

- in the case of service agreements of Executive Directors and CEO, reviewing the Company's obligations arising in the event of termination of the Executive Director and key management personnel's service agreements, to ensure that such service agreements contain reasonable termination clauses which are not overly generous with a view to be fair and avoid rewarding poor performance;
- approve performance targets for assessing the performance of each of the key management personnel and recommend such targets as well as employee specific remuneration packages for each of such key management personnel, for endorsement by the Board;
- periodically consider and review remuneration packages in order to maintain their attractiveness, to retain and motivate (a) the directors to provide good stewardship of the Company and (b) key management personnel to successfully manage the Company, and to align the level and structure of remuneration with the long-term interest and risk policies of the Company, such as through the participation in the respective options plans, share plans and/or other equity based plans (collectively, the "**share plans**") implemented or that may be implemented by the Group;
- administering the share option scheme and share scheme for the employees of the Group, in particular, the SOG Employee Share Option Scheme and SOG Performance Share Plan; and
- ensuring that, to the extent applicable, all provisions regarding disclosure of remuneration as set out in the Code are fulfilled.

Where necessary, the RC will seek both internal and external expert advice on the remuneration of directors and key management personnel. The remuneration policy recommended by the RC is submitted for approval by the Board.

The RC will hold at least two (2) meetings a year. However as the period between the Listing Date and the 31 December 2015 was only six (6) months, as at the date of this Report, the RC has held only one (1) meeting (two (2) other meetings have been subsequently held to discuss on salary increments and a new CEO package in 2016) to review and made recommendations on the framework of remuneration for the directors and key management personnel and submitted them for endorsement by the Board. In determining remuneration packages of Executive Directors and key management personnel, the RC will ensure that Directors and key management personnel are adequately but not excessively rewarded. The RC will also consider amongst other things, the performance of the Group, as well as their performance, responsibilities, skills, expertise and contribution to the Company's performance in order to align their interests with those of the shareholders and to promote the long-term success of the Company, linking their remuneration to corporate and individual performance. The RC will also consider whether the remuneration packages are competitive as against the industry practice and norms and sufficient to ensure that the Company is able to attract and retain the best available executive talent.

In reviewing and recommending the directors' fees of Independent Directors, the RC will consider, in consultation with the Board, the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Independent Directors. The RC will ensure that the Independent Directors are not over compensated to the extent that their independence may be compromised.

Each member of the RC abstains from voting on any resolutions in respect of his own directors' fees.

No remuneration consultants were engaged by the Company in FY2015.

## CORPORATE GOVERNANCE REPORT

### **Level and Mix of Remuneration**

#### **Principle 8**

*The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.*

The Company has adopted the objectives as recommended by the Code to determine the framework and levels of remuneration for directors and key management personnel so as to ensure that the Company sets an appropriate level of remuneration to attract, retain and motivate the directors and key management personnel needed to run the Group successfully, without being excessive.

Remuneration paid/payable to Executive Directors are determined by the Board after considering the performance of the individual and the Company against comparable organisations. The total remuneration package of Executive Directors and key management personnel comprises a fixed cash component, annual performance incentive and long-term incentive. The annual fixed cash component comprises the annual basic salary, statutory employer's contributions to the Central Provident Fund and other fixed allowances. The annual performance incentive is tied to the performance of the Group, business unit and individual employee. To align the interests of the directors and executives of the Group with the interests of shareholders, the Group also has adopted the SOG Employee Share Option Scheme and SOG Performance Share Plan.

#### **Service Agreements**

The Company has entered into a service agreement with each of the Executive Directors, Dr. Lee Keen Whye, Dr. Heng Tung Lan and Dr. Beh Suan Tiong on 1 July 2013, in regard to their employment as the Company's specialist medical practitioners. Subsequently, a supplemental agreement was entered into on 1 January 2015. Under the service agreement, each of the Executive Directors' employment which is deemed to have commenced on 1 July 2013 and will continue for a term of five (5) years from the effective date of 1 January 2015, unless otherwise terminated by not less than six (6) months' notice in writing by either party. The service agreements do not provide benefits upon termination of employment. Upon the expiry of the Term, the employment may be renewed on such terms and conditions as may be agreed between the Company and each Executive Director.

The fees recommended for payment to the Independent Directors take into account factors such as effort and time spent and responsibilities of these directors. The Independent Directors' fees were derived using the fee structure as follows:

	<b>Audit Committee (per annum)</b>	<b>Nominating Committee (per annum)</b>	<b>Remuneration Committee (per annum)</b>
Chairman	S\$10,000	S\$5,000	S\$5,000
Member	S\$5,000	S\$2,500	S\$2,500

The Independent Directors do not have any service agreements with the Company and receive directors' fees in accordance with their level of contributions, taking into account factors such as responsibilities, effort and time spent serving on the Board and Board committees. They do not receive any other form of remuneration from the Company. The directors' fees are recommended by the Board for approval at the AGM.

During FY2015, no share option and share award have been granted to the Executive Directors and key management personnel.

## CORPORATE GOVERNANCE REPORT

As at the date of this Report, the RC has reviewed the level and mix of remuneration for the Executive Directors as well as that of the key management personnel (other than the Directors) of the Company to ensure that the levels and mix are appropriate to attract, retain and motivate the required talents for the Group and are sufficiently linked to performance. During the financial year, the performance conditions and criteria used to determine the Executive Director and key management personnel entitlement under the short-term and long-term incentive scheme have been met.

### **Disclosure on Remuneration**

#### **Principle 9**

*Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.*

#### Level and Mix of Remuneration

The following information relates to the level and mix of remuneration of the directors and key management personnel (other than Directors) of the Group during FY2015:

	Fee	Salaries	Variable/ Performance bonus	Benefits in kind	Long-term incentives	Total
<b>Name of Directors</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
<b><i>Executive Directors:</i></b>						
Dr. Lee Keen Whye	–	389,100	43,661	–	–	432,761
Dr. Heng Tung Lan	–	1,007,200	140,905	–	–	1,148,105
Dr. Beh Suan Tiong	–	453,600	12,322	–	–	465,922
<b><i>Independent Directors<sup>1</sup>:</i></b>						
Mr. Christopher Chong Meng Tak	42,500	–	–	–	–	42,500
Mr. Chan Heng Toong	37,500	–	–	–	–	37,500
Mr. Chooi Yee-Choong	35,000	–	–	–	–	35,000

Note:

<sup>1</sup> Directors' fee for Mr. Christopher Chong Meng Tak, Mr. Chan Heng Toong and Mr. Chooi Yee-Choong is pro-rated from the time spent preparing for the IPO of the Company up to FY2015.

CORPORATE GOVERNANCE  
REPORTTop five (5) key management personnel

Besides the three (3) Executive Directors, there are only three (3) top key management personnel in the Company.

To maintain confidentiality of staff remuneration matters and for competitive reason, the aggregate total remuneration paid to top three (3) key management personnel are not disclosed in this Annual Report. The following shows the annual remuneration of three (3) key management personnel of the Company (who are not directors) for the financial year under review:

Name of key management personnel:	Salaries %	Variable/ Performance bonus %	Benefits in kind %	Long-term incentives <sup>1</sup> %	Total %
<b>Above \$100,000 and below S\$250,000 per annum</b>					
Dr. Ng Koon Keng	65.7	31.5	2.8	–	100
Mr. Eric Choo	74.3	25.7	–	–	100
Ms. Heng Tong Bwee	74.7	25.3	–	–	100

In aggregate, the total remuneration (including CPF contribution thereon and bonus) paid to the top three (3) key management personnel for FY2015 is approximately S\$524,251.

Note:

<sup>1</sup> Long-term incentives relate to awards granted pursuant to the SOG Share Option Scheme and SOG Performance Share Plan. There were no awards granted to the employees by the Company during the period from the Listing Date to 31 December 2015.

Remuneration of employees who are immediate family members of a director or the CEO

For FY2015, saved as disclosed in the following table which shows the breakdown of the remuneration (in percentage terms), there is no other employee who is an immediate family member of a director or the chief executive officer and whose remuneration exceeds \$50,000. "Immediate family members" means the spouse, child, adopted child, step-child, brother, sister and parent.

Name of Employee & Position	Relationship with the Director, CEO and/or Substantial Shareholders	Salary <sup>1</sup> %	Bonus %	Total %
Ms. Heng Siok Hong Veronica (Clinic Manager)	Wife of Dr. Beh Suan Tiong, an Executive Director ("ED") and Substantial Shareholder ("SS")	100	–	100
Ms. Heng Tong Bwee (Chief Administrative Officer)	Sister of Dr. Heng Tung Lan, an ED and SS	74.7	25.3	100
Mr. Lai Kangwei (Operations Executive)	Nephew of Dr. Heng Tung Lan, an ED and SS Son of Ms. Heng Tong Bwee	74.6	25.4	100

<sup>1</sup> Inclusive of Employer's Central Provident Fund Contributions

# CORPORATE GOVERNANCE REPORT

## Share Option Scheme and Performance Share Plan

The Company has share option scheme (the “**Scheme**”) and performance share plan (the “**Plan**”) in place. The Scheme and the Plan are currently administered by the RC in accordance with the rule of the Scheme and the Plan respectively.

The information on the Scheme and the Plan are disclosed in the Directors’ Statement on page 91.

## (C) ACCOUNTABILITY AND AUDIT

### Accountability

#### Principle 10

*The Board should present a balanced and understandable assessment of the company’s performance, position and prospects.*

The Board is responsible to provide a balanced and understandable assessment of the Group’s financial performance, position and prospects to the shareholders.

In line with continuous disclosure obligations of the Company and in accordance to Catalist Rules and the Companies Act, the Board adopts a policy whereby shareholders shall be informed of all major developments of the Company. Financial information and other price sensitive information are circulated in a timely manner to the shareholders through announcements via SGXNET, press releases, the Company’s website, media and analysts’ briefings. The Company’s corporate information as well as annual reports is also available on the Company’s website.

All the financial information presented in the results announcement or Annual Report have been prepared in accordance with the Singapore Financial Reporting Standards and approved by the Board before being released to the SGX-ST and the public through SGXNET.

In line with the Catalist Rules, negative assurance statements were issued by the Board to accompany its half year financial results announcement, confirming to the best of its knowledge that, nothing had come to their attention which would render the Company’s quarterly results to be false or misleading. The Company is not required to issue negative assurance statements for its full year results announcement.

Management provides the Board with information on the Group’s performance, position and prospects on quarterly basis to ensure that they effectively discharge their duties. This is supplemented by updates on matters affecting the financial performance and business of the Group, if such event occurs.

### Risk Management and Internal Controls

#### Principle 11

*The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders’ interests and the company’s assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.*

The Board recognises the importance of sound system of risk management and internal controls to good corporate governance. The Board affirms its overall responsibility for the Group’s system of risk management and internal controls, including financial, operational and compliance controls and risk management policies and systems to safeguard shareholders’ interest and maintain accountability of its assets, and for reviewing the adequacy and integrity of those systems on an annual basis.

The Board annually reviews the adequacy and effectiveness of the Company’s risk management and internal control systems, including financial, operational, compliance and information technology controls.



## CORPORATE GOVERNANCE REPORT

The Company does not have a Risk Management Committee. The senior management has been tasked to assume the responsibility of the risk management function. The senior management in 2015 assessed and reviewed the Group's business and operational environment in order to identify areas of significant business and financial risks, such as operational health & safety, compliance, procedural, IT and data security, credit risks, foreign exchange risks, liquidity risks and interest rate risks, as well as appropriate measures to control and mitigate these risks. The Company has embarked on an Enterprise Risk Management ("**ERM**") program which is expected to be implemented by 30 June 2016. Upon reviewing the findings of the external consultants who have been tasked to assist Management, the Board may establish a Risk Management Committee or expand the terms of reference of the Audit Committee thereby making it an Audit and Risk Committee. This committee will then be charged to monitor the implementation of the ERM program.

### Risk Identification and Management

The identification of risks around our businesses and how they should be managed are one of SOG's most important strategic objectives.

The purpose of risk identification and management is to ensure that events that may adversely affect SOG's achievement of its goals are identified promptly and to take adequate actions and measures by distributing the responsibilities among decision-makers.

In 2015, SOG kicked start our risk management activities by implementing an ERM framework. Our ERM framework based on the ten (10) principles laid out by the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**") involves:

- identifying events or circumstances relevant to SOG's objectives (risks and opportunities);
- assessing these risks and opportunities in terms of likelihood and magnitude of impact;
- determining a response strategy; and
- monitoring progress.

Please refer to page 46 of the Annual Report for full detail of this segment on risk management.

In addition, the external auditors will highlight and report to the AC at the AC meetings, of any material internal control weaknesses which have come to their attention in the course of their statutory audit. All audit findings and recommendations made by the external auditors are reported to the AC. The senior management will follow up on these recommendations to ensure that Management has implemented them on a timely and appropriate manner and reports to the AC every quarter.

Financial, operational, compliance and information technology checklists will also be prepared by the senior management, in order to assist the AC and Board to review the adequacy of the risk management and internal control systems, which include all the operational matters, regulatory compliances and guidance and financial risk. The checklists will be reviewed and confirmed by the Board.

With the presence of the senior management who meets regularly, the Board is able to receive the feedback and response on the risk and legal issues which will affect the Company in terms of operational risk, on timely basis. The CEO and Financial Controller have provided their assurance and confirmation to the Board that to the best of their knowledge, the Company's risk management and internal controls systems are adequate and that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

## CORPORATE GOVERNANCE REPORT

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Based on the internal controls established by and maintained by the Company, and the reviews performed by the Management, AC and the Board, the Board, with the concurrence with the AC, is of the opinion that the risk management and internal controls that the Group has put in place to address financial, operational, compliance and information technology risks, are adequate as at 31 December 2015 to meet the needs of the Group in its current business environment.

Moreover, the Company is consistently improving the Group's internal controls, and adopts recommendations which are highlighted by the internal and external auditors and Sponsor to safeguard the shareholders' investments and the Group's assets and to comply with the requirements under the Catalist Rules.

The Group has appointed BDO LLP as internal auditors and their role includes the following:

- assess and evaluate the adequacy of applicable operational internal controls;
- assess and evaluate the efficiency of business process;
- evaluate compliance with applicable policies and procedures, as well as regulatory requirements;
- identify possible opportunities for process and internal control improvement; and
- compile a report on findings and recommendations to highlight controls deficiencies and compliance gaps.

With the assistance of internal auditors, the Group trusts that its internal control system will be consistently improving and will adopt recommendations which are highlighted by the internal and external auditors and Sponsor to safeguard the shareholders' investments and the Group's assets and to comply with the requirements under the Catalist Rules.

The Board, together with the AC and Management, will continue to enhance and improve the existing risk management and internal control frameworks to identify and mitigate these risks.

### **Audit Committee**

#### **Principle 12**

*The board should establish an Audit committee ("AC") with written terms of reference which clearly set out its authority and duties.*

The Board recognises the importance of providing accurate and relevant information on a timely basis. To ensure that the corporate governance is effectively practiced, the Board has established self-regulatory and monitoring mechanisms, including the establishment of the AC to ensure that the Company maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets as well as to manage potential risks.

The AC, regulated by a set of written terms of reference, comprises the following three (3) members, all of whom, including the Chairman, are Independent Directors:

Mr. Christopher Chong Meng Tak (Chairman)  
Mr. Chan Heng Toong (Member)  
Mr. Chooi Yee-Choong (Member)

The AC will meet four (4) times annually, and as and when deemed appropriate to carry out its function.

## CORPORATE GOVERNANCE REPORT

Since Listing Date up to FY2015, the AC had held two (2) meetings. The matrix on the frequency of the meetings and the attendance of Directors at these meetings is disclosed on page 65. The AC meetings are also attended by the Executive Directors and senior management, as well as the internal and external auditors.

The AC is responsible for the following under its terms of reference:

- reviewing with the external auditors their audit plan, their evaluation of the systems of internal controls, their audit report, their letter to Management and Management's response;
- reviewing with the internal auditors the internal audit plans and their evaluation of the adequacy of our internal control and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the Company's Annual Report, where necessary;
- reviewing the internal control procedures to ensure co-ordination between the external auditors and the Management, and review the co-operation from Management and assistance given to facilitate their respective audits and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the external auditors may wish to discuss (in the absence of Management, where necessary);
- reviewing the half yearly and annual, and quarterly (if applicable) financial statements and results announcements of the Group before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards and compliance with the Catalist Rules and other relevant statutory or regulatory or regulatory requirements;
- reviewing and discussing with the external and internal auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations which has or is likely to have material impact on the Group's operating results or financial position, and Management's response;
- consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the external auditors;
- reviewing transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);
- reviewing potential conflicts of interests (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
- reviewing the effectiveness and adequacy of the administrative, operating, internal accounting and financial control procedures;
- reviewing our key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, immediately announced via SGXNET;
- undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- reviewing annually the cost effectiveness of the audit, independence, objectivity and performance of the internal and external auditors;

## CORPORATE GOVERNANCE REPORT

- reviewing arrangements by which staff of the Group may in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the investigations of such matter and for appropriate follow-up; and
- reviewing the Group's compliance with such functions and duties as may be required under the relevant statutes of the Catalist Rules, including such amendments made thereto from time to time.

The AC assists the Board in discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains an effective control environment in the Group. It has unrestricted access to any information pertaining to the Group, both the internal and external auditors, and all employees of the Group and has full discretion to invite any director or executive officer to attend its meetings. The AC has adequate resource to enable it to discharge its responsibilities properly and is also authorised by the Board to obtain external legal or other independent professional advice when necessary and at the expense of the Group.

The AC meets with the Group's internal and external auditors and Management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group.

Since the Listing Date and as at the date of this Report, the AC carried out its functions which includes the following:

- reviewed the internal and external audit plans, including the nature and scope of work before commencement of these audits;
- met up with the Group's internal and external auditors during the year under review without the presence of Management to discuss their findings set out in their respective reports to the AC. Both the internal and external auditors had confirmed that they had access to and received full cooperation and assistance from Management and no restrictions were placed on the scope of auditors;
- reviewed and approved the consolidated statement of comprehensive income, statements of financial position, statements of changes in equity, consolidated cash flows and auditors' reports;
- reviewed the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems; and
- conducted a reviewed of the non-audit services provided by the external auditors and was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors as well as the cost effectiveness of the audit before confirming their re-nomination.

The following audit fees amounting to S\$151,000 were approved by the Board:

Audit fees	S\$117,000
Non-audit fees	S\$34,000

The external auditors had also confirmed their independence in this respect.

The AC is kept abreast by the Management and the external auditor of changes to accounting standards, Listing Rules of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements.

No former partner or director of the Company's existing auditing firm is a member of the AC.

## CORPORATE GOVERNANCE REPORT

### External Auditors

The Company has engaged Foo Kon Tan LLP as its external auditor, to audit the financial statements of the Company and all its subsidiaries. The report of the external auditor is set out in the Independent Auditor's Report section of this Annual Report.

The AC has undertaken a review of all the non-audit services provided by the external auditors for the financial year ended 31 December 2015 which were pertaining mainly to the IPO of the Company, and they would not, in the AC's opinion, affect the independence of the external auditors.

After considering the adequacy of the resources and experience of the current auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group and the number and experience of supervisory and professional staff assigned to the particular audit, the AC has recommended to the Board the re-appointment of Foo Kon Tan LLP as the external auditor for the Company's audit obligations for the financial year ending 31 December 2016.

In relation to its auditing firm, the Company has complied with Rules 712 and 715 of the SGX-ST Catalist Rules.

### Whistle-blowing Policy

The Group has adopted a whistle-blowing policy which provides well-defined and accessible channels in the Group through which employees, patients, consultants, contractors, sub-contractors, agents and vendors may raise concern about fraudulent activities, malpractices or improper conduct within the Group, in a responsible and effective manner. There were no whistleblowing reports received for FY2015.

### **Internal Audit**

#### **Principle 13**

*The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.*

The Group has outsourced its internal audit function to BDO LLP, a suitably appointed qualified firm of accountants which meets the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The internal audit function is independent and reports directly to the AC on audit matters and to the CEO on administrative matters. The internal auditor assists the AC in ensuring that the Company maintains a sound system of internal controls through regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the AC, and conducting regular audits of high-risk areas.

The AC also reviewed and approved the internal auditor's plan during the AC meeting of each financial year to ensure that the scope of the internal auditor's plan is adequate and covers the reviewing of the significant internal controls of the Group, including financial, operational, compliance and information technology controls, and risk management systems. Audits were carried out on all significant business functions of the Group and all internal audit findings and reports are submitted to the AC for deliberation with copies of these reports extended to the Chairman of the Board, Executive Directors and CEO and the relevant key management executives. The internal auditor's summary of findings and recommendations are discussed at the AC meetings.

The AC has reviewed the adequacy and effectiveness of the internal audit function and is satisfied that it is adequately resourced and has appropriate standing within the Company.

The AC approves the hiring, removal, evaluation and compensation of the internal auditors.

# CORPORATE GOVERNANCE REPORT

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## (D) SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

### Shareholder Rights

#### Principle 14

*Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.*

### Communication with Shareholder

#### Principle 15

*Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.*

### Conduct of Shareholder Meetings

#### Principle 16

*Companies should encourage greater shareholders participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

The Group value dialogue with investors and believes in regular, effective and fair communication with its shareholders and is committed to hearing shareholders' view and addressing their concerns where possible. The Group adopts the practice of regularly communicating major developments in its business and operations through SGXNET and news releases and where appropriate also directly to shareholders, other investors, analysts, the media, the public and its employees.

The Company handles all its investor relations ("IR") matters internally, including managing the dissemination of corporate information to the media, institutional investors and public shareholders and facilitating effective and regular communication with such parties.

The Group monitors the dissemination of material information to ensure that it is made publicly available on a timely and no-selective basis, half yearly and full year results as well as the annual reports are announced or issued within the mandatory period. However, any information that may be regarded as undisclosed material information about the Group will not be given, the Group issues announcements and news releases on an immediate basis where required under the SGX-ST Catalyst Rules. Where an immediate announcement is not possible, the announcement is made as soon as possible to ensure that the stakeholders and the public have fair access to the information.

Briefings and meetings for analysts and the media are held, generally coinciding with the release of the Group's half yearly and full year results. Presentations are made, as appropriate, to explain the Group's strategies, performance and major developments.

The Group believes in encouraging shareholder participation at general meetings. All shareholders of the Group receive the annual report, circulars and notices of all shareholders' meetings. The notices are advertised in the newspapers and made available on both SGXNET and our website.

Shareholders at such meetings are given a presentation by Management and then are invited to put forth any questions they may have on the motions to be debated and decided upon or on any other reasonable subject related to the business of the Group. If any shareholder is unable to attend, the Articles allow the shareholder to appoint up to two (2) proxies to vote on his behalf at the meeting through proxy forms sent in advance, at least 48 hours prior to the meeting.

## CORPORATE GOVERNANCE REPORT

Attendance by proxies is allowed as stipulated in the Articles. However, the Company has not amended its Articles to lift the limit on the number of proxies for nominee companies as it is not possible to make such an amendment to apply only to nominee companies and not to all shareholders. In addition, the Board believes that it would not promote greater efficiency or effective decision making nor would it be cost-effective to lift the limit on the number of proxies completely. As the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided not to implement voting in absentia by mail, email or fax until issues on security and integrity are satisfactorily resolved.

At the shareholders' meeting, separate resolutions are set for each distinct issue. Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. The Board also encourages shareholders to participate during the question and answer session.

It is the policy of the Board that the Chairman of the Board, the Chairmen of AC, NC and RC be present at each AGM, and other general meetings held by the Company, if any, to address shareholders' queries. Only in exceptional circumstances may members of the respective Board Committees stand in for them. The external auditors are also present at each AGM to address shareholders' queries on the conduct of the audit and the preparation and content of the auditors' report. Appropriate key management executives are also present at general meetings to respond, if necessary, to operational questions from shareholders.

The Company will record the minutes of the AGM and general meetings that include substantial and pertinent comments or queries raised by shareholders relating to the agenda of the meetings and responses from the Management. Such minutes will be made available to shareholders upon their written request.

The Company will conduct poll voting for all resolutions to be passed at any meeting of shareholders including AGMs and EGMs.

As stated in the Company's Offer Document dated 26 May 2015, the Company targets to pay dividends of up to 90% (including scrip dividends, should a scrip dividend be implemented) of the Company's net profit after tax to the shareholders for each financial year. The Board, as announced in the Company's full year results announcement released via SGXNET on 3 February 2016, has recommended a final one-tier tax exempt dividend of 1.15 Singapore cents per share for shareholders' approval at the forthcoming AGM (together with the 0.88 Singapore cents per share declared at the interim, the full year aggregate dividend subject to the final dividend being approved, is 2.03 Singapore cents per share).

In considering the form, frequency and amount of dividends that the Board may recommend or declare in respect of any particular year or period, the Board takes into account various factors including but not limited to the financial performance, cash flow requirements, availability of distributable reserves and tax credits, future operating conditions as well as expansion, capital expenditure and investment plans of the Group.

### Ongoing Information for Shareholders

The Group maintains a website at:

[www.sog.com.sg](http://www.sog.com.sg)

The website includes a tab labeled "Investor Relations" which provides investors with all the information they may require in one easy to access location. The tab also has an email alert function so investors can be alerted to any important announcements and developments without having to check the website regularly. Upon completion of the ERM, we plan to upgrade this website so that the ERM, policies and other information normally only found in the Annual Report is shown separately and are updated more frequently than once a year.

## CORPORATE GOVERNANCE REPORT

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We note that our senior shareholders rely on the media and many shareholders rely on analysts for information and analysis of the Group. Thus, it is the Group's policy to hold results briefing following the release of our results where the media and analysts are cordially invited.

Stakeholders are welcome to contact the Company, the CEO and the Financial Controller on the email addresses provided.

### Responsiveness to Communications from Shareholders

Stakeholders are welcome to contact the Company, the CEO and the Financial Controller for clarifications on matters of the Group. The Group has a guideline that there should be a response to all such communications within two (2) weeks, however communication which is abusive or has been sent to us in error will not be entertained.

### Notice Period of Meetings to Shareholders

The Group understands that certain shareholders, notably corporate, overseas and busy shareholders require more notice to be given so that they can attend shareholders' meetings of the Company. In accordance with the provisions in the Company's Articles, the Board will ensure that at least fourteen (14) days' notice is given to the shareholders. However, from time to time, where possible, the Board will endeavour to provide shareholders with more than fourteen (14) days' notice of shareholders' meeting to enable and encourage shareholders to attend the Company's meetings.

## **(E) OTHER CORPORATE GOVERNANCE MATTERS**

### **Dealings in Securities**

In compliance with Rule 1204(19) of the Catalist Rules of the SGX-ST on best practices in respect of dealing in securities, the Group has in place an internal code of conduct which prohibits the directors, key management personnel of the Group and their connected persons from dealing in the Company's share during the "black-out" period – being one (1) month immediately preceding the announcement of the Company's half-yearly and full-year results respectively, or if they are in possession of unpublished price-sensitive information of the Group such on a potential acquisition or transaction. In addition, directors, key management personnel and connected persons are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. In addition, the Company discourages the Directors and employees from dealing in the Company's securities on short-term considerations. The Group confirmed that it has adhered to its internal securities code of compliance for FY2015.

### **Material Contracts**

Save for the respective service agreements entered into between the Executive Directors and the Company, the Company with Dr. Choo Wan Ling and the Company with JL Dermatology Pte. Ltd., as mentioned below, there was no material contract of the Company and its subsidiaries involving the interests of any director or controlling shareholders which are either still subsisting at the end of FY2015 or, if not then subsisting, entered into since the end of previous financial year.

### Key Specialist Medical Practitioners – Service Agreement with Dr. Choo Wan Ling

The Company has entered into a service agreement with Dr. Choo Wan Ling, which deemed her employment to have commenced on 1 July 2013, and will continue for a term of five (5) years from the effective date of 1 January 2015 ("**Term**"). Upon the expiry of the Term, the employment may be renewed on such terms and conditions as may be agreed between the Company and Dr. Choo Wan Ling.



## CORPORATE GOVERNANCE REPORT

### Service Agreement with JL Dermatology Pte. Ltd.

Pursuant to a Sale and Purchase Agreement dated 31 December 2015, SOG acquired through its wholly-owned subsidiary, SOG Dermatology Pte. Ltd. ("**SOG DERM**"), the entire rights, title and interest in, *inter alia*, the business and medical practices of Dr. Joyce Lim Teng Ee, JL Laser & Surgery Centre Pte. Ltd. ("**JLLSC**"), JL Esthetic Research Centre Pte. Ltd. ("**JLERC**") and JL Dermatology Pte. Ltd. ("**JLD**", and together with JLLSC and JLERC). With the completion of the Sale and Purchase Agreement dated 31 December 2015, JLD shall provide the services through Dr. Joyce Lim Teng Ee to SOG DERM, to manage, carry on and maintain the business and medical practices for a term of eight (8) years ("**Term**"). Upon expiry of the Term, the services may be renewed for a further two (2) years on similar terms and conditions as may be agreed between SOG DERM and Dr. Joyce Lim Teng Ee.

### Non-Compete Undertaking from the Executive Directors

As disclosed in the Company's Offer Documents dated 26 May 2015, the service agreements entered into between the Company and each of the Executive Directors, Dr. Lee Keen Whye, Dr. Heng Tung Lan and Dr. Beh Suan Tiong, provides for non-competition clause and non-disclosure or publication of, and information concerning the business, accounts or finances of any Group Company or any of its clients' or customers' transactions or affairs, which may, or may have, come to each of the Executive Director's knowledge, during his employment and upon termination of his employment under the service agreement. The Board had received and noted the confirmation of adherence to the terms and conditions of the above provisions and conditions from the Executive Directors.

### Interested Person Transactions

The Group has adopted an internal policy governing procedures for identification, approval and monitoring of interested person transactions ("**IPT**"), and to ensure that all transactions with interested persons are reported on a timely manner to the AC at its quarterly meetings. The transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company did not enter into any IPTs which require shareholders' approval under Catalist Rules of SGX-ST regulating IPTs for FY2015.

The AC, with the concurrence of the Board, confirmed that there were no other IPTs for the period from the Listing Date of the Company's shares on SGX-ST, to 31 December 2015 pursuant to the disclosure under Rule 920 of the SGX-ST Catalist Rules as follows:

Name of Interested Person	<b>Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</b>	<b>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)</b>
	S\$	S\$
<b><u>Nature of transaction</u></b>		
1. Leasing of Gleneagles Clinic from Lee & Lee Clinic Pte. Ltd. and Avesa Pte. Ltd.	456,000	-
2. Leasing of Cassia Clinic and Office from Dr. Heng Tung Lan	90,000	-

# CORPORATE GOVERNANCE REPORT

## Use of Proceeds from the Initial Public Offering (“IPO”)

Pursuant to the IPO on 4 June 2015, the Company received net proceeds of S\$9.2 million (after deducting listing and processing fees, professional fees and placement commission and other expenses) from the placement of new shares. As at the date of this Annual Report, the use of IPO proceeds are as follows:

<b>Use of IPO proceeds</b>	<b>Amount allocated S\$'000</b>	<b>Amount utilised S\$'000</b>	<b>Amount unutilised S\$'000</b>
Expansion of business operations	3,000	–	3,000
Investments in healthcare professionals and synergistic businesses <sup>#</sup>	6,000	(6,000)	–
Working capital purposes	200	–	200
	<b>9,200</b>	<b>(6,000)</b>	<b>3,200</b>

Note:

<sup>#</sup> The amount of S\$6.0 million from the investments in healthcare professionals and synergistic businesses category has been utilised to pay the first tranche of the purchase consideration of S\$6.0 million for the acquisition of the business and medical practices of JL Laser & Surgery Centre Pte. Ltd., JL Esthetic Research Centre Pte. Ltd. and JL Dermatology Pte. Ltd. in accordance with the terms and conditions of the Framework Agreement dated 4 November 2015 and the Sale and Purchase Agreement dated 31 December 2015.

The Company will continue to provide periodic updates on the use of the balance of the proceeds through SGXNET when they are incurred.

## Non-Sponsor Fees

In compliance with Rule 1204(21) of the Catalyst Rules, there were no non-sponsor fees paid to the Company's Sponsor, Hong Leong Finance Limited during FY2015.

## Code of Conduct & Practices

The Group recognises the importance of integrity, professionalism on the conduct of its business activities. The Group has developed a code of ethics that is expected to continue to refine with various stakeholders (the “**Code of Ethics**”). Employees are expected to embrace, practise and adopt these values and principles as outlined in the Code of Ethics while performing their duties and always to act in the best interest of the Group and avoid situations that may create conflicts of interest.

## Code of Ethics

The Group has adopted an ethics policy that clearly states the ethics upon which the Group, its executives and employees shall operate on. The policy describes in detail how we are to do business and provides protection for all our stakeholders as well as procedures for reporting and dealing with breaches in our policy. There was no reported breach of the code for FY2015.

## Privacy Policy

The Group has adopted a privacy policy to better manage the sensitivities around patient records and other data. The policy states that all patient data is sensitive and lists the type of data we can collect only, unless a specific circumstance requires other additional data. For instance, we are not to collect data on the patient's partner or their sexual history unless there is clear and immediate requirement. The policy provides guidelines on who can access the data, how it should be kept and under what circumstances it can be shared. There was no recorded breach of the policy for the FY2015.

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## CORPORATE GOVERNANCE REPORT

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### **Corporate Responsibility Statement**

The statement makes clear that the Group seeks to be a good corporate citizen. The Group views being a good corporate citizen as being law abiding, meeting all reasonable expectations of stakeholders (and in the event an expectation cannot be met, why it could not be met and what we are doing about it), paying our fair share towards society and volunteering time and resources to improve the society we operate in. For FY2015, we have complied with all Singapore laws and regulations that apply to us, we believe we have met all applicable expectations set out under the Code of Corporate Governance, we have paid dividends and made provision of S\$1.5 million for taxes, we have held a significant free public seminar, we made an investment of S\$250,000 into a medical device company seeking to product a more efficient and more effective method of extracting cord blood for storage and contributed monies to charities that promote health and wellness.

# CONFIRMATION BY CHIEF EXECUTIVE OFFICER AND FINANCIAL CONTROLLER FOR COMPLIANCE WITH GUIDELINE 11.3 OF THE **CODE OF CORPORATE GOVERNANCE 2012**

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Date: 11 March 2016

The Board of Directors  
**SINGAPORE O&G LTD.**  
34 Cassia Crescent  
#01-80  
Singapore 390034

Dear Sirs

**CONFIRMATION IN RELATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 AND THE INTERNAL CONTROL SYSTEMS (INCLUDING RISK MANAGEMENT) IN COMPLIANCE WITH GUIDELINE 11.3 OF THE CODE OF CORPORATE GOVERNANCE 2012 (THE “CODE”)**

We, the undersigned, being the Chief Executive Officer and Financial Controller of Singapore O&G Ltd. and its subsidiaries (the “Group”) hereby confirm the following in connection with the requirements of Guideline 11.3 of the Code:

1. The financial records of the Group have been properly maintained and the consolidated financial statements for the financial year ended 31 December 2015 give a true and fair view of the Group’s operations and finances; and
2. The Group’s risk management and internal control systems were sufficiently effective.

We acknowledge that this confirmation will be relied upon by the Board and the Audit Committee to comment on the compliance with Guideline 11.3 of the Code on whether it has received appropriate assurance on the above matters.

Yours faithfully

.....  
Dr. Ng Koon Keng  
*Chief Executive Officer*

.....  
Eric Choo  
*Financial Controller*

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2015.

In our opinion:

- (a) the accompanying financial statements of the Group and the Company are drawn up so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

## NAMES OF DIRECTORS

The directors in office at the date of this statement are as follows:

Dr. Lee Keen Whye (Executive Chairman)

Dr. Heng Tung Lan (Executive Director)

Dr. Beh Suan Tiong (Executive Director) (Appointed on 14 May 2015)

Christopher Chong Meng Tak (Lead Independent Director) (Appointed on 14 May 2015)

Chan Heng Toong (Independent Director) (Appointed on 14 May 2015)

Chooi Yee-Choong (Independent Director) (Appointed on 14 May 2015)

## DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, the Directors, comprising the Board of Directors, held the following shares:

	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
	As at 1.1.2015 or date of appointment, if later	As at 31.12.2015 and 21.1.2016	As at 1.1.2015 or date of appointment, if later	As at 31.12.2015 and 21.1.2016
	<b>Number of ordinary shares</b>			
<b>The Company – Singapore O&amp;G Ltd</b>				
Dr. Lee Keen Whye <sup>(1)</sup>	58,487,852	<b>41,953,428</b>	3,052,262	<b>3,052,262</b>
Dr. Heng Tung Lan	71,344,811	<b>70,176,807</b>	–	–
Dr. Beh Suan Tiong <sup>(2)</sup>	17,473,684	<b>23,954,226</b>	–	<b>236,000</b>
Christopher Chong Meng Tak	–	<b>100,000</b>	–	–
Chan Heng Toong	–	<b>100,000</b>	–	–
Chooi Yee-Choong	–	<b>300,000</b>	–	–

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## DIRECTORS' INTEREST IN SHARES OR DEBENTURES (CONT'D)

Notes:

- <sup>(1)</sup> Dr. Lee Keen Whye is deemed to have an interest in the shareholding of Dr. Wong Chui Fong Anna and vice versa by virtue of their relationship as husband and wife.
- <sup>(2)</sup> Dr. Beh Suan Tiong is deemed to have an interest in the shareholding of Veronica Heng Siok Hong and vice versa by virtue of their relationship as husband and wife.

Dr. Heng Tung Lan and Dr. Lee Keen Whye, by virtue of the provisions of Section 7 of the Act, are deemed to have an interest in the whole of the issued share capital of all the wholly-owned subsidiaries of the Company.

There are no changes to the above shareholdings as at 21 January 2016.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company or its related corporations, either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

## SHARE OPTIONS SCHEME AND PERFORMANCE SHARE PLAN

On 6 May 2015, the shareholders approved the SOG Employee Share Option Scheme (the "SOG ESOS" or "Scheme") and SOG Performance Share Plan (the "SOG PSP" or "Plan") by shareholders' written resolutions.

### SOG Employee Share Option Scheme

Under the Scheme, the Company may grant options to Executive Directors and employees of the Group and associated companies ("Group Employees") and Non-Executive Directors (including Independent Directors of the Group), who are also controlling shareholders or associates of such controlling shareholders, to subscribe for ordinary shares in the Company. For this purpose, a company is an "associated company" if the Company and/or the subsidiaries hold at least 20% but not more than 50% of the issued shares in that company and provided the Company has control (as defined in the Listing Manual) over the associated company. The number of shares in respect of which options may be granted to:

- (i) Each participant who is a controlling shareholder or his associate shall not exceed 10% of the shares available under the Scheme;
- (ii) The aggregate number of shares over which the Remuneration Committee may grant options on any date, when added to the number of shares issued and issuable or transferred and to be transferred in respect of all options granted under the SOG ESOS and the number of shares issued and issuable or transferred and to be transferred in respect of all options or awards granted under any other share option schemes or share schemes of the Company, shall not exceed 15% of the total number of issued shares (excluding shares held by the Company as treasury shares) on the day immediately preceding the date on which an offer to grant an option is made; and
- (iii) The aggregate number of shares which may be issued or transferred pursuant to options under the Scheme to participants who are controlling shareholders and their associates shall not exceed 25% of the shares available under the Scheme.

The SOG ESOS shall continue in operation for a maximum duration of ten years and may be continued for any further period thereafter with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Scheme is administered by the Company's Remuneration Committee, comprising Christopher Chong Meng Tak (Chairman), Chan Heng Toong and Chooi Yee-Choong, all Independent Directors of the Company.

**DIRECTORS'  
STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

**SHARE OPTIONS SCHEME AND PERFORMANCE SHARE PLAN (CONT'D)****SOG Performance Share Plan**

Under the Plan, the Company may award fully paid shares to Group Employees who have attained the age of twenty-one years and hold such rank as may be designated by the Remuneration Committee from time to time, and Non-Executive Directors (including Independent Directors). This is provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period.

Controlling shareholders of the Company or associates of such controlling shareholders are also eligible to participate in the Plan, subject to independent approval for each grant to such a person.

The Plan allows the Company to target specific performance objectives and to provide an incentive for participants to achieve these targets. The Directors believe that the plan will provide the Company with a flexible approach to provide performance incentives to the staff and Non-Executive Directors and, consequently, to improve performance and achieve sustainable growth for the Company in the changing business environment, and to foster a greater ownership culture amongst key senior management, senior executives and Non-Executive Directors.

The total number of shares which may be issued or transferred pursuant to awards granted under the Plan, when aggregated with the aggregate number of shares over which options are granted under any other share option schemes of the Company, shall not exceed 15% of the total number issued shares (excluding shares held by the Company as treasury shares) from time to time.

The Plan shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of ten years commencing on the date on which the Plan is adopted by the Company in general meeting, provided always that the Plan may continue beyond the above stipulated period with the approval of shareholders in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Plan, any awards made to participants prior to such expiry or termination will continue to remain valid.

**SHARE OPTIONS GRANTED**

There were no options granted under the SOG ESOS and the Plan during the current financial year.

There have been no options granted to the controlling shareholders of the Company or their associates or to Group Employees as required to be disclosed under Rule 851(1)(b) of the Catalist Rules.

No Group Employees and Non-Executive Directors have received 5% or more of the total number of options available under the Scheme or the Plan.

There were no unissued shares of the Company and of the subsidiaries under option at the end of the financial year.

No options to take up unissued shares of the Company and the subsidiaries have been granted during the financial year.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## AUDIT COMMITTEE

The Audit Committee during the year and at the date of this statement are:

Christopher Chong Meng Tak (Chairman)  
Chan Heng Toong  
Chooi Yee-Choong

The Audit Committee performs the functions specified in Section 201B(5) of the Act, the Catalist Rules and the Code of Corporate Governance. In performing those functions, the committee reviewed the following:

- i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditor. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;
- ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- iii) the half yearly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2015 as well as the auditor's report thereon;
- iv) effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditor;
- v) met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;
- vi) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- vii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- viii) reviewed the nature and extent of non-audit services provided by the external auditor;
- ix) recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- x) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and
- xi) interested person transactions (as defined in Chapter 9 of the Catalist Rules).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.



**DIRECTORS'  
STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

**AUDIT COMMITTEE (CONT'D)**

Full details regarding the Audit Committee are provided in the Corporate Governance Report.

In appointing our auditor for the Company and subsidiaries, we have complied with Rules 712 and 715 of the Catalist Rules.

**INDEPENDENT AUDITOR**

The independent auditor, Foo Kon Tan LLP, Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

.....  
DR. LEE KEEN WHYE

.....  
CHRISTOPHER CHONG MENG TAK

Dated: 11 March 2016

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINGAPORE O&G LTD.

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Singapore O&G Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2015, and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

INDEPENDENT  
**AUDITOR'S REPORT**

TO THE MEMBERS OF SINGAPORE O&G LTD.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan LLP  
*Public Accountants and  
Chartered Accountants*

Ang Soh Mui  
Partner in charge of the audit  
Date of appointment: 12 November 2014

Singapore, 11 March 2016

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	The Group		The Company	
		2015 S\$	2014 S\$	2015 S\$	2014 S\$
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Goodwill	5	842,295	842,295	–	–
Plant and equipment	6	678,680	601,383	141,719	188,589
Available-for-sale financial assets	7	148,411	–	148,411	–
Investment in subsidiaries	4	–	–	6,030,906	6,029,908
		<b>1,669,386</b>	1,443,678	<b>6,321,036</b>	6,218,497
<b>Current Assets</b>					
Inventories	8	278,452	204,860	23,632	13,139
Trade and other receivables	9	1,477,586	1,931,484	1,984,067	985,548
Cash and cash equivalents	10	24,209,144	11,276,114	16,423,903	3,965,625
		<b>25,965,182</b>	13,412,458	<b>18,431,602</b>	4,964,312
<b>Total Assets</b>		<b>27,634,568</b>	14,856,136	<b>24,752,638</b>	11,182,809
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share capital	11	14,428,020	4,212,615	14,428,020	4,212,615
Capital reserve	12	1,771,070	1,771,070	1,771,070	1,771,070
Merger reserve	13	(1,695,311)	(1,695,311)	–	–
Retained earnings		9,508,210	7,567,685	6,751,881	4,724,128
<b>Total Equity</b>		<b>24,011,989</b>	11,856,059	<b>22,950,971</b>	10,707,813
<b>Non-Current Liabilities</b>					
Deferred tax liabilities	16	85,536	12,696	–	2,000
		<b>85,536</b>	12,696	–	2,000
<b>Current Liabilities</b>					
Trade and other payables	14	1,648,992	1,749,551	1,751,120	448,050
Deferred revenue	15	379,693	279,076	50,547	24,946
Current tax liabilities		1,508,358	958,754	–	–
		<b>3,537,043</b>	2,987,381	<b>1,801,667</b>	472,996
<b>Total Liabilities</b>		<b>3,622,579</b>	3,000,077	<b>1,801,667</b>	474,996
<b>Total Equity and Liabilities</b>		<b>27,634,568</b>	14,856,136	<b>24,752,638</b>	11,182,809

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 S\$	2014 S\$
Revenue	3	<b>16,412,739</b>	13,546,906
Other operating income	17	<b>182,016</b>	145,563
Consumables and medical supplies used	18	<b>(1,857,776)</b>	(1,510,199)
Employee benefits expense	19	<b>(6,283,428)</b>	(4,835,122)
Depreciation of plant and equipment	6	<b>(240,006)</b>	(187,934)
Other operating expenses	20	<b>(2,158,519)</b>	(2,119,003)
<b>Profit from operations</b>		<b>6,055,026</b>	5,040,211
Finance income		<b>126,573</b>	154
Finance expenses		-	(999)
<b>Net finance income/(expense)</b>		<b>126,573</b>	(845)
<b>Profit before income tax</b>		<b>6,181,599</b>	5,039,366
Income tax expense	21	<b>(840,274)</b>	(791,316)
<b>Profit for the year</b>		<b>5,341,325</b>	4,248,050
<b>Other comprehensive income, at nil tax</b>		-	-
<b>Total comprehensive income for the year</b>		<b>5,341,325</b>	4,248,050
<b>Earnings per share attributable to equity holders of the Company:</b>			
- Basic (Cents)	23	<b>2.67</b>	2.79
- Diluted (Cents)	23	<b>2.67</b>	2.79

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Share capital S\$	Capital reserve S\$	Merger reserve S\$	Retained earnings S\$	Total S\$
At 1 January 2014	20	–	1,266,790	5,494,635	6,761,445
<b>Total comprehensive income for the year</b>					
Profit for the year	–	–	–	4,248,050	4,248,050
Other comprehensive income, at nil tax	–	–	–	–	–
	–	–	–	4,248,050	4,248,050
<b>Transactions with owners of the Company, recognised directly in equity</b>					
<b>Contributions by and distributions to owners of the Company</b>					
Issue of ordinary shares related to business combination (Note 11)	4,256,839	1,771,070	(2,962,101)	–	3,065,808
Share-based compensation (Note 11)	100,000	–	–	–	100,000
Share issuance cost (Note 11)	(144,244)	–	–	–	(144,244)
Dividends paid to shareholders (Note 22)	–	–	–	(2,175,000)	(2,175,000)
<b>Total contributions by and distribution to owners</b>	4,212,595	1,771,070	(2,962,101)	(2,175,000)	846,564
<b>At 31 December 2014</b>	4,212,615	1,771,070	(1,695,311)	7,567,685	11,856,059
<b>At 1 January 2015</b>	4,212,615	1,771,070	(1,695,311)	7,567,685	11,856,059
<b>Total comprehensive income for the year</b>					
Profit for the year	–	–	–	5,341,325	5,341,325
Other comprehensive income, at nil tax	–	–	–	–	–
	–	–	–	5,341,325	5,341,325
<b>Transactions with owners of the Company, recognised directly in equity</b>					
<b>Contributions by and distributions to owners of the Company</b>					
Proceeds from share issuance at IPO (Note 11)	10,900,000	–	–	–	10,900,000
Share issuance cost (Note 11)	(684,595)	–	–	–	(684,595)
Dividends paid to shareholders (Note 22)	–	–	–	(3,400,800)	(3,400,800)
<b>Total contributions by and distribution to owners</b>	10,215,405	–	–	(3,400,800)	6,814,605
<b>At 31 December 2015</b>	14,428,020	1,771,070	(1,695,311)	9,508,210	24,011,989

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 S\$	2014 S\$
<b>Cash Flows from Operating Activities</b>			
Profit before taxation		6,181,599	5,039,366
Adjustments for:			
Depreciation of plant and equipment	6	240,006	187,934
Share-based compensation		–	100,000
Plant and equipment written-off	6	1,880	350
Impairment of investment in available-for-sale financial assets (Note A)	7	101,589	–
Impairment of subsidiary due to voluntary liquidation	4	2	–
Interest expense		–	999
Interest income		(126,573)	(154)
Operating profit before working capital changes		6,398,503	5,328,495
Changes in inventories		(73,592)	34,352
Changes in trade and other receivables		286,623	(447,487)
Changes in trade and other payables		(1,012)	550,880
Cash generated from operations		6,610,522	5,466,240
Income taxes paid		(217,831)	(543,767)
<b>Net cash generated from operating activities</b>		<b>6,392,691</b>	<b>4,922,473</b>
<b>Cash Flows from Investing Activities</b>			
Acquisition of subsidiaries, net of cash acquired	4	–	2,506,686
Purchase of plant and equipment (Note B)	6	(318,113)	(374,492)
Interest received		43,847	154
<b>Net cash (used in)/ generated from investing activities</b>		<b>(274,266)</b>	<b>2,132,348</b>
<b>Cash Flows from Financing Activities</b>			
Repayment of finance leases		–	(11,889)
Net proceeds from share issuance at IPO (Note C)		10,215,405	–
Dividends paid to shareholders		(3,400,800)	(2,175,000)
Interest paid		–	(999)
<b>Net cash generated from/ (used in) financing activities</b>		<b>6,814,605</b>	<b>(2,187,888)</b>
<b>Net increase in cash and cash equivalents</b>		<b>12,933,030</b>	<b>4,866,933</b>
Cash and cash equivalents at beginning of year		11,276,114	6,409,181
<b>Cash and cash equivalents at end of year</b>	10	<b>24,209,144</b>	<b>11,276,114</b>

Notes:

- (A) The investment in available-for-sale financial assets amounting to S\$250,000 was paid in financial year ended 31 December 2014 and was included in prepayments and was reclassified to investment in available-for-sale financial assets during the financial year ended 31 December 2015.
- (B) During the financial year ended 31 December 2015, the Group acquired plant and equipment with an aggregate cost of S\$319,183 (2014: S\$374,492) of which S\$1,070 (2014: S\$Nil) was included in trade payables. Cash payment of S\$318,113 (2014: S\$374,492) was made to purchase plant and equipment.
- (C) In 2015, the Group incurred transaction costs of S\$961,458 relating to the initial public offering of shares, of which S\$276,863 have been included in other operating expenses in the Group's statement of comprehensive income and S\$684,595 was charged against share capital as share issuance cost in the Group's statement of changes in equity. Accordingly, the share issuance cost of S\$684,595 was set off against the IPO proceeds of S\$10.9 million.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 1 THE COMPANY

The financial statements of the Group and of the Company for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

Singapore O&G Ltd. (the "Company") is a company incorporated in Singapore. The address of the Company's registered office is at 34 Cassia Crescent, #01-80, Singapore 390034.

On 18 May 2015, the Company has changed its name from Singapore O&G Pte. Ltd. to Singapore O&G Ltd. On 4 June 2015, the Company was listed on Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Company and its subsidiaries are collectively known as "Group" in the consolidated financial statements.

The principal activities of the Company are those of an investment holding company and provision of specialised medical services. The principal activities of the subsidiaries are set out in Note 4.

## 2(A) BASIS OF PREPARATION

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Council.

The consolidated financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The consolidated financial statements are presented in Singapore dollars ("SGD") which is the Company's functional currency. All financial information is presented in SGD, unless otherwise stated.

### Common control business combination outside the scope of FRS 103

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Accordingly, the assets and liabilities of these entities have been accounted for at historical amounts in the consolidated financial statements.

In applying pooling-of-interests accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the consolidated financial statements of the combined entity as if the combination had taken place at the beginning of the earliest comparative period presented.

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognised the assets, liabilities and equity of the combining entities or businesses at the carrying amounts in the consolidated financial statements of the controlling party or parties prior to the common control combination. The carrying amounts are included as if such consolidated financial statements had been prepared by the controlling party, including adjustments required for conforming the combined entity's accounting policies and applying those policies to all periods presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 2(A) BASIS OF PREPARATION (CONT'D)

#### Common control business combination outside the scope of FRS 103 (Cont'd)

The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the consolidated financial statements of the combined entity.

The accounting policies applied by the Group are consistent for all periods presented in the consolidated financial statements.

#### Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a significant judgement are described below.

#### Significant judgements in applying accounting policies

(a) Income tax

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issue based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's current and deferred tax liabilities at the reporting date were S\$1,508,358 (2014: S\$958,754) and S\$85,536 (2014: S\$12,696) respectively. The carrying amount of the Company's deferred tax liabilities at the reporting date amounted to S\$Nil (2014: S\$2,000).

(b) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and the Company's loans and receivables at the end of the reporting period are disclosed in Note 9 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2(A) BASIS OF PREPARATION (CONT'D)

### Significant accounting estimates and judgements (Cont'd)

#### Significant judgements in applying accounting policies (Cont'd)

(c) Impairment of available-for-sale financial assets

The Group reviews its equity investment classified as available-for-sale financial assets at each reporting date to assess whether they are impaired. The Group also records impairment charges on available-for-sale financial assets when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement in making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

For the financial year ended 31 December 2015, the amount of impairment loss recognised for available-for-sale financial assets was S\$101,589 (2014: S\$Nil). Further details are given in Note 7 to the financial statements.

(d) Determination of operating segments

Management will first identify the Chief Operating Decision Maker ("CODM"). Then it should identify their business activities (which may not necessarily earn revenue or incur expenses). Management will further determine whether discrete financial information is available for the business activities and whether that information is regularly reviewed by the CODM. Judgment is applied by management of the aggregation criteria to operating segments.

### Critical accounting estimates and assumptions used in applying accounting policies

Impairment tests for cash-generating units containing goodwill (Note 5)

Goodwill is allocated to the Group's cash-generating units ("CGU") according to the individual subsidiary as follows:

	2015 S\$	2014 S\$
Beh's Clinic for Women Pte. Ltd.	446,094	446,094
Choo Wan Ling Women's Clinic Pte. Ltd.	396,201	396,201
	<b>842,295</b>	<b>842,295</b>

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets prepared by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below:

	Choo Wan Ling Women's Clinic Pte. Ltd. %	Beh's Clinic for Women Pte. Ltd. %
Gross profit margin	89.0	89.5
Growth rate	7.7	4.0
Discount rate	12.5	12.5

**NOTES TO THE  
FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

**2(A) BASIS OF PREPARATION (CONT'D)****Significant accounting estimates and judgements (Cont'd)****Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)****Impairment tests for cash-generating units containing goodwill (Note 5) (Cont'd)**

The recoverable amounts of CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to rates for Specialist Medical Practitioners related services and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in rates and direct costs are based on past practices and expectations of future changes in the market.

These assumptions have been used for the analysis of each CGU. Management determines the budgeted gross profit margin based on past performance and its expectation for market development. The weighted average growth rates used are consistent with industry reports.

The above estimates are particularly sensitive in the following areas:

- An increase of one percentage point in the discount rate used would have decreased the value-in-use by S\$151,000 (2014: S\$205,241) and accordingly, no impairment is required.
- A 1% decrease in future growth profit margin would have decreased the value-in-use by S\$392,000 (2014: S\$148,450) and accordingly, no impairment is required.

The carrying amount of goodwill as at 31 December 2015 amounted to S\$842,295 (2014: S\$842,295).

**Impairment tests for plant and equipment**

Plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash-generating units, have been determined based on value-in-use calculations. These calculations require the use of estimates. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit (or group of cash-generating units) and also to use many estimates and assumptions such as future market growth, forecast revenue and costs, useful lives of utilisation of the assets, discount rates and other factors.

The carrying amounts of the Group's and the Company's plant and equipment at the reporting date were S\$678,680 (2014: S\$601,383) and S\$141,719 (2014: S\$188,589) respectively.

A decrease of 5% (2014: 5%) in the value-in-use of the Group's plant and equipment would have decreased the Group's profit by S\$33,934 (2014: S\$30,069).

**Depreciation of plant and equipment**

The costs of plant and equipment are depreciated on a straight-line basis over the estimated economic useful lives of the assets. The Group estimates the useful lives of the assets based on commercial factors which could change significantly as a result of technical innovations and competitor actions in response to severe market conditions. Changes to the expected level of usage, maintenance programmes and technical developments could impact the economic useful lives of the assets; therefore future depreciation charges could be revised. The carrying amounts of the Group's and the Company's plant and equipment at the reporting date were S\$678,680 (2014: S\$601,383) and S\$141,719 (2014: S\$188,589) respectively. If depreciation on the Group's plant and equipment increases/decreases by 10% from management's estimate, the Group's profit for the year will decrease/increase by approximately S\$24,000 (2014: S\$18,793).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2(A) BASIS OF PREPARATION (CONT'D)

### Significant accounting estimates and judgements (Cont'd)

#### Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

##### Impairment of investments in and amounts due from subsidiaries

Determining whether investments in and amounts due from subsidiaries are impaired requires an estimation of the value-in-use of the investments. The value-in-use calculation requires the Company to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. At the reporting date, the carrying amounts of investments in subsidiaries are S\$6,030,906 (2014: S\$6,029,908) and amounts due from subsidiaries are S\$1,609,116 (2014: S\$413,419). Management has evaluated the recoverability of the investment based on such estimates.

If the discount rate of the present value of estimated future cash flows of RAD (Note 4) increase by 5% from management's estimates, the Company's allowance for impairment of investments in and amounts due from subsidiaries will increase by S\$54,813 (2014: S\$Nil). It should be noted that given the nature of the Company's business, the 5% used is merely an example and meant to be a reflection of the likely changes in future cash flow. This is because the clinics we have invested in are sole medical practitioners. Their specialities tend to result in very stable cashflows unless the doctor suffers death or disability in which case the decline in cash flow is likely to be significant and greater than 5%.

##### Allowance for inventory obsolescence

The Group reviews the ageing analysis of inventories at each reporting date, and makes provision for obsolete and slow moving inventory items identified that are no longer suitable for sale.

The net realisable value for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories.

If the net realisable values of the inventory decrease/increase by 10% from management's estimates, the Group's profit will decrease/increase by S\$27,845 (2014: S\$20,486). The carrying amounts of the Group's and the Company's inventory are disclosed in Note 8 to the financial statements.

##### Fair value of unquoted available-for-sale financial assets

Unquoted available-for-sale financial assets ("AFS") are stated at fair value which approximates the acquisition costs. If the market for a financial asset is not active or not available, the fair value is established by using valuation techniques such as the discounted cash flows analysis refined to reflect the issuer's specific circumstances. This valuation involves considerable subjective judgement in selecting among a range of different valuation methodologies, and making estimates about expected future cash flows and discount rates.

When valuing unquoted AFS, the cost or latest financing price of the investments will be taken into consideration, but that will not be the sole determinant of fair value. Cost or latest financing price may be a good indication of fair value upon purchase or the latest financing round. However, after some period of time, the cost or the latest financing price becomes less reliable as an approximation of fair value. Therefore, the management will assess whether the fair value has changed, taking into account changes in circumstances such as the current performance of the investee company, whether market, economic or company-specific conditions have significantly improved or deteriorated since the time of the original investment. These estimated values may differ significantly from the values that would have been used had a readily available market for such investments existed, or had such investments been liquidated, and the differences could be material to the financial statements. The carrying amounts of the specific assets at the end of the reporting period affected by this assumption are S\$148,411 (2014: S\$Nil).

If the discount rate of the present value of estimated future cash flows increase by 10% from management's estimates, the Group's changes in fair value of available-for-sale financial assets will increase by S\$10,000 (2014: S\$Nil).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 2(B) INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2015

On 1 January 2015, the Group adopted the amended FRSs that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS. This includes the following FRSs which are relevant to the Group:

Reference	Description
Amendments to FRS 19 Improvements to FRSs (January 2014)	Defined Benefit Plan: Employee Contributions
FRS 24	Related Party Disclosures
FRS 108	Operating Segments

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

### 2(C) FRS NOT YET EFFECTIVE

The following are the new or amended FRS and INT FRS issued that are not yet effective but may be early adopted for the current financial year:

Reference	Description	Effective date (Annual periods beginning on or after)
FRS 115	Revenue Contract from Customers	1 January 2017
FRS 109	Financial Instruments	1 January 2018

#### FRS 115 Revenue Contracts from Customers

FRS 115 Revenue from Contracts with Customers establishes a framework for determining when and how to recognise revenue. The objective of the standard is to establish the principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall into the scope of other standards.

FRS 115 is effective for annual periods beginning on or after 1 January 2017. The Group is currently assessing the impact to the financial statements.

#### FRS 109 Financial Instruments

FRS 109 Financial Instruments replaces the FRS 39 and it is a package of improvements introduced by FRS 109 which include a logical model for:

- Classification and measurement;
- A single, forward-looking "expected loss" impairment model; and
- A substantially reformed approach to hedge accounting

FRS 109 is effective for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2(D) SIGNIFICANT ACCOUNTING POLICIES

### Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intragroup transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if and only if the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

**NOTES TO THE  
FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

**2(D) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Consolidation (Cont'd)**

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

**Intangible assets**

Intangible assets are accounted for using the cost model with the exception of goodwill. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing. Indefinite life intangibles are not amortised but are subject to annual impairment testing.

Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2(D) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Intangible assets (Cont'd)

#### Goodwill

Goodwill on acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold.

### Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation on items of plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Office equipment	2 to 5 years
Furniture and fittings	2 to 5 years
Medical equipment	2 to 5 years
Renovation	5 years
Computer and software	1 year

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of plant and equipment.

Subsequent expenditure relating to plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.



**NOTES TO THE  
FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

**2(D) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Investment in subsidiaries**

In the Company's separate financial statements, investments in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

**Financial assets**

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

The Group and the Company do not have held-to-maturity investments and financial assets at fair value through profit or loss.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables include trade and other receivables, excluding prepayments. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write-back is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2(D) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Financial assets (Cont'd)

#### Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

All financial assets within this category are subsequently measured at fair value with changes in value recognised in equity, net of any effects arising from income taxes, until the financial assets is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognised in equity is included in the profit or loss for the period.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from the equity and recognised in the profit or loss even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed in profit or loss if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Impairment losses recognised in a previous interim period in respect of available-for-sale equity investments are not reversed even if the impairment losses would have been reduced or avoided had the impairment assessment been made at a subsequent reporting period or end of the reporting period.

#### Determination of fair value

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs. Where fair value of unquoted instruments cannot be measured reliably, fair value is determined by the transaction price.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis, and includes all costs of purchases and other costs incurred in bringing the inventories to their present location and condition.

Provision is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

**NOTES TO THE  
FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

**2(D) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and bank deposits.

**Impairment of non-financial assets**

The carrying amounts of the Group's and Company's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the company at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decrease.
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.
- A reversal of an impairment loss on a revalued asset is credited directly to equity. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2(D) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

### Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because of the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

### Financial liabilities

The Group's financial liabilities comprise trade and other payables, excluding deferred revenue.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance costs" in the profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process. As at the end of the respective reporting periods, there are no financial liabilities carried at fair value.

### Trade and other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

### Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

**NOTES TO THE  
FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

**2(D) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Leases***Where the Group is the lessee,*Operating leases

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the profit or loss when incurred.

Contingent rents are mainly determined as a percentage of revenue in excess of a specified amount during the month. They are charged to the profit or loss when incurred.

*Where the Group is the lessor,*Operating leases

Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

**Income taxes**

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2(D) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Revenue recognition

#### Provision of specialised medical services

Revenue from the provision of specialised medical services (namely obstetrics and gynaecology and cancer-related services) is recognised when the services are rendered.

#### Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

#### Finance income

Finance income relates to interest income from bank deposits that is recognised as it accrues, using the effective interest method.

#### Dividend income

Dividend income is recognised when the right to receive payment is established.

### Employee benefits

#### Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

#### Pension obligations

The Group and the Company contribute to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to national pension schemes are charged to the profit or loss in the period to which the contributions relate.

#### Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

#### Employee Share Option Scheme and Performance Share Plan

The Company also has an employee share option plan for the granting of non-transferable options. The Group may issue equity-settled share-based payments to certain employees. The fair value of the employee services received in exchange for the grant of options is recognised as an expense in the profit or loss with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At the end of each reporting period, the Group will revise its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

**NOTES TO THE  
FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

**2(D) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Employee benefits (Cont'd)**Employee Share Option Scheme and Performance Share Plan (Cont'd)

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the 'treasury shares' account, when treasury shares are re-issued to the employees.

In the Company's separate financial statements, the fair value of options granted to employees of its subsidiaries is recognised as an increase in the cost of the Company's investment in subsidiaries, with a corresponding increase in equity over the vesting period.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain management executives are considered key management personnel.

**Related parties**

A related party is defined as follows:

- a. A person or a close member of that person's family is related to the Group and the Company if that person:
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Group or Company.
  
- b. An entity is related to the Group and the Company if any of the following conditions applies:
  - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) both entities are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a); or
  - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

**Government grants**

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the asset.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2(D) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in SGD, which is also the functional currency of the Company.

### Conversion of foreign currencies

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

### Operating segments

For management purposes, operating segments are organised based on their services which are independently managed by the respective segment managers (i.e. Specialist Medical Practitioners) responsible for the performance of the respective segments under their charge. The segment managers are directly accountable to the Chief Executive Officer ("CEO") who regularly reviews the segment results in order to allocate resources to the segments and to assess segment performance.

## 3 PRINCIPAL ACTIVITIES AND REVENUE

The principal activities of the Company are those of an investment holding company and provision of specialised medical services. The principal activities of the subsidiaries are set out in Note 4ii(e).

Significant categories of revenue, excluding inter-company transactions and applicable goods and services tax, are detailed as follows:

<b>The Group</b>	<b>2015</b> <b>S\$</b>	2014 S\$
Obstetrics and Gynaecology revenue	<b>14,876,884</b>	13,452,728
Cancer-related revenue	<b>1,535,855</b>	94,178
	<b>16,412,739</b>	13,546,906



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 4 INVESTMENT IN SUBSIDIARIES

<b>The Company</b>	<b>2015</b>	2014
	<b>S\$</b>	S\$
Unquoted equity shares, at cost	<b>6,030,908</b>	6,029,908
Impairment loss of a subsidiary due to voluntary liquidation	<b>(2)</b>	–
	<b>6,030,906</b>	6,029,908

i. Acquisition of subsidiaries from common control shareholders

On 11 February 2014, the Company acquired 100 percent equity interests in K W Lee Clinic and Surgery for Women Pte. Ltd. and Heng Clinic for Women Pte. Ltd. from Dr. Lee Keen Whye and Dr. Heng Tung Lan respectively for a total purchase consideration amounting to S\$2,962,100, which was satisfied in full by the allotment and issue of 66,710,422 shares and 81,394,641 shares in the Company to Dr. Lee Keen Whye and Dr. Heng Tung Lan respectively. The purchase considerations were arrived at based on the net asset value of the entities.

On 11 February 2014, Dr. Lee Keen Whye and Dr. Heng Tung Lan renounced 8,222,670 shares and 10,049,930 shares respectively, and directed the Company to allot and issue such shares to Dr. Ng Koon Keng, Mr. Peter Tan, Ms. Heng Tong Bwee and Dr. Wong Chui Fong Anna.

ii. Acquisition of subsidiaries from third parties

On 11 February 2014, the Company issued 25,894,737 new shares to the shareholders of Beh's Clinic for Women Pte. Ltd., ST Surgery Pte. Ltd. and Choo Wan Ling Women's Clinic Pte. Ltd. (collectively hereinafter referred to as the "Subsidiaries") for total purchase consideration amounting to S\$3,065,808 to acquire 100 percent equity interests in these entities. The purchase considerations were arrived at on a willing-buyer, willing-seller basis.

The Company engaged an independent professional valuer to perform a valuation of the fair value of the identifiable assets and liabilities of the Subsidiaries as at 1 January 2014. The fair value acquired approximated their book value. There were no intangible assets identified which were previously not recorded in the subsidiary, after a purchase price allocation exercise had been performed. Pursuant to the purchase price allocation exercise, the Group recognised a goodwill arising on consolidation of S\$842,295 at 1 January 2014.

The acquisition of the Subsidiaries was expected to increase the business synergies and increase the Group's market share of the industry.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 4 INVESTMENT IN SUBSIDIARIES (CONT'D)

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date in 2014:

### (a) Consideration transferred

	2014 S\$
Total consideration transferred satisfied by issuance of shares by the Company	<u>3,065,808</u>

### (b) Fair value of identifiable assets acquired and liabilities assumed at acquisition date

	2014 S\$
Plant and equipment (Note 6)	8,625
Trade and other receivables	236,538
Cash and cash equivalents	2,506,686
Inventories	20,198
Trade and other payables	(304,772)
Finance leases	(11,889)
Current tax liabilities	(139,552)
Deferred revenue	(86,855)
Deferred tax liabilities (Note 16)	(5,466)
Total net identifiable assets	<u>2,223,513</u>
Goodwill (Note 5)	<u>842,295</u>
Purchase consideration	<u>3,065,808</u>

### (c) Effect on cash flows of the Group

	S\$
Cash and cash equivalents in subsidiary acquired	<u>2,506,686</u>
Net cash inflow on acquisition	<u>2,506,686</u>

### (d) Acquisition-related cost

In 2014, the Group incurred acquisition-related costs relating to external legal fees and due diligence costs amounting to S\$850,692, of which S\$706,448 have been included in other operating expenses in the Group's statement of comprehensive income and S\$144,244 was charged against share capital as share issuance cost in the Group's statement of changes in equity.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 4 INVESTMENT IN SUBSIDIARIES (CONT'D)

#### (e) Revenue and profit contribution

The subsidiaries contributed S\$1,919,371 to Group's profit for the year ended 31 December 2014. The subsidiaries' assets and liabilities at 31 December 2014 were S\$2,945,118 and S\$742,278 respectively.

Details of the Group's subsidiaries at the end of the reporting period are set out below:

Name	Principal activities	Country of incorporation	Percentage of interest held	
			2015 %	2014 %
Heng Clinic for Women Pte. Ltd. <sup>(3)</sup>	Provision of obstetrical and gynaecological services	Singapore	100	100
K W Lee Clinic & Surgery for Women Pte. Ltd. <sup>(3)</sup>	Provision of obstetrical and gynaecological services	Singapore	100	100
Choo Wan Ling Women's Clinic Pte. Ltd. <sup>(3)</sup>	Provision of obstetrical and gynaecological services	Singapore	100	100
Beh's Clinic for Women Pte. Ltd. <sup>(3)</sup>	Provision of obstetrical and gynaecological services	Singapore	100	100
ST Surgery Pte. Ltd. <sup>(1)</sup>	Specialised medical services	Singapore	–	100
SOG-Radhika Breast and General Surgicare Pte. Ltd. <sup>(3)</sup>	Provision of cancer-related and general surgery services	Singapore	100	100
SOG-Cindy Pang Clinic for Women Pte. Ltd. <sup>(3)</sup>	Provision of obstetrical and gynaecological, and cancer-related services	Singapore	100	100
SOG Dermatology Pte. Ltd. <sup>(2)</sup>	Provision of dermatology services	Singapore	100	–

(1) ST Surgery Pte. Ltd. was liquidated on 12 May 2015 on a voluntarily basis.

(2) SOG Dermatology Pte. Ltd., not audited, was incorporated on 18 December 2015. As the financial effect of the incorporation is not significant to the Group, the relevant disclosures under FRS 103 Business Combinations are not included in these consolidated financial statements.

(3) Audited by Foo Kon Tan LLP.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 4 INVESTMENT IN SUBSIDIARIES (CONT'D)

### (e) Revenue and profit contribution (Cont'd)

#### Impairment test for investment in subsidiary

SOG-Radhika Breast & General Surgicare Pte. Ltd. ("RAD") has been incurring start-up losses since incorporation in 2014 which provides an indicator of impairment. Management performed an assessment of the present value of the future marginal economic benefits. The recoverable amount of the CGU was determined based on value-in-use ("VIU") calculation.

- This VIU calculation used pre-tax cash flow projections based on financial budgets prepared by management covering a five-year period from 2016 to 2020.
- Weighted average cost of capital ("WACC") rate of 10% was applied to the cash flow projections.
- No terminal growth rate is determined as the cash flows were based on assumption of only 5 years as this is management's best estimate and the service contract of the doctor is for 5 years. This practice of 5 years' cash flow forecast for VIU computation will be adopted consistently.

Based on the impairment test, the recoverable amount of RAD was determined to be not lower than the carrying amount and, consequently, management has assessed that there is no impairment considered necessary at 31 December 2015.

## 5 GOODWILL

<b>The Group</b>	<b>2015</b>	2014
	<b>S\$</b>	S\$
<b>Cost and carrying value</b>		
At beginning of year	<b>842,295</b>	–
Additions (Note 4)	–	842,295
At end of year	<b>842,295</b>	842,295

#### Impairment tests for goodwill

As at 31 December 2015, the carrying amount of goodwill is attributable to the Group's cash-generating units ("CGU") comprising of Beh's Clinic for Women Pte. Ltd. and Choo Wan Ling Women's Clinic Pte. Ltd.

<b>The Group</b>	<b>2015</b>	2014
	<b>S\$</b>	S\$
Beh's Clinic for Women Pte. Ltd.	<b>446,094</b>	446,094
Choo Wan Ling Women's Clinic Pte. Ltd.	<b>396,201</b>	396,201
	<b>842,295</b>	842,295

The recoverable amount of a CGU was determined based on value-in-use calculations. The value-in-use calculation is a discounted cash flow model using cash flow projections based on financial budget prepared by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below. The growth rate do not exceed the long-term average growth rate in which the CGU operates.

Management engaged an independent professional valuer in 2015 and 2014 to perform a valuation of the recoverable amounts of the goodwill for the two CGUs.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 5 GOODWILL (CONT'D)

*Impairment tests for goodwill (Cont'd)*

Key assumptions used for value-in-use calculations:

	2015	
	Choo Wan Ling Women's Clinic Pte. Ltd. %	Beh's Clinic for Women Pte. Ltd. %
Gross profit margin <sup>(1)</sup>	89.0	89.5
Growth rate <sup>(2)</sup>	7.7	4.0
Discount rate <sup>(3)</sup>	12.5	12.5
	2014	
	Choo Wan Ling Women's Clinic Pte. Ltd. %	Beh's Clinic for Women Pte. Ltd. %
Gross profit margin <sup>(1)</sup>	91.1	91.1
Growth rate <sup>(2)</sup>	5.0	5.0
Discount rate <sup>(3)</sup>	15.8	15.8

(1) Budgeted gross profit margin

(2) Weighted average growth rate used to extrapolate cash flows beyond the budget period

(3) Pre-tax discount rate applied to the pre-tax cash flow projections

These assumptions were used for the analysis of each CGU within the business segment. Management determined budgeted gross profit margin based on past performance and its expectations of the market developments. The weighted average growth rates used were consistent with the forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments.

The Group believes that any reasonably possible changes in the above key assumptions applied are not likely to materially cause the recoverable amounts to be lower than its carrying amounts.

The recoverable amounts have been estimated to be higher than the carrying amounts of the CGUs, and thus no impairment is required.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 6 PLANT AND EQUIPMENT

The Group	Office equipment S\$	Furniture and fittings S\$	Medical equipment S\$	Renovation S\$	Computer and software S\$	Total S\$
<u>Cost</u>						
At 1 January 2014	49,325	118,283	324,013	307,582	17,884	817,087
Acquisition of subsidiaries (Note 4)	3,438	754	20	3,939	474	8,625
Additions	5,040	2,193	266,548	72,831	27,880	374,492
Write-off	(25,150)	(82,299)	(35,811)	(5,756)	–	(149,016)
Reclassification	(13,405)	–	–	–	13,405	–
At 31 December 2014	<b>19,248</b>	<b>38,931</b>	<b>554,770</b>	<b>378,596</b>	<b>59,643</b>	<b>1,051,188</b>
Additions	–	<b>7,856</b>	<b>292,732</b>	–	<b>18,595</b>	<b>319,183</b>
Write-off	<b>(3,587)</b>	<b>(3,579)</b>	<b>(172,700)</b>	–	<b>(1,620)</b>	<b>(181,486)</b>
Reclassification	<b>(2,788)</b>	–	–	–	<b>2,788</b>	–
<b>At 31 December 2015</b>	<b>12,873</b>	<b>43,208</b>	<b>674,802</b>	<b>378,596</b>	<b>79,406</b>	<b>1,188,885</b>
<u>Accumulated depreciation</u>						
At 1 January 2014	27,435	81,796	186,616	96,806	17,884	410,537
Depreciation for the year	8,599	9,763	65,811	84,601	19,160	187,934
Write-off	(25,034)	(82,083)	(35,795)	(5,754)	–	(148,666)
Reclassification	(6,827)	–	–	–	6,827	–
At 31 December 2014	<b>4,173</b>	<b>9,476</b>	<b>216,632</b>	<b>175,653</b>	<b>43,871</b>	<b>449,805</b>
Depreciation for the year	<b>4,945</b>	<b>9,275</b>	<b>141,065</b>	<b>58,752</b>	<b>25,969</b>	<b>240,006</b>
Write-off	<b>(3,367)</b>	<b>(1,919)</b>	<b>(172,700)</b>	–	<b>(1,620)</b>	<b>(179,606)</b>
Reclassification	<b>(281)</b>	–	–	–	<b>281</b>	–
<b>At 31 December 2015</b>	<b>5,470</b>	<b>16,832</b>	<b>184,997</b>	<b>234,405</b>	<b>68,501</b>	<b>510,205</b>
<u>Net book value</u>						
<b>At 31 December 2015</b>	<b>7,403</b>	<b>26,376</b>	<b>489,805</b>	<b>144,191</b>	<b>10,905</b>	<b>678,680</b>
At 31 December 2014	15,075	29,455	338,138	202,943	15,772	601,383

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 6 PLANT AND EQUIPMENT (CONT'D)

The Company	Furniture and fittings S\$	Medical equipment S\$	Renovation S\$	Computer and software S\$	Total S\$
<u>Cost</u>					
At 1 January 2014	11,594	74,000	51,550	17,884	155,028
Additions	2,193	147,485	–	18,940	168,618
Disposals	–	(46,500)	–	–	(46,500)
<b>At 31 December 2014</b>	<b>13,787</b>	<b>174,985</b>	<b>51,550</b>	<b>36,824</b>	<b>277,146</b>
Additions	3,500	1,122	–	10,900	15,522
Write-off	(175)	–	–	(435)	(610)
Disposals	–	(1,122)	–	–	(1,122)
<b>At 31 December 2015</b>	<b>17,112</b>	<b>174,985</b>	<b>51,550</b>	<b>47,289</b>	<b>290,936</b>
<u>Accumulated depreciation</u>					
At 1 January 2014	598	11,100	3,952	17,884	33,534
Depreciation for the year	2,684	31,483	10,310	10,546	55,023
<b>At 31 December 2014</b>	<b>3,282</b>	<b>42,583</b>	<b>14,262</b>	<b>28,430</b>	<b>88,557</b>
Depreciation for the year	2,824	34,997	10,310	13,054	61,185
Write-off	(90)	–	–	(435)	(525)
<b>At 31 December 2015</b>	<b>6,016</b>	<b>77,580</b>	<b>24,572</b>	<b>41,049</b>	<b>149,217</b>
<u>Net book value</u>					
<b>At 31 December 2015</b>	<b>11,096</b>	<b>97,405</b>	<b>26,978</b>	<b>6,240</b>	<b>141,719</b>
At 31 December 2014	10,505	132,402	37,288	8,394	188,589

Included in disposals for the year is a medical equipment with a net book value of S\$1,122 (2014: S\$46,500) which was transferred to its subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 7 AVAILABLE-FOR-SALE FINANCIAL ASSETS

<b>The Group and the Company</b>	<b>2015</b>	2014
	<b>S\$</b>	S\$
<i>Available-for-sale financial assets measured at fair value</i>		
<i>Unquoted equity investment</i>		
At 1 January	–	–
Additions	<b>250,000</b>	–
At 31 December	<b>250,000</b>	–
Allowance for impairment of available-for-sale financial assets	<b>(101,589)</b>	–
Net amount of available-for-sale financial assets	<b>148,411</b>	–
 <i>Presented as:</i>		
<b>Non-Current Assets</b>		
Available-for-sale financial assets	<b>148,411</b>	–

### Shares in unquoted equity investment

The Company invested S\$250,000 (2014: S\$Nil) to acquire 5% of the ordinary shares of SG Meditech Pte. Ltd. ("SG Meditech"), intended as a third party investment to the Singapore Government National Research Foundation Technology's Incubation Scheme ("the Scheme"). Under the Scheme, SG Meditech is developing a device aimed at providing a more sustainable solution to improve the cord blood collection process.

### Determination of fair value

As the unquoted equity shares are not publicly traded, the fair values presented are determined based on the discounted cash flow calculations of the underlying investees based on a valuation report issued by an independent valuer. These calculations use cash flow projections based on the yield to maturity of comparative unquoted equity investments using the estimated discount rates. The WACC rate of 40%, 35% and 25% (2014: S\$Nil) was applied to the cash flow projections for the first year, the next 4 years and the terminal value respectively.

The key assumptions for the discounted cash flow calculations are those regarding the discount rates, coupon rates, yield to maturity which is the rate of return expected on an unquoted equity shares which is held till maturity, growth rates, maturity date and expected changes to selling prices and direct costs during the period. The independent valuer and management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the unquoted equity shares. These assumptions have been used for the analysis of each unquoted equity share. The discount rates used are pre-tax and reflect specific risks relating to the business segments. Significant judgement is used in determining the fair value of the unquoted equity shares.

### Impairment assessment

Significant judgement is applied by management in determining the recoverability of the unquoted equity shares. Judgements in identifying impairment losses include a review of the current performance of the investee company and whether market, economic or company-specific conditions have significantly improved or deteriorated since the time of the original investment. Furthermore, the review of the financial performance and position of the investee company are based on historical financial information (and in certain cases, based on unaudited financial information of the investee company's principal subsidiary) which may not be indicative of the investee company's recoverable amounts as of the reporting date. The recoverable amounts may differ significantly from the carrying amounts at the reporting date had a readily available market for such equity investment existed, or had such equity investment been liquidated, and the differences could be material to the financial statements. Based on the impairment assessment, an impairment loss of S\$101,589 (2014: S\$Nil) was recognised in the profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 8 INVENTORIES

	The Group		The Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Pharmacy supplies	<b>278,452</b>	204,860	<b>23,632</b>	13,139

There were no write-down in value of inventories and no write-off of inventories during the financial years ended 31 December 2015 and 2014.

### 9 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Trade receivables	<b>1,096,948</b>	1,364,595	<b>123,777</b>	235,704
Impairment losses:				
At 1 January	<b>(18,533)</b>	(64,894)	-	(1,200)
Business combination	-	(18,533)	-	-
Allowance utilised	<b>18,533</b>	64,894	-	1,200
At 31 December	-	(18,533)	-	-
Net trade receivables	<b>1,096,948</b>	1,346,062	<b>123,777</b>	235,704
Amounts due from subsidiaries (non-trade)	-	-	<b>1,609,116</b>	413,419
Deposits	<b>146,337</b>	186,395	<b>108,153</b>	77,152
Other receivables	<b>86,617</b>	15,523	<b>82,727</b>	2,728
Loans and receivables	<b>1,329,902</b>	1,547,980	<b>1,923,773</b>	729,003
Prepayments	<b>147,684</b>	383,504	<b>60,294</b>	256,545
	<b>1,477,586</b>	1,931,484	<b>1,984,067</b>	985,548

An ageing analysis of trade receivables at the reporting date is as follows:

	The Group		The Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Not past due	<b>847,777</b>	372,373	<b>86,832</b>	16,602
Past due less than 1 month	<b>66,171</b>	400,185	<b>4,386</b>	-
Past due more than 1 month but less than 2 months	<b>57,776</b>	381,310	<b>18,026</b>	3,311
Past due more than 2 months	<b>125,224</b>	192,194	<b>14,533</b>	215,791
	<b>1,096,948</b>	1,346,062	<b>123,777</b>	235,704

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with a good payment record with the Group and the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 9 TRADE AND OTHER RECEIVABLES (CONT'D)

The Group's and the Company's financial assets not past due or impaired include trade receivables amounting to S\$847,777 (2014: S\$372,373) and S\$86,832 (2014: S\$16,602) respectively. For the trade receivables past due but not impaired, based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables past due up to 1 year. These receivables are mainly arising from hospitals and insurance companies that have a good credit record with the Group.

Trade receivables relate to the collection of doctor's professional fees to be paid by the respective hospitals in Singapore and insurance companies. The Group generally extends between 30-day and 90-day credit terms. No interest is charged on outstanding balances. The Group actively reviews the trade receivable balances and follows up on outstanding debts with the hospitals and insurance companies.

The impaired receivables relate to those with recoverability issue. Except as provided above and based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due up to 30 days. These receivables are mainly arising from hospitals and insurance companies that have a good credit record with the Group.

Non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand. No impairment losses have been recognised at the reporting date in view of the good credit history of the subsidiaries.

Included in the prepayments at 31 December 2014 was S\$250,000 for the investment in SG Meditech Pte. Ltd. (Note 7).

Bad debts written off directly in the profit or loss during the financial year ended 31 December 2015 amounted to S\$41,866 (2014: S\$103,799) for the Group.

Refer to Note 27 for details of credit risk exposure.

## 10 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Cash on hand	4,100	3,199	800	747
Cash at bank	24,205,044	10,272,915	16,423,103	2,964,878
Fixed deposits	–	1,000,000	–	1,000,000
	<b>24,209,144</b>	11,276,114	<b>16,423,903</b>	3,965,625

Included in cash at bank as of 31 December 2015 consists of a S\$10 million fixed deposit which was closed on 23 December 2015 on maturity. The fixed deposit was in transit to the Company's bank account as at 31 December 2015.

The fixed deposit has an average maturity of 1 month from the end of the financial year 2014 with a weighted average effective interest rate of 1.12%.

Subsequent to end of the reporting period, the Company paid the first tranche of the purchase consideration, S\$6.0 million in cash, for the acquisition of the business and medical practices of JL Laser & Surgery Pte. Ltd., JL Esthetic Research Centre Pte. Ltd. and JL Dermatology Pte. Ltd. (Note 31).

Subject to the shareholders' approval at the Annual General Meeting on 8 April 2016, the Company will pay a final one-tier tax exempt dividend of 1.15 Singapore cents per share in respect of FY 2015 (Note 31). The final dividend amounted to S\$2.7 million will be paid subsequent to end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 11 SHARE CAPITAL

<b>The Company</b>	<b>2015</b>	2014	<b>2015</b>	2014
	<b>Number of shares</b>		<b>S\$</b>	S\$
<b>Issued and fully paid, with no par value</b>				
At 1 January	<b>174,400,000</b>	200	<b>4,212,615</b>	20
Issued under business combinations	–	173,999,800	–	4,256,839
Share-based compensation	–	400,000	–	100,000
Issuance of ordinary shares at IPO	<b>43,600,000</b>	–	<b>10,900,000</b>	–
Share issuance cost	–	–	<b>(684,595)</b>	(144,244)
At 31 December	<b>218,000,000</b>	174,400,000	<b>14,428,020</b>	4,212,615

The Company was incorporated on 6 January 2011 as a private limited company with an authorised share capital of S\$20. On incorporation, 200 ordinary shares were issued as subscriber shares for cash.

During the financial year ended 31 December 2015, the Company issued 43,600,000 (2014: Nil) ordinary shares for a total consideration of S\$10,900,000 (2014: S\$Nil) in relation to the initial public offering (“IPO”).

Transaction costs of S\$684,595 (2014: S\$144,244) (Note 4(d)) related to the IPO of 43,600,000 ordinary shares were deducted directly against the share capital.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company’s residual assets.

### 12 CAPITAL RESERVE

#### The Group and the Company

The capital reserve represents the difference between the fair value of the purchase consideration paid by the Company and the net assets of Choo Wan Ling Women’s Clinic Pte. Ltd., ST Surgery Pte. Ltd. and Beh’s Clinic for Women Pte. Ltd. acquired by the Company during the financial year ended 31 December 2014.

### 13 MERGER RESERVE

#### The Group

The merger reserve represents the difference between the consideration paid by the Company and the net assets of K W Lee Clinic & Surgery for Women Pte. Ltd. and Heng Clinic for Women Pte. Ltd. acquired by the Company.

### 14 TRADE AND OTHER PAYABLES

	<b>The Group</b>		<b>The Company</b>	
	<b>2015</b>	2014	<b>2015</b>	2014
	<b>S\$</b>	S\$	<b>S\$</b>	S\$
Trade payables	<b>290,650</b>	525,214	<b>220,818</b>	73,942
Accrued operating expense	<b>863,849</b>	579,947	<b>334,285</b>	159,338
Amounts due to subsidiaries (non-trade)	–	–	<b>1,147,917</b>	183,325
Amounts due to director (non-trade)	<b>244,000</b>	244,000	–	–
Other payables	<b>250,493</b>	400,390	<b>48,100</b>	31,445
	<b>1,648,992</b>	1,749,551	<b>1,751,120</b>	448,050

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 14 TRADE AND OTHER PAYABLES (CONT'D)

Non-trade amounts due to directors, comprising advances and payable for the lease of a subsidiary's office premise, are unsecured, interest-free and repayable on demand.

Trade payables have credit terms of 30 days (2014: 30 days).

Non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Please refer to Note 27 for details of liquidity risk exposure.

### 15 DEFERRED REVENUE

	The Group		The Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Fees received, represented as:				
Current liabilities	<b>379,693</b>	279,076	<b>50,547</b>	24,946

The Group offers 'Antenatal' maternity package (the "package") to patients which covers all pregnancy-related consultations. Under the package, the patients pay an upfront package fee; and the Company recognises the fee collected as deferred income which is amortised over the patient's remaining pregnancy period till the birth of the baby.

### 16 DEFERRED TAX LIABILITIES

	The Group		The Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
At 1 January	<b>12,696</b>	7,249	<b>2,000</b>	2,000
Acquisition of subsidiaries (Note 4)	-	5,466	-	-
Recognised in profit or loss (Note 21)	<b>72,840</b>	(19)	<b>(2,000)</b>	-
At 31 December	<b>85,536</b>	12,696	-	2,000

Deferred tax liabilities comprised the following:

	The Group		The Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Deferred revenue	<b>64,548</b>	10,696	-	-
Plant and equipment	<b>20,988</b>	2,000	-	2,000
	<b>85,536</b>	12,696	-	2,000

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 16 DEFERRED TAX LIABILITIES (CONT'D)

The balance comprises tax on the following temporary differences:

<b>The Group</b>	Deferred revenue S\$	Plant and equipment S\$	Total S\$
At 1 January 2014	5,249	2,000	7,249
Acquisition of subsidiaries (Note 4)	5,466	–	5,466
Recognised in profit or loss (Note 21)	(19)	–	(19)
At 31 December 2014	<b>10,696</b>	<b>2,000</b>	<b>12,696</b>
Recognised in profit or loss (Note 21)	<b>53,852</b>	<b>18,988</b>	<b>72,840</b>
<b>At 31 December 2015</b>	<b>64,548</b>	<b>20,988</b>	<b>85,536</b>

<b>The Company</b>	Plant and equipment S\$	Total S\$
At 1 January 2014	2,000	2,000
Recognised in profit or loss	–	–
At 31 December 2014	<b>2,000</b>	<b>2,000</b>
Recognised in profit or loss	<b>(2,000)</b>	<b>(2,000)</b>
<b>At 31 December 2015</b>	<b>–</b>	<b>–</b>

### 17 OTHER OPERATING INCOME

<b>The Group</b>	2015 S\$	2014 S\$
Rental income	403	29,183
Government grant	122,109	96,888
Sponsorship income	33,757	8,880
Sundry income	25,747	10,612
	<b>182,016</b>	145,563

### 18 CONSUMABLES AND MEDICAL SUPPLIES USED

<b>The Group</b>	2015 S\$	2014 S\$
Changes in inventories	(73,592)	34,352
Inventories used	900,380	777,579
Laboratory test and charges	814,983	417,965
Hospital facility charges	145,805	214,254
Others	70,200	66,049
	<b>1,857,776</b>	1,510,199

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 19 EMPLOYEE BENEFITS EXPENSE

<b>The Group</b>	<b>2015</b> <b>S\$</b>	2014 S\$
Directors' remuneration other than fee		
– directors of the Company	<b>2,059,012</b>	1,770,930
– directors of a subsidiary	<b>1,396,872</b>	1,274,824
– Central Provident Fund contributions	<b>70,722</b>	74,635
Key management personnel (Other than directors)		
– Salaries and other related costs	<b>491,903</b>	–
– Central Provident Fund contributions	<b>32,851</b>	–
Other than directors and key management personnel		
– Salaries and other related costs	<b>2,036,527</b>	1,440,641
– Share-based compensation	–	100,000
– Central Provident Fund contributions	<b>195,541</b>	174,092
	<b>6,283,428</b>	4,835,122

## 20 OTHER OPERATING EXPENSES

<b>The Group</b>	<b>2015</b> <b>S\$</b>	2014 S\$
Advertisement	<b>70,584</b>	13,283
Audit fees paid/payable to auditor of the Company	<b>117,000</b>	87,000
Non-audit fees paid/payable to auditor of the Company	<b>34,000</b>	–
Bad debts written off (trade)	<b>41,866</b>	103,799
Credit card charges	<b>111,845</b>	113,078
Entertainment expenses	<b>67,539</b>	40,663
General expenses	–	4,308
Impairment of investment in available-for-sale financial assets	<b>101,589</b>	–
Impairment of subsidiary due to voluntary liquidation	<b>2</b>	–
Insurance	<b>199,786</b>	39,849
Operating lease expense	<b>775,486</b>	560,295
Office supplies	<b>21,869</b>	37,984
Plant and equipment written off	<b>1,880</b>	350
Professional and legal fees	<b>353,843</b>	849,064
Other expenses	<b>261,230</b>	269,330
	<b>2,158,519</b>	2,119,003

## 21 INCOME TAX EXPENSE

<b>The Group</b>	<b>2015</b> <b>S\$</b>	2014 S\$
<b>Current tax expense</b>		
Current year	<b>886,994</b>	792,168
Overprovision of current taxation in respect of prior years	<b>(119,560)</b>	(833)
	<b>767,434</b>	791,335
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences (Note 16)	<b>72,840</b>	(19)
	<b>840,274</b>	791,316

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 21 INCOME TAX EXPENSE (CONT'D)

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on profits as a result of the following:

<b>The Group</b>	<b>2015</b>	2014
	<b>S\$</b>	S\$
Profit before taxation	<b>6,181,599</b>	5,039,366
Tax at statutory rate of 17% (2014: 17%)	<b>1,050,872</b>	856,692
Tax effect on non-taxable income	<b>(9,914)</b>	(4,638)
Tax effect on non-deductible expenses	<b>190,965</b>	186,469
Effect of partial tax exemption and tax relief	<b>(272,089)</b>	(246,374)
Overprovision of current taxation in respect of prior years	<b>(119,560)</b>	(833)
	<b>840,274</b>	791,316

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom:

<b>The Group</b>	<b>2015</b>	2014
	<b>S\$</b>	S\$
Deductible temporary differences	<b>180,958</b>	177,094
Tax losses	–	62,965
	<b>180,958</b>	240,059

The unabsorbed losses are subject to the agreement and compliance with the relevant rules and procedures of the Inland Revenue Authority of Singapore. The deductible temporary differences do not expire under current tax legislation.

### 22 DIVIDENDS

<b>The Company</b>	<b>2015</b>	2014
	<b>S\$</b>	S\$
Ordinary dividends paid		
– Final tax-exempt (one-tier) dividend paid in respect of the previous financial year of 0.85 cents (2013: 1.25 cents) per share	<b>1,482,400</b>	2,175,000
– Interim tax-exempt (one-tier) dividend paid in respect of the current financial year of 0.88 cents (2014: nil cents) per share	<b>1,918,400</b>	–
	<b>3,400,800</b>	2,175,000

A final dividend in respect of the current financial year of 1.15 cents per share amounting to \$2,741,617 will be recommended at the Annual General Meeting held on 8 April 2016. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2016. The payment of this dividend will not have any tax consequences for the Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 23 EARNINGS PER SHARE

The earnings per share is calculated based on the consolidated profits attributable to owners of the parent divided by the weighted average number of shares in issue of 199,833,333 (2014: 152,283,358) shares during the financial year.

Fully diluted earnings per share were calculated on the consolidated profits attributable to owners of the parent divided by 199,833,333 (2014: 152,283,358) ordinary shares. The number of ordinary shares is calculated based on the weighted average number of shares in issue during the financial year adjusted for the effects of all dilutive share options and contingently issuable shares. The Company does not have potentially dilutive shares during the financial years ended 31 December 2015 and 2014.

<b>The Group</b>	<b>2015</b>	2014
Profit attributable to equity holders of the Company (S\$)	<b>5,341,325</b>	4,248,050
Weighted average number of ordinary shares	<b>199,833,333</b>	152,283,358
Basic and diluted earnings per share based on the weighted average number of ordinary shares (Cents)	<b>2.67</b>	2.79
<u>For illustrative purposes (*) (based on 218,000,000 shares)</u>		
Basic and diluted earnings per share (Cents)	<b>2.45</b>	1.95

(\*) Earnings per share is calculated based on the profit after tax for the year ended 31 December 2015 and 2014 based on 218,000,000 shares of the Company for illustration purpose only.

## 24 SIGNIFICANT RELATED PARTY TRANSACTIONS

- (a) Other than as disclosed elsewhere in the financial information, significant transactions with related parties are as follows:

<b>The Group</b>	<b>2015</b>	2014
	<b>S\$</b>	S\$
<b>Transactions with shareholders cum director</b>		
Rental expenses paid/payable to Lee and Lee Clinic Pte Ltd <sup>#</sup>	<b>336,000</b>	251,218
Rental expenses paid/payable to Avesa Pte Ltd <sup>#</sup>	<b>120,000</b>	120,000
Rental expense paid/payable to director	<b>90,000</b>	90,000

<sup>#</sup> This relates to an entity in which a director cum shareholder has financial interest.

- (b) Key management personnel (including Directors) compensation

<b>The Group</b>	<b>2015</b>	2014
	<b>S\$</b>	S\$
Salary costs	<b>3,947,787</b>	3,045,754
Contributions to defined contribution plans	<b>103,573</b>	74,635
	<b>4,051,360</b>	3,120,389



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 25 OPERATING LEASE COMMITMENTS

#### (A) The Group and the Company as lessee

At the end of the reporting period, the Group and the Company were committed to making the following rental payments in respect of non-cancellable operating leases of office and clinic premises with an original term of more than one year:

	<b>The Group</b>		<b>The Company</b>	
	<b>2015</b>	2014	<b>2015</b>	2014
	<b>S\$</b>	S\$	<b>S\$</b>	S\$
Within one year or less	<b>756,753</b>	735,216	<b>56,802</b>	629,016
Within two to five years	<b>427,570</b>	497,334	<b>5,000</b>	460,157
	<b>1,184,323</b>	1,232,550	<b>61,802</b>	1,089,173

Operating leases expire between 15 February 2016 and 15 February 2019 at fixed rental.

#### (B) The Group and the Company as lessor

At the end of the reporting period, the Group and the Company had the following rental income under non-cancellable lease for commercial premises with a term of more than one year:

	<b>The Group</b>		<b>The Company</b>	
	<b>2015</b>	2014	<b>2015</b>	2014
	<b>S\$</b>	S\$	<b>S\$</b>	S\$
Within one year or less	–	30,000	–	486,120
Within two to five years	–	12,500	–	202,550
	–	42,500	–	688,670

### 26 OPERATING SEGMENTS

For management purposes, the Group is organised into the following reportable operating segments as follows:

- 1) Obstetrics and Gynaecology segment relates to general obstetrics, labour and delivery, general gynaecology and surgery, female pelvic medicine, urogynaecology and reconstructive surgery.
- 2) Cancer-related segment relates to medical services for gynae-oncology, breast and general surgery.
- 3) Dermatology segment relates to the provision of aesthetic dermatological procedures, dermatologic and laser surgery and general skin care.

There are no operating segments that have been aggregated to form the above reportable operating segments.

No presentation of geographical information has been presented as the Group's operations are only in Singapore.

The Chief Executive Officer monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as set out below, is measured differently from operating profit or loss in the consolidated financial statements.

Group financing and income taxes are managed on a group basis and are not allocated to operating segments. Sales between operating segments are carried out at arm's length.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 27 FINANCIAL RISK MANAGEMENT

The Group and the Company have documented financial risk management policies. These policies set out the Group's and the Company's overall business strategies and its risk management philosophy. The Group and the Company are exposed to financial risks arising from their operations. The key financial risks included credit risk and liquidity risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's and the Company's financial performance.

Risk management is carried out by the Finance Division under policies approved by the Board of Directors. The Finance Division identifies and evaluates financial risks in close co-operation with the Group's and the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk and liquidity risk.

There has been no change to the Group's and Company's exposure to these financial risks or the manner in which they manage and measure the risk. Market risk exposures are measured using sensitivity analysis indicated below.

The carrying amounts of financial assets and financial liabilities at the reporting date by categories are as follows:

	The Group		The Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
<b>Available-for-sale</b>				
Available-for-sale financial assets at fair value	<b>148,411</b>	–	<b>148,411</b>	–
<b>Loans and receivable at amortised cost</b>				
Trade and other receivables, excluding prepayments	<b>1,329,902</b>	1,547,980	<b>1,923,773</b>	729,003
Cash and bank balances	<b>24,209,144</b>	11,276,114	<b>16,423,903</b>	3,965,625
	<b>25,539,046</b>	12,824,094	<b>18,347,676</b>	4,694,628
	<b>25,687,457</b>	12,824,094	<b>18,496,087</b>	4,694,628
<b>Financial liabilities at amortised cost</b>				
Trade and other payables, excluding deferred revenue	<b>1,648,992</b>	1,749,551	<b>1,751,120</b>	448,050
	<b>1,648,992</b>	1,749,551	<b>1,751,120</b>	448,050

#### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group or the Company to incur a financial loss. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group and the Company adopt the policy of dealing only with hospitals and insurance companies of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group and the Company adopt the policy of dealing only with high credit quality counterparties.

The Group's and the Company's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 27 FINANCIAL RISK MANAGEMENT (CONT'D)

### Credit risk (Cont'd)

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

### Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The Group's and the Company's major classes of financial assets are trade receivables and cash and bank balances. Cash is placed with financial institutions which are regulated and have good credit ratings. Further details of credit risks on trade and other receivables are disclosed in Note 9.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

	2015	2014
	S\$	S\$
<b>The Group</b>		
<b>Financial assets</b>		
Trade and other receivables	1,329,902	1,547,980
Cash and bank balances	24,209,144	11,276,114
	<b>25,539,046</b>	12,824,094
	2015	2014
	S\$	S\$
<b>The Company</b>		
<b>Financial assets</b>		
Trade and other receivables	1,923,773	729,003
Cash and bank balances	16,423,903	3,965,625
	<b>18,347,676</b>	4,694,628

### Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash to meet its working capital requirement.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 27 FINANCIAL RISK MANAGEMENT (CONT'D)

#### Liquidity risk (Cont'd)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows.

	Carrying amount S\$	Total S\$	Less than 1 year S\$	Between 2 and 5 years S\$
<b>The Group</b>				
<b>As at 31 December 2015</b>				
Trade and other payables	1,648,992	1,648,992	1,648,992	-
<b>As at 31 December 2014</b>				
Trade and other payables	1,749,551	1,749,551	1,749,551	-
<b>The Company</b>				
<b>As at 31 December 2015</b>				
Trade and other payables	1,751,120	1,751,120	1,751,120	-
<b>As at 31 December 2014</b>				
Trade and other payables	448,050	448,050	448,050	-

The Group and the Company ensure that there are adequate funds to meet all their obligations in a timely and cost-effective manner.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company are not exposed to any cash flow risk as they do not have any monetary financial instruments with variable interest rates.

#### Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group and the Company are not exposed to foreign currency risks because their transactions and related financial assets and financial liabilities are mainly transacted in the respective functional currencies of the Group entities which is SGD.

#### Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate due to changes in market prices.

The Group and the Company are not exposed to any movement in market price risk as they do not hold any quoted or marketable financial instruments.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 28 CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are:

- (a) To safeguard the Group's and the Company's ability to continue as a going concern;
- (b) To support the Group's and the Company's stability and growth;
- (c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and
- (d) To provide an adequate return to shareholders.

The Group and the Company actively and regularly review and manage their capital structure to ensure optimal capital management and shareholder returns, taking into consideration the future capital requirements of the Group and the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

The Group and the Company currently do not adopt any formal dividend policy.

The Group and the Company are not subject to externally imposed capital requirements.

The Group and the Company monitor capital using Gearing Ratio, which is calculated using total liabilities divided by total equity.

<b>The Group</b>	<b>2015</b>	2014
	<b>S\$</b>	S\$
Total liabilities	<b>3,622,579</b>	3,000,077
Total equity	<b>24,011,989</b>	11,856,059
Gearing ratio	<b>15.1%</b>	25.3%

## 29 FAIR VALUE MEASUREMENT

### Definition of fair value

FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### **Fair value measurement of financial instruments**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 29 FAIR VALUE MEASUREMENT (CONT'D)

#### Fair value measurement of financial instruments (Cont'd)

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 December 2015:

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
<b>The Group and the Company</b>				
<b>31 December 2015</b>				
<b>Financial assets</b>				
Available-for-sale financial assets				
– Unquoted equity investment	–	–	148,411	148,411

There are no available-for-sale financial assets for the financial year ended 31 December 2014.

#### Measurement of fair value of financial instruments

Management performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialist for complex valuations. Valuation techniques were selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. Management reports directly to Audit Committee. Valuation processes and fair value changes are discussed among the Audit Committee and the valuation team at least every year, in line with the Group's reporting dates.

The valuation techniques used for instruments categorised in Level 3 are described below:

#### Equity investment – available-for-sale (Level 3)

The fair values of the equity investment classified as available-for-sale are estimated using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market interest rates of similar investments with similar risk. The WACC rate of 40%, 35% and 25% was applied to the cash flow projections for the first year, the next 4 years and the terminal value respectively.

There are no transfers between Level 1, 2 and 3 during the reporting periods.

The following table provides information about the sensitivity of the fair value measurement to changes in the most significant inputs:

Significant unobservable input	Estimate of the input	Sensitivity of the fair value measurement to input
Weighted average cost of capital ("WACC")	40%, 35% and 25% was applied to the cash flow projections for the first year, the next 4 years and the terminal value respectively.	An increase by 10% (decrease to 10%) of the WACC would increase (decrease) fair value by S\$10,000

#### Fair value of financial instruments

The carrying amounts of other financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and bank balances, and trade and other payables) approximate their fair values because of the short period to maturity.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 30 SHARE BASED PAYMENT

On 6 May 2015, the shareholders approved the SOG Employee Share Option Scheme (the “SOG ESOS” or “Scheme”) and SOG Performance Share Plan (the “SOG PSP” or “Plan”) by shareholder’s written resolutions.

### **SOG Employee Share Option Scheme**

Under the Scheme, the Company may grant options to Executive Directors and employees of the Group and associated companies (“Group Employees”) and Non-Executive Directors (including Independent Directors of the Group), who are also controlling shareholders or associates of such controlling shareholders, to subscribe for ordinary shares in the Company. For this purpose, a company is an “associated company” if the Company and/or the subsidiaries hold at least 20% but not more than 50% of the issued shares in that company and provided the Company has control (as defined in the Listing Manual) over the associated company. The number of shares in respect of which options may be granted to:

- (i) Each participant who is a controlling shareholder or his associate shall not exceed 10% of the shares available under the Scheme;
- (ii) The aggregate number of shares over which the Remuneration Committee may grant options on any date, when added to the number of shares issued and issuable or transferred and to be transferred in respect of all options granted under the SOG ESOS and the number of shares issued and issuable or transferred and to be transferred in respect of all options or awards granted under any other share option schemes or share schemes of the Company, shall not exceed 15% of the total number of issued shares (excluding shares held by the Company as treasury shares) on the day immediately preceding the date on which an offer to grant an option is made; and
- (iii) The aggregate number of shares which may be issued or transferred pursuant to options under the Scheme to participants who are controlling shareholders and their associates shall not exceed 25% of the shares available under the Scheme.

The SOG ESOS shall continue in operation for a maximum duration of ten years and may be continued for any further period thereafter with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Scheme is administered by the Company’s Remuneration Committee, comprising Christopher Chong Meng Tak (Chairman), Chan Heng Toong and Chooi Yee-Choong, all Independent Directors of the Company.

There were no options granted under SOG ESOS during the year.

### **SOG Performance Share Plan**

Under the Plan, the Company may award fully paid shares to Group Employees who have attained the age of twenty-one years and hold such rank as may be designated by the Remuneration Committee from time to time, and Non-Executive Directors (including Independent Directors). This is provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period.

Controlling shareholders of the Company or associates of such controlling shareholders are also eligible to participate in the Plan, subject to independent approval for each grant to such a person.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 30 SHARE BASED PAYMENT (CONT'D)

#### **SOG Performance Share Plan (Cont'd)**

The Plan allows the Company to target specific performance objectives and to provide an incentive for participants to achieve these targets. The Directors believe that the plan will provide the Company with a flexible approach to provide performance incentives to the staff and Non-Executive Directors and, consequently, to improve performance and achieve sustainable growth for the Company in the changing business environment, and to foster a greater ownership culture amongst key senior management, senior executives and Non-Executive Directors.

The total number of shares which may be issued or transferred pursuant to awards granted under the Plan, when aggregated with the aggregate number of shares over which options are granted under any other share option schemes of the Company, shall not exceed 15% of the total number issued shares (excluding shares held by the Company as treasury shares) from time to time.

The Plan shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of ten years commencing on the date on which the Plan is adopted by the Company in general meeting, provided always that the Plan may continue beyond the above stipulated period with the approval of shareholders in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Plan, any awards made to participants prior to such expiry or termination will continue to remain valid.

There were no options granted under the Plan during the current financial year.

### 31 EVENTS AFTER END OF THE REPORTING PERIOD

#### **The Group and the Company**

Acquisition of the business and medical practices of JL Laser & Surgery Centre Pte. Ltd., JL Esthetic Research Centre Pte. Ltd. and JL Dermatology Pte. Ltd. (the "Acquisition")

On 31 December 2015, the Company completed the acquisition of the entire rights, title and interest of Dr. Joyce Lim Teng Ee (the "Vendor") and JL Laser & Surgery Centre Pte. Ltd. ("JLLSC"), JL Esthetic Research Centre Pte. Ltd. ("JLERC") and JL Dermatology Pte. Ltd. ("JLD", and together with JLLSC and JLERC, the "Targets") in the Target's business and medical practices (the "Acquisition") and the effective date of control of the Targets is on 1 January 2016. The total purchase consideration for the Acquisition is S\$26.5 million and the breakdown is as follows:

- S\$14.0 million in cash payable in three (3) tranches:
  1. First tranche of S\$6.0 million in cash, shall be paid on the completion of the Acquisition
  2. Second tranche of S\$4.0 million in cash, shall be paid one (1) calendar year following the completion of the Acquisition
  3. Third and final tranche of S\$4.0 million in cash, shall be paid two (2) calendar year following the completion of the Acquisition
- S\$12.5 million by issue and allotment of new shares ("Consideration Share") in the capital of the Company, at an issue price per Consideration Share of S\$0.6127

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 31 EVENTS AFTER END OF THE REPORTING PERIOD (CONT'D)

### **The Group and the Company (Cont'd)**

Acquisition of the business and medical practices of JL Laser & Surgery Centre Pte. Ltd., JL Esthetic Research Centre Pte. Ltd. and JL Dermatology Pte. Ltd. (the "Acquisition") (Cont'd)

Pursuant to the completion of the Acquisition, SOG Dermatology, a wholly-owned subsidiary of the Company, has taken over and control the entire rights, title and interests in the Target's business and medical practices with effect from 1 January 2016. On 1 January 2016, the Company has paid the first tranche of the purchase consideration, S\$6.0 million in cash, in accordance with the terms and conditions of the Framework Agreement dated 4 November 2015 and Sale and Purchase Agreement dated 31 December 2015. On 12 February 2016, the Company has allotted and issued 20,401,501 ordinary shares to Dr. Joyce Lim Teng Ee as the Consideration Share. The Consideration Shares rank pari passu in respect with and carry all rights similar to the existing issued shares of the Company, except that they do not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date on which the respective allotment and issuance of Consideration Shares is completed.

The purchase price allocation of the Acquisition is in the progress of completion.

### Incorporation of new subsidiaries

On 29 January 2016, the Company incorporated two wholly-owned subsidiaries, SOG-Natalie Chua Clinic for Women Pte. Ltd. ("SOG NCC") and SOG-SK Lim Breast & General Surgicare Pte. Ltd. ("SOG SK Lim"). The issued and paid-up share capital of S\$1,000 for each of SOG NCC and SOG SK Lim consists of 1,000 ordinary shares. On incorporation, 1,000 ordinary shares were issued as subscriber shares for cash. The principal activity of SOG NCC and SOG SK Lim is that of the provision of obstetrics and gynaecological services, and surgical and medical services respectively.

### Proposed final dividends

On 3 February 2016, the Board of Directors has recommended a final one-tier exempt dividend of 1.15 Singapore cents per share in respect of FY 2015 ("Final Dividend").

# SHAREHOLDINGS STATISTICS

AS AT 1 MARCH 2016

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO.OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	84	9.52	69,400	0.03
1,001 – 10,000	524	59.41	2,816,300	1.18
10,001 – 1,000,000	257	29.14	16,323,000	6.85
1,000,001 AND ABOVE	17	1.93	219,192,801	91.94
<b>TOTAL</b>	<b>882</b>	<b>100.00</b>	<b>238,401,501</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	SHAREHOLDER'S NAME	NO. OF SHARES HELD	%
1	DR. HENG TUNG LAN	70,176,807	29.44
2	DR. LEE KEEN WHYE	41,953,428	17.60
3	DR. BEH SUAN TIONG	23,954,226	10.05
4	DR. LIM TENG EE JOYCE	20,411,501	8.56
5	DR. CHOO WAN LING	18,392,139	7.71
6	STF INVESTMENTS LTD	7,525,400	3.16
7	HSBC (SINGAPORE) NOMINEES PTE LTD	6,544,700	2.75
8	RAFFLES NOMINEES (PTE) LTD	6,297,000	2.64
9	DBS NOMINEES PTE LTD	5,051,600	2.12
10	HENG TONG BWEE	3,820,943	1.60
11	DR. NG KOON KENG	3,219,795	1.35
12	DR. WONG CHUI FONG	3,052,262	1.28
13	OPTIMUS CAPITAL INTERNATIONAL LIMITED	2,880,100	1.21
14	TAN PETER	2,350,000	0.99
15	DBSN SERVICES PTE LTD	1,387,600	0.58
16	CITIBANK NOMINEES SINGAPORE PTE LTD	1,125,300	0.47
17	DR. CHUA WEILYN NATALIE	1,050,000	0.44
18	TAN SIOK HUI (CHEN SHUHUI)	845,400	0.35
19	LOO EAN KHENG	700,000	0.29
20	ONG WAI MENG	650,000	0.27
<b>TOTAL</b>		<b>221,388,201</b>	<b>92.86</b>

CLASS OF SHARES	NO. OF SHARES	%
ORDINARY	238,401,501	100.00
TREASURY	NIL	0.00
<b>TOTAL ISSUED SHARES</b>	<b>238,401,501</b>	<b>100.00</b>

VOTING RIGHTS ON SHOW OF HANDS : ONE VOTE FOR EACH MEMBER  
ON A POLL : ONE VOTE FOR ORDINARY SHARE

## SHAREHOLDINGS STATISTICS

AS AT 1 MARCH 2016

SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
DR. HENG TUNG LAN	70,176,807	29.44	NIL	0.00
DR. LEE KEEN WHYE	41,953,428	17.60	3,052,262 <sup>(1)</sup>	1.28
DR. BEH SUAN TIONG	23,954,226	10.05	236,000 <sup>(2)</sup>	0.10
DR. LIM TENG EE JOYCE	20,411,501	8.56	NIL	0.00
DR. CHOO WAN LING	18,392,139	7.71	NIL	0.00

Notes:

(1) Dr. Lee Keen Whye has a deemed interest in the shareholdings held by his wife, Dr. Wong Chui Fong, Anna.

(2) Dr. Beh Suan Tiong has a deemed interest in the shareholdings held by his wife, Ms. Heng Siok Hong Veronica.

### PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Based on information available to the Company as at 1 March 2016, 20.74% of the issued ordinary shares of the Company are held in the hands of the public. Accordingly, the Company has complied with the Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the SGX-ST.

## NOTICE OF ANNUAL GENERAL MEETING

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**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“AGM”) of the Company will be held at 200 Jalan Sultan, The Axis @ Textile Centre, Level 8, Connect 802 Function Hall, Singapore 199018 on Friday, 8th day of April 2016 at 10.00 a.m. to transact the following business:

### AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2015 and the Directors’ Statement and the Independent Auditor’s Report thereon.

**(Resolution 1)**
  
2. To declare a tax exempt (one-tier) final dividend of 1.15 Singapore cents per ordinary share for the financial year ended 31 December 2015.

**(Resolution 2)**
  
3. To re-elect Dr. Lee Keen Whye, a director who is retiring pursuant to Article 91 of the Company’s Articles of Association.

Dr. Lee shall, upon re-election as Director of the Company, remain as the Executive Director of the Company. There are no relationships (including immediate family relationships) between Dr. Lee and the other Directors of the Company.

*See Explanatory Note (a)* **(Resolution 3)**
  
4. To re-elect Dr. Beh Suan Tiong, a director who is retiring pursuant to Article 97 of the Company’s Articles of Association.

Dr. Beh shall, upon re-election as Director of the Company, remain as the Executive Director of the Company. There are no relationships (including immediate family relationships) between Dr. Beh and the other Directors of the Company.

*See Explanatory Note (b)* **(Resolution 4)**
  
5. To re-elect Mr. Christopher Chong Meng Tak, a director who is retiring pursuant to Article 97 of the Company’s Articles of Association.

Mr. Chong shall, upon re-election as Director of the Company, remain as the Lead Independent Director, Chairman of the Audit Committee and Remuneration Committee and a member of Nominating Committee of the Company, and shall be considered independent for the purposes of Rule 704(7) of the Singapore Exchange Securities Trading Limited (“SGX-ST”), Listing Manual Section B: Rules of Catalist (“Rules of Catalist”).

*See Explanatory Note (c)* **(Resolution 5)**
  
6. To re-elect Mr. Chan Heng Toong, a director who is retiring pursuant to Article 97 of the Company’s Articles of Association.

Mr. Chan shall, upon re-election as Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee of the Company, and shall be considered independent for the purposes of Rule 704(7) of the SGX-ST Rules of Catalist.

*See Explanatory Note (d)* **(Resolution 6)**

## NOTICE OF ANNUAL GENERAL MEETING

7. To re-elect Mr. Chooi Yee-Choong, a director who is retiring pursuant to Article 97 of the Company's Articles of Association.

Mr. Chooi shall, upon re-election as Director of the Company, remain as a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company, and shall be considered independent for the purposes of Rule 704(7) of the SGX-ST Rules of Catalist.

*See Explanatory Note (e)*

**(Resolution 7)**

8. To approve the Independent Directors' fees of S\$115,000.00 for the financial year ended 31 December 2015.

**(Resolution 8)**

9. To re-appoint Messrs Foo Kon Tan LLP as Auditors of the Company to hold office until the conclusion of the next AGM of the Company, and to authorise the Directors to fix the remuneration of Messrs Foo Kon Tan LLP.

**(Resolution 9)**

### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions with or without modifications:

10. **Authority to allot and issue shares (the "Share Issue Mandate")**

"That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Rules of Catalist, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to allot and issue:

- (i) shares in the capital of the Company whether by way of bonus, rights or otherwise; or
- (ii) convertible securities; or
- (iii) additional convertible securities arising from adjustments made to the number of convertible securities previously issued in the event of rights, bonus or otherwise; or
- (iv) shares arising from the conversion of convertible securities in (ii) and (iii) above,

provided that the aggregate number of shares and convertible securities to be issued pursuant to this Resolution does not exceed one hundred percent (100%) of the total number of issued shares excluding treasury shares or such other limit as may be prescribed by the SGX-ST as at the date of this Resolution, of which the aggregate number of shares and convertible securities in the Company to be issued other than on a pro rata basis to the then existing shareholders of the Company shall not exceed fifty percent (50%) of the total number of issued shares excluding treasury shares or such other limit as may be prescribed by the SGX-ST as at the date of this Resolution, and unless revoked or varied by the Company in a general meeting, such authority shall continue in full force until the conclusion of the next AGM or such date by which the next AGM is required by law to be held, whichever is earlier. For the purposes of this Resolution and Rule 806(3) of the Rules of Catalist, the percentage of the total number of issued shares and excluding treasury shares at the date of this Resolution after adjusting for:

- (a) new shares arising from the conversion or exercise of convertible securities;
- (b) new shares arising from the exercising share options outstanding or subsisting at the time of passing this Resolution, provided the options were granted in compliance with the Rules of Catalist; and

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**NOTICE OF  
ANNUAL GENERAL MEETING**

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(c) any subsequent bonus issue, consolidation or subdivision of shares.”

*See Explanatory Note (f)*

**(Resolution 10)**

11. **Authority to grant options and to issue shares under the SOG Employee Share Option Scheme**

“That, pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the SOG Employee Share Option Scheme (the “**Scheme**”) and to issue such shares as may be required to be issued pursuant to the exercise of the options granted or to be granted under the Scheme provided always that the aggregate number of shares issued and issuable in respect of all options granted or to be granted under the Scheme, all awards granted or to be granted under the SOG Performance Share Plan and all shares, options or awards granted or to be granted under any other share option schemes or share plans of the Company, shall not exceed fifteen percent (15%) of the total number of issued shares excluding treasury shares of the Company from time to time.”

*See Explanatory Note (g)*

**(Resolution 11)**

12. **Authority to grant awards and to issue shares under the SOG Performance Share Plan**

“That, pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to grant awards in accordance with the provisions of the SOG Performance Share Plan (the “**Plan**”) and to allot and issue from time to time such shares as may be required to be issued pursuant to the Plan provided always that the aggregate number of shares to be issued pursuant to the Plan, when added to the number of shares issued and issuable or existing shares delivered and deliverable in respect of all awards granted or to be granted under the Plan, all options granted or to be granted under the Scheme and all shares, options or awards granted under any other share scheme of the Company, shall not exceed fifteen percent (15%) of the total number of issued shares excluding treasury shares of the Company from time to time.”

*See Explanatory Note (h)*

**(Resolution 12)**

13. To transact any other ordinary business which may be properly transacted at an AGM.

BY ORDER OF THE BOARD

**Lee Bee Fong (Ms)**

Company Secretary

23 March 2016

Singapore

# NOTICE OF ANNUAL GENERAL MEETING

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**Explanatory Notes:**

- (a) In relation to Resolution 3 proposed above, Dr. Lee Keen Whye is a substantial shareholder of the Company. Apart from that, there is no relationship (including immediate family relationships) between Dr. Lee and the other Directors and the Company and the detailed information on Dr. Lee is set out in the section entitled "Board Membership" in the Corporate Governance Report of the Company's 2015 Annual Report.
- (b) In relation to Resolution 4 proposed above, Dr. Beh Suan Tiong is a substantial shareholder of the Company. Apart from that, there is no relationship (including immediate family relationships) between Dr. Beh and the other Directors and the Company and the detailed information on Dr. Beh is set out in the section entitled "Board Membership" in the Corporate Governance Report of the Company's 2015 Annual Report.
- (c) In relation to Resolution 5 proposed above, there is no relationship (including immediate family relationships) between Mr. Christopher Chong Meng Tak and the other Directors, the Company or its 10% shareholders and the detailed information on Mr. Chong is set out in the section entitled "Board Membership" in the Corporate Governance Report of the Company's 2015 Annual Report.
- (d) In relation to Resolution 6 proposed above, there is no relationship (including immediate family relationships) between Mr. Chan Heng Tong and the other Directors, the Company or its 10% shareholders and the detailed information on Mr. Chan is set out in the section entitled "Board Membership" in the Corporate Governance Report of the Company's 2015 Annual Report.
- (e) In relation to Resolution 7 proposed above, there is no relationship (including immediate family relationships) between Mr. Chooi Yee-Choong and the other Directors, the Company or its 10% shareholders and the detailed information on Mr. Chooi is set out in the section entitled "Board Membership" in the Corporate Governance Report of the Company's 2015 Annual Report.
- (f) The Ordinary Resolution 10 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the date of the next AGM, or the date by which the next AGM is required by law to held or when varied or revoked by the Company in general meeting, whichever is earlier, to allot and issue shares and convertible securities in the Company up to an amount not exceeding in total, one hundred percent (100%) of the issued shares excluding treasury shares at the time of passing of this resolution, of which up to fifty percent (50%) may be issued other than on a pro-rata basis to shareholders.
- (g) The Ordinary Resolution 11 above, if passed, will empower the Directors to grant options and to allot and issue shares upon the exercise of such options granted or to be granted in accordance with the Scheme provided that the number of shares which the Directors may allot and issue under this Resolution, together with any shares issued and issuable in respect of all options granted or to be granted under the Scheme, pursuant to the vesting of any awards granted under the Plan and any shares, options or awards granted or to be granted under any other share schemes of the Company, shall not, in aggregate, exceed fifteen percent (15%) of the total number of issued shares excluding treasury shares of the Company from time to time.
- (h) The Ordinary Resolution 12 above, if passed, will empower the Directors to vest awards and to allot and issue shares pursuant to the vesting of such awards in accordance with the Plan provided that the number of shares which the Directors may allot and issue under this Resolution, together with any shares issued and issuable in respect of all awards granted under the Plan and all options granted or to be granted under the Scheme and any shares, options or awards granted or to be granted under any other share schemes of the Company, shall not, in aggregate, exceed fifteen percent (15%) of the total number of issued shares excluding treasury shares of the Company from time to time.



## NOTICE OF ANNUAL GENERAL MEETING

### Books Closure Date and Payment Date for Final Dividend

Subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting, the Share Transfer Books and Register of Members of the Company will be closed at 5:00 p.m. on 18 April 2016 for the purpose of determining entitlements of ordinary shareholders to the tax exempt (one-tier) Final Dividend of 1.15 Singapore cents per ordinary share for FY 2015.

Duly completed registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #02-00, Singapore 068898, up to 5:00 p.m. on 18 April 2016 will be registered before entitlements to the Final Dividend are determined. Members whose securities accounts with The Central Depository (Pte) Ltd. are credited with the Company's ordinary shares as at 5:00 p.m. on 18 April 2016 will be entitled to the Final Dividend. Payment of the Final Dividend, if approved by the members at the forthcoming Annual General Meeting, will be made on 4 May 2016.

### Notes:

1. The Chairman of the AGM will be exercising his right under Article 61 of the Articles of Association of the Company to demand a poll in respect of each of the resolutions to be put to the vote of members of the Company at the AGM and at any adjournment thereof. Accordingly, each resolution at the AGM will be voted on by way of a poll.
2. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, a member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his stead.
3. A proxy need not be a member of the Company.
4. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
5. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediary entitled to attend the Meeting and vote is entitled to appoint more than two proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such Member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

"Relevant intermediary" means: (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

6. The instrument appointing a proxy must be deposited at the Share Registration office of the Company at 80 Robinson Road, #11-02, Singapore 068898 not later than 48 hours before the time set for the Annual General Meeting.

### Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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# SINGAPORE O&G LTD.

(Company Registration No. 201100687M)  
(Incorporated in the Republic of Singapore)

## PROXY FORM

### IMPORTANT

1. Pursuant to Section 181(1C) of the Companies Act, Cap. 50 of Singapore (the "Companies Act"), Relevant Intermediaries may appoint more than two (2) proxies to attend, speak and vote at the Meeting.
2. For investors who have used their CPF monies to buy SINGAPORE O&G LTD. shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

\*I/We \_\_\_\_\_ (Name) \*NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_  
being \*a member/members of **SINGAPORE O&G LTD.** (the "**Company**"), hereby appoint:

Name	Address	NRIC/ Passport No	Proportion of shareholdings represented by proxy (%)

\*and/or (delete as appropriate)

Name	Address	NRIC/ Passport No	Proportion of shareholdings represented by proxy (%)

or failing which, the Chairman of the Annual General Meeting of the Company (the "AGM"), as \*my/our \*proxy/proxies to attend and vote for \*me/us on \*my/our behalf, at the AGM to be held at 200 Jalan Sultan, The Axis @ Textile Centre, Level 8, Connect 802 Function Hall, Singapore 199018 on 8 April 2016 at 10.00 a.m. and at any adjournment thereof.

\*I/We direct \*my/our \*proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the \*proxy/proxies will vote or abstain from voting at \*his/their discretion, as he/she/they will on any other matter arising at the AGM.

Please tick here if more than two proxies will be appointed (Please refer to note 4). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

NOTE: The Chairman of the AGM will be exercising his right under Article 61 of the Articles of Association of the Company to demand a poll in respect of each of the resolutions to be put to the vote of members of the Company at the AGM and at any adjournment thereof. Accordingly, each resolution at the AGM will be voted on by way of a poll.

No.	Ordinary Resolutions	For**	Against**
1.	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2015		
2.	Declaration of a tax exempt (one-tier) final dividend of 1.15 Singapore cents per ordinary share for the financial year ended 31 December 2015		
3.	Re-election of Director pursuant to Article 91 – Dr. Lee Keen Whye		
4.	Re-election of Director pursuant to Article 97 – Dr. Beh Suan Tiong		
5.	Re-election of Director pursuant to Article 97 – Mr. Christopher Chong Meng Tak		
6.	Re-election of Director pursuant to Article 97 – Mr. Chan Heng Toong		
7.	Re-election of Director pursuant to Article 97 – Mr. Chooi Yee-Choong		
8.	Approval of the Independent Directors' fees of S\$115,000 for the financial year ended 31 December 2015		
9.	Re-appointment of Messrs Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
10.	Authority to allot and issue shares pursuant to the Share Issue Mandate		
11.	Authority to grant options and issue shares under SOG Employee Share Option Scheme		
12.	Authority to grant awards and to issue shares under SOG Performance Share Plan		

Notes:

\* Please delete accordingly

\*\* Please indicate your vote "For" or "Against" with an "X" within the box provided

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Total No. of Shares held	No. of Shares
In CDP Register	
In Register of Members	

\_\_\_\_\_  
\*Signature(s) of Member(s)/Common Seal of Corporate shareholder

**IMPORTANT:** Please read notes overleaf

**Notes:**

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
2. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. Such proxy need not be a member of the Company.
3. Where a member of the Company appoints more than one (1) proxy, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
4. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by the members. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
6. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
7. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the Share Registration office of the Company at 80 Robinson Road, #11-02 Singapore 068898 not later than 48 hours before the time set for the Annual General Meeting.

AFFIX  
STAMP

**The Company Secretary  
SINGAPORE O&G LTD.**

C/O Tricor Barbinder Share Registration Services  
(A division of Tricor Singapore Pte.Ltd.)  
80 Robinson Road  
#11-02  
Singapore 068898

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
9. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.
10. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

**Personal data privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 23 March 2016.

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**Singapore O&G Ltd.**

34 CASSIA CRESCENT #01-80

SINGAPORE 390034

[www.sog.com.sg](http://www.sog.com.sg)

