



# LIFE-LONG HEALTH AND WELLNESS FOR WOMEN

Annual Report 2016

# ABOUT THIS REPORT

Welcome to our second Annual Report 2016. This Annual Report has been prepared based on the integrated reporting format that we hope communicates in a holistic way, our business, our governance and how we have performed against our stated objectives in a clear, concise and 'reader-friendly' manner. It attempts to provide a snapshot of where we aspire to be and how we attain our business goals in a sustainable manner.

This report contains a new section called the 'Sustainability Report'. The Sustainability Report is prepared in accordance with the Global Reporting Initiative ("GRI") Standards principles.

The report provides facts on key non-financial indicators, i.e. environmental, social and governance ("ESG") performance that are of importance to SOG's current business and future aspirations.

As we seek to continually improve our future Annual Reports, your views are warmly welcomed. Please do direct your feedbacks and comments to:

Mr. Eric Choo  
Financial Controller  
Singapore O&G Ltd.  
34 Cassia Crescent #01-80  
Singapore 390034

Or via email to:  
eric@sog.com.sg

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## ABOUT SOG

Singapore O&G ("SOG") is a leading group of Specialist Medical Practitioners dedicated to women's health and wellness, with a long and established track record in the Obstetrics and Gynaecology ("O&G") field in Singapore.

SOG's goal is to provide women comprehensive life-long health and wellness. Currently, its areas of specialisation are: pregnancy care and delivery; the female reproductive system; gynaecological and breast cancer; skin and aesthetic treatments; and other ancillary medical services.

SOG is a public company listed on the Catalist board of the Singapore Exchange since 4 June 2015. The aim of the listing was to provide SOG with the financial strength and market discipline to enable it to achieve its goal of providing comprehensive life-long health and wellness for women profitably.

As at 31 December 2016, the Group had a total of ten Specialist Medical Practitioners:

- Six O&G Specialists;
- Three Cancer Specialists: One Gynae-Oncologist and two Breast and General Surgeons; and
- One Dermatologist.

The ten Specialist Medical Practitioners together form our three business segments, namely O&G, Cancer-related and Dermatology.

Dermatology segment was established in 2016. We warmly welcomed Dr. Joyce Lim Teng Ee who joined the Group in January 2016 and is currently the Medical Director and Head of our Dermatology segment.

SOG has also successfully recruited two Specialist Medical Practitioners in 2016 – Dr. Lim Siew Kuan (Breast and General Surgeon) and Dr. Hong Sze Ching (O&G Specialist). Dr. Lim and Dr. Hong joined the Group in May and July respectively.

For the financial year ended 31 December 2016 ("FY 2016"), SOG generated S\$28.7 million of revenues and S\$8.8 million of net profit after tax, and above our forecast. SOG achieved these results due to organic growth which saw an increase of 5.8% in total number of deliveries from 1,633 babies in 2015 to 1,728 babies in 2016; with new Specialist Medical Practitioners joining. SOG declared an interim and final dividend of 3.10 Singapore cents per share.

SOG's market capitalisation stood at S\$280.1 million as at 31 December 2016. The earnings per share improved by 39.7% from 2.67 Singapore cents in FY 2015 to 3.73 Singapore cents for FY 2016.

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This Annual Report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Hong Leong Finance Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (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, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581. Telephone number: (65) 6415 9886.

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## STATEMENT FROM **CHAIRMAN**



**“Our ultimate goal is to provide life-long health and wellness for women.”**

**Dr. Heng Tung Lan**  
Chairman

## Dear Fellow Shareholders,

I am pleased to take over the new term of chairmanship on a 2-year rotational basis from Dr. Lee Keen Whye. I would like to thank Keen Whye for so ably managing the Board.

In my first year as the Chairman, it is my pleasure to share with you our achievements in 2016.

We were delighted to announce the results for FY 2016 profits on 16 February 2017. The Group achieved a net profit after tax of S\$8.8 million, an increase of 64.8% as compared to FY 2015, and paid a full year dividend of 3.10 Singapore cents per share, an increase of 52.7% as compared to the full year dividend of 2.03 Singapore cents per share for FY 2015.

When I co-founded SOG, together with Dr. Lee Keen Whye and Dr. Ng Koon Keng, we had the same vision and that is to bring like-minded professionals together so that we can provide a spectrum of high quality medical service to existing and potential patients. This has never changed. As a doctor, I am a strong believer in ensuring our patients are given the best medical care and treatment at an affordable cost. Thus, we are stringent with our recruitment process to ensure we bring in only doctors with the right mindset and cultural fit to SOG.

As an Obstetrician and Gynaecologist, and as a woman myself, I am very passionate about delivering new lives (babies). I see the joy of my patients and their families for

each delivery I conduct. This gives me the motivation to push on whenever I encounter any difficult cases. I believe my doctors in the Group share the same conviction.

Our ultimate goal is to provide life-long health and wellness for women. This is the reason why we started our Dermatology segment and we are indeed happy and honoured to have Dr. Joyce Lim, one of Singapore's leading Dermatologist, join us in 2016. Our patients and their families can now visit Dr. Joyce Lim for any skin problems.

We will continue to focus on our Cancer-related segment to help enhance, preserve and extend lives. As early detection is the key to curing the vast majority of cancer-related cases, we want to make it easy for our patients to come to us for regular check-ups. In the event cancer is detected, we can provide case management and surgical intervention early.

Finally, I would like to thank all my doctors and nurses for their dedication and professionalism, and our patients and their families for their trust in us. We will continue to uphold our corporate values and serve our patients wholeheartedly.

**Dr. Heng Tung Lan**  
Chairman



# 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 comprehensive medical care and services for their whole lives.

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, clinical staff and employees.

## OUR VALUES

Our Specialist Medical Practitioners, clinical 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 care 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.



# OUR CORPORATE PHILOSOPHY: PREPARING WOMEN FOR LIFE-LONG HEALTH AND WELLNESS

At SOG, we have identified the rainforest tree to symbolise our robust business and growth we are gearing for.

Like a rainforest tree, a seedling must first establish a sound foundation. As it grows into a young tree, it is important that it receives the essential elements for it to grow into a bigger tree. During the growing process, the young tree can be propagated by grafting where different plants can be connected to achieve a set of combined attributes for a stronger tree.

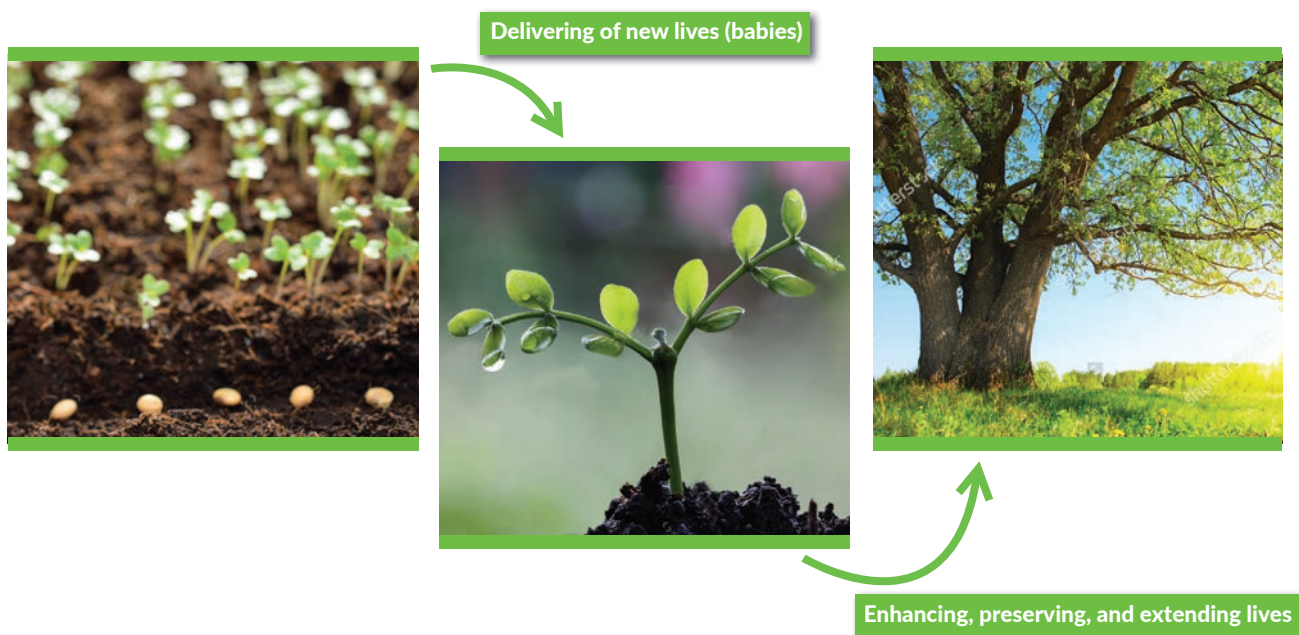
Rainforest tree is tall and majestic but boasts a balanced and wonderful density. We strive to grow SOG in the same way (our "SOG Tree").

With the foundation laid by our two very established and respected Obstetrician & Gynaecologists, namely Dr. Heng Tung Lan and Dr. Lee Keen Whye, SOG was able to create joy and grow our O&G segment by bringing new healthy lives (babies) into the world. Together with our CEO, Dr. Ng Koon Keng, the three co-founders have established strong values that remain the core of the Group's beliefs and thereby, enable SOG to continue to attract new talents and retain existing talents. In 2016, we were delighted to recruit Dr. Hong Sze Ching to strengthen our O&G services.

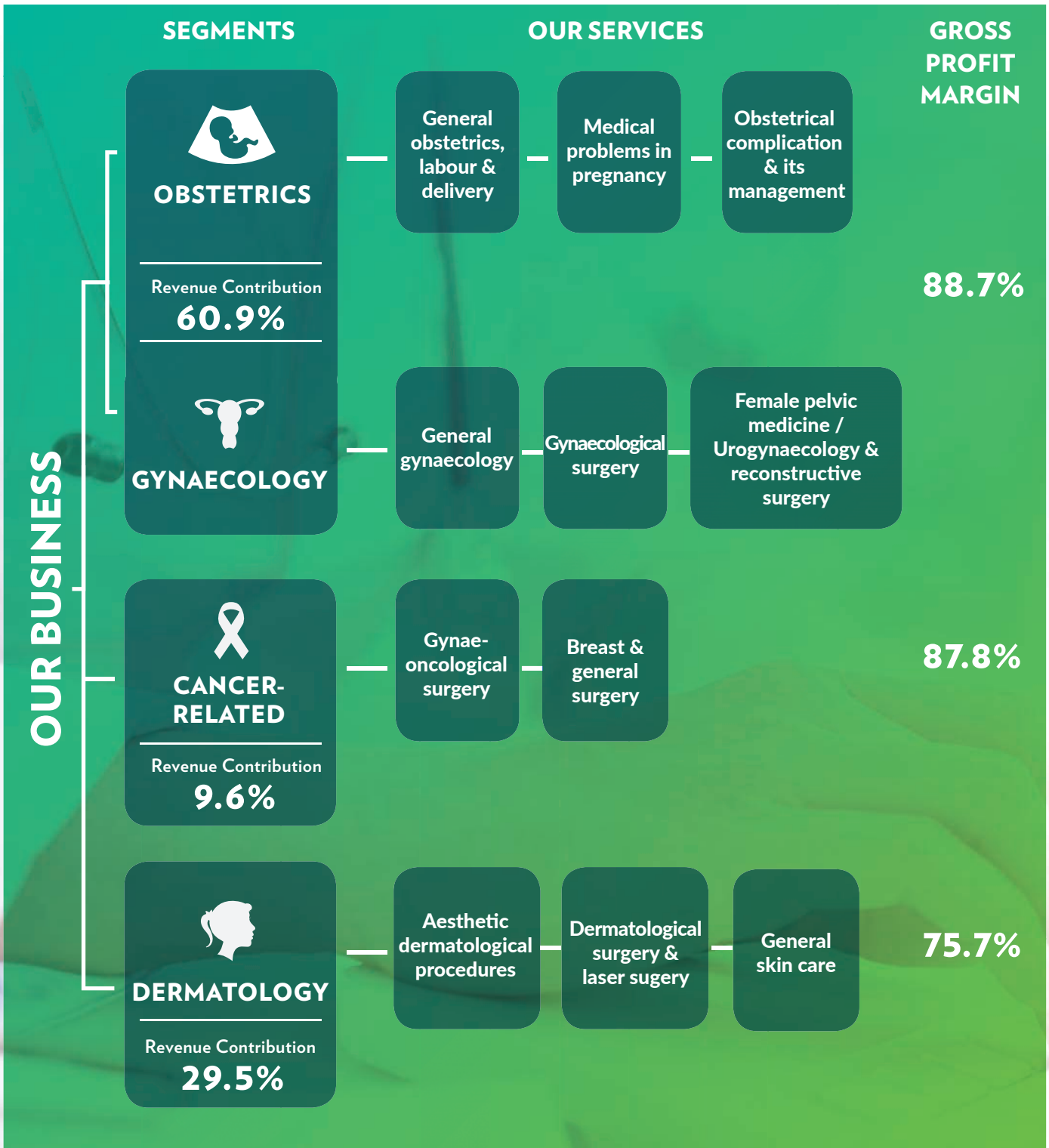
Recognising the need to prepare our patients and their families for life-long health and wellness, we strengthened our Cancer-related segment and introduced a Dermatology segment in 2016. In a sense, we sprouted new growth impetus being:

1. The setting up of a new clinic, by way of incorporating SOG-SK Lim Breast & General Surgicare Clinic, and recruiting Dr. Lim Siew Kuan (Breast and General Surgeon) to captain it; and
2. The setting up of a Dermatology segment by acquiring the entire rights, title and interest in 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, collectively known as the "Targets"), in the Target's business and medical practices on 1 January 2016 (the "Acquisition of JL") and retaining Dr. Joyce Lim Teng Ee ("Dr Joyce Lim").

We intend to further grow and strengthen our SOG Tree.



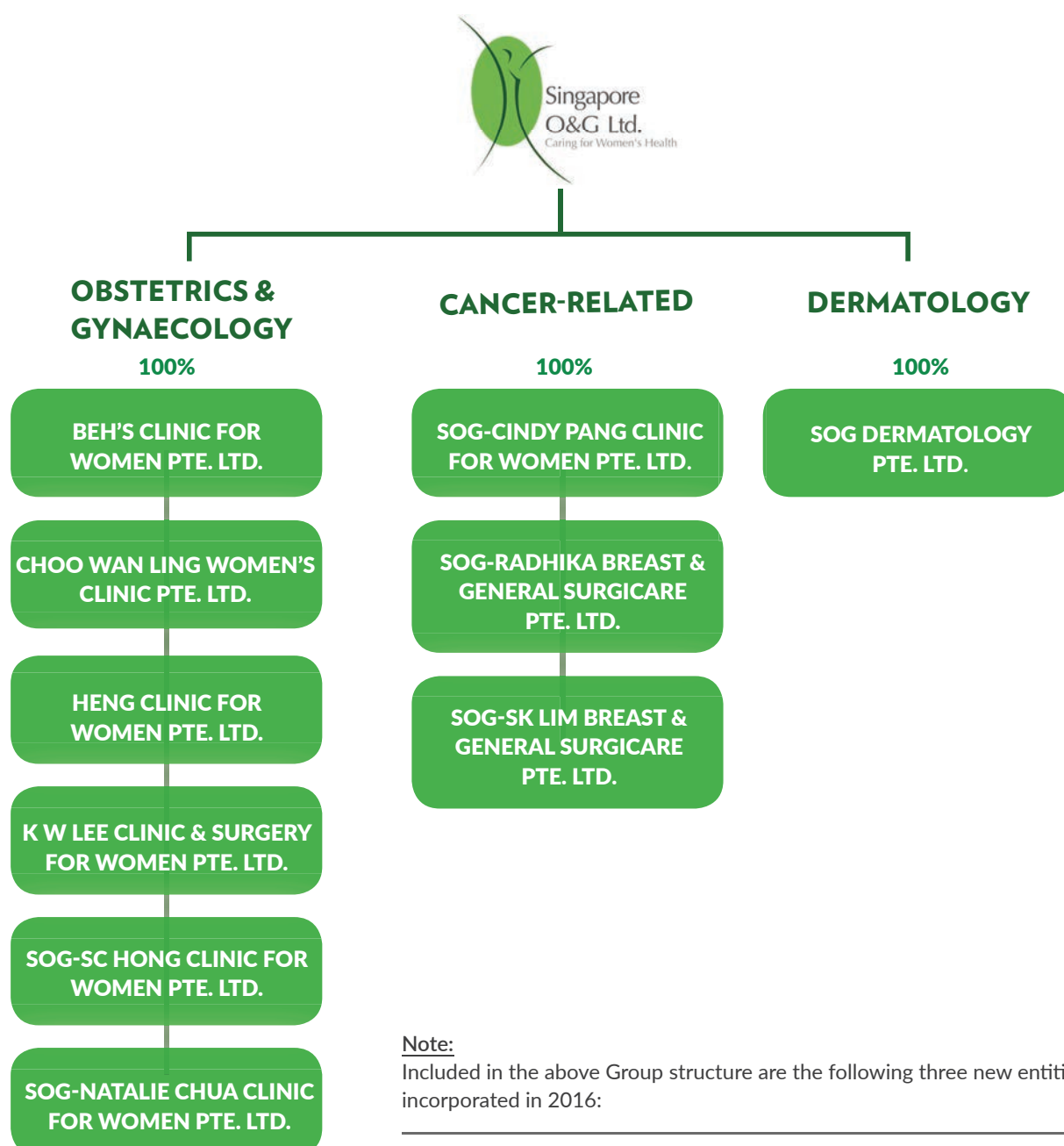
# SNAPSHOT OF SOG





# OUR GROUP STRUCTURE

Our Group's Structure as at 31 December 2016 is as follows:



**Note:**

Included in the above Group structure are the following three new entities incorporated in 2016:

Entity	Incorporation date
SOG-Natalie Chua Clinic for Women Pte. Ltd.	29 January 2016
SOG-SK Lim Breast & General Surgicare Pte. Ltd.	29 January 2016
SOG-SC Hong Clinic for Women Pte. Ltd.	11 April 2016

# STATEMENT FROM CHIEF EXECUTIVE OFFICER



“SOG takes ‘Stork’ level to new heights, bringing 2016 to a spectacular close.”

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

## Dear Shareholders,

It has been another year of strong performance from SOG. We were able to achieve outstanding growth in all our sectors due to committed and focused contributions from every employee within the Company. We were also able to successfully merge our newly acquired aesthetic dermatological business into our culture, and profit contribution from this new pillar has both been significant and exceptional.

Our recruitment program continues to contribute to our organic growth. With the dedication of the existing team of Specialist Medical Practitioners, clinical and management staff, we were able to achieve very strong growth in both revenue and bottom line profit. We continue to abide by our promise of being a strong yield stock and are happy to declare a healthy increase in our dividend payout for 2016.

SOG's financial performance exceeded internal forecasts and more importantly, we are able to meet the investment community's expectations. With a Specialist team comprising six Obstetricians and Gynaecologists, one GynaeOncologist, two Breast Surgeons and a Dermatologist Aesthetician, we achieved a 74.7% increase in gross revenue of S\$28.7 million, and a 64.8% increase in net profit of S\$8.8 million over the previous year. Our net profit margin remains healthy at 30.7%.

With a net contribution of S\$2.6 million, representing 29.3% of our net profit, SOG Dermatology segment helmed by Dr. Joyce Lim has indeed established itself as an excellent addition to SOG's medical services. Her tireless working attitude and a penchant for perfection continues to amaze us. We will endeavour to build a team of aesthetic physicians under her and firmly establish this as a major contributing pillar.

SOG Women Cancer Specialists made a dramatic turnaround. Our Cancer Specialists' gross revenue increased by 79.9% to S\$2.8 million and contributed 3.0% to the Group's net profit. The strong revenue growth was due to: the expertise and commitment shown by our existing specialists, Dr. Cindy Pang and Dr. Radhika; and the addition of Dr. Lim Siew Kuan who is a breast cancer specialist. We believe with the expertise and commitment shown by Dr. Lim, Dr. Pang and Dr. Radhika, our cancer pillar will continue to be a dominant option for patients seeking women's cancer treatment.

Our team of Obstetrician and Gynaecologists has grown to six with the addition of Dr. Hong Sze Ching in July 2016. Dr. Hong was a Consultant at KKH and she has a special interest in minimally invasive surgery. She will be a strong factor in SOG's quest to increase market share in the private birth delivery market, which increased from 6.7% in FY 2015 to 7.5% in FY 2016. In absolute terms, this came in at 1,728 healthy live births, or approximately one baby delivered by a SOG obstetrician every 5.1 hours.

Obstetrics and Gynaecology segment continues to perform strongly. This combined segment contributed approximately 60.9% to our overall revenue and 67.8% to our net profit. We continue to experience encouraging support from patients residing in Singapore and the Company is looking at alternatives to increase patient traffic from our neighbouring countries. Efforts to forge collaborations with international agencies to increase medical tourism will be enhanced in the coming year.

SOG continues to look at ways to increase revenue organically and by acquisition. We are constantly on the lookout for dedicated Specialists relevant to our structure and business model and we hope to establish our paediatric pillar this year. We are also hopeful of setting up a satellite aesthetic clinic to increase market share and to leverage on Dr. Joyce Lim's reputation and branding.

Finally, I would like to express my gratitude to our patients for their loyal support, our investors for their patience, and to SOG's Board of Directors, Specialist Medical Practitioners, clinical and management staff for their hard work and dedication. We will continue to strive for medical excellence which will be the cornerstone for sustainable growth and increasing share value.

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



# FINANCIAL HIGHLIGHTS

## REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE

	FY 2016 (\$)	FY 2015 (\$)	Increase/ (Decrease) (\$)	%	The increase or (decline) in FY 2016 as compared to FY 2015 is mainly due to:
<b>Revenue</b>	28,674,632	16,412,739	12,261,893	74.7%	<ul style="list-style-type: none"> <li>• S\$8.5 million from Dermatology segment; and</li> <li>• Remaining due to increase in patient loads from O&amp;G and Cancer-related segments.</li> </ul>
<b>Other operating income</b>	266,009	182,016	83,993	46.1%	<ul style="list-style-type: none"> <li>• More government grants such as Wage Credit Scheme and Special Employment Credit received in FY 2016; and</li> <li>• Clinic rental rebate of S\$66,000 received in FY 2016.</li> </ul>
<b>Consumables and medical supplies used</b>	(4,365,796)	(1,857,776)	2,508,020	135.0%	<ul style="list-style-type: none"> <li>• S\$2.0 million of consumables and medical supplies used by Dermatology segment (due to nature of that business); and</li> <li>• Only a modest additional S\$0.3 million and S\$0.2 million of consumables and medical supplies used by O&amp;G and Cancer-related segments respectively.</li> </ul>
<b>Employee benefits expense</b>	(11,003,716)	(6,283,428)	4,720,288	75.1%	<ul style="list-style-type: none"> <li>• Three new Specialist Medical Practitioners; and</li> <li>• Increase in clinical staff average headcount from 22 for FY 2015 to 32 for FY 2016.</li> </ul>
<b>Depreciation of plant and equipment</b>	(380,160)	(240,006)	140,154	58.4%	<ul style="list-style-type: none"> <li>• Plant and equipment from the Acquisition of JL;</li> <li>• Acquisition of a new laser machine; and</li> <li>• Acquisition of two new ultrasound machines.</li> </ul>
<b>Other operating expense</b>	(2,794,993)	(2,158,519)	636,474	29.5%	<ul style="list-style-type: none"> <li>• Other operating expense of S\$0.5 million incurred by Dermatology segment (due to nature of that business).</li> </ul>
<b>Profit from operations</b>	<b>10,395,976</b>	<b>6,055,026</b>	<b>4,340,950</b>	<b>71.7%</b>	
<b>Finance income</b>	135,880	126,573	9,307	7.4%	<ul style="list-style-type: none"> <li>• Interest income earned from cash deposits.</li> </ul>
<b>Finance expense</b>	(449,399)	-	449,399	>100%	<ul style="list-style-type: none"> <li>• An accounting (i.e. non-cash flows item) finance expense related to the Acquisition of JL.</li> </ul>
<b>Net finance (expense)/income</b>	<b>(313,519)</b>	<b>126,573</b>	<b>440,092</b>	<b>&gt;100%</b>	
<b>Profit before income tax</b>	<b>10,082,457</b>	<b>6,181,599</b>	<b>3,900,858</b>	<b>63.1%</b>	
<b>Income tax expense</b>	(1,278,779)	(840,274)	438,505	52.2%	<ul style="list-style-type: none"> <li>• Higher profits in FY 2016.</li> </ul>
<b>PROFIT FOR THE YEAR</b>	<b>8,803,678</b>	<b>5,341,325</b>	<b>3,462,353</b>	<b>64.8%</b>	

## REVIEW OF THE GROUP'S FINANCIAL POSITION

	31 December 2016 (S\$)	31 December 2015 (S\$)	Increase/ (Decrease) (S\$)	%	The increase or (decline) as at 31 December 2016 as compared to 31 December 2015 is mainly due to:
<b>ASSETS</b>					
<b>Non-current assets</b>					
<b>Goodwill</b>	26,929,999	842,295	26,087,704	>100%	Goodwill comprises of: <ul style="list-style-type: none"> <li>• S\$446,000 and S\$396,000 for the acquisition of Beh's Clinic for Women Pte. Ltd. and Choo Wan Ling Women's Clinic Pte. Ltd. in 2014; and</li> <li>• S\$26.1 million* for the acquisition of the entire rights, title and interest of Dr. Joyce Lim and JL Laser &amp; Surgery Centre Pte. Ltd., JL Esthetic Research Centre Pte. Ltd. and JL Dermatology Pte. Ltd. (the "Targets") in the Target's business and medical practices on 1 January 2016 (the "Acquisition of JL").</li> </ul>
<b>Plant and equipment</b>	1,554,794	678,680	876,114	129.1%	<ul style="list-style-type: none"> <li>• Plant and equipment from the Acquisition of JL; and</li> <li>• Acquisition of a new laser machine for SOG Dermatology Clinic; and</li> <li>• Acquisition of two new ultrasound machines for SK Lim Clinic and SC Hong Clinic.</li> </ul>
<b>Available-for-sale financial assets</b>	148,411	148,411	-	-	
<b>Deferred tax assets</b>	10,450	-	10,450	100%	<ul style="list-style-type: none"> <li>• Timing differences in the Group's plant and equipment.</li> </ul>
<b>Total non-current assets</b>	<b>28,643,654</b>	<b>1,669,386</b>			
<b>Current assets</b>					
<b>Inventories</b>	2,152,469	278,452	1,874,017	>100%	<ul style="list-style-type: none"> <li>• Inventories at our SOG Dermatology Clinic.</li> </ul>
<b>Trade and other receivables</b>	2,092,939	1,477,586	615,353	41.6%	<ul style="list-style-type: none"> <li>• S\$0.2 million in rental deposits for our new clinics;</li> <li>• S\$0.2 million increase in our Specialist Medical Practitioner's professional fees due from hospitals and insurance companies;</li> <li>• S\$0.1 million in prepayment for a new laser machine for our SOG Dermatology Clinic to be delivered at a later date; and</li> <li>• S\$0.1 million in prepayment for other operating expenses.</li> </ul>

\* The purchase price allocation exercise for the Acquisition of JL has been finalised and accounted for as at 31 December 2016. The goodwill of S\$26.1 million includes the excess in fair value of the purchase consideration: (1) S\$15.2 million in shares (i.e. 20,401,501 new shares at S\$0.7459 weighted average price of SOG share on 31 December 2015), (2) S\$14.0 million in cash payable in three tranches – first tranche of S\$6.0 million paid on 1 January 2016, second tranche of S\$4.0 million (fair value of S\$3.5 million) paid in January 2017, and the third tranche of S\$4.0 million (fair value of S\$3.5 million) to be paid on 1 January 2018, over the acquired net tangible asset of S\$2.2 million.

# FINANCIAL HIGHLIGHTS

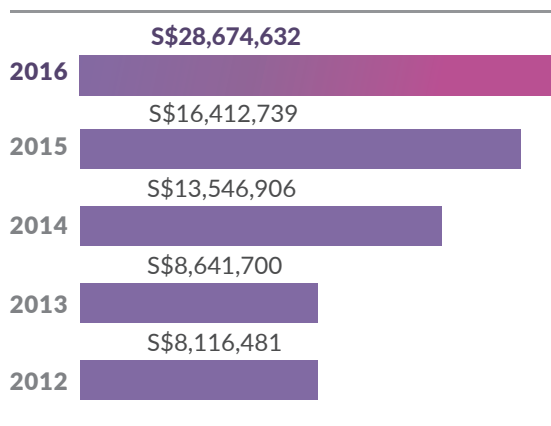
	31 December 2016 (S\$)	31 December 2015 (S\$)	Increase/ (Decrease) (S\$)	%	The increase or (decline) as at 31 December 2016 as compared to 31 December 2015 is mainly due to:
<b>Cash and cash equivalents</b>	21,376,324	24,209,144	(2,832,820)	(11.7%)	<ul style="list-style-type: none"> <li>• S\$6.0 million paid for the first tranche cash consideration for the Acquisition of JL;</li> <li>• S\$2.7 million and S\$3.6 million paid for FY 2015 final and FY 2016 interim dividend respectively;</li> <li>• S\$0.8 million paid for acquisition of new plant and equipment; offset by</li> <li>• S\$10.4 million net cash inflows from operating activities in FY 2016.</li> </ul>
<b>Total current assets</b>	<b>25,621,732</b>	<b>25,965,182</b>			
<b>Total assets</b>	<b>54,265,386</b>	<b>27,634,568</b>			
<b>EQUITY AND LIABILITIES</b>					
Capital and reserves					
<b>Share capital</b>	29,645,500	14,428,020	15,217,480	>100%	<ul style="list-style-type: none"> <li>• Consideration shares of 20,401,501 issued to Dr. Joyce Lim in February 2016 for the Acquisition of JL.</li> </ul>
<b>Capital reserve</b>	1,771,070	1,771,070	-	-	<ul style="list-style-type: none"> <li>• Capital reserve represents the difference between the fair value of the purchase consideration of S\$3.1 million paid by SOG and the net assets of S\$1.3 million from Beh's Clinic for Women and Choo Wan Ling Women's Clinic acquired by SOG in 2014.</li> </ul>
<b>Merger reserve</b>	(1,695,311)	(1,695,311)	-	-	<ul style="list-style-type: none"> <li>• Merger reserve represents the difference between the consideration of S\$3.0 million paid by SOG and the net assets of S\$1.3 million from KW Lee Clinic &amp; Surgery and Heng Clinic for Women acquired by SOG.</li> </ul>
<b>Retained earnings</b>	11,922,728	9,508,210	2,414,518	25.4%	<ul style="list-style-type: none"> <li>• Net profit after tax of S\$8.8 million for FY 2016; offset by</li> <li>• FY 2015 final dividend payment of S\$2.7 million paid in May 2016; and</li> <li>• FY 2016 interim dividend payment of S\$3.6 million paid in September 2016.</li> </ul>
<b>Total equity</b>	<b>41,643,987</b>	<b>24,011,989</b>			

	31 December 2016 (S\$)	31 December 2015 (S\$)	Increase/ (Decrease) (S\$)	%	The increase or (decline) as at 31 December 2016 as compared to 31 December 2015 is mainly due to:
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liabilities	66,601	85,536	(18,935)	(22.1%)	<ul style="list-style-type: none"> <li>Timing differences in the Group's plant and equipment.</li> </ul>
Trade and other payables	3,761,166	-	3,761,166	>100%	<ul style="list-style-type: none"> <li>Consists of contingent consideration.</li> <li>It relates to the present value of the third tranche cash consideration of S\$4.0 million as at 31 December 2016 for the Acquisition of JL due on 1 January 2018.</li> </ul>
<b>Total non-current liabilities</b>	<b>3,827,767</b>	<b>85,536</b>			
<b>CURRENT LIABILITIES</b>					
Trade and other payables	7,052,275	1,648,992	5,403,283	>100%	<ul style="list-style-type: none"> <li>S\$3.8 million of contingent consideration relating to the present value of second tranche cash consideration of S\$4.0 million as at 31 December 2016 for the Acquisition of JL due on 1 January 2017;</li> <li>S\$1.0 million of accrual for Specialist Medical Practitioner's bonuses for FY 2016; and</li> <li>S\$0.6 million of trade payables due to slower payment trend in December 2016.</li> </ul>
Deferred revenue	380,343	379,693	650	0.2%	<ul style="list-style-type: none"> <li>Deferred revenue relates to antenatal package fees collected upfront from patients for consultations that have yet to be performed.</li> </ul>
Current tax liabilities	1,361,014	1,508,358	(147,344)	(9.8%)	<ul style="list-style-type: none"> <li>Balance as at 31 December 2016 comprises of income tax payables for FY 2016.</li> </ul>
<b>Total current liabilities</b>	<b>8,793,632</b>	<b>3,537,043</b>			
<b>Total liabilities</b>	<b>12,621,399</b>	<b>3,622,579</b>			
<b>Total equity and liabilities</b>	<b>54,265,386</b>	<b>27,634,568</b>			

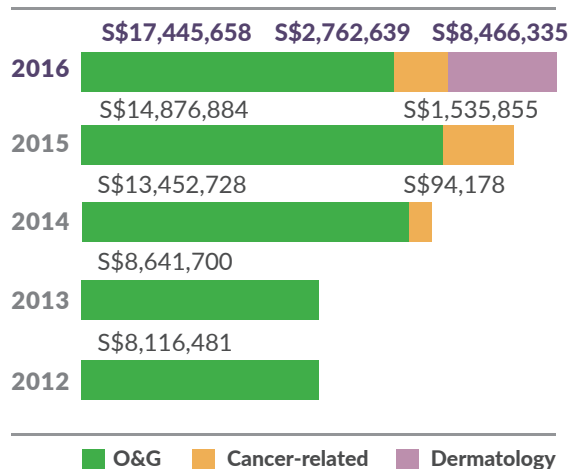
# FINANCIAL HIGHLIGHTS

## KEY FINANCIAL INFORMATION

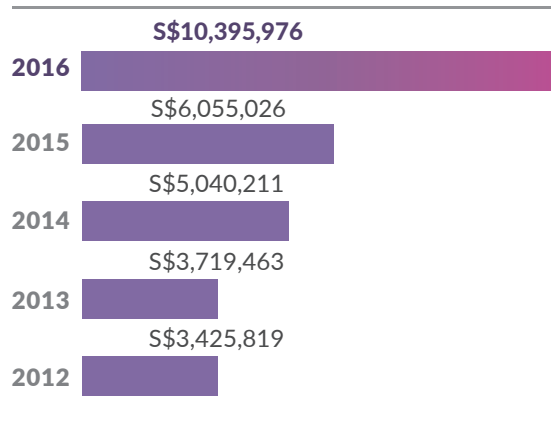
### REVENUE



### REVENUE BY OPERATING SEGMENTS

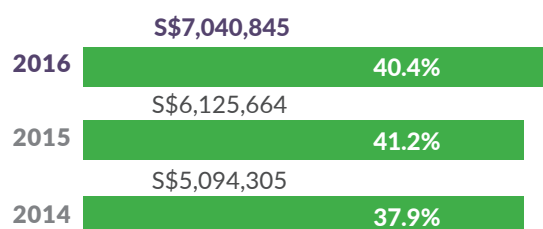


### PROFIT FROM OPERATIONS



### PROFIT FROM OPERATIONS (MARGINS)

#### O&G

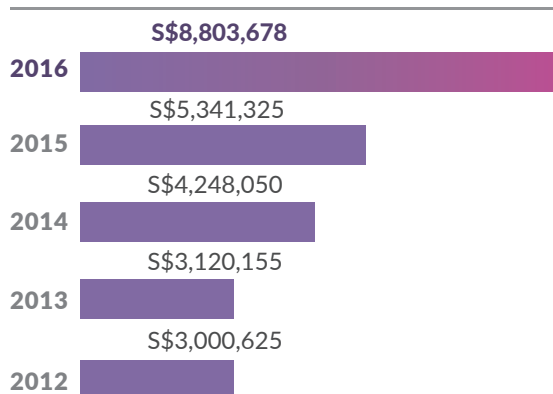


#### Cancer-related and Dermatology

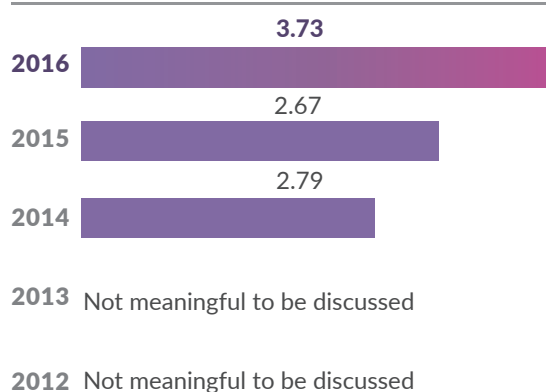
Not meaningful to be discussed



## PROFIT AFTER TAX

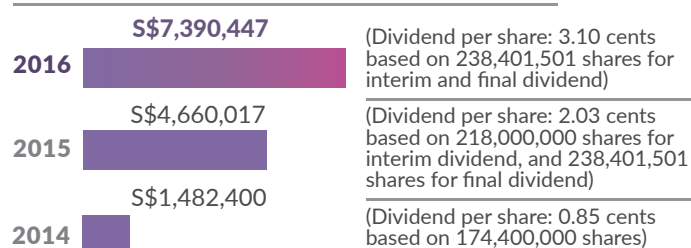


## BASIC AND DILUTED EARNINGS PER SHARE<sup>1</sup> (Cents)



<sup>1</sup> Basic and diluted earnings per share is computed based on the weighted average number of ordinary shares issued and outstanding at the end of each financial year.

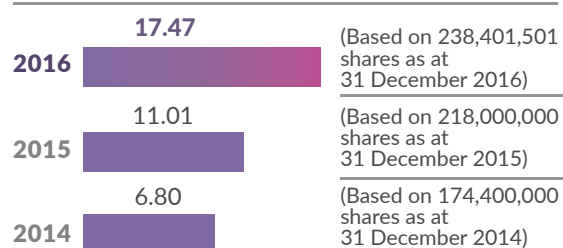
## DIVIDEND



2013 Not meaningful to be discussed

2012 Not meaningful to be discussed

## NET ASSET VALUE PER SHARE (Cents)



2013 Not meaningful to be discussed

2012 Not meaningful to be discussed

# INVESTOR RELATIONS

SOG is committed to good communications with shareholders and stakeholders. Thus, SOG recognises the importance of investor relations ("IR") as a strategic management responsibility.

## INVESTOR RELATIONS POLICY

SOG is committed to provide timely and consistent disclosures of financial results and significant corporate activities to its shareholders, investors, the financial community and the investing public. Communication with shareholders is managed by the Board of Directors, senior management and SOG's in-house investor relations officer.

Our IR policy ensures fair and open communications with all our stakeholders. We ensure that relevant and material information are disclosed in a clear, concise and consistent manner in accordance with the Listing Manual Section B: Rules of Catalist of Singapore Exchange Securities Trading Limited ("SGX-ST") ("Catalist Rules") and the Securities and Futures Act.

All announcements are released via SGXNET which include the half-year and full-year financial results, distribution of notices, press releases, analyst briefings and presentations, announcements on acquisitions and other major corporate developments.

Price sensitive information to shareholders is publicly released on an immediate basis where required under the Catalist Rules. All shareholders will receive the annual report, which would also be made available on the SGXNET.

This year, we had revamped our website to give it a new contemporary appeal with more vibrant images and contents. The website has also been infused with new updates of the Company's business profile and the Group's activities.

We maintain our corporate website vigilantly and update regularly to ensure investors keep abreast with the latest developments of the Group.

We have also continuously improved the presentation and contents of our Annual Report, so as to provide readers a better understanding of the Group.

## DIVIDEND POLICY

While SOG does not have a formal dividend policy, the Company targets to pay up to 90% of its net profit after tax for each financial year. The form, frequency and amount of any proposed dividend will take into consideration the Group's operating results, financial position, committed capital expenditures and any other relevant considerations the Board of Directors may deem appropriate in the best interest of the Company.

This year, we declared a final tax exempt dividend of 1.57 Singapore cents per share, together with an interim dividend of 1.53 Singapore cents per share which was paid on 1 September 2016. Together, these constitute 83.9% of FY 2016 net profit after tax (87.2% in FY 2015), up 1.07 Singapore cents or 52.7% as compared to FY 2015 full year dividend of 2.03 Singapore cents per share.

## STAKEHOLDERS ENGAGEMENT

In keeping with the proactive investor and media relations approach, SOG engages financial analysts, existing and potential investors, and shareholders through multiple channels. Key senior management is present at such engagements to keep the stakeholders informed of SOG's financial performance and to discuss its business strategies and outlook.

In 2016, SOG engaged 55 analyst briefings and 149 fund manager meetings, where senior management was present to share the latest developments of the Company and addressed relevant queries.

### Analyst Briefings

	One-on-one Meetings	Group Meetings	Total
2016	21	34	55
2015	27	16	43

### Fund Manager Meetings

	One-on-one Meetings	Group Meetings	Total
2016	67	82	149
2015	33	51	84

SOG also actively participate in institutional-initiated investment events. In 2016, we participated in the following events:

Date	Event
5 January 2016	DBS Pulse of Asia
24 September 2016	SGX-SIAS Healthcare Day
7 October 2016	UBS Healthcare Day
29 November 2016 to 2 December 2016	Citi: ASEAN stars of the Next Decade

SOG was covered by DBS Vickers Securities, Maybank Kim Eng, PhillipCapital and UOB Kay Hian in 2016.

The Annual General Meeting (“AGM”) is another platform for management to communicate with stakeholders. The senior management has also been profiled by the media and the Company has been featured in various prints and online media.

## REVIEW OF OUR TRADING VOLUME BY INVESTOR PROFILE

### SECURITIES DAILY AVERAGE VALUE (\$)

Investor Profile	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Institution	8,409	4,945	31,853	32,197
Retail	80,594	66,241	322,209	111,504
Market Maker and Liquidity Provider (“MMLP”)	1,584	758	13,234	5,162

Retail investor group was the highest trading volume in 2016 as compared to institution and MMLP investor groups. It is also noted that the trading volume across all investor groups is higher in the second half of 2016 as the research units of three highly-regarded broking houses initiated coverage on SOG with a ‘BUY’ recommendation.

# LETTER FROM OUR FINANCIAL CONTROLLER



## Dear Shareholders,

2016 was a year of phenomenal growth as the Group charged on with our strategy to increase our market share in Singapore through the acquisition of Dr. Joyce Lim's group of companies, and having two new Specialist Medical Practitioners on board.

With the three new Specialist Medical Practitioners, the Group now has a total of ten Specialist Medical Practitioners:

- Six O&G Specialists;
- Three Cancer Specialists: One GynaeOncologist and two Breast and General Surgeons; and
- One Dermatologist.

Apart from the assets as presented in our Financial Position as at 31 December 2016, these ten Specialist Medical Practitioners together with our clinical staff team, form our human capital. We empower our Specialist Medical Practitioners and healthcare professionals with the fullest latitude of professional freedom, governed only by SOG's corporate values and commitments to our stakeholders. Our sustained financial performance is determined by the revenue they generate through the patient loads they have wholeheartedly served.

As at 31 December 2016, the Group maintained a strong financial position with a net asset value of S\$41.6 million, an increase of 73.3% from S\$24.0 million as at 31 December 2015. Net asset value per share rose by 58.7% from 11.01 Singapore cents as at 31 December 2015 to 17.47 Singapore cents as at 31 December 2016.

The Group generated a net operating cash flow of S\$10.4 million for FY 2016 as compared to S\$6.4 million for FY 2015. As at 31 December 2016, the Group had cash and cash equivalents of S\$21.4 million, with no borrowings or any debt securities and instruments.

Equally importantly, we are proud to highlight that SOG won the Best Annual Report Award (Merit) under the First Year Listed Company category awarded by the Singapore Corporate Award 2016. Judged by an eminent panel of business leaders in Singapore, the award gives recognition to maiden annual reports of First-Year Listed companies that show an excellent standard of disclosure. This recognition spurs the SOG team with greater confidence to vigilantly maintain greater transparency in our reporting framework and standards of disclosure to enhance our shareholders' confidence in us.



Chairman, Dr. Heng Tung Lan (second from left), and senior management at Singapore Corporate Award 2016.



Our award-winning Annual Report 2015.



Chief Executive Officer, Dr. Ng Koon Keng, receiving the Best Annual Report Award (Merit) under the First Year Listed Company category at Singapore Corporate Award 2016.

Since our first implementation of the Enterprise Risk Management framework in 2015, we have continued to perform a risk refresher in 2016 to identify the top 10 risks of the Group. This refresher enables us to continually monitor the risks identified and ensure sufficient mitigation plans are in place. As the Risk Officer of the Company, I am responsible to provide periodic updates and reports of the risk to the Audit Committee that has been charged to oversee the risks as well as the Board of Directors, to ensure our responsiveness to the risk and the readiness of risk mitigation measures.

Ahead of the 2018 deadline, we have pro-actively incorporated a section on "Sustainability Report" in accordance to Global Reporting Initiative ("GRI") Standards as our first step to align with the SGX guidelines for the upcoming implementation of sustainability reporting. We have adopted the GRI framework as our first efforts to align our reporting akin to the international guidelines for the non-financial key performance indicators.

As part of our sustainability programme, we have launched our first corporate social responsibility programme for a community day held on 15 December 2016. Over 48 directors, management and staff personnel volunteered to host an afternoon Christmas party for 200 under-privileged seniors living in Geylang Bahru rented flats. It is our goal to further SOG's contribution to the community as our active role as a responsible corporate citizen.

Moving forward, I seek to drive an integrated approach to sustainability management for the Company, both in financial and non-financial aspects, in propelling SOG's sustained profitability.

**Eric Choo**  
Financial Controller

## OUR SPECIALIST MEDICAL PRACTITIONERS AND CLINICS

SOG is powered by, and its principle asset are, a team of 10 Specialist Medical Practitioners who serves their patients and families through sound specialised medical skills, strong ethics, and evidence based medicine. Our 10 Specialist Medical Practitioners (in alphabetical order and by their specialty focus) are:

### O&G SPECIALISTS

#### OBSTETRICIAN & GYNAECOLOGIST



**DR. BEH SUAN TIONG**

MBBS (Singapore), MRCOG (UK), FAMS (Singapore)

*"Besides specialising in antenatal, intrapartum and postnatal care, Dr. Beh's special interest is in minimally invasive surgery for various gynaecological conditions."*

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 specialising 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 conditions. He received further training for such techniques and in other areas of specialty in leading medical 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 Kandang Kerbau 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 Obstetrical & Gynaecological Society of Singapore 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.



Dr. Choo Wan Ling is a Consultant 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 recognises 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 & Gynecological 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 an advocator of natural birth and breastfeeding. Being a mother to 2 girls herself, she is familiar with the difficulties some mothers-to-be go through during the pregnancy and after. 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 interest in menopausal care and female sexual dysfunction.

Dr. Choo currently operates out of SOG-Choo Wan Ling Clinic for Women in Mount Elizabeth Novena Specialist Centre.

## OBSTETRICIAN & GYNAECOLOGIST



**DR. CHOO WAN LING**

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

*“Being a mother to 2 girls herself, Dr. Choo is familiar with the difficulties some mothers-to-be go through during the pregnancy and after.”*



## OUR SPECIALIST MEDICAL PRACTITIONERS AND CLINICS

### OBSTETRICIAN & GYNAECOLOGIST



**DR. HENG TUNG LAN**

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

*“Despite practicing as an O&G Specialist for more than three decades, Dr. Heng still finds each delivery special because of the joy each new baby brings to his and her family.”*

Dr. Heng Tung Lan is a leading Consultant 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 Kangar Kerbau Women’s and Children’s 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. Although Dr Heng has delivered many babies in her long career which spans over 30 years, she still finds each delivery special because of the joy each new baby brings to his or her family.

Dr. Heng is highly sought after for her medical and interpersonal skills. 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 is effectively bilingual in English, Mandarin, and also conversant in several local dialects. She currently operates her practice, SOG-Heng Clinic for Women, out of Parkway East Medical Centre and a shophouse unit in Cassia Crescent.





## OBSTETRICIAN & GYNAECOLOGIST

Dr. Hong Sze Ching is a Consultant Obstetrician and Gynaecologist who graduated from the National University of Singapore with Bachelor of Medicine and Surgery in 2005 and went on to complete her specialist training in Obstetrics and Gynaecology with Kandang Kerbau Women's and Children's Hospital ("KKH"). She attained the Membership of the Royal College of Obstetrics and Gynaecology ("MRCOG") in UK and was conferred the Master of Medicine in Obstetrics and Gynaecology (Singapore) in 2011. She went on to obtain her Specialist Accreditation in 2013. Dr. Hong is a certified colposcopist, a member of the Society for Colposcopy & Cervical Pathology of Singapore, and a member of the Obstetrics and Gynaecology Society of Singapore. She is also a Fellow of the Academy of Medicine, Singapore.

Dr. Hong was a Consultant with KKH Minimally Invasive Surgery Unit since November 2013. She was awarded a HMDP fellowship to further her training in this area with The Ottawa Hospital, Minimally Invasive Surgery Unit in 2015 where she underwent training in her areas of interest, namely management of endometriosis and advanced laparoscopic surgery. Apart from laparoscopic work, she also specialises in obstetric care and management of general gynaecological conditions. She was awarded the Singhealth Health Quality Service Awards – Silver in 2015 in recognition for her dedication to patient care. She is currently a Visiting Consultant to KKH.

On top of her clinic work, she has been active in undergraduate and postgraduate education, having taught medical students and residents alike. She was appointed Adjunct Instructor of NUS Yong Loo Lin School of Medicine as well as Adjunct Assistant Professor with Duke-NUS Obstetrics and Gynaecology Academic Clinical Programme and was involved as trainer in local surgical workshops and congresses. She also has several publications in peer-reviewed journals and written book chapters.

As a mother of one, Dr. Hong is a strong advocate of natural birth and breastfeeding and believes in supporting women's choices regarding their health.

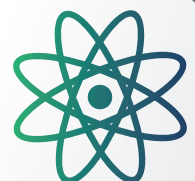
Dr. Hong currently operates out of SOG-SC Hong Clinic for Women in Mount Alvernia Medical Centre.



**DR. HONG SZE CHING**

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

*"Apart from laparoscopic work, Dr. Hong specialises in obstetric care and management of general gynaecological conditions. She believes in supporting women's choices regarding their health."*



## OUR SPECIALIST MEDICAL PRACTITIONERS AND CLINICS

### OBSTETRICIAN & GYNAECOLOGIST



**DR. LEE KEEN WHYE**

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

*"Besides providing pregnancy care and delivery services, Dr. Lee is passionate and highly skilled in endoscopic work for various gynaecological problems."*

Dr. Lee Keen Whye is a Consultant Obstetrician and Gynaecologist at the Gleneagles Medical Centre. Dr. Lee is also a co-founder member of our Group.

Dr. Lee has dedicated his service to healthcare for over three decades. 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 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. 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 operates out of SOG-K W Lee Clinic for Women in Gleneagles Medical Centre.

## OBSTETRICIAN & GYNAECOLOGIST

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 Women's and Children's 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.

In addition, Dr. Chua believes strongly in informing her patients of the best birth options possible and she encourages breast feeding. She was the O&G Representative for the Association for Breastfeeding Advocacy between 2011 and 2013. Renowned for her caring demeanour, Dr. Natalie Chua is passionate in providing the best obstetric and gynaecological services to her patients. For 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-Natalie Chua Clinic for Women in Parkway East Medical Centre and SOG-Heng Clinic for Women in Cassia Crescent.



**DR. CHUA WEILYN NATALIE**

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

*"Renowned for her caring demeanour, she is objectively passionate in providing the best obstetric and gynaecological services to her patients."*



# OUR SPECIALIST MEDICAL PRACTITIONERS AND CLINICS

## CANCER SPECIALISTS

OBSTETRICIAN & GYNAECOLOGIST  
GYNAEONOCLOGY



**DR. PANG YI PING CINDY**

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

*"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. Cindy Pang is an experienced obstetrician and gynaecologist with more than 10 years of clinical practice. She received her Bachelor's degree in Medicine and 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 UK as well as Master of Medicine (O&G) by 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 since 2009.

Dr. Pang underwent advanced surgical training as a fellow at the Western Australian Gynaecology 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, having run a weekly pre-invasive disease (abnormal Pap smear and pre-cancerous change) clinic in the Obstetric and Gynaecology Centre at Singapore General Hospital. She also assists the division of graduate medical studies, National University Hospital 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 organised by Singapore Cancer Society in 2015. Teaching and training medical trainees and junior doctors is also one of her dedications. 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 & Gynaecology in Mount Elizabeth Novena Specialist Centre.



# OUR SPECIALIST MEDICAL PRACTITIONERS AND CLINICS

Dr. Lim Siew Kuan is a Consultant General Surgeon, with a special interest in breast surgery. She manages both benign and malignant breast conditions. Besides running her private practice in Mount Elizabeth Novena Specialist Centre, she is also a visiting consultant at Changi General Hospital and Khoo Teck Puat Hospital.

Dr. Lim graduated from National University of Singapore in 2002, and was granted Masters of Medicine (Surgery) by the same university in 2006. She became a Fellow of the Royal College of Surgeons Edinburgh in 2011, after completing her advanced specialist training in General Surgery.

Dr. Lim did her subspecialty training at the Center for Breast Cancer, National Cancer Center, Korea, after receiving the Human Manpower Development Programme scholarship in 2013. During this one-year fellowship training, she learned the latest advancements in breast cancer management, as well as Breast Oncoplastics and Reconstructive Surgery. In addition, Dr. Lim has also done observerships at several renowned hospitals in Korea and Japan (Yonsei Severance Hospital, Kameda Medical Center and Nakagami Hospital), to further her skills in minimally invasive breast surgery, and partial and full breast reconstruction. Dr. Lim is actively involved in research, and her work has been presented at international conferences, and published in various medical journals.

Dr. Lim is an advocate for medical work in developing countries. She has participated in many medical missions over the length of her career, and remains active in providing medical care in the region.

Dr. Lim is one of SOG's Women Cancer Specialists. She currently operates her practice out of SOG-SK Lim Breast & General Surgicare in Mount Elizabeth Novena Specialist Centre and SOG-SC Hong Clinic for Women in Mount Alvernia Medical Centre.

GENERAL SURGEON  
BREAST & ONCOPLASTIC SURGERY



**DR. LIM SIEW KUAN**

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

*"Dr. Lim Siew Kuan is a Consultant General Surgeon, with a special interest in breast surgery. She manages both benign and malignant breast conditions."*



## OUR SPECIALIST MEDICAL PRACTITIONERS AND CLINICS

### GENERAL SURGEON BREAST & ONCOPLASTIC SURGERY



**DR. RADHIKA LAKSHMANAN**

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

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

Dr. Radhika Lakshmanan is a Consultant 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 Puat 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, Nanyang Technological University/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.

As a breast specialist trained in Reconstructive Oncoplastic Breast Surgery, her surgical technique allows for removal of cancerous tissue while attaining the optimal aesthetic outcome. Dr. Radhika is also an advocate of breast cancer awareness and frequently participates in seminars for both the public and medical fraternity. She is an active member of the Singapore Breast Cancer Foundation and Asian Breast Diseases Association, and 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-Natalie Chua Clinic for Women in Parkway East Medical Centre.



# OUR SPECIALIST MEDICAL PRACTITIONERS AND CLINICS

## DERMATOLOGY

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 renowned 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, Joyce Lim Skin and Laser Clinic at Paragon in Orchard Road, Singapore. She is currently an Adjunct Professor with USTI University, Kuala Lumpur, Malaysia.

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 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 is 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.

## D E R M A T O L O G I S T



**DR. LIM TENG EE JOYCE**

MBBS (Malaysia), FRCPI, FAMS (Singapore)

*"Dr. Joyce Lim is a skin specialist, recognised and accredited by the Ministry of Health, Singapore and the Ministry of Health in Malaysia. She is also a registered doctor with the Health Authority in Hong Kong SAR."*



# OUR CLINICS



**SOG – KW Lee Clinic for Women**

Gleneagles Medical Centre #08-14/15/16  
6 Napier Road  
Singapore 258499

**SOG – Radhika Breast & General Surgicare**

Gleneagles Medical Centre #06-01  
6 Napier Road  
Singapore 258499



**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 - SC Hong Clinic for Women**  
820 Thomson Road #07-62  
Mount Alvernia Medical Centre  
Singapore 574623

**SOG - Natalie Chua  
Clinic for Women**  
Parkway East Medical Centre #02-07  
319 Joo Chiat Place  
Singapore 427989

**SOG - Heng Clinic for Women**  
Parkway East Medical Centre #02-08  
319 Joo Chiat Place  
Singapore 427989

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

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

**SOG - SK Lim Breast &  
General Surgicare**  
Mount Elizabeth Novena  
Specialist Centre #06-53  
38 Irrawady Road  
Singapore 329563

**SOG - Choo Wan Ling  
Clinic for Women**  
Mount Elizabeth Novena  
Specialist Centre #10-30  
38 Irrawady Road  
Singapore 329563

# REPORT FROM AUDIT COMMITTEE



## Dear Shareholders,

On behalf of the Audit Committee, I am pleased to present our Audit Committee Report for the year ended 31 December 2016.

### AUDIT COMMITTEE MEMBERSHIPS DURING THE YEAR

Chan Heng Toong, Chooi Yee-Choong and I were the only members of the Audit Committee (the "Committee"). We are independent Non-Executive Directors. Chan Heng Toong and I have extensive financial knowledge while Chooi Yee-Choong has extensive operating management expertise. Thus, the Board and Sponsors believe that all the Audit Committee members are appropriately qualified and experienced to fulfil their role.

### KEY ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

We operate within the Terms of Reference described on Page 123 to 126.

In 2016, we met formally four times but also had four informal telephone calls or video conferences on selected issues. The main areas dealt by the Committee included:

- Review of the quarterly, half-yearly and full-yearly financial statements of the Group and review of the half-yearly and full-yearly financial announcements that were approved by the Board and release via the Singapore Exchange Securities Trading Limited ("SGX-ST").
- Review of the 2017 budget and 2018 forecast.
- Review of the acquisition of Dr. Joyce Lim's group of companies and the treatment of goodwill, finance expense and financial information.
- Review of proposed hirings and related forecasts.
- Review and comment on potential non-organic growth acquisitions and investment areas.
- Review of related party transactions, if any.
- Approval of the audit plans and strategies received from external and internal auditors for the year ended 31 December 2016.

- Review report of audit issues, audit report and management letter points by external auditor, Foo Kon Tan LLP. The Audit Committee also held a private meeting with the auditor without the presence of the executive directors and management, and confirmed their independence.
- Review report of control issues and internal audit report by the internal auditor, BDO LLP.
- Review of the Enterprise Risk Management (“ERM”) report by BDO LLP and the risk register that was established under the ERM framework.
- Review of the scope of work for and the final sustainability report.
- Review the need for new policies.
- A review of the significant accounting policies, the notes to the accounts and significant judgements applied in the preparation of the financial statements.
- Review of the existing risk management and internal control framework for compliance with the relevant guidelines and regulations such as the Code of Corporate Governance 2012, Rules of Catalist of the SGX-ST, the Companies Act (Cap. 50 of Singapore) and the Audit Committee Guidance Committee Guidebook.
- Review of the Annual Report to ensure it is fair, balanced and readable/accessible.

The Chairman and/or the Committee regularly meets with the external and internal auditors without management being present to ensure honest and challenging conversations take place.

## ENGAGEMENT OF THE EXTERNAL AUDITOR

The external auditor is engaged to express an opinion on the Group’s financial statements. The auditor’s responsibilities for the audit of the Group’s financial statements are set out on Page 142 of the Independent Auditor’s Report.

Foo Kon Tan LLP (“FKT”) was appointed on 12 November 2014 and has been the Group’s auditors since its IPO. FKT provides the Committee with the relevant reports and advice throughout the year.

In accordance with the SGX-ST rules, the Company’s auditor adheres to a partner rotation policy based on best practices. 2016 is the current partner’s third consecutive audit since her appointment.

During the year, the performance of the auditor was formally assessed by the Committee in conjunction with the senior management team. In making this assessment, the Committee focused on the robustness of the audit and the quality of the delivery of audit services. The Committee is satisfied that the audit continues to be effective and provides an appropriate independent challenge of the Group’s senior management. The Committee reviewed and is satisfied as to the objectivity and independence of the auditor.

## SIGNIFICANT ACCOUNTING MATTERS OF THE GROUP

During the year, the Committee reviewed the key areas of management’s estimates and judgement applied for key financial issues. This included the type of business combination to be applied to the acquisition of Dr. Joyce Lim’s group of companies and the impairment of goodwill, both of which are Key Audit Matters.

With respect to the type of business combination to be applied to the acquisition of Dr. Joyce Lim’s group of companies, the Committee: reviewed management’s logic and the auditor’s comments; sought third party advice; and reviewed and approved the proposed disclosures. The Committee believes the purchase price allocation errs on the side of conservatism by assigning no value to Dr. Joyce Lim’s patients list. However, the Committee does not believe the matter to be material.

With respect to impairment of goodwill, the Committee: reviewed management’s cash flow projections, the projected growth rate and discount rate, compared it to actual and historical information, and compared it to macro, industry and other benchmarks; and considered them to be appropriate. The Committee concurs that impairment of goodwill is a significant matter and the issue was discussed in 3 of the 4 Committee meetings and with the Board.

We thank you for your attention.

**Christopher Chong Meng Tak**  
Chairman of the Audit Committee

# 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 business goals are identified promptly, contingency plans are laid, remedial actions, if required, are undertaken and responsibilities are properly distributed 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 Committee of Sponsoring Organisations of the Treadway Commission ("COSO") Framework Principles namely:

- 1. How does the Company generate patient revenue, manage its human capital and remain competitive?** We provide services with an empathetic bedside etiquette. To grow, we seek to provide more services, more Specialist Medical Practitioners and in multiple locations, thereby increasing convenience for patients whilst reducing the concentration risk.
- 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 the China or Myanmar regulations if we decided to expand into these countries, or what research advances have taken place that we can implement that would help our patients, or what services we should add that could ease the hectic lifestyle of Singapore's working women?
- 3. What can, should and how does the Board and its committees address such risks and foster a culture that is risk efficient?** The Audit Committee comprising very experienced directors have been charged to measure, review, monitor and communicate risk. They have management put in place an Enterprise Risk Management system and other risk controls.
- 4. Do we have a culture that is risk efficient?** For SOG, this means being conservative and up-to-date whilst treating patients but more aggressive in addressing and offering value to life-long health and wellness concerns of women.
- 5. What framework should the Board agree with management on how risk is presented, processed, communicated and monitored?** The Board has charged Audit Committee with risk governance and its Medical Committee with standards and operating procedure management. Management is required to immediately communicate a critical negative event and to use email or SMS for any other news.
- 6. Being frank and open in the discussion of risk.** For example, getting our Specialist Medical Practitioners to ask for second opinions, to shift patients to other Specialist Medical Practitioners who have more experiences in certain treatment and procedures, and to share potential oversight or possible mistakes early. It also involves getting the Board to explicitly set a risk bar and acceptable limits for the management team.
- 7. How can we ensure that our remuneration schemes do not foster a culture of short-termism or unjustifiable risk taking?** For example, the remuneration package of our CEO has a sizeable variable component that is subject to four key performance indicators ("KPIs") that are reviewed on a yearly basis. The Group has an employee share performance scheme that vests over three years.
- 8. Monitor the critical assumptions we have made and re-visit our strategy every time one of these critical assumptions diverges materially.** For example, what are the actions to undertake when we have an outbreak of virus that could affect our Specialist Medical Practitioners, our patients or their unborn child?
- 9. Forecast and develop business plan for the next five years by considering both emerging trends and black swan events.** For example, the possible business development areas and segments, and the sudden incapacity or death of a Specialist Medical Practitioner.

## ENTERPRISE RISK MANAGEMENT (“ERM”) SYSTEM















SOG has implemented an Enterprise Risk Management system based on the above 9 principles and involves:

- Identifying events or circumstances that are 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.







In 2016, Management performed a Risk Refresher exercise to identify and assess the top ten key risks of the Group. Our top ten key risks remain the same as 2015 but there have been some changes in the ranking to allow for changes in their likelihood of occurrence. Our risk management approach is based on our understanding of our current risk exposure, appetite and external forces.

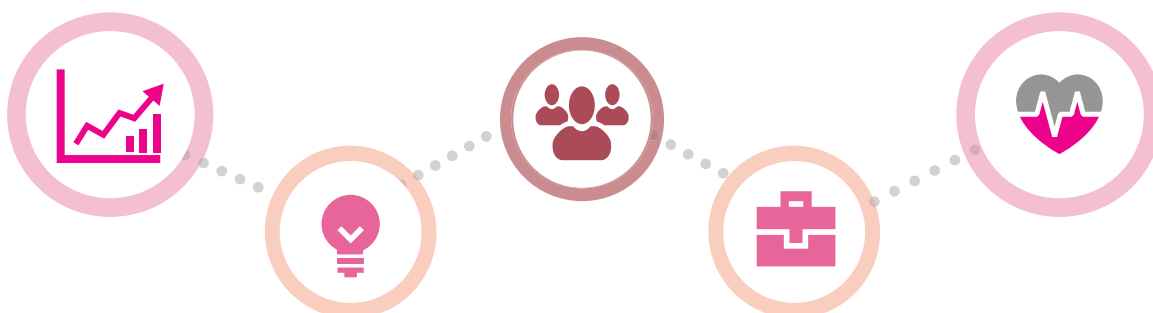
This section discusses the top ten key risks that have emerged and which may have a significant impact on the Group’s financial and operating performance. All estimates and forecasts contained in this report should only be viewed taking these risks into account.

This section does not aim to give an exhaustive discussion of all risks that may impact the Group.

Risk	Description	Impact to the Group (Low  , Medium  , High  )	Likelihood of occurrence (Low  , Medium  , High  )	Risk minimisation measures
<b>FINANCIAL RISKS</b>				
<b>1. Decline in birth rate resulting in lower patient loads</b>	<p>Obstetrics accounted for approximately 48.4% of the Group’s revenue for FY 2016.</p> <p>A decline in birth rate will have a direct impact on this part of the Group’s revenue.</p>	<p></p> <p><u>2015</u></p> <p></p>	<p></p> <p><u>2015</u></p> <p></p>	<p>It is in the Company’s business plan to diversify its revenue base. With our new Dermatology segment formed on 1 January 2016, the revenue from O&amp;G segment had been proportionately reduced in FY 2016.</p> <p>Revenue from O&amp;G segment has been reduced by 29.7% from 90.6% in FY 2015 to 60.9% in FY 2016.</p>
<b>2. Loss of key personnel such as death, resignation or suspension of Specialist Medical Practitioners</b>  <b>(2015: Death or incapacity of key specialist medical practitioners)</b>	<p>The Group will be adversely affected if any of our key personnel especially Specialist Medical Practitioners are not able to consult, manage and treat our patients.</p>	<p></p> <p><u>2015</u></p> <p></p>	<p></p> <p><u>2015</u></p> <p></p>	<p>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.</p> <p>In 2016, we have recruited two young Specialist Medical Practitioners:</p> <ul style="list-style-type: none"> <li>• Dr. Lim Siew Kuan (Age: 38)</li> <li>• Dr. Hong Sze Ching (Age: 36)</li> </ul>

## RISK IDENTIFICATION AND MANAGEMENT

Risk	Description	Impact to the Group (Low 🌶️, Medium 🌶️🌶️, High 🌶️🌶️🌶️)	Likelihood of occurrence (Low 🌶️, Medium 🌶️🌶️, High 🌶️🌶️🌶️)	Risk minimisation measures
<b>3. Incorrect assumptions for investments, mergers, acquisitions or growth strategies resulting in poor returns or subsequent losses</b>  <b>(New description)</b>	<p>All investments, mergers, acquisitions or growth strategies entails certain risks exposure and uncertainties.</p> <p>Some of these risks and uncertainties could have a direct significant impact to the Group's financial performance.</p>	  (2015: Not applicable)	  (2015: Not applicable)	<p>The Board of Directors has an oversight role on all investments, mergers and acquisitions presented by management.</p> <p>A financial due diligence will be conducted by independent professional firms for significant investments, mergers and acquisitions. Thereafter, management will then present the business case for the Board of Directors' review and approval.</p> <p>Management also update the Board of Directors for future plans and growth strategies periodically.</p>
<b>OPERATIONAL RISKS</b>				
<b>4. Inability to attract new talent and retain existing talent</b>	<p>Our business operations is the provision of specialist medical services and healthcare professionals play a significant role.</p> <p>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.</p>	  2015 	  2015 	<p>We are continuously looking out for new talent especially Specialist Medical Practitioners.</p> <p>We focus on staff retention and conduct employee feedbacks and townhall meetings to further understand the needs of our employees.</p> <p>Mutually beneficial terms in the employment contract will be an attraction for recruitment.</p>



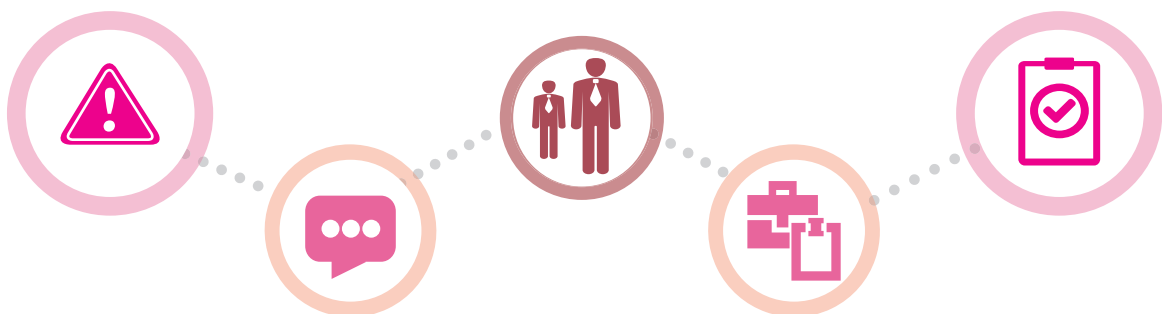
Risk	Description	Impact to the Group (Low  , Medium  , High  )	Likelihood of occurrence	Risk minimisation measures
<p><b>5. Professional malpractice, negligence by Specialist Medical Practitioners or miscommunication on matters such as medical procedures and fees resulting in complaints from patients</b></p> <p><b>(2015: Complaints, claims and regulatory actions arising from the provision of healthcare services)</b></p>	<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>	<p></p> <p><u>2015</u></p> <p></p>	<p></p> <p><u>2015</u></p> <p></p>	<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>
<p><b>6. Expectation gaps particularly in aesthetic business, creating patient dissatisfaction between the actual final result and result expected by patient</b></p> <p><b>(2015: Complaints, claims and regulatory actions arising from the provision of healthcare services)</b></p>	<p>Gaps between meeting patient's expectations and what is actually possible in reality occur when there are too many demands placed on the Specialist Medical Practitioners or the treatment.</p>	<p></p> <p><u>2015</u></p> <p></p>	<p></p> <p><u>2015</u></p> <p></p>	<p>In order to close or manage the gaps, our Specialist Medical Practitioners take the time to focus on the basics of expectation management i.e. good communication.</p> <p>Our Specialist Medical Practitioners also ensure that they undertake a two-way communication approach with their patients. It is also important to have a shared decision-making process where the Specialist Medical Practitioner and patient make decisions together.</p>
<p><b>7. Unforeseen complications during procedures or operations, negative feedback, breakdown of service quality such as patient care resulting in patient claims or loss of reputation</b></p> <p><b>(2015: Reputation risk)</b></p>	<p>Any negative comments or news such as complaints, allegations and legal actions against us will impact our reputation.</p>	<p></p> <p><u>2015</u></p> <p></p>	<p></p> <p><u>2015</u></p> <p></p>	<p>We often conduct meetings to address ongoing 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>

## RISK IDENTIFICATION AND MANAGEMENT

Risk	Description	Impact to the Group (Low  , Medium  )	Likelihood of occurrence (  , High  )	Risk minimisation measures
<b>8. Lease renewals and relocation risks</b>	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.	  <u>2015</u> 	  <u>2015</u> 	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.
<b>9 Specialist Medical Practitioners or clinics unable to obtain third party indemnity insurance or when insurance coverage is not sufficient</b>	While our Specialist Medical Practitioners or clinics ensure that they conduct their business and the provision of professional healthcare services in due care, human error can occasionally occur leading to patients being harmed in the process.  By insuring our Specialist Medical Practitioners or clinics, we ensure that they are protected in the event of an incident arising from medical care to our patients.  We have not had any issues of renewing the third party indemnity insurance or to change the insurance coverage (if required) for our Specialist Medical Practitioners or clinics.	  <u>2015</u> : Not applicable)	  ( <u>2015</u> : Not applicable)	We often commence our renewal of third party indemnity insurance for our Specialist Medical Practitioners or clinics, at least 3 months, before the expiry of such insurance. This is to ensure we have sufficient time to plan for alternatives and/or update the insurance coverage when necessary.



Risk	Description	Impact to the Group (Low 🌶️, Medium 🌶️🌶️, High 🌶️🌶️🌶️)	Likelihood of occurrence	Risk minimisation measures
<b>SOCIAL AND ENVIRONMENTAL RISKS</b>				
<p><b>10. Occurrence of major events (such as infectious diseases, haze, uncertain global economic outlook) resulting in lower patients visitations</b></p> <p><b>(2015: Outbreak of infectious diseases)</b></p> <p><b>(2015: Uncertain global economic outlook)</b></p>	<p><b><u>Infectious diseases and haze</u></b></p> <p>Outbreak of infectious diseases like 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, and haze, can possibly have a material adverse impact on our operations and the health of our patients or their babies.</p> <p><b><u>Other events such as uncertain global economic outlook</u></b></p> <p>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.</p>	<p>🌶️🌶️</p> <p>2015</p> <p>🌶️🌶️🌶️</p> <p>2015</p> <p>🌶️🌶️</p>	<p>🌶️</p> <p>2015</p> <p>🌶️</p> <p>2015</p> <p>🌶️🌶️</p>	<p><b><u>Infectious diseases and haze</u></b></p> <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 our 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> <p><b><u>Other events such as uncertain global economic outlook</u></b></p> <p>The Group will continue to focus on our domestic market and increase our local patient pool.</p> <p>In view that most of our patients can use Medisave and/or insurance, the impact is lessened.</p>



# SUSTAINABILITY REPORT

At SOG, we recognise the importance and virtuous cycle of improvement of sustainability reporting. We embarked on sustainability reporting journey in 2015 by discussing the challenges and material issues that are important to our stakeholders, our strategy in managing these challenges and issues, and how we have performed in terms of our key performance indicators.

## SCOPE OF THIS REPORT

During the year, we adopted a more formalised reporting approach by applying the international reporting framework, Global Reporting Initiative ("GRI") Standards, in preparing our first sustainability report.

For reference to the GRI Content Index, please refer to Page 78 to 86.



<p><b>Reporting Boundaries and Standards</b></p>	<p>The Report is also prepared in accordance with GRI Principles for defining report content, including:</p> <ul style="list-style-type: none"> <li>● <b>Materiality:</b> focusing on issues that impact business growth and are of utmost importance to stakeholders;</li> <li>● <b>Stakeholder Inclusiveness:</b> responding to stakeholder expectations and interests;</li> <li>● <b>Sustainability Context:</b> presenting performance in the wider context of sustainability; and</li> <li>● <b>Completeness:</b> including all information that is of significant economic, environmental and social impact to enable stakeholders to assess the Company's performance.</li> </ul> <p>We use a consolidated operating approach to determine organisational boundaries. Our data is an aggregation of our 11 clinics in Singapore. As this is our first report, our base year is FY 2015.</p>
<p><b>Report Period and Scope</b></p>	<p>This report covers data and information from 1 January 2016 to 31 December 2016 and discusses SOG's achievements and performance towards Environmental, Social and Governance ("ESG") issues.</p> <p>This report has been prepared in accordance to the GRI Standards: Core Option.</p>
<p><b>Accessibility</b></p>	<p>SOG continues to print only limited copies of this annual cum sustainability report as part of our environmental conservation efforts. Current electronic editions of the report is available at: <a href="http://www.sog.com.sg">www.sog.com.sg</a>.</p>

## OUR STRATEGIC APPROACH TO SUSTAINABILITY

With our vision and corporate values in mind, we are making an effort to integrate sustainability into the businesses of SOG so that it is systematic and seamless. Where possible, we incorporate sustainability considerations in our decision-making processes.

Our sustainability efforts are led by our senior management who ensures that the Company's business objectives are in line with our commitments to sustainable development. Senior management is responsible for on-going communication to the Board of Directors.



SOG's senior management determined focus areas where SOG can have the greatest economic, environmental and social impact, as well as the areas that are most important to our stakeholders.

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.

# SUSTAINABILITY REPORT

SOG engaged our key stakeholders through the following ways:

- Conducted informal feedback sessions with some of our patients and their families.
- Conducted meetings and interviews with various working groups, consisting of our Specialist Medical Practitioners, clinical and management staff, and Independent Directors.
- Engaged in conversations with current and potential investors especially institutional fund managers.

Our patients and their families are our top priority and we are committed to do the best for them through 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.
- 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.

## DEFINING OUR MATERIALITY ISSUES

From the results of our engagement with key stakeholders, 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.

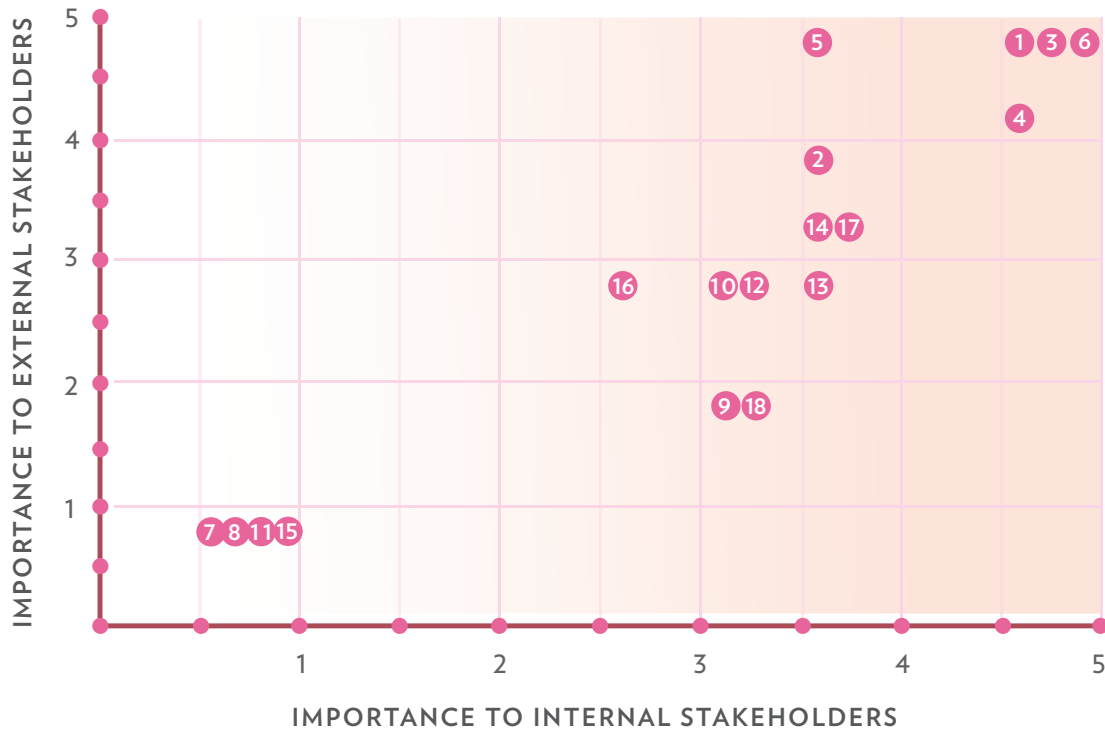
Our material issues are identified as those that are ranked as high and critical by both our internal and external stakeholders on the materiality matrix. We therefore focus our sustainability efforts and reporting on these issues.

We have identified and compiled 18 relevant sustainability issues for developing this report. These issues were further deliberated and narrowed down through our engagement process with stakeholders. The senior management then reviewed the list of issues and determined the material issues based on importance to our stakeholders and the sustainability impact to our businesses.

The importance of the material issues are ranked based on our meetings and interviews with our stakeholders. This process enabled us to identify and prioritise 13 material issues to be discussed in this report.



## OUR MATERIALITY MATRIX



1. **Legal compliance and corporate governance**
2. **Anti-corruption and anti-fraud**
3. **Service quality and responsibility**
4. **Health and safety**
5. **Economic contribution to society**
6. **Patients and community engagement**
7. **Energy management**
8. Certified green clinic/office interior
9. Wages and local hiring

10. Environmental impact assessment and mitigation
11. **Water conservation**
12. **Biohazard and medical waste management**
13. **Diversity and equal opportunity**
14. **Training and staff development**
15. Climate change and emission
16. Business partners engagement
17. **Labour-management relations**
18. **Supply chain and procurement practices**

# SUSTAINABILITY REPORT

## ACCOUNTABILITY TO STAKEHOLDERS

We strive to be a responsible corporate citizen by working closely with our stakeholders to understand their concerns and feedback. The stakeholder engagement provides valuable information for our sustainability reporting, particularly in determining the material environmental and social issues. We will continue to engage our external stakeholders more extensively to identify areas that are material, sustainable and necessary for future development.

Our Key Stakeholders	How We Engage Them	Key Topics
<b>Our patients and their families</b>	<ul style="list-style-type: none"> <li>• Informal feedback from our patients and their families to our Specialist Medical Practitioners and clinical staff</li> <li>• Public forums</li> <li>• Informal surveys conducted by management staff</li> </ul>	<ul style="list-style-type: none"> <li>• Medical-related topics in treating certain medical conditions and issues</li> <li>• Patient care and customer service satisfaction</li> </ul>
<b>Shareholders and Financial Community</b>	<ul style="list-style-type: none"> <li>• Results briefing at half yearly interval</li> <li>• Annual General Meeting</li> <li>• Emails and tele-conferences</li> </ul>	<ul style="list-style-type: none"> <li>• Financial results</li> <li>• Key developments such as recruitment of new Specialist Medical Practitioners and acquisitions</li> <li>• Investor relations</li> </ul>
<b>Employees (including Specialist Medical Practitioners)</b>	<ul style="list-style-type: none"> <li>• Periodic townhall meetings</li> <li>• Performance appraisals</li> <li>• Team bonding and company events</li> <li>• Internal communication through emails and social media</li> </ul>	<ul style="list-style-type: none"> <li>• Patient care and customer service satisfaction</li> <li>• Staff performance and skills</li> <li>• Information update by management</li> <li>• Staff morale</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Emails and tele-conferences</li> </ul>	<ul style="list-style-type: none"> <li>• Feedbacks on their products and services</li> <li>• Information of their new product or service</li> </ul>
<b>Government and Regulatory Agencies</b>	<ul style="list-style-type: none"> <li>• Consultations</li> <li>• Discussions</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory and industry standards and guidelines</li> </ul>
<b>Local Community</b>	<ul style="list-style-type: none"> <li>• Community outreach activities (such as SOG Community Day)</li> </ul>	<ul style="list-style-type: none"> <li>• Partner with local not-for-profit charitable organisations to identify the target beneficiaries</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Media releases</li> <li>• Regular communication through emails and teleconferences</li> </ul>	<ul style="list-style-type: none"> <li>• Financial results</li> <li>• Key developments such as recruitment of new Specialist Medical Practitioners and acquisitions</li> </ul>

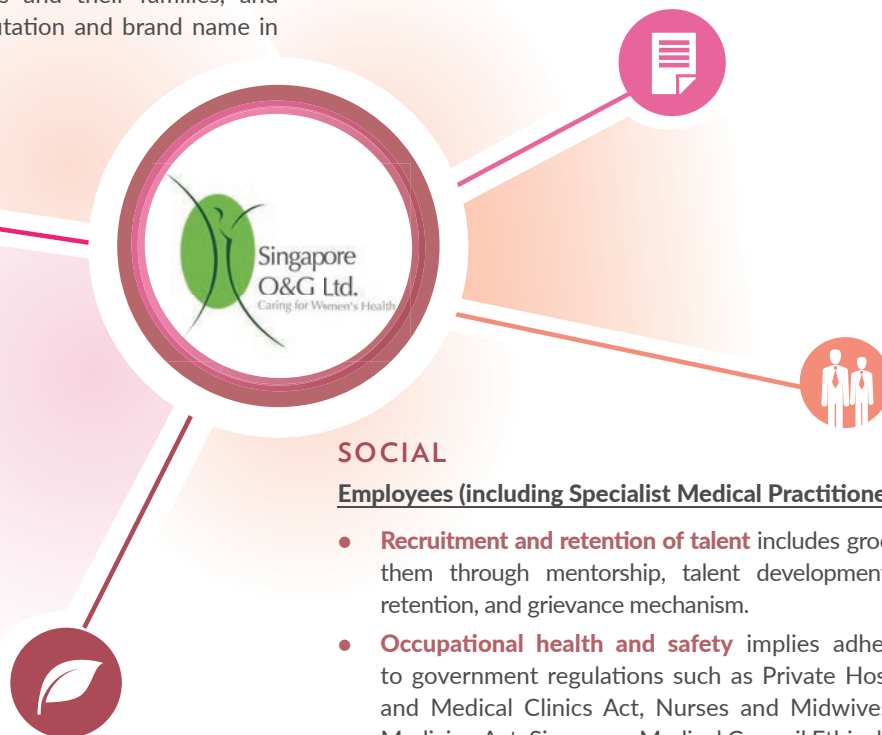
## ECONOMIC

- **Generate good returns to shareholders** by sustaining efficient capital structure and good dividend payout.
- **Business model** focuses on cost and skills leadership without compromising our service level and highest priority on patient's care.
- **Drive organic growth** from the existing pool of Specialist Medical Practitioners as well as through the acquisition of new synergistic businesses.
- **Maintain market position** by ensuring we gain the trust of our patients and their families, and continually build our reputation and brand name in the healthcare industry.

## CORPORATE GOVERNANCE

- **Focus on risk by having good corporate governance** underpinned by openness, transparency and being prepared for risk.
- **Business ethics** built into the SOG culture and articulated by Code of Ethics.
- **Compliance management** implies our compliance with all applicable laws and regulations.
- **Risk management** reflects our Enterprise Risk Management model and risk mitigation strategies.

# OUR VALUE CREATION MODEL



## ENVIRONMENTAL

- **Environmental conservation** through adopting 'Reduce', 'Re-use', 'Recycle' and energy efficient practices.
- **Hygiene and safety through proper biohazard waste management** focused on the proper disposal of infectious and biomedical waste.

## SOCIAL

### Employees (including Specialist Medical Practitioners)

- **Recruitment and retention of talent** includes grooming them through mentorship, talent development and retention, and grievance mechanism.
- **Occupational health and 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 feedback and conducting townhall meetings.

### Community

- **Proactive communities relations** include running public forums and conducting public and private seminars and lectures to create health awareness, participating in analysts' forums and engaging fund managers, referring our patients and their families to other medical colleagues for services that are not within our specialisation.

# SUSTAINABILITY REPORT

## ECONOMIC

At present, we operate 11 clinics in Singapore. Each clinic is operated by one of our Specialist Medical Practitioners and overseen by SOG Corporate Office. We manage our clinics sustainability principles. We work closely with our Specialist Medical Practitioners and clinical staff to identify and consider any sustainability opportunities and risks that may arise.

Sustainability trends such as climate change, resource scarcity and demographic changes shape the competitive environment in which companies like SOG operate by introducing long term sustainability opportunities and recognising risks. We therefore view our business performance beyond short term gains and financial bottomline. Our conviction is to achieve a balanced triple bottomline for sustained growth for the organisation and the community it operates in.

The success of our business is highly dependent on the commitment of our Specialist Medical Practitioners. Their medical knowledge, willingness to work and their job satisfaction are key to our economic sustainability.

More importantly, we strive to contribute positively to the society through our economic presence by contributing to the health and well-being of our patients and their families, maintaining good stewardship of the resources we manage and generating good shareholders' value.

Our business model focuses on cost leadership without compromising our service level and highest priority on patient's care. We seek organic growth from the existing pool of Specialist Medical Practitioners as well as through the acquisition of new businesses that reap good returns.

We strive to maintain our market position by ensuring we gain the trust of our patients and their families, and continually build our reputation and brand name in the healthcare industry.

In today's highly volatile business environment, SOG has, beyond sustained earnings, diligently embraced prudent financial management, capitalised on our assets and investments, and remained focused on growth strategies, to enhance shareholders' value.

For more information on SOG's financial and business performance, please refer to 9.

## LEGAL COMPLIANCE AND CORPORATE GOVERNANCE

Corporate governance and compliance have always been one of the top priorities for the Company. 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 and the guidelines of the Ministry of Health.

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 FY 2016. The Audit Committee received no whistleblowing letters during the year.



For further details on Corporate Governance, please refer to Page 104.

Below is our self-assessment based on the Singapore Governance and Transparency Index (“SGTI”) Assessment Framework:

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for not achieving maximum points
<b>A. BOARD RESPONSIBILITY - 35%</b>					
<b>1</b>	<b>Board size</b>				
(a)	Number of directors on board	<b>1</b>	1	If the Board comprises of at least 6 members but not more than 11.	
<b>2</b>	<b>Board independence</b>				
(a)	Proportion of independent directors on board	<b>2</b>	3	3 points, if proportion of independent directors on board is more than 50%,  2 points, if proportion of independent directors on board is equal to 50%.	We do not have a majority of independent directors because there are sufficient checks and balances namely: <ul style="list-style-type: none"> <li>We have strong independent directors, and</li> <li>The Executive Chairman and the CEO are separate persons and the CEO is not a member of the Board.</li> </ul>
(b)	Number of directors on board				
(c)	Number of independent directors on board				
<b>3</b>	<b>CEO-Chairman separation</b>				
(a)	Is the chairman an independent director?	<b>1</b>	3	3 points, if chairman is independent,  2 points if chairman is non-independent and lead independent director is appointed,  1 point, if chairman is executive and lead independent director is appointed.	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)	If the answer to the above is no, is the chairman a non-executive director and not related to the CEO?				
(c)	If chairman is the CEO, is related to the CEO, is a controlling shareholder or is an executive director, does the company have a lead independent director?				

# SUSTAINABILITY REPORT

Section	Questions	Self Assesment	Maximum Points	Guidelines	Reasons for not achieving maximum points
<b>4</b>	<b>Board competencies</b>				
(a)	Does at least one of the independent directors have experience in the industry the company is in?	<b>1</b>	1		
(b)	Does the company disclose a board diversity policy?	<b>1</b>	1		The Company disclose its board diversity policy together with the measurable objectives in the Annual Corporate Governance Report and on our website.
(c)	Does the company disclose the orientation programmes for new directors?	<b>1</b>	1		The NC has made recommendation to provide an in-house training and preliminary course to the existing and new directors. The new directors would also receive a director's pack from the Company when he comes on board.
<b>5</b>	<b>Board duties and responsibilities</b>				
(a)	Does the company clearly state the roles and responsibilities of the board of directors?	<b>1</b>	1		
<b>6</b>	<b>Board and committee meetings</b>				
(a)	How many times did the board meet during the year?	<b>1</b>	1	1 point, if the board meets at least 6 times during the year.	In FY 2016, the Board had 5 physical meetings and 4 non-physical meetings where the Board discussed and approved matters via emails.
(b)	How many times did the remuneration and nomination committee meet during the year?	<b>1</b>	1	If the remuneration and nominating committee each meets at least 2 times during the year.	
(c)	How many times did the audit committee meet during the year?	<b>1</b>	1	1 point, if the audit committee meets at least 4 times during the year.	
(d)	Is individual director attendance at board and committee meetings given?	<b>1</b>	1		

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for not achieving maximum points
<b>7</b>	<b>Nominating Committee</b>				
(a)	Number of members in the committee	<b>1</b>	1		
(b)	Number of independent members in the committee				
(c)	Is the Chairman independent?				
(d)	Does the company set limits on the number of directorships that can be held?	<b>1</b>	1		
<b>8</b>	<b>Selection of directors</b>				
(a)	Is the skills/experience sought disclosed?	<b>1</b>	1		The NC oversees and reviews the director selection process prior to the recommendation to the Board.
(b)	Is the process followed disclosed?	<b>1</b>	1		
<b>9</b>	<b>Board and individual director appraisal</b>				
(a)	For board appraisal, is the process disclosed in detail?	<b>1</b>	1		Each of the Directors of the Company is required to complete an annual board performance evaluation form after the financial year end. A summary report will also be tabled at the NC meeting for review and discussion.
(b)	For board appraisal, is the criteria disclosed?	<b>1</b>	1		
(c)	For individual director appraisal, is the process disclosed in detail?	<b>1</b>	1	Both the questions should be "Y", in order to get 1 point.	
(d)	For individual director appraisal, is the criteria disclosed?	<b>1</b>	1		
(e)	Does the company conduct an annual performance assessment of the board committee?	<b>1</b>	1		Each of the Directors of the Company is required to complete an annual individual performance assessment form after the financial year end. A summary report will also be tabled at the NC meeting for review and discussion.

# SUSTAINABILITY REPORT

Section	Questions	Self Assesment	Maximum Points	Guidelines	Reasons for not achieving maximum points
<b>10</b>	<b>Remuneration Committee</b>				
(a)	Number of members in the committee	<b>1</b>	1		
(b)	Number of independent members in the committee				
(c)	Is the chairman independent?				
<b>11</b>	<b>Executive director/ Top 5 executives' remuneration</b>				
(a)	Is the remuneration of executive directors disclosed? (E=Exact, B1=Bands of \$100K or less with upper limit, B2=Bands of between \$100K-\$250K with upper limit, B3=Bands of \$250K with upper limit, ND=Not disclosed)	<b>2</b>	2		Rounded to nearest S\$1.
(b)	Is the remuneration of CEO disclosed? (E=Exact, B1=Bands of \$100K or less with upper limit, B2=Bands of between \$100K-\$250K with upper limit, B3=Bands of \$250K with upper limit, ND=Not disclosed)	<b>1</b>	1		The remuneration of the CEO is disclosed in bands.
(c)	Is the remuneration of top 5 executives disclosed? (E=Exact, B1=Bands of \$100K or less with upper limit, B2=Bands of between \$100K-\$250K with upper limit, B3=Bands of \$250K with upper limit, ND=Not disclosed)	<b>1</b>	2	2 points, if exact remuneration of key executives is disclosed, 1 point, if the disclosure is in \$250K bands, and the total remuneration of key executives and key executives' names are provided.	There are only 3 senior management. Their remuneration is shown in bands due to commercial sensitivities.

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for not achieving maximum points
(d)	Are the names of the top 5 executives given?				
(e)	Is the aggregate remuneration paid to the top 5 key management personnel disclosed?				
(f)	Are short-term incentives used?	0	1		
(g)	Are long-term incentives used?	0	1		
(h)	Does the company disclose information on the link between remuneration paid to the executive directors and key management personnel, and performance?	1	1		
(i)	Does the Remuneration Committee periodically seek remuneration consultants' advice on remuneration matters for directors?	1	1		
<b>12</b>	<b>Non-Executive director fees</b>				
(a)	Is the fees of non-executive directors disclosed? (E=Exact, ND=Not disclosed)	1	1		
(b)	Is the fee structure disclosed?	1	1		
<b>TOTAL: SECTION A</b>		<b>30</b>	<b>36</b>		
<b>B. RIGHTS OF SHAREHOLDER – 20%</b>					
<b>1</b>	<b>Fundamental shareholder right</b>				

# SUSTAINABILITY REPORT

Section	Questions	Self Assesment	Maximum Points	Guidelines	Reasons for not achieving maximum points
(a)	Does the company pay dividend (final/annual/interim/special dividends) to all its shareholders within 30 days after the declaration of dividends and/or after shareholders' approval of final dividends at shareholder general meetings?	1	1		
<b>2</b>	<b>Right to participate effectively and vote in general shareholder meetings</b>				
(a)	Do shareholders have the opportunity, evidenced by an agenda item, to approve remuneration (fees, allowances, benefit-in-kind and other emoluments) or any increases in remuneration for the non-executive directors?	1	1		
(b)	Does the company disclose the voting and vote tabulation procedures used, declaring both before the meeting proceeds?	1	1		
(c)	Do shareholders have opportunities to ask questions in the latest AGM, and does the meeting minutes record details of shareholders' questions and answers?	1	1		
(d)	Does the company disclose the appointment of an independent party (scrutineers/inspectors) to count and validate the votes at the AGM?	2	2		
(e)	Does the company disclose the attendance of the chairman of the Board at the latest AGM?	1	1	Both the questions should be "Y", in order to get 1 point.	

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for not achieving maximum points
	(f) Does the company disclose the attendance of the CEO/Managing Director at the latest AGM?				
	(g) Is poll voting used, instead of show of hands, for all resolutions at the latest AGM?	2	2		
<b>3</b>	<b>Conduct of interested party transactions ("IPTs") and management of conflicts of interest</b>				
	(a) Does the company disclose policy that requires directors of the board to refrain from participation in board discussions and decision making process on a particular agenda when they have conflicts of interest?	1	1		
	(b) Does the company ensure that IPTs are conducted fairly and on arm's length basis?	2	2		
<b>4</b>	<b>Institutional investors</b>				
	(a) Does the share ownership of institutional investors, other than controlling shareholders, exceed 5%?	1	1		
<b>5</b>	<b>Shareholder participation</b>				
	(a) Does the company disclose that it allows shareholders who hold shares through nominees to appoint more than two proxies or to attend AGMs as observers without being constrained by the two-proxy rule?	1	1		
	(b) Does the company disclose detailed information on each agenda item for the AGM in the Notice?	1	1		

# SUSTAINABILITY REPORT

Section	Questions	Self Assesment	Maximum Points	Guidelines	Reasons for not achieving maximum points
(c)	Does the company publish detailed information of the vote results?	1	1		
(d)	Are all the directors required to stand for re-election at least once every three years?	1	1		
(e)	Do shareholders or the board of directors approve the remuneration of the executive directors and/or the senior executives?	1	1		
<b>6</b>	<b>Dividend payment</b>				
(a)	If dividends are paid, is there disclosure of company's policy on payment of dividends?	2	2		
(b)	If dividends are not paid, is there disclosure of reasons for not paying out dividends during the financial year?				
<b>TOTAL: SECTION B</b>		<b>20</b>	<b>20</b>		
<b>C. ENGAGEMENT OF STAKEHOLDERS - 10%</b>					
<b>1</b>	<b>Rights of stakeholders established through law and mutual agreements upheld</b>				
<b>1.1</b>	<b>Does the company disclose a policy and its relevant activities that:</b>				
(a)	Specify company's efforts to ensure customers' (patients') health and safety?	1	1		



Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for not achieving maximum points
(b)	Demonstrate the company's attempts to employ eco-friendly and sustainable value chain processes?	1	1		
(c)	Describe the company's interaction and cooperation with the relevant communities?	1	1		
(d)	Describe the company's anti-corruption programmes and procedures?	1	1		
(e)	Explain how the company protects creditors' rights?	1	1		
<b>2</b>	<b>Stakeholders' avenue for redress for violation of rights</b>				
<b>2.1</b>	<b>Performance enhancing mechanisms for employee participation</b>				
(a)	Does the company disclose relevant policy to ensure the health, safety and welfare of its employees?	1	1		
(b)	Does the company provide training and development programmes for its employees?	1	1	Company should disclose both the details of the training and development programmes and relevant data on training and development programmes undergone by its employees.	
(c)	Does the company publish relevant results of such training and development programmes that its employees participated in?				

# SUSTAINABILITY REPORT

Section	Questions	Self Assesment	Maximum Points	Guidelines	Reasons for not achieving maximum points
<b>3</b>	<b>Stock options</b>				
(a)	Is the vesting period for stock options/ PSP (Performance Share Plan) 3 years or more?	<b>0</b>	1		Not applicable to the Company as SOG Employee Share Option Scheme and SOG performance Share Plan were approved on 6 May 2015. As of to-date, no option or award is granted.
<b>4</b>	<b>Whistleblowing policy</b>				
(a)	Does the company have a whistleblowing policy?	<b>1</b>	1		
(b)	If the answer to the above is yes, are key details of the policy disclosed and is anonymous reporting allowed?	<b>1</b>	1		
<b>TOTAL: SECTION C</b>		<b>9</b>	<b>10</b>		
<b>D. ACCOUNTABILITY AND AUDIT - 10%</b>					
<b>1</b>	<b>Composition of the audit committee</b>				
(a)	Are all the audit committee members independent?	<b>2</b>	2	2 points, if all the members are independent.	
(b)	If the answer to the above is no, are the audit committee members non-executive with an independent chairman?			1 point if all the audit committee members are non-executive with an independent chairman.	
(c)	Does the majority of the audit committee members have an accounting or finance background?	<b>1</b>	1		
(d)	Does the audit committee chairman have an accounting or finance background?	<b>1</b>	1		

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for not achieving maximum points
<b>2</b>	<b>Risk management and internal control system</b>				
(a)	Is there disclosure of the process and framework used to assess the adequacy of risk management and internal control systems?	<b>1</b>	1		
(b)	Is there disclosure that the internal auditor meets or exceeds IIA standards?	<b>1</b>	1		
(c)	Does the annual report have a statement by the board or audit committee on the adequacy of the risk management and internal control systems (including operational, financial compliance, and information technology)?	<b>1</b>	1		
(d)	Does the company identify the in-house head/team of internal audit or the name of the external firm that conducts its internal audit?	<b>1</b>	1		
(e)	Is there a CEO/CFO certification of financial statements?	<b>1</b>	1	Both questions should be "Y", in order to get 1 point.	
(f)	Is there an assurance from the CEO and the CFO regarding the effectiveness of the company's risk management and internal control systems?				

# SUSTAINABILITY REPORT

Section	Questions	Self Assesment	Maximum Points	Guidelines	Reasons for not achieving maximum points
<b>3</b>	<b>External auditor and auditor report</b>				
(a)	Is the Audit Committee primarily responsible for proposing the appointment and removal of the external auditor?	<b>1</b>	1		
<b>TOTAL: SECTION D</b>		<b>10</b>	<b>10</b>		
<b>E. DISCLOSURE AND TRANSPARENCY - 25%</b>					
<b>1</b>	<b>Transparent ownership structure</b>				
(a)	Does the company disclose the direct and indirect (deemed) shareholdings of directors?	<b>1</b>	1		
<b>2</b>	<b>Quality of Annual Report</b>				
<b>2.1</b>	<b>Does the company's annual report disclose the following items:</b>				
(a)	Corporate objectives	<b>1</b>	1		
(b)	Financial performance indicators	<b>1</b>	1		
(c)	Non-financial performance indicators	<b>1</b>	1		
(d)	Key risks (including operational risks) and how these risks are assessed and managed	<b>1</b>	1		
<b>3</b>	<b>Disclosure of related party transactions (RPTs) and interested person transactions (IPTs)</b>				
(a)	Does the company disclose a detail policy that sets out procedures for the review and approval of material/significant IPTs?	<b>1</b>	1		

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for not achieving maximum points
(b)	For each material/significant IPT, does the company identify all related parties and its relationship with each party?	<b>1</b>	1	Both the questions should be "Y", in order to get 1 point.	
(c)	For each material/significant IPT, does the company disclose the nature and value of each transaction?				
(d)	Does the company disclose the type of material transactions that require board approval?	<b>1</b>	1		
<b>4</b>	<b>Directorships/ Chairmanships in listed companies</b>				
(a)	Is there disclosure of all the directorships and chairmanships held by its directors at present and over the past 3 years?	<b>2</b>	2	Disclosure of 3 years = 2 points. Disclosure of only current year = 1 point.	
(b)	Is there disclosure of only the current directorships and chairmanships held by its directors?				
<b>5</b>	<b>Timeliness of release of results</b>				
(a)	Financial year end	<b>2</b>	3	3 points, if released within 30 days. 2 points, if financial statements released within 31-60 days.	The Group released its financial results within 45 days and is 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.
(b)	Results release date				

# SUSTAINABILITY REPORT

Section	Questions	Self Assesment	Maximum Points	Guidelines	Reasons for not achieving maximum points
(c)	Number of days taken to release the results				
(d)	Does the company release its audited annual/ financial report no later than 60 days from the company's financial year end?	0	1		As the announcement is released after 30 days, it is highly unlikely for the Group to release its audited annual/financial report no later than 60 days from the company's financial year end.
<b>6</b>	<b>Medium of communication</b>				
<b>6.1</b>	<b>Does the company use the following modes of communication?</b>				
(a)	Analyst's briefing	1	1		
(b)	Media briefing/press conferences				
<b>6.2</b>	<b>Corporate website</b>				
(a)	Are details of its code of conduct or ethics disclosed?	1	1		
(b)	Is the link provided on the SGX website and/or annual report?	1	1		
(c)	Does the website have a clearly dedicated IR link instead of providing the financial information under links such as "News" or "Announcements"?	1	1		

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for not achieving maximum points
(d)	Are the latest financial results available on the website?	1	1	Both the questions should be "Y", in order to get 1 point.	
(e)	Is the latest annual report available on the website?				
(f)	Is the IR contact given on the website/annual report?	1	1		
<b>6.3</b>	<b>Does the company have a website disclosing up-to-date information on the following:</b>				
(a)	Group corporate structure	1	1		
(b)	Clear vision and mission statements?	1	1		
(c)	Does the company demonstrate email responsiveness to investor relations function promptly and effectively (i.e. within a week)?	1	1		The Group acknowledges all relevant emails and must respond with a reasoned answer within 10 days.
<b>7</b>	<b>Results briefings</b>				
(a)	In the company's annual report, are the commentaries of the board on steps and measures being taken to understand shareholders' viewpoints and concerns, e.g. through analyst briefings, investor roadshows or Investors' Day briefings?	1	1		

# SUSTAINABILITY REPORT

Section	Questions	Self Assesment	Maximum Points	Guidelines	Reasons for not achieving maximum points
(b)	Does the company carry out adequate investor relations policy in order to ensure regular and effective convey of pertinent information to shareholders?	1	1		
<b>TOTAL: SECTION E</b>		<b>23</b>	<b>25</b>		
<b>TOTAL BASE SCORE (A, B, C, D, E)</b>		<b>92</b>	<b>101</b>		
<b>ADD: BONUSES</b>					
1	Having a positive CG confirmation	3	3		
2	Disclosing information on the succession planning for the board and senior management	0	3		
3	Having a board-level risk committee comprising independent directors	3	3		
4	Having a comprehensive description of how the company assesses the independence of its directors and independent director should be independent from major shareholders	3	3		
5	Having a policy which prevents non-executive directors from selling stock prior to leaving the company	2	2		
6	Publishing an annual sustainability report	3	3		The Group has published its first sustainability report and it can be found under 'Sustainability Report' section of this report.
7	Reducing share issue mandate	0	5		Currently, the Company has not reduced its share issue mandate. The Company may consider of reducing its share issue mandate in the near future.



Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for not achieving maximum points
8	Having a share trading policy which requires board approval for trading by directors and disclosing the policy	0	3		Currently, each Director is required to inform the Company of any trade of the shares of the Company. The Company will consider of implementing a share trading policy in the near future.
9	Setting the risk tolerance, or having a risk management policy describing the tolerance for various classes of risk by the board	2	2		The Group has started an Enterprise Risk Management framework in 2015, and a risk refresher was performed in 2016.
10	All directors attended the latest AGM	3	3		
11	External search done when appointing new directors	0	3		There have been no changes of directors in our Group.
12	Disclosing detailed information on director training	3	3		
13	Publishing its notice of AGM (with detailed agendas and explanatory circulars) at least 28 days before the meeting date	0	3		
14	Adopting integrated reporting in its Annual Report	2	2		
15	Having assurance from the Board and/or the Remuneration Committee that the level and structure of remuneration align with the long-term interests and risk management policies of the company	2	2		
<b>TOTAL BONUS SECTION:</b>		<b>26</b>	<b>43</b>		

# SUSTAINABILITY REPORT

Section	Questions	Self Assesment	Maximum Points	Guidelines	Reasons for not achieving maximum points
<b>LESS: PENALTIES</b>					
1	Non-disclosure of director information	N/A			
2	Tenure of independent directors (points)	N/A			
3	Number of directorships held by independent directors	N/A			
4	Number of external directorships held by CEO and Executive Directors	N/A			The external directorships are disclosed for Executive Directors.  The CEO only has one external directorship and that is for Ori Biotech Pte. Ltd.
5	Presence of board interlocks	N/A			
6	Same independent directors sitting on the nominating, remuneration and audit committee	-1			We only need and have three independent directors.
7	CEO/MD/ED not subject to re-election	N/A			
8	The Lead Independent Director (LID), if any, is not on the Nominating Committee or the LID failed to meet other independent directors separately	N/A			

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for not achieving maximum points
9	Issuance of a profit warning within 30 days after the IPO or after a results announcement	N/A			
10	Earnings restatements	N/A			
11	Frequent turnover of senior management (CEO, Executive Directors & CFO) – More than one change within a year	N/A			
12	Resignation of senior management (CEO, Executive Directors & CFO) without adequate disclosure of information regarding the circumstances, search for replacement and expected time frame for appointing a new person	N/A			
13	Other directors resigning without disclosure of reasons	N/A			
14	Appointments or resignation of independent directors which are closely linked to controlling shareholders	N/A			

# SUSTAINABILITY REPORT

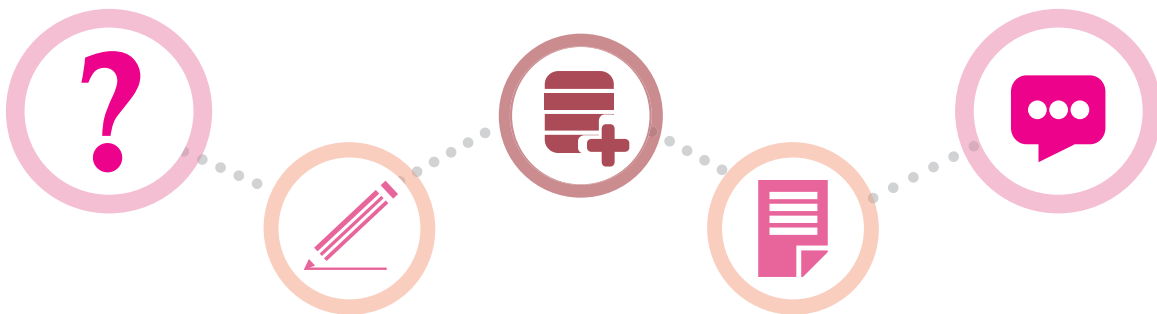
Section	Questions	Self Assesment	Maximum Points	Guidelines	Reasons for not achieving maximum points
15	Directors or senior management resigning and raising corporate governance-related concerns	N/A			
16	External auditors unable to issue an opinion or raises red flag, allegations of fraud reported, unauthorised trading	N/A			
17	Breach of listing rules	N/A			
18	Retention or appointment of directors or senior management who have been subjected to regulatory actions	N/A			
19	Significant interested party transactions involving major shareholders, directors or senior management or evidence of serious conflicts of interest (points)	N/A			
20	Issue of share options to independent directors	N/A			

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for not achieving maximum points
21	Issue of share options when stock prices are at or near year end lows	N/A			
22	Late announcement of stock option grants (points)	N/A			
23	Investor relations issues	N/A			
24	Appointment of alternate IDs, insufficient disclosure of nominating process	N/A			
25	Director's attendance at board and committee meetings	N/A			
26	Query on trading activity	-1			On 2 August 2016, the Company was queried by SGX-ST for its trading activity. On the same day, the Company has released an announcement to respond to the SGX-ST's query.
27	Non-audit fees exceed audit fees if the company engages the same audit firm	N/A		If the non-audit fees exceed audit fees consecutively for last 2 years.	
28	Chairman has also been the CEO in the last three years	N/A			

# SUSTAINABILITY REPORT

Section	Questions	Self Assesment	Maximum Points	Guidelines	Reasons for not achieving maximum points
29	Presence of a pyramid and/or cross holding ownership structure	N/A			
30	Legal violations pertaining to labour/ employment/ consumer/insolvency/ commercial/ competition or environmental issues	N/A			
31	Directors or senior managers have an employment relationship with the current external auditor in the past 2 years	N/A			
<b>TOTAL MAXIMUM (BASE + BONUS - PENALTY):</b>		<b>116</b>	<b>144</b>		

For further details on Corporate Governance, please refer to Page 104 to 132.



## ETHICS AND INTEGRITY

We promote an ethical and 'act with integrity' culture throughout the Company and our clinics. We seek to conduct our business in an ethical manner and in compliance with the best practices in the healthcare industry. All Directors, Specialist Medical Practitioners, clinical and management staff are required to fully comply with our Code of Ethics.

The Code of Ethics details our expected standards of employee's professional behaviour towards our business partners whom we have business dealings with, to the people in the society whom we serve as patients and towards each other as employees of the Company. Above all, we are inculcated with strong corporate values to act with integrity.

All Specialist Medical Practitioners, clinical and management staff are required to complete and sign an annual declaration form declaring any and all direct or indirect interests they have in the Group or its associated companies. The Board of Directors are required to confirm their direct or indirect directorships in the Group or its associated companies on a quarterly basis.

## ANTI-CORRUPTION AND ANTI-FRAUD

With zero-tolerance policy to bribery and corruption, we have put in place effective monitoring and management control systems to detect bribery, fraud or other malpractice activities directly at the source. We have established a whistleblowing mechanism for employees (including Specialist Medical Practitioners) and any other concerned stakeholders such as patients and their families, suppliers, competitors and contractors.

A direct whistleblowing channel through email has also been implemented to enable our stakeholders to get direct access to our Audit Committee Chairman. By doing so, our stakeholders can be assured that all reports or suspicions of potential breaches of our Code of Ethics are taken seriously by the Group. Our stakeholders can reach our Audit Committee Chairman via his Personal Assistant at email: [patricia@ach.to](mailto:patricia@ach.to) (Ms. Patricia Lim). The email address is also published in our website: [www.sog.com.sg](http://www.sog.com.sg)

## COMPLIANCE WITH LAWS AND REGULATIONS

The Group is proactive in ensuring its compliance with all relevant laws and regulations. Our management team is responsible to review and monitor the Group's policies and practices in respect to legal and regulatory requirements across all clinics. Any non-compliance of the relevant laws and regulations and the proposed resolutions will be reported to the Board of Directors on a quarterly basis.

The Group has put in place policies and procedures to ensure compliance with the relevant laws and regulations, particularly those relating to Ministry of Health ("MOH") and Singapore Medical Council. At corporate level, we also ensure that we are in compliance, both in substance and in spirit, with the Listing Rules of SGX-ST, Securities and Futures Act and Singapore Companies Act.

Any new enactment of or changes to the relevant laws and regulations will be communicated to all clinical and management staff via emails and small group meetings. Such communication is necessary to ensure that all staff are aware of the changes and can carry out the necessary steps and actions to ensure compliance.

# SUSTAINABILITY REPORT

While we seek to use our patients' data to serve our patients and their families responsibly, we adhere and uphold the Personal Data Protection Act ("PDPA"). We have put in place policies to ensure we are in compliance with PDPA and we respect our patients' choices in respect of their personal data and the protection of patients' privacy.

The main purposes for which their personal data is collected, used or disclosed by SOG and its clinics, and our service providers in Singapore include furnishing our patients and their families with our products and services information, managing their subscriptions, renewals and their accounts, processing payments, addressing questions and feedbacks, improving our products and services, as well as where permitted under law, sending them our marketing and promotional offers on products and services, and personalised content and advertising based on their preferences and demographics.

There is no incidence of product and service misinformation and labelling or marketing communications.

## RISK MANAGEMENT

The Group recognises the importance of risk management and how business risks may adversely affect SOG's business performance. In 2015, we started our Enterprise Risk Management ("ERM") framework to roll out a systematic approach to identify, assess and manage risks. We are pleased to update all stakeholders that our ERM framework is now fully implemented.

While it is the responsibility of the Audit Committee, as delegated by the Board of Directors, to oversee the effectiveness of our risk management and internal controls, the core function of the ERM framework is coordinated by our Financial Controller as the Chief Risk Officer. The Chief Risk Officer prepares risk reports to the Audit Committee on a periodic basis.

For further details Risk Identification and Management, please refer to Page 33 to 38.





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## SUPPLY CHAIN

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Our supply chain constitutes mainly the suppliers for our consumables and medical supplies for all our 11 clinics. We have maintained a stringent evaluation criteria on the suppliers for our consumables and medical supplies based on the approved health products from Health Science Authority of Singapore ("HSA") and product and service quality guidelines by HSA and other regulatory bodies. For instance, we never use drugs that are out of date. We believe in transparency in our supply chain and our approach is to positively engage with suppliers if we identify any issues. Any non-compliance with the guidelines of local and international health authorities will result in us terminating the procurement contract and business relationship.

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## SERVICE QUALITY AND RESPONSIBILITY

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For a healthcare service provider like SOG, our service quality and responsibility to our patients and their families rank high for the sustainable success of the Company. We are committed to provide high quality patient care and emphasise on service excellence.

Our Specialist Medical Practitioners and clinical staff practise good medicine and treat our patients professionally and ethically. We also educate and give full efforts to explain to our patients and their families the patients' medical conditions and the medical treatment they will be undergoing.

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## ENVIRONMENT

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We believe our business has low impact on the environment. Nevertheless, we strive to embrace environmental sustainability by managing environmental conservation through adopting 'Reduce', 'Re-use', 'Recycle' and energy efficient practices.

Based on our discussion with our stakeholders, we have identified the following key environment issues relating to our business and operations:

### BIOHAZARD AND MEDICAL WASTE MANAGEMENT

As a responsible corporate citizen, we recognise the importance of proper biohazard and medical waste management. If such biohazard and medical waste are not well-managed, they will pose health concerns to humans and the environment.

All biohazard and medical waste are properly managed by our clinics in accordance with the rules and regulations from MOH and National Environment Agency ("NEA"). Surprise inspection of our clinics are often carried out to ensure proper biohazard and medical waste management.

All the water supply we used during our business operation or medical procedures are carefully monitored and responsibly discharged.

In 2016, there were no incidents of non-compliance with the rules and regulations from MOH and NEA.

# SUSTAINABILITY REPORT

## WATER AND ENERGY CONSERVATION

We tap on the water supply provided by Public Utilities Board and disposed used water into the public sewage system.

While we take conscientious efforts to conserve water and electricity, we are currently reviewing our utilisation rates and will implement measures to reduce the utilisation rates.

### REVIEW OF OUR WATER UTILISATION RATES (BASED ON MONTHLY BILLINGS RECEIVED)

	Cubic Meters	Clinics	Corporate Office	Average Cubic Meters per Clinic/Office
2016	295.4	11	1	24.6
2015	260.8	7	1	32.6

**RESULT:** Reduced by an average of 8.0 Cubic Meters or 2.5% per clinic/office.

### REVIEW OF OUR ELECTRICITY UTILISATION RATES (BASED ON MONTHLY BILLINGS RECEIVED)

	Kilowatt-Hour	Clinics	Corporate Office	Average Kilowatt-Hour per Clinic/Office
2016	99,147	11	1	8,262
2015	72,697	7	1	9,087

**RESULT:** Reduced by an average of 825 Kilowatt-Hour or 9.1% per clinic/office.

## PAPER USAGE

In April 2016, we have launched our Go-Green initiatives across all our clinics and Corporate Office. The implemented initiatives aim to encourage the 'Re-use', 'Recycle' and 'Reduce' of papers through the following ways:

- 'Reduce' the use of papers by setting the printers to print on double-sides of each piece of paper and print only when necessary.
- 'Re-use' single-side printed papers for non-confidential and draft documents.
- 'Recycle' all used papers, printed materials and collaterals by donating to authorised recycling companies.

For the period from April to December 2016, we have donated 117 kilograms of used papers to authorised recycling companies. The recycling companies ensure proper handling of the used papers for confidentiality purposes. A certificate of destruction will be issued to SOG after they have completed their processing of the used papers for recycling.

With our Go-Green initiatives, our printing paper expense for the Group is reduced by 15.8% in FY 2016.

## REVIEW OF OUR PRINTING PAPER EXPENSE

	Amount	Clinics	Corporate Office	Average per Clinic/Office
2016	S\$1,542	11	1	S\$129
2015	S\$1,332	7	1	S\$167

**RESULT:** Reduced by an average of S\$38 or 22.6% per clinic/office.

## SOCIAL

### PEOPLE

The success of our business is highly dependent on the commitment of our Specialist Medical Practitioners. Likewise, our Specialist Medical Practitioners could not function without support from our clinical staff, and the Group could not grow without our management team. Thus, we view all our employees as equally important human capital. Hence, we place utmost importance on the following areas in relation to our employees:

### HEALTH AND SAFETY (EMPLOYEES/ PATIENTS/ PUBLIC)

Occupational health and safety implies adherence to all government regulations such as Private Hospitals and Medical Clinics Act, Nurses and Midwives Act, Medicine Act, Singapore Medical Council Ethical Code and Ethical Guidelines.

Be it for the patients, employees (including Specialist Medical Practitioners) or the external healthcare support team and the public, our Specialist Medical Practitioners are responsible to ensure their respective clinics are in compliance with the required government regulations. The Specialist Medical Practitioners receive periodic updates from the relevant government agencies. Any relevant updates will be highlighted and discussed at our quarterly meetings. All medical support teams are carefully trained in the proper handling of all medical equipments and the disposal of biomedical waste management.

In September 2016, we have implemented a quarterly Compliance Checklist to identify and monitor any incidences of non-compliance. Our Specialist Medical Practitioners are required to make a declaration if they are aware of any non-compliance incidences.

Our patients and their families are our first priorities. We seek the best products which best served the medical needs of our patients. All consumables and medical supplies used on our patients must be approved by the Health Science Authority of Singapore.

All our medication are carefully labelled with the full instructions for proper consumption of the medication prescribed.

There is no incidence of workplace injury or work-related fatalities in our operations.

# SUSTAINABILITY REPORT

## RECRUITMENT AND RETENTION OF TALENTS

The recruitment and retention of talents include cooperation with professional institutions, talent pool development and retention, and staff grievance mechanism.






We are continuously recruiting talents, particularly younger talents and grooming them through mentorship, recommending patients to them and supporting them to undertake free public presentations to engage with potential patients and their families.

Our recruitment policy is based on meritocracy and the pre-requisite skills and academic qualifications required to perform the required job scope. During recruitment, we have implemented stringent shortlisting process to ensure we recruit people, particularly for Specialist Medical Practitioners, with the same values as we do.

We focus on retention of talents by providing fair and sustainable financial and non-financial incentives, and learning and development opportunities. Our compensation and benefits policies are determined by guidelines proposed by Head Office-Human Resource and approved by the Remuneration Committee of our Board. All our staff undergo annual performance review and receive periodic performance feedbacks from their superiors.

The Company also contributes to Central Provident Fund Scheme and obtains medical benefits such as Hospitalisation & Surgical Plan for all our staff. We provide maternity as well as paternity leave in accordance to the recommendations of the Ministry of Manpower of Singapore.

In 2016, we have recruited 9 clinical staff and 2 management staff due to the opening of three new clinics. Our hiring rate stood at 20.0% as opposed to a turnover rate of 7.3%. We have no temporary or part-time employees.

 Number of Headcount	 Specialist Medical Practitioners	 Clinical Staff	 Management Staff	 Total
<b>As at 31 December 2016</b>	<b>10</b>	<b>34</b>	<b>11</b>	<b>55</b>
<b>As at 31 December 2015</b>	7	23	9	39
<b>As at 31 December 2014</b>	7	18	10	35
<b>As at 31 December 2013</b>	3	12	4	19
<b>As at 31 December 2012</b>	2	10	2	14

## TRAINING AND STAFF DEVELOPMENT (INCLUDING SPECIALIST MEDICAL PRACTITIONERS)

Apart from providing fair and sustainable financial incentives to our employees, we also strive to create a culture of learning organisation through the following ways:

- **Mentorship**


We have a strong culture of mentorship throughout our organisation. Our senior management leads and develops the organisation in achieving the goals and vision of the Group. Our senior Specialist Medical Practitioners provide guidance and professional support to our junior Specialist Medical Practitioners. Our senior nurses provide on-the-job-training and coaching to our junior nurses and clinical assistants.

- **Training and Skills Upgrading Opportunities**

We are constantly developing our employees through providing regular feedbacks and trainings. We believe that everyone needs to know what are the areas they need to improve, and for those with high potential, career tracks are developed to give them a career roadmap of where they can advance progressively within SOG.

Trainings such as medical conference and courses relating to their work are critical to equip our employees with up-to-date medical knowledge and skills in serving our patients and their families, and to support one another in SOG.

**No. of medical conferences attended by our Specialist Medical Practitioners**

	 Specialist Medical Practitioners	Days
<b>2016</b>	<b>18</b>	<b>50</b>
<b>2015</b>	8	31
<b>2014</b>	4	26

**No. of employees who attended external courses, relating to their areas of work**

	 No. of employees
<b>2016</b>	<b>9</b>
<b>2015</b>	6
<b>2014</b>	2

## DIVERSITY AND EQUAL OPPORTUNITIES

We advocate gender diversity in our Board, with one female director among our 6 Board members as well as a good representation of 2 male doctors and 8 female doctors among our Specialist Medical Practitioners.

Dr. Heng Tung Lan took over Board leadership role from Dr. Lee Keen Whye as the Executive Chairman of the Company since the last AGM. She is an Obstetrician and Gynaecologist and is one of the 8 female doctors among our Specialist Medical Practitioners.

# SUSTAINABILITY REPORT

We ensure there are fair work practices and remuneration are ascertained based on individual work performance and not on any gender consideration. The position of Chairman of the Board of Director is rotated on a two-year basis to ensure fair opportunities for leadership within the Board. No form of discrimination is tolerated within our organisation. There is no incident of discrimination and corrective actions taken.

The Nomination Committee has asked for and management is preparing a Diversity policy that will be adopted for application across the Group.

## LABOUR-MANAGEMENT RELATIONS (INCLUDING SPECIALIST MEDICAL PRACTITIONERS)

It is important to have effective communication between management and employees, so that employees are more engaged with the organisation, and have a more positive attitude towards their work and our patients and their families. They are provided with frequent management updates and adequate notice period regarding operational changes.

We often engage our employees in the following ways:

- **Quarterly Meetings for Specialist Medical Practitioners**

Management conducts quarterly meetings for our Specialist Medical Practitioners to discuss on business development, finance, marketing and operational matters.

- **Regular Townhall Meetings**

Management conducts regular townhall meetings to connect with our clinical staff. During the townhall meetings, management explains certain new initiatives and processes, obtains their opinions and feedbacks.

- **Informal and Small Group Meetings**

Informal and small group meetings are often held by management to hear our employees' concerns and grievances.

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## COMMUNITY

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Being a corporate responsible citizen, we believe in giving back to the society. While we strive to achieve our financial goals and objectives, we also believe in playing our part in engaging our local community.

Over the last three years, we have been actively involved in various patient and community initiatives:

### PUBLIC FORUMS

We are committed to organise at least one public forum each year. Since 2014, SOG had an annual public forum where our Specialist Medical Practitioners share their knowledge and expertise, and our medical suppliers set up their booths to educate the public on the features of their products and services.

Such educational and informative public forums bring our Specialist Medical Practitioners and medical suppliers together to provide the audiences with valuable insights to major health topics of interest to the general public. The sign-up rate for our public forums is usually full as we can cater for 200 to 250 audiences.

- 2016: Pregnancy - A Journey Like No Other (held on 8 October 2016)
- 2015: Take Charge of Your Life (held on 31 October 2015)
- 2014: A Pregnancy Journey - A Jubilee Celebration (held on 13 September 2014)



Public Forum 2016 "Pregnancy - A Journey Like No Other"



## EDUCATIONAL HEALTH TALKS

Frequently, we receive invitations from corporations, schools and other organisations to have our Specialist Medical Practitioners give educational health talks to their employees, general medical practitioners, and the general public.

In sharing their knowledge and expertise, our Specialist Medical Practitioners take time off from their clinics and give talks to these target audiences. During these talks, the audiences were welcome to ask questions relating to the subject matter.

Year	No. of Specialist Medical Practitioners	No. of Health Talks
2016	6	22
2015	5	31
2014	4	5

# SUSTAINABILITY REPORT

## SOG COMMUNITY DAY

On 15 December 2016, SOG held our first Community Day to 'give back' to the local community. We worked with TOUCH Community Services and hosted an afternoon Christmas party for 200 under-privileged seniors living in Geylang Bahru rented flats. The seniors were engaged in a fun-filled afternoon of games, singing competition, complete with Christmas-themed mascots, a photo booth and sumptuous high-tea. The seniors each received a \$20 cash Ang Bao and a goodies bag containing toiletries and other necessities that would come in handy for their daily lives. SOG staff also distributed the items door-to-door to seniors who have mobility issues and were unable to join in the party.

The total contributions for our Community Day 2016 amounted to S\$30,000. From planning to execution of our Community Day, we volunteered over 240 manhours involving our Board of Directors, Specialist Medical Practitioners, clinical and management staff.



Chairman, Dr. Heng Tung Lan, led the SOG team to volunteer our services to the community.

## PATIENT ENGAGEMENT FOR ZIKA VIRUS

With the spread of Zika virus infection in Singapore since the public announcement on 28 August 2016, we immediately procured 300 bottles of insect repellent for distribution to our patients who are pregnant and particularly to our clinics in the zones with most reported cases. We are determined to play an active role in keeping our patients and their families safe and free from the Zika virus infection.

Each of our pregnant patient received a free bottle of the insect repellent and the distribution lasted for a week in our clinics.





## GRI CONTENT INDEX

General Standard Disclosure		Page Reference and Reasons for Omission, if Applicable
<b>Organisational Profile</b>		
102-1	Name of the organization	Cover page
102-2	Activities, brands, products, and services	Cover page
102-3	Location of headquarters	Cover page
102-4	Location of operations	Cover page, 29-30
102-5	Ownership and legal form	Cover page
102-6	Markets served	Cover page, 29-30
102-7	Scale of the organization	Cover page, 29-30
102-8	Information on employees and other workers	6, 19-28, 73-74
102-9	Supply chain	70
102-10	Significant changes to the organization and its supply chain	70
102-11	Precautionary Principle or approach	69, 33-38
102-12	External initiatives	SOG has not adopted any external initiatives.
102-13	Membership of associations	19-28
<b>Strategy</b>		
102-14	Statement from senior decision-maker	1-2, 7-8, 17-18, 31-32
102-15	Key impacts, risks, and opportunities	33-38
<b>Ethics and Integrity</b>		
102-16	Values, principles, standards, and norms of behavior	3-4, 45-67
102-17	Mechanisms for advice and concerns about ethics	45-68
<b>Governance</b>		
102-18	Governance structure	40-41
102-19	Delegating authority	40-41
102-20	Executive-level responsibility for economic, environmental, and social topics	40-41
102-21	Consulting stakeholders on economic, environmental, and social topics	40-41
102-22	Composition of the highest governance body and its committees	40-41
102-23	Chair of the highest governance body	40-41

# SUSTAINABILITY REPORT

General Standard Disclosure		Page Reference and Reasons for Omission, if Applicable
102-24	Nominating and selecting the highest governance body	40-41
102-25	Conflicts of interest	40-41
102-26	Role of highest governance body in setting purpose, values, and strategy	40-41
102-27	Collective knowledge of highest governance body	40-41, 104-139
102-28	Evaluating the highest governance body's performance	40-42, 104-139
102-29	Identifying and managing economic, environmental, and social impacts	40-42
102-30	Effectiveness of risk management processes	33-38
102-31	Review of economic, environmental, and social topics	41-77
102-32	Highest governance body's role in sustainability reporting	40-42
102-33	Communicating critical concerns	41-43
102-34	Nature and total number of critical concerns	41-42
102-35	Remuneration policies	73-75, 118-120
102-36	Process for determining remuneration	73-75
102-37	Stakeholders' involvement in remuneration	73-75
102-38	Annual total compensation ratio	Not disclosed due to commercial sensitivity given the highly competitive human resource environment.
102-39	Percentage increase in annual total compensation ratio	Not disclosed due to commercial sensitivity given the highly competitive human resource environment.
<b>Stakeholder Engagement</b>		
102-40	List of stakeholder groups	43
102-41	Collective bargaining agreements	SOG has not adopted any collective bargaining agreement.
102-42	Identifying and selecting stakeholders	43
102-43	Approach to stakeholder engagement	43
102-44	Key topics and concerns raised	43

General Standard Disclosure		Page Reference and Reasons for Omission, if Applicable
<b>Reporting Practice</b>		
102-45	Entities included in the consolidated financial statements	6
102-46	Defining report content and topic Boundaries	Cover page, 39
102-47	List of material topics	41-42
102-48	Restatements of information	N/A, this is our first report.
102-49	Changes in reporting	N/A, this is our first report.
102-50	Reporting period	39
102-51	Date of most recent report	39
102-52	Reporting cycle	39
102-53	Contact point for questions regarding the report	Cover page
102-54	Claims of reporting in accordance with the GRI Standards	Cover page, 39
102-55	GRI content index	78-86
102-56	External assurance	N/A
<b>Management Approach</b>		
103-1	Explanation of the material topic and its Boundary	39, 41-42
103-2	The management approach and its components	39-41
103-3	Evaluation of the management approach	39-41
<b>Specific Standard Disclosures</b>		
<b>Category: Economic</b>		
<b>Topic: Economic Performance</b>		
201-1	Direct economic value generated and distributed	9-12
201-2	Financial implications and other risks and opportunities due to climate change	SOG views this as a low impact material risk currently.

# SUSTAINABILITY REPORT

Specific Standard Disclosure		Page Reference and Reasons for Omission, if Applicable
201-3	Defined benefit plan obligations and other retirement plans	73-75
201-4	Financial assistance received from government	9
<b>Topic: Market Presence</b>		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Disclosure is not applicable as there is no minimum wage system in Singapore. Furthermore, SOG's direct hires are skilled technical and professional employees whose pay is not linked to particular laws concerning minimum wage.
202-2	Proportion of senior management hired from the local community	6, 19-28
<b>Topic: Indirect Economic Impacts</b>		
203-1	Infrastructure investments and services supported	N/A
203-2	Significant indirect economic impacts	N/A
<b>Topic: Procurement Practices</b>		
204-1	Proportion of spending on local suppliers	Majority of our business expenditure in Singapore is on locally-registered companies.
<b>Topic: Anti-corruption</b>		
205-1	Operations assessed for risks related to corruption	45-69
205-2	Communication and training about anti-corruption policies and procedures	45-69
205-3	Confirmed incidents of corruption and actions taken	45-69
<b>Topic: Anti-competitive Behavior</b>		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	N/A
<b>Category: Environmental</b>		
<b>Topic: Materials</b>		
301-1	Materials used by weight or volume	SOG operates a medical practice where our medical supplies are mainly drugs and medical equipments.
301-2	Recycled input materials used	70-72

Specific Standard Disclosure		Page Reference and Reasons for Omission, if Applicable
301-3	Reclaimed products and their packaging materials	N/A
<b>Topic: Energy</b>		
302-1	Energy consumption within the organization	71
302-2	Energy consumption outside of the organization	Energy consumed when our Specialist Medical Practitioners practise in third party premise is not within our management.
302-3	Energy intensity	N/A
302-4	Reduction of energy consumption	71
302-5	Reductions in energy requirements of products and services	N/A
<b>Topic: Water</b>		
303-1	Water withdrawal by source	71
303-2	Water sources significantly affected by withdrawal of water	N/A
303-3	Water recycled and reused	N/A
<b>Topic: Biodiversity</b>		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Disclosure is not applicable as SOG's business operations are not located within protected areas.
304-2	Significant impacts of activities, products, and services on biodiversity	N/A
304-3	Habitats protected or restored	Disclosure is not applicable as SOG's business operations are not located within protected areas.
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A
<b>Topic: Emissions</b>		
305-1	Direct (Scope 1) GHG emissions	N/A
305-2	Energy indirect (Scope 2) GHG emissions	N/A
305-3	Other indirect (Scope 3) GHG emissions	N/A

# SUSTAINABILITY REPORT

Specific Standard Disclosure		Page Reference and Reasons for Omission, if Applicable
305-4	GHG emissions intensity	N/A
305-5	Reduction of GHG emissions	N/A
305-6	Emissions of ozone-depleting substances (ODS)	N/A
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	N/A
<b>Topic: Effluents and Waste</b>		
306-1	Water discharge by quality and destination	71
306-2	Waste by type and disposal method	70
306-3	Significant spills	N/A
306-4	Transport of hazardous waste	70
306-5	Water bodies affected by water discharges and/or runoff	N/A
<b>Topic: Environmental Compliance</b>		
307-1	Non-compliance with environmental laws and regulations	70
<b>Topic: Supplier Environmental Assessment</b>		
308-1	New suppliers that were screened using environmental criteria	N/A
308-2	Negative environmental impacts in the supply chain and actions taken	N/A
<b>Category: Social</b>		
<b>Aspect: Employment</b>		
401-1	New employee hires and employee turnover	72-75
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SOG does not employ part-time employees.
401-3	Parental leave	73
<b>Topic: Labor/Management Relations</b>		
402-1	Minimum notice periods regarding operational changes	75
<b>Topic: Occupational Health and Safety</b>		

Specific Standard Disclosure		Page Reference and Reasons for Omission, if Applicable
403-1	Workers representation in formal joint management-worker health and safety committees	72
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	72
403-3	Workers with high incidence or high risk of diseases related to their occupation	72
403-4	Health and safety topics covered in formal agreements with trade unions	Disclosure is not applicable as SOG is not a unionised company.
<b>Topic: Training and Education</b>		
404-1	Average hours of training per year per employee	74-75
404-2	Programs for upgrading employee skills and transition assistance programs	74-75
404-3	Percentage of employees receiving regular performance and career development reviews	74-75
<b>Topic: Diversity and Equal Opportunity</b>		
405-1	Diversity of governance bodies and employees	74-75
405-2	Ratio of basic salary and remuneration of women to men	N/A Worker's Remuneration are ascertained based on individual work performance and not on any gender consideration.
<b>Topic: Non-discrimination</b>		
406-1	Incidents of discrimination and corrective actions taken	74-75
<b>Topic: Freedom of Association and Collective Bargaining</b>		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	N/A
<b>Topic: Child Labor</b>		
408-1	Operations and suppliers at significant risk for incidents of child labor	N/A

# SUSTAINABILITY REPORT

Specific Standard Disclosure		Page Reference and Reasons for Omission, if Applicable
<b>Topic: Forced or Compulsory Labor</b>		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A
<b>Topic: Security Practices</b>		
410-1	Security personnel trained in human rights policies or procedures	N/A
<b>Topic: Rights of Indigenous Peoples</b>		
411-1	Incidents of violations involving rights of indigenous peoples	N/A
<b>Topic: Human Rights Assessment</b>		
412-1	Operations that have been subject to human rights reviews or impact assessments	68
412-2	Employee training on human rights policies or procedures	N/A
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	N/A
<b>Topic: Local Communities</b>		
413-1	Operations with local community engagement, impact assessments, and development programs	75-77
413-2	Operations with significant actual and potential negative impacts on local communities	SOG's business and operations have no negative impacts on local communities.
<b>Topic: Supplier Social Assessment</b>		
414-1	New suppliers that were screened using social criteria	N/A
414-2	Negative social impacts in the supply chain and actions taken	N/A
<b>Topic: Public Policy</b>		
415-1	Political contributions	SOG has no association with any political parties.
<b>Topic: Customer Health and Safety</b>		
416-1	Assessment of the health and safety impacts of product and service categories	68-69, 72



Specific Standard Disclosure		Page Reference and Reasons for Omission, if Applicable
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	68-69, 72
<b>Aspect: Marketing and Labelling</b>		
417-1	Requirements for product and service information and labelling	68-69, 72
417-2	Incidents of non-compliance concerning product and service information and labelling	68-69, 72
417-3	Incidents of non-compliance concerning marketing communications	68-69, 72
<b>Aspect: Customer Privacy</b>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	68-69, 72
<b>Aspect: Socioeconomic Compliance</b>		
419-1	Non-compliance with laws and regulations in the social and economic area	68-69, 72

Note:

SOG takes a phased approach to the adoption of GRI indicators and will review the relevance of indicators marked “N/A” to its operations annually.



# SUSTAINABLE DEVELOPMENT STRATEGIES

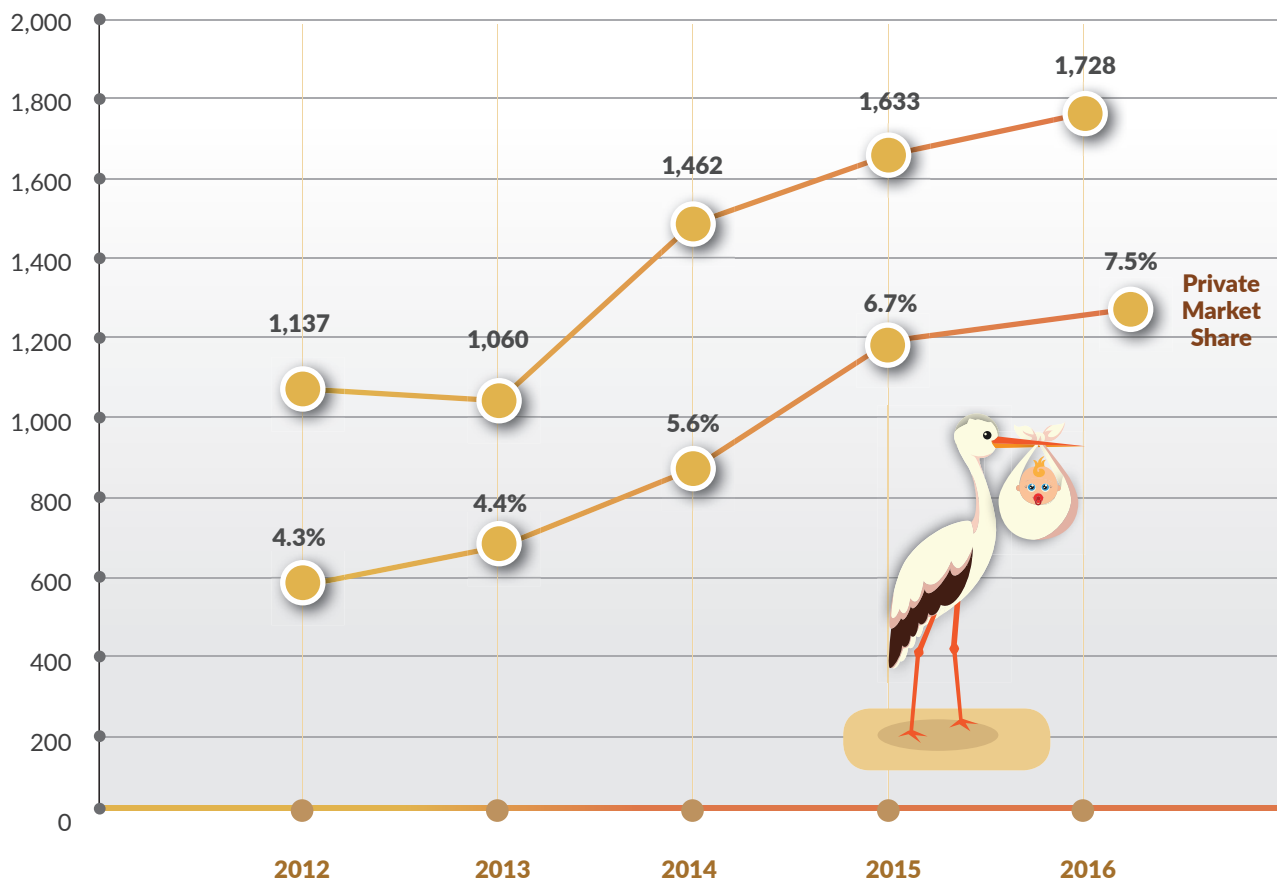
## DELIVERING NEW LIVES (BABIES) IN SINGAPORE

### 2016 Highlights

Singapore is still struggling with low birth rates despite the efforts of the Singapore Government to encourage couples to have one or more babies. Various initiatives, measures and incentives, ranging from four months of paid maternity leave and cash incentives, have been introduced by the Singapore Government.

The delivery of newly-born babies is one of our core businesses. Despite the challenges of being a low birth rate country, the Group continues to increase our delivery numbers steadily.

NUMBER OF BABIES DELIVERED BY SOG



With the addition of Dr. Hong Sze Ching in 2016, our team of O&G Specialists delivered 1,728 babies or 7.5% market share of the private sector healthcare market. The number of babies delivered by SOG increased by 95 babies or 5.8% from 1,633 babies in 2015 to 1,728 babies in 2016.

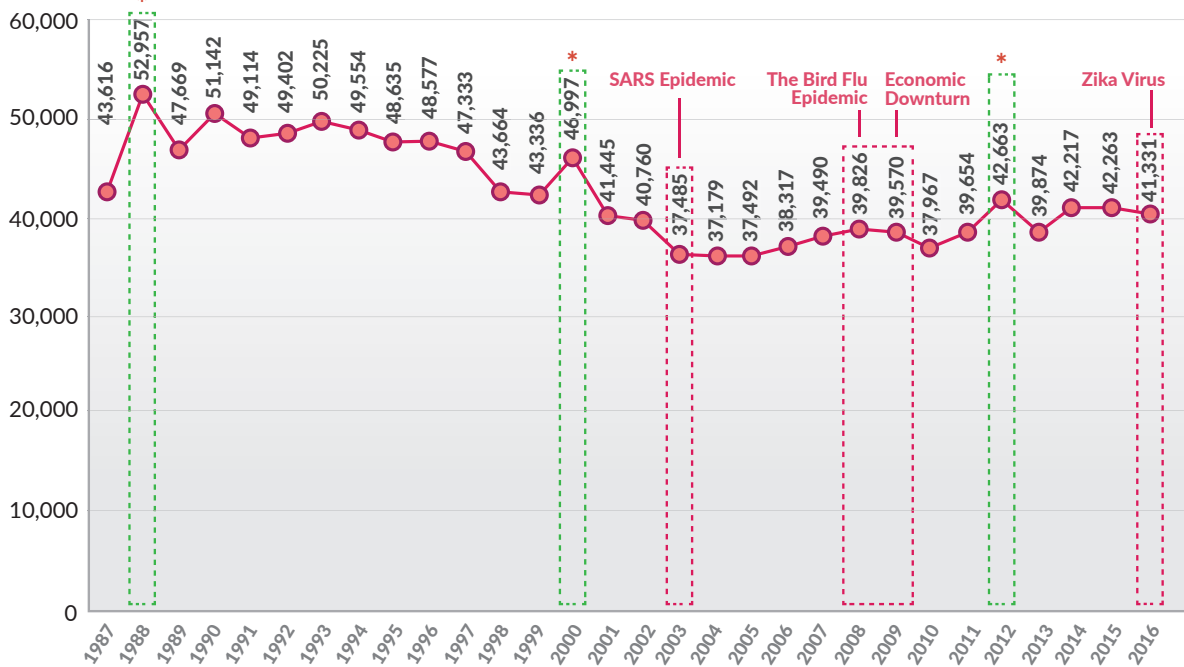
## 2017 Outlook

In addition to having four months maternity leave and two weeks of paternity leave, Singapore Government is now offering cash incentives of up to S\$18,000 for parents who have five children or more.

The Ministry of Manpower of Singapore has also introduced two funding schemes namely WoW! and Flexi-Works! funds to encourage companies to implement work-life balance strategies at their workplace.

With the attractiveness of the Singapore Government's initiatives, measures and incentives, we believe that they will entice couples to continue to have babies despite the uncertain economic outlook and/or outbreak of infectious diseases.

## REVIEW OF HISTORICAL LIVE BIRTHS IN SINGAPORE



Source: Singapore Demographic Bulletin, Registry of Birth and Deaths, Immigration Checkpoints Authority Singapore

● Live Births  
 \* Year of Dragon: 1988, 2000, 2012

From the above historical live births data, we noted that the global economic downturn did not seem to have a significant impact to the birth rate in Singapore. The number of deliveries were 39,826 and 39,570 during the economic turmoil in 2008 and 2009 respectively. The number of live births in 2008 and 2009 were higher than 2007. However, 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.

In the Chinese zodiac year of Dragon i.e. 1988, 2000 and 2012, you can see a spike in new births. According to Chinese astrology, the dragon's qualities such as honesty, magnanimity, courage and power manifest in individuals born in the year of Dragon. Partly attributed to the myth of having a Dragon Year baby, our number of deliveries for 2012 was higher than 2013.

The outbreak of Zika virus in Singapore was confirmed by Ministry of Health on 28 August 2016. The impact of Zika virus on the new birth rate remains to be seen and will only be known in 2017. Nevertheless, there is a slight dip of 2.2% in new births in Singapore as compared to 2015.

# SUSTAINABLE DEVELOPMENT STRATEGIES

## ENHANCING, PRESERVING AND EXTENDING LIVES FOR OUR PATIENTS AND THEIR FAMILIES

### 2016 Highlights

#### Enhancing lives for our patients and their families

We had an excellent start in 2016 with our new Dermatology segment. This segment is headed by Dr. Joyce Lim who is a renowned skin specialist (Dermatologist). The Dermatology segment has added a new dimension to the Group's revenue stream and provided synergistic possibilities to our core O&G business.

Our patients from O&G segment who have skin problems due to pregnancy or going through hormonal changes either at puberty or during menopause can now consult Dr. Joyce Lim. With the referrals from our O&G Specialists, this has added on to the patient loads of Joyce Lim Skin & Laser Clinic at Paragon. In 2016, Dr. Joyce Lim alone has seen 6,963 patients.

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

With the addition of Dr. Lim Siew Kuan to our team of Cancer Specialists in May 2016, our Cancer-related segment will form the pillar of medical services for patients seeking attentive and effective treatment for cancers, particularly breast and gynaecological cancers. Our Cancer Specialists team, comprising two Breast Surgeons and one Gynae-Oncologist, aims to provide holistic and altruistic options to support our patients in their fight against cancer.

Since the formation of our team of Cancer Specialists in 2015, we have seen a rise in the number of patients and surgeries performed.

	Specialist Medical Practitioner	Patients	Surgeries Performed
2016	3	1,781	292
2015	2	1,003	170

### 2017 Outlook

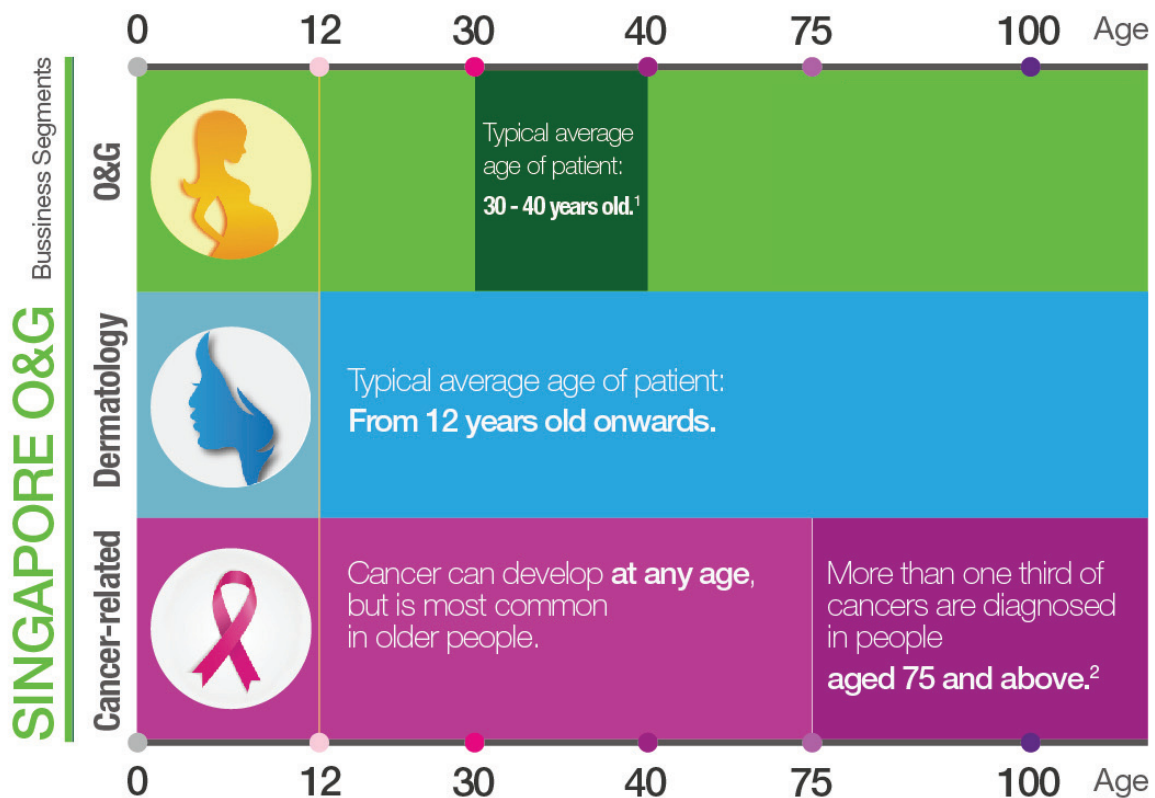
The Group is braced for the challenge to maintain, if not surpass, our performance in FY 2016. Notwithstanding that, we are confident of better results in 2017 if our expansion and growth strategies for our Dermatology and Cancer-related segments were to materialise this year.

With the range of Dr. Joyce Lim's proprietary skin care products, we will continue to market and sell through our SOG clinics. We will explore the possibilities of recruiting junior Aestheticians to be trained by Dr. Joyce Lim to help grow our Dermatology segment. Under the direction of Dr. Joyce Lim, we are confident of assembling a team of Dermatology/Aesthetics Specialists to expand our existing list of recurring patients.

With cancer cases on the rise, we will continue to strengthen our team of Cancer Specialists and equip them with the necessary skills and medical technology to support our patients' fight against cancer. As our Cancer Specialists establish their bases in the various hospitals and medical centres, we expect an increasing trend in their patient loads.

SOG is committed to enhance, 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.

# LIFE-LONG HEALTH AND WELLNESS FOR WOMEN



## Do you know?

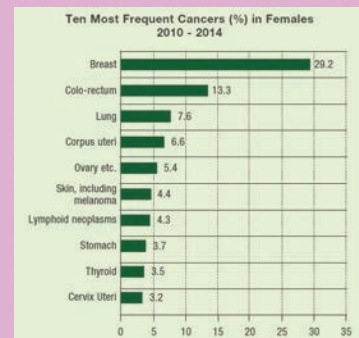
### Common Issues for late Pregnancy

- 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 or a premature baby
- May need a C-section delivery
- Risk of chromosome abnormalities is higher
- Risk of pregnancy loss is higher

### Common Skin Diseases in Singapore

“Singapore has the highest reported incidence of fungal-mediated skin disease in the world, with about 1 in 5 people suffering from atopic dermatitis, or eczema.”<sup>3</sup>

### Top most frequent cancers (%) in Females (2010-2014)<sup>4</sup>



1. <https://www.nptd.gov.sg/Portals/0/HOMEPAGE/HIGHLIGHT/population-in-brief-2016.pdf>  
 2. <http://www.cancerresearchuk.org/health-professional/cancer-statistics/incidence#heading=Two>  
 3. <https://www.a-star.edu.sg/News-and-Events/News/Press-releases/ID/4941/Scratching-the-surface-of-skin-disease.aspx>  
 4. <http://www.singaporecancersociety.org.sg/learn-about-cancer/cancer-basics/common-types-of-cancer-in-singapore.html>

# FUTURE PLANS

Moving ahead, our strategic business approach is centered on a four-pronged strategy:

Expansion of new services based on the concept of life-long health and wellness to women.

Expansion of our business operations regionally through organic growth, joint ventures and acquisitions.

Invest in our healthcare professionals and synergistic businesses to maintain our market leadership.

Diversify and grow our business base to target more corporate clients and medical travellers.



# FUTURE PLANS

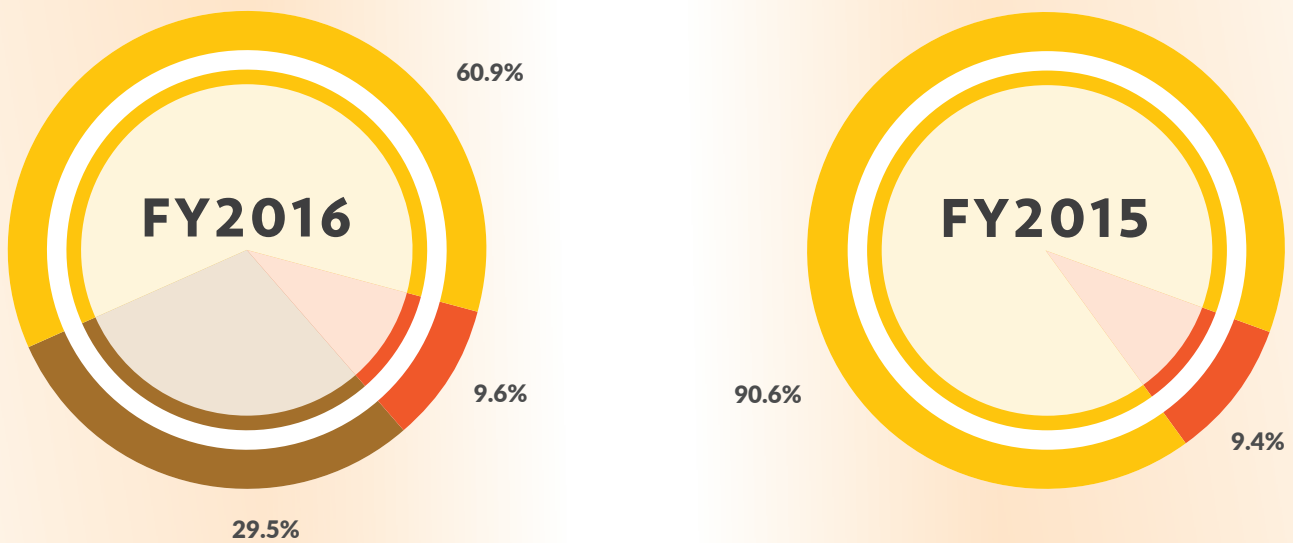
## WHERE ARE WE NOW

As a leading group of Specialist Medical Practitioners dedicated towards life-long health and wellness for women, we strive to provide the full suite of services relating to women's health and wellness. In 2016, SOG added a new Dermatology segment through the Acquisition of JL and recruited Dr. Joyce Lim, a Dermatologist.

To strengthen our O&G and Cancer-related segments, we have recruited two Specialist Medical Practitioners namely, Dr. Lim Siew Kuan (Breast and General Surgeon) and Dr. Hong Sze Ching (Obstetrician and Gynaecologist) in May and July respectively.

As at 31 December 2016, the Group has three operating segments: (1) O&G, (2) Cancer-related, and (3) Dermatology. In 2016, the contribution by our ten Specialist Medical Practitioners to the Group's revenue and profit from operations are as follows:

### REVENUE BY SEGMENT

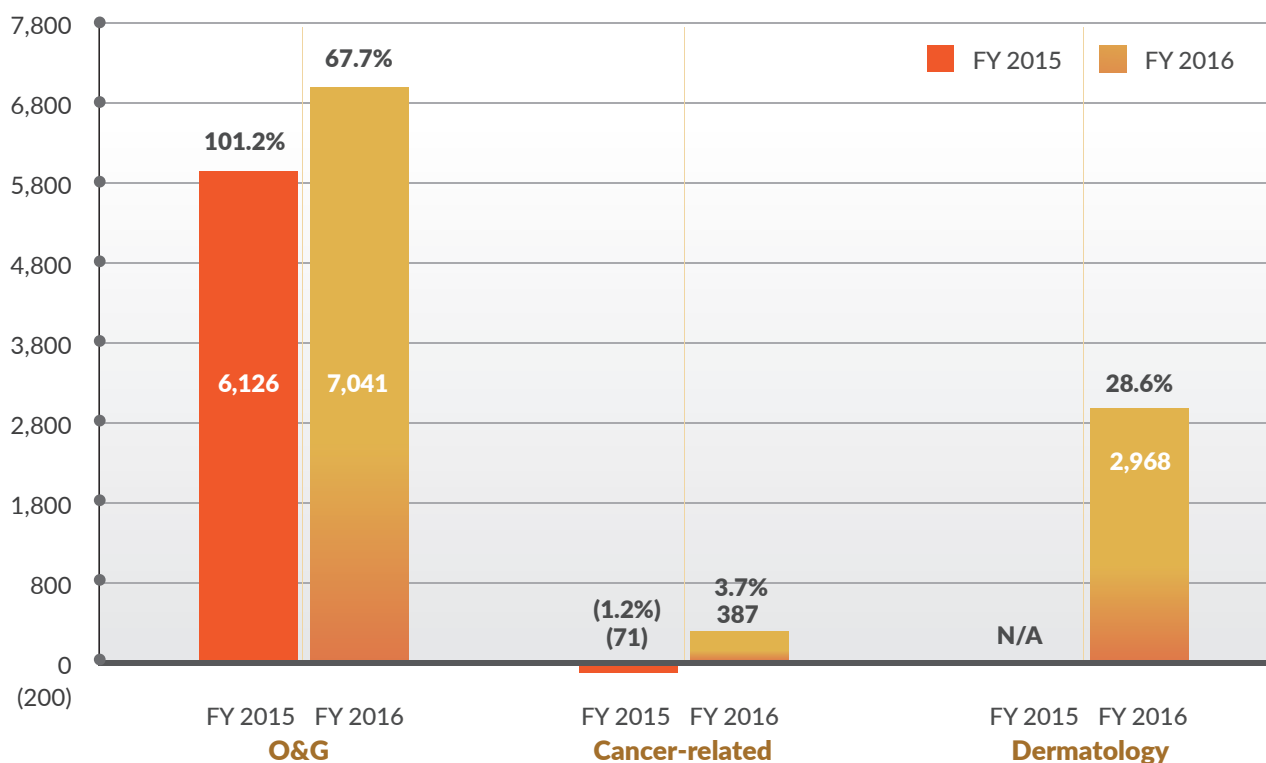


■ O&G    
 ■ Cancer-related    
 ■ Dermatology

# FUTURE PLANS

## PROFIT FROM OPERATIONS BY SEGMENT

S\$'000



**N/A:** Not applicable as Dermatology is a new segment in FY 2016

With our addition of a Breast and General Surgeon, Dr. Lim Siew Kuan, to the team of Cancer Specialists in 2016, the financial results have shown that we have secured more market share. We will continue to grow our Cancer-related segment to be a significant pillar of our revenue stream and one that will also make an impact on our patient's lives.

The enlargement of our Cancer-related segment and our new Dermatology segment are aligned with our existing business strategy and future expansion plans.



# FUTURE PLANS

## WHAT WE AIM TO ACHIEVE IN THE FUTURE



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

- Develop a team of Specialist Medical Practitioners for Dermatology segment and under Dr. Joyce Lim's mentorship to increase market share and territorial advantage.
- Work with Dr. Joyce Lim to offer a range of pharmaceutical and cosmeceutical skin products through different distribution channels.
- With number of live birth delivered by SOG each year, we hope to create another new business segment by providing our patients with our own Paediatric care.
- Continue to recruit more O&G Specialist Medical Practitioners to enlarge our core segment of the Group.
- Increase the level of inter-clinic referrals through synergy awareness.
- Look out for overseas opportunities, especially in areas where not just profitability but also, the humanitarian and other ancillary perspective.
- Diversify our core O&G segment 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.

# BOARD OF DIRECTORS



## **DR. HENG TUNG LAN**

Executive Chairman

### **Board of Director**

Date of appointment as Director: 18 October 2011

Length of service as Director: 5 years 2 months (as at 31 December 2016)

### **Board committees served on**

Nil

### **Academic & Professional Qualification**

- Bachelor of Medicine and Bachelor of Surgery (MBBS), National University of Singapore
- Master of Medicine (O&G), National University of Singapore
- Fellow of the Academy of Medicine (FAMS), Singapore

### **Present Directorships (as at 31 December 2016)**

#### **Our Group**

- Heng Clinic for Women Pte. Ltd.
- SOG Dermatology Pte. Ltd.
- SOG-SK Lim Breast & General Surgicare Pte. Ltd.
- SOG-Natalie Chua Clinic for Women Pte. Ltd.
- SOG-SC Hong Clinic for Women Pte. Ltd.

#### **Other companies**

Nil

### **Past Directorships held over the preceding 5 years (1 January 2011 to 31 December 2016)**

#### **Our Group**

Nil

#### **Other companies**

- DMK Company Pte. Ltd.



### **DR. LEE KEEN WHYE**

Executive Director

#### **Board of Director**

Date of appointment as Director: 6 January 2011

Length of service as Director: 5 years 11 months (as at 31 December 2016)

#### **Board committees served on**

Nil

#### **Academic & Professional Qualification**

- Bachelor of Medicine and Bachelor of Surgery (MBBS), National University of Singapore
- Fellows of the Royal College of Obstetrician and Gynaecologists (FRCOG), United Kingdom
- Fellow of the Academy of Medicine (FAMS), Singapore

#### **Present Directorships (as at 31 December 2016)**

##### **Our Group**

- Beh's Clinic for Women Pte. Ltd.
- Choo Wan Ling Women's Clinic Pte. Ltd.
- Heng Clinic for Women Pte. Ltd.
- K W Lee Clinic & Surgery for Women Pte. Ltd.
- SOG-Cindy Pang Clinic for Women Pte. Ltd.
- SOG-Radhika Breast & General Surgicare Pte. Ltd.

##### **Other companies**

- Avesa Pte. Ltd.
- Lee & Lee Clinic Pte. Ltd.
- Singa Hotel Development Pte. Ltd.
- Singa Hotel Nagoya Pte. Ltd.
- Singa Management Pte. Ltd.
- Singa Project Development Pte. Ltd.
- Singa SV Investment Pte. Ltd.
- Singa Wealth Pte. Ltd.

#### **Past Directorships held over the preceding 5 years (1 January 2011 to 31 December 2016)**

##### **Our Group**

Nil

##### **Other companies**

- Depa Pte. Ltd.
- Dr LKW Pte. Ltd.
- Singapore Orthopaedic Specialists Pte. Ltd.
- Surgeons International Holdings Pte. Ltd.
- Surgeons SPV Pte. Ltd.

# BOARD OF DIRECTORS



## **DR. BEH SUAN TIONG**

Executive Director

### **Board of Director**

Date of appointment as Director: 14 May 2015

Length of service as Director: 1 year 7 months (as at 31 December 2016)

### **Board committees served on**

Nil

### **Academic & Professional Qualification**

- Bachelor of Medicine and Bachelor of Surgery (MBBS), National University of Singapore
- Member of the Royal College of Obstetrician and Gynaecologists (FRCOG), United Kingdom
- Fellow of the Academy of Medicine (FAMS), Singapore

### **Present Directorships (as at 31 December 2016)**

#### **Our Group**

- Beh's Clinic for Women Pte. Ltd.

#### **Other companies**

- Behealthy LLP

### **Past Directorships held over the preceding 5 years (1 January 2011 to 31 December 2016)**

#### **Our Group**

- ST Surgery Pte. Ltd.

#### **Other companies**

- College of the Obstetricians and Gynaecologists, Singapore



## **MR. CHRISTOPHER CHONG MENG TAK**

Lead Independent Director

### **Board of Director**

Date of appointment as Director: 14 May 2015

Length of service as Director: 1 year 7 months (as at 31 December 2016)

### **Board committees served on**

- Chairman of the Audit Committee
- Chairman of the Remuneration Committee
- Member of the Nominating Committee

### **Academic & Professional Qualification**

- Bachelor of Science in Economics (1st Honours), University College of Wales, United Kingdom
- Master of Business Administration, London Business School
- Member of the Institute of Chartered Accountants, Scotland
- Fellow of the Australia Institute of CPAs
- Fellow of the Hong Kong Institute of Certified Public Accountants
- Fellow of the Institute of Directors, Singapore
- Fellow of the Institute of Company Directors, Australia
- Master Stockbroker of the Securities and Derivatives Industry Association, Australia

### **Present Directorships (as at 31 December 2016)**

#### **Our Group**

Nil

#### **Other companies**

- ACH Investments Pte Ltd
- ASL Marine Holdings Ltd
- Cedar Strategic Holdings Ltd
- Forise International Limited
- GLG Corp Ltd
- Matrix Management Group Pty Ltd
- Tian-An Pty Ltd
- Ying Li International Real Estate Ltd

### **Past Directorships held over the preceding 5 years (1 January 2011 to 31 December 2016)**

#### **Our Group**

Nil

#### **Other companies**

- Imagi International Holdings Ltd
- Koda Ltd
- Koon Holdings Ltd
- Lorenzo Ltd
- Xpress Holdings Ltd

# BOARD OF DIRECTORS



## MR. CHAN HENG TOONG

Independent Director

### Board of Director

Date of appointment as Director: 14 May 2015

Length of service as Director: 1 year 7 months (as at 31 December 2016)

### Board committees served on

- Chairman of the Nominating Committee
- Member of the Audit Committee
- Member of the Remuneration Committee

### Academic & Professional Qualification

- Bachelor of Engineering (Honours), University of Singapore
- Masters of Business Administration (Finance), University of British Columbia, Canada

### Present Directorships (as at 31 December 2016)

#### Our Group

Nil

#### Other companies

- City Gate Pte. Ltd.
- ICEJ Pte. Ltd.
- XMH Holdings Ltd.

### Past Directorships held over the preceding 5 years (1 January 2011 to 31 December 2016)

#### Our Group

Nil

#### Other companies

- Farmers Choice Pte. Ltd.
- SAL Happy Pte. Ltd.
- Asia Pacific Mission Ltd



## **MR. CHOOI YEE-CHOONG**

Independent Director

### **Board of Director**

Date of appointment as Director: 14 May 2015

Length of service as Director: 1 year 7 months (as at 31 December 2016)

### **Board committees served on**

- Member of the Audit Committee
- Member of the Nominating Committee
- Member of the Remuneration Committee

### **Academic & Professional Qualification**

- Bachelor of Industrial and Systems Engineering, Ohio State University, United States

### **Present Directorships (as at 31 December 2016)**

#### **Our Group**

Nil

#### **Other companies**

Nil

### **Past Directorships held over the preceding 5 years (1 January 2011 to 31 December 2016)**

#### **Our Group**

Nil

#### **Other companies**

- TransAsia Airways Corporation Singapore Branch

## SENIOR MANAGEMENT



**DR. NG KOON KENG**

Chief Executive Officer

**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**

Chief Administration Officer

**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.



# SENIOR MANAGEMENT



**MR. ERIC CHOO**  
Financial Controller

**Mr. Eric Choo** joined SOG in June 2014 as the Financial Controller, and was part of the team behind the initial public offering of the Company.

Mr. Eric Choo is responsible for the Group's finance, accounting and regulatory compliance functions including corporate governance, internal controls and sustainability reporting. He also oversees the Group's financial operations, corporate secretarial and tax matters, and assists our CEO on merger and acquisition activities.

Mr. Eric Choo began his career as an Accountant with Pacific Healthcare Holdings Ltd in 2002. Prior to joining our Group, he 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 Singapore Exchange and stock exchanges in United States. During his tenure with KPMG Singapore, Mr. Eric Choo was involved in several sustainability advisory and assurance projects.

Mr. Eric Choo holds a Bachelor of Business (Accountancy) degree from the Royal Melbourne Institute of Technology and is a member of the Institute of Singapore Chartered Accountants and CPA Australia. He has over fourteen (14) years of experience in the accounting and finance sector.



# CORPORATE INFORMATION

## Board of Directors

Dr. Heng Tung Lan (Executive Chairman)  
Dr. Lee Keen Whye (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  
#40-01A Hong Leong Building  
Singapore 048581

## Auditors

Foo Kon Tan LLP  
24 Raffles Place #07-03  
Clifford Centre  
Singapore 048621  
Partner-in-charge: Ms. Ang Soh Mui  
(Date of appointment: 12 November 2014)

## Principal Bankers

United Overseas Bank Limited  
DBS Bank Ltd

# 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 the last financial year ended 31 December 2015 to 31 December 2016 (“**FY 2016**”), 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 Catalist 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 judgment 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

- 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 (3) 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's package and conduct an orientation programme for newly appointed directors which seek to familiarise them with the Group's businesses, board processes, internal controls and governance practices. The orientation programmes are conducted by the Chief Executive Officer (the "**CEO**") and include meetings with various key management personnel and briefings on key areas of the Company's business, operations and regulatory environment to enable them to assimilate into their new roles. The programmes also allow the new director to get acquainted with senior management, thereby facilitating board interaction and independent access to senior management. The Company provides a formal letter to each new director upon his appointment, setting out clearly the director's duties and obligations. The new director will also receive a welcome-pack containing Board policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving restrictions on dealings securities and the disclosure of price-sensitive information.

There was no new director appointed during FY 2016.

The directors are also provided with ongoing 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 which have a direct impact on financial statements. 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, industry-specific knowledge or trends and changes in regulatory requirements pertaining to the Company's business. The Company is responsible for funding the training of directors.

## **Briefings and Updates Provided for Directors in FY 2016**

- (a) The external auditor, Foo Kon Tan LLP, regularly briefs AC members on developments in accounting, financial reporting and governance standards.

# CORPORATE GOVERNANCE REPORT

- (b) The CEO updates the Board at each meeting on business, strategic developments and key trends in the women healthcare industry and initiates discussions on the direction of the Company.
- (c) The Company Secretary / Sponsor had briefed the Board on the implementation of the Phase 2 of Companies (Amendment) Act 2014 which took effect on 3 January 2016, which are relevant to the Company and the Group companies in Singapore.

The Directors also attended other appropriate courses, conferences and seminars and these include programmes conducted by the Singapore Institute of Directors, of which the Directors are members of.

The Board normally meets at least four (4) times a year with additional meetings convened as and when necessary. During FY 2016, the Company has held five (5) 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 judgment, diversified knowledge and experience when dealing with issues of strategy, performance, resources and standards of conduct.

The number of meetings held by the Board and Board committees in FY 2016 and the attendance of directors at these meetings are disclosed below:

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

\* Executive Directors were invited to sit in AC, NC and RC meetings.

<sup>^</sup> Apart from the above physical meetings, there were four (4) meetings in FY 2016 where the Board discussed and approved matters via emails.

The Directors do adopt other modes of communications and discussions apart from holding a physically Board meeting or in cases where a physical meeting is not permissible. Directors would constantly communicate via telephone conferencing and emails to discuss matters of the Company. The Board and Board committees may also make decisions by way of circulating resolutions.

# CORPORATE GOVERNANCE REPORT

## Board Composition and Guidance

### Principle 2

*There should be a strong and independent element on the Board, which is able to exercise objective judgment 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 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. Heng Tung Lan	Executive Chairman	-	-	-
Dr. Lee Keen Whye	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.

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. The NC also takes into account gender diversity in relation to the composition of the Board, as well as a mix of nationalities, 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 a woman Executive Chairman who is one of the three (3) Executive Directors who are also Medical Specialist Practitioners, a finance specialist, an 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 the key information and profile of 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' Report" and "Board of Directors" sections on page 95 of this Annual Report.

Out of six (6) Directors, three (3) are independent and make 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 Company will consider appointing an additional Independent Director in the near future in order to enhance its Board's independence.

# CORPORATE GOVERNANCE REPORT

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

## 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 CEO roles in the Company are assumed by different individuals. The Chairman, Dr. Heng Tung Lan, 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. She contributes towards the quality and timeliness of information flow between the Board and the Management. In addition, she 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 promotes 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.

# CORPORATE GOVERNANCE REPORT

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.

The Lead Independent Director has the authority to call and lead meetings of the Independent Directors, when necessary and appropriate. Led by the Lead Independent Director, the Independent Directors communicate regularly without the presence of the other Executive Directors and Management 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.

The Lead Independent Director will represent the Independent Directors in responding to shareholders' questions and comments that are directed to the Independent Directors as a group.

## **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 determining annually if a director is independent, bearing in mind the circumstances set forth in the Code and any other salient factors;



# CORPORATE GOVERNANCE REPORT

- 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;
- ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly the duties and obligation of the Directors and 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.

During FY 2016, the NC has held two (2) meetings 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 KPIs 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)*

# CORPORATE GOVERNANCE REPORT

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 such as in the financial, commercial, healthcare, corporate governance and compliance, including the 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 5 candidates and scoring it against a pre-determined scorecard, carrying out background checks, preliminary and secondary interviews by the NC Chairman, Chairman of the Board and other NC members before the candidates are shortlisted for the NC formal consideration for appointment to the Board.

The NC is most likely to use various independent external parties to help it source for new directors such as executive recruitment consultants, and will also tap on to the resources of the Directors' personal contacts and the Company's Sponsors and their recommendations for potential candidates, 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.

## Annual Review of Director's Independence in FY 2016

Every year, the NC reviews and affirms 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 judgment 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.

The Company has in place a policy whereby Directors must consult both the Chairman of the Board and the NC Chairman prior to accepting new director appointments. Directors must also immediately report any changes in their external appointments, including any corporate developments relating to their external appointments, which may affect their independence. This ensures directors continually meet the stringent requirements of independence.

# CORPORATE GOVERNANCE REPORT

As at the date of this Report and in respect of FY 2016, 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 pursuant to Article 91 and all Directors, being eligible will seek for re-election:

- (1) Dr. Heng Tung Lan
- (2) Mr. Chan Heng Toong

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

## 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. The NC requires each of the Directors to disclose and discuss with the Chairman of the NC and the Board before accepting any new appointment as a Director of a listed company. In addition, each Director is required to disclose and update their directorships and/or shareholdings in other companies. In view of the foregoing, the NC has determined the maximum number of listed company board representations which any Director may hold is not more than eight (8) directorships.

## 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.

# CORPORATE GOVERNANCE REPORT

During the financial year, our Directors have attended various training programmes, forums and seminars as follows:

Names of Directors	Title of Seminar/Forum/Course	Date of Attendance
Mr. Christopher Chong Meng Tak	Introduction to Cyber Security	12 October 2016
	Ernst & Young Corporate Governance for Independent Directors	15 September 2016
	Singapore Director Briefing – Cyber Security	7 September 2016
	Singapore Director Briefing – Anti-Bribery and Corruption Enforcement Risk	23 August 2016
	Sustainability Environment Systems in South East Asia	8 August 2016
	MedTech Connect – Bridging Connections for the Medical Technology Industry	21 July 2016
	Course Certificate for Operations Analytics	10 June 2016
	Creative Thinking in the 21st Century	5 April 2016
	Launch of the Board Risk Committee Guide and ASEAN Corporate Governance Scorecard	31 March 2016
	Improving Board Risk Oversight Effectiveness	24 February 2016
Mr. Chan Heng Toong	Singapore Institute of Directors Corporate Governance Roundup 2016	24 November 2016
	Launch of the Board Guide	11 November 2016
	Digital Disruption	5 September 2016

Subsequent to the attendance of the training sessions by the Directors, they would share the relevant updates and information with other Board members during the meeting.

## Succession Planning for the Board and Senior Management

Succession planning is an important part of the governance process. The NC will review and seek to refresh the Board membership and senior management progressively and in an orderly manner, to avoid losing institutional memory.

## **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 Board has implemented a process where the NC assesses the performance and effectiveness of the Board as a whole and its Board Committees in its monitoring role and the attainment of the strategic objectives set by the Board 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. The Company Secretary will collate the checklists and provide an independent summary of the ratings / score points of each Board member and individual Director's performance criteria. Thereafter, the NC will review the summary evaluation and ascertain key areas for improvements, and requisite follow-up actions to ensure continuous improvement of the corporate governance of the Company and effectiveness of the Board as a whole and the contribution of each Director. The NC provides the outcome of the review process to the Board.

# CORPORATE GOVERNANCE REPORT

## 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 Committees' performance in relation to discharging their responsibilities set out in their respective terms of reference.

## 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 judgment, 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.

# CORPORATE GOVERNANCE REPORT

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.

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 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.

# CORPORATE GOVERNANCE REPORT

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)

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. During FY 2016, the RC has held three (3) meetings. 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 against the industry practice and norms and sufficient to ensure that the Company is able to attract and retain the best available executive talent.

# CORPORATE GOVERNANCE REPORT

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 director's fees.

No remuneration consultants were engaged by the Company in FY 2016.

## 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 of Executive Directors**

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 ("**Term**"), 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.

### **Independent Directors' Fees**

The Independent Directors' fees were derived using the fee structure as follows:

	Board (per annum)	Audit Committee (per annum)	Nominating Committee (per annum)	Remuneration Committee (per annum)
Chairman	-	S\$12,000	S\$6,000	S\$6,000
Member	S\$30,000	S\$6,000	S\$3,000	S\$3,000



# CORPORATE GOVERNANCE REPORT

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 FY 2016, no share option and share award have been granted to the Executive Directors and key management personnel.

For FY 2016, 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, CEO and key management personnel (other than Directors or the CEO) of the Group during FY 2016:

Name of Directors	Fee	Salaries	Variable/ Performance bonus for FY 2016	Employer CPF Contribution	Benefits -in-kind	Long-term incentives	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<b>Executive Directors:</b>							
Dr. Lee Keen Whye	-	384,000	107,138	9,180	-	-	500,318
Dr. Heng Tung Lan	-	1,000,000	188,578	13,260	-	-	1,201,838
Dr. Beh Suan Tiong	-	444,000	56,540	14,030	-	-	517,880
<b>Independent Directors:</b>							
Mr. Christopher Chong Meng Tak	51,000	-	-	-	-	-	51,000
Mr. Chan Heng Toong	45,000	-	-	-	-	-	45,000
Mr. Chooi Yee-Choong	42,000	-	-	-	-	-	42,000

# CORPORATE GOVERNANCE REPORT

## Chief Executive Officer

Name of CEO	Salaries	Variable / Performance bonus for FY 2016	Employer CPF Contribution	Benefits -in-kind	Long-term incentives <sup>1</sup>	Total
	%	%	%	%	%	%
<b>S\$250,001 and above per annum</b>						
Dr. Ng Koon Keng	60.8	36.6	2.6	-	-	100.0

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 FY 2016.

Dr. Ng's remuneration package is tied to several key performance indicators set by the Board which include the following KPIs and these KPIs are reviewed by the RC and the Board on an annual basis:

- Recruitment of Specialist Medical Practitioners
- Assisting the Group's Specialist Medical Practitioners to achieve their profit targets
- Keeping the Group's overheads at or below the Group's annual budget
- Scoring well in the Board's annual survey of management

## Top five (5) key management personnel

Besides the three (3) Executive Directors and CEO, there are only two (2) top key management personnel in the Company.

The following shows the annual remuneration of two (2) key management personnel of the Company (who are not Directors and CEO) for the financial year under review:

Name of key management personnel:	Salaries	Variable / Performance bonus for FY 2016	Employer CPF Contribution	Benefits -in-kind	Long-term incentives <sup>1</sup>	Total
	%	%	%	%	%	%
<b>Above S\$100,000 and below S\$250,000 per annum</b>						
Mr. Eric Choo	66.6	24.4	9.0	-	-	100.0
Ms. Heng Tong Bwee	69.2	23.1	7.7	-	-	100.0

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 FY 2016.

# CORPORATE GOVERNANCE REPORT

In aggregate, the total remuneration (including CPF contribution thereon and bonus) paid to the top two (2) key management personnel for FY 2016 is approximately S\$308,396.

For both Mr. Eric Choo and Ms. Heng Tong Bwee, their respective remuneration is reviewed based on their performance and deliverables in connection with the functions and scope of duties and responsibilities assigned under the position/role that each of them holds. Their performance is reviewed by the RC and the Board on an annual basis.

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

For FY 2016, 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 CEO 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")	100.0	-	100.0
Ms. Heng Tong Bwee (Chief Administrative Officer)	Sister of Dr. Heng Tung Lan, Executive Chairman and SS	75.0	25.0	100.0
Mr. Lai Kangwei (Operations Executive)	Nephew of Dr. Heng Tung Lan, Executive Chairman and SS Son of Ms. Heng Tong Bwee	74.9	25.1	100.0

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

## 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 rules of the Scheme and the Plan respectively.

The information on the Scheme and the Plan are disclosed in the Directors' Report on page 135.

## 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.

# CORPORATE GOVERNANCE REPORT

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 half year 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 Company has implemented an Enterprise Risk Management ("ERM") program in FY 2016 which is subsumed under the Audit Committee. The Audit Committee has tasked the Financial Controller to assume the responsibility of the risk management function and to take charge and monitor the implementation of the ERM program. The Financial Controller also oversees and ensures that risks are being managed appropriately by its respective business units across the Company. The senior management has 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, information technology 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.

### *Risk Identification and Management*

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

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

# CORPORATE GOVERNANCE REPORT

In 2015, the Company had kicked start its risk management activities by implementing an ERM framework. Our ERM framework is based on the principles laid out by the Committee of Sponsoring Organizations of the Treadway Commission (“**COSO**”) and involves:

- Identifying events or circumstances relevant to the Company’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 33 of the Annual Report for full detail of this segment on risk identification and 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.

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 2016 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:

1. Assess and evaluate the adequacy of applicable operational internal controls;
2. Assess and evaluate the efficiency of business process;
3. Evaluate compliance with applicable policies and procedures, as well as regulatory requirements;
4. Identify possible opportunities for process and internal control improvement; and
5. Compile a report on findings and recommendations to highlight controls deficiencies and compliance gaps.

# CORPORATE GOVERNANCE REPORT

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 the 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.

During FY 2016, the AC has held four (4) meetings. The matrix on the frequency of the meetings and the attendance of Directors at these meetings is disclosed on page 106. 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 the Group's 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 quarter (if applicable), half year and annual 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;

# CORPORATE GOVERNANCE REPORT

- 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;
- considering 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 the Group's 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;
- undertaking 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;
- 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-ups; 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.

During FY 2016, the AC carried out its functions which include 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;

# CORPORATE GOVERNANCE REPORT

- 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 review of the non-audit services provided by the external auditors and is 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\$157,000 were approved by the Board:

Audit fees	S\$157,000
Non-audit fees	Nil

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, Catalist 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.

## 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.

There were no non-audit services provided to the Company by the external auditors for the financial year ended 31 December 2016, as such in the AC's opinion, the external auditors remain independent.

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 2017.

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 the FY 2016.

## **Internal Audit**

### Principle 13

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



# CORPORATE GOVERNANCE REPORT

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.

## (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 values 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.

# CORPORATE GOVERNANCE REPORT

The Company handles all its investor relations 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 year 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 Catalist 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 year 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 the Company's 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 allows 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.

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 Chairman 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 standing 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. The minutes of the AGM is published to the public shareholders via SGXNET on the day of the AGM together with the Corporate Presentation slides that were presented to the shareholders at the AGM.

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

# CORPORATE GOVERNANCE REPORT

## Dividend Policy

While there are no formal dividend policy, the Company targets to pay up to 90% of its net profit after tax for each financial year. In FY 2016, the Company had paid dividends of 83.9% of the Company's net profit after tax to the shareholders. The Board, as announced in the Company's full year results announcement released via SGXNET on 16 February 2017, has recommended a final one-tier tax exempt dividend of 1.57 Singapore cents per share for shareholders' approval at the forthcoming AGM (together with the interim dividend of 1.53 Singapore cents per share declared during FY 2016, the full year 2016 aggregate dividend subject to the final dividend being approved, is 3.10 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 labelled "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. The Company has completed the implementation of its ERM program in FY 2016 and the ERM incorporates the Company's Whistleblowing Policy and the Code of Ethics. The ERM is available to the public at the Company's website. The ERM, policies and other relevant information in the website are updated frequently.

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.

# CORPORATE GOVERNANCE REPORT

## (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-year 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 and has set up a policy which prevents Non-Executive Directors from selling/disposing their shares prior to leaving the Company. The Group confirmed that it has adhered to its internal securities code of compliance for FY 2016.

### 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 FY 2016 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.

#### *Services 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, collectively known as the "**Targets**"), in the Target's business and medical practices on 1 January 2016 (the "**Acquisition of JL**"). 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. Heng Tung Lan, Dr. Lee Keen Whye and Dr. Beh Suan Tiong, provide 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/her employment and upon termination of his/her 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.

# CORPORATE GOVERNANCE REPORT

## 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 FY 2016.

The AC with the concurrence of the Board confirmed that there were no other IPTs as at 31 December 2016 pursuant to the disclosure under Rule 920 of the SGX-ST Catalist Rules as follows:

Name of Interested Person	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) S\$	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$
<b><u>Nature of transaction</u></b>		
1. Leasing of Gleneagles Clinic from Lee & Lee Clinic Pte. Ltd. and Avesa Pte. Ltd.	322,160	-
2. Leasing of Cassia Clinic and Office from Dr. Heng Tung Lan	90,000	-

## 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:

Use of IPO proceeds	Amount allocated S\$'000	Amount utilised S\$'000	Amount unutilised S\$'000
Expansion of business operations*	3,000	(401)	2,599
Investments in healthcare professionals and synergistic businesses^	6,000	(6,000)	-
Working capital purposes	200	-	200
	<b>9,200</b>	<b>(6,401)</b>	<b>2,799</b>

# CORPORATE GOVERNANCE REPORT

## Note:

- \* The amount of S\$0.4 million from the expansion of business operations category has been utilised for the set-up cost of the following new clinics:
- S\$0.2 million for SK Lim Clinic, located at Mount Elizabeth Novena Specialist Centre #06-53 in May 2016; and
  - S\$0.2 million for SC Hong Clinic, located at Mount Alvernia Medical Centre #07-62 in July 2016.
- ^ 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 cash consideration of S\$6.0 million for the Acquisition of JL in January 2016, 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 Catalist Rules, there were no non-sponsor fees paid to the Company's Sponsor, Hong Leong Finance Limited during FY 2016.

## 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 FY 2016.

## Personal Data 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 were no recorded breaches of the policy for the FY 2016.

# CORPORATE GOVERNANCE REPORT

## 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 FY 2016, we have complied with all Singapore laws and regulations that apply to us, we believe we have met all reasonable expectations set out under the Code of Corporate Governance, we have paid dividends and made provision S\$1.4 million for taxes and we have held a significant free public seminar and contributed monies to charities that promote health and wellness.

## Sustainability Report

The Company has set out a Sustainability Report section in this Annual Report which can be found from page 39 to 86.

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

Date: 24 March 2017

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 2016 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 2016 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 2016

We are pleased to submit this statement to the members of the Company together with the audited financial statements for the financial year ended 31 December 2016.

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 2016 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. Heng Tung Lan (Executive Chairman)  
 Dr. Lee Keen Whye (Executive Director)  
 Dr. Beh Suan Tiong (Executive Director)  
 Christopher Chong Meng Tak (Lead Independent Director)  
 Chan Heng Toong (Independent Director)  
 Chooi Yee-Choong (Independent Director)

## 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 1.1.2016	As at 31.12.2016 and 21.1.2017	As at 1.1.2016	As at 31.12.2016 and 21.1.2017
	<b>Number of ordinary shares</b>			
<b>The Company - Singapore O&amp;G Ltd</b>				
Dr. Heng Tung Lan	70,176,807	<b>70,176,807</b>	-	-
Dr. Lee Keen Whye <sup>(1)</sup>	41,953,428	<b>41,703,428</b>	3,052,262	<b>3,052,262</b>
Dr. Beh Suan Tiong <sup>(2)</sup>	23,954,226	<b>23,954,226</b>	236,000	<b>236,000</b>
Christopher Chong Meng Tak	100,000	<b>100,000</b>	-	-
Chan Heng Toong	100,000	<b>100,000</b>	-	-
Chooi Yee-Choong	300,000	<b>300,000</b>	-	-

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 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 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 2017.

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 2016

## **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 2016

## 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 2016 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 2016

## **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 Catalyst 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. HENG TUNG LAN

.....  
CHRISTOPHER CHONG MENG TAK

Dated: 31 March 2017

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINGAPORE O&G LTD.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the 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 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("FRSs") so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2016, and changes in equity, financial performance and cash flows of the Group for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINGAPORE O&G LTD.

## Key Audit Matters (Cont'd)

Key Audit Matter	Risk	Our responses and work performed
Acquisition of JL Group	<p>On 31 December 2015, the Company acquired the entire rights, title and interest of Dr. Joyce Lim Teng Ee and JL Laser &amp; Surgery Centre Pte. Ltd. ("JLLSC"), JL Esthetic Research Centre Pte. Ltd. ("JLERC") and JL Dermatology Pte. Ltd. ("JLD"), and together with JLLSC and JLERC, (collectively known as the "JL Group") in the business and medical practices (the "Acquisition of JL Group") and the effective date of control is on 1 January 2016. The total purchase consideration for the acquisition is S\$28.3 million.</p> <p>FRS 103, Business Combinations, requires the Group to recognise the identified assets, liabilities and contingent liabilities at fair value at the date of acquisition, with the excess of the acquisition cost over identified fair value of recognised assets and liabilities as goodwill. Such transactions could be complex and judgement was required from management in determining if the acquisition resulted in the Group obtaining control over the investee. There was also inherent uncertainty in the determination of the fair values of the contingent consideration, assets transferred, identified assets acquired and liabilities assumed in the transactions.</p> <p>Management has engaged an independent valuer to issue a valuation report on the fair values of the identified assets and liabilities at acquisition date. The purchase price allocation ("PPA") exercise was completed before the reporting date and goodwill of S\$26.1 million was recognised. This process involves estimation and judgement of future performance of the business and discount rate applied to future cash flow forecasts.</p>	<p>In our audit procedures, we have obtained the legal and contractual information to understand the acquisition and we have engaged our valuation expert to review the PPA report and reasonableness of the underlying key assumptions.</p> <p>In addition, we have evaluated the possibility of achieving targeted results by comparing to historical performance and assumptions for future outlook on external macroeconomic data.</p> <p>Based on our procedures, we noted that the PPA has been performed in accordance with FRS 103, Business Combinations, including the required disclosures. We also noted management's key assumptions applied in the PPA in arriving at the fair value of the assets acquired and liabilities assumed, to be within a reasonable range of our audit expectation. With respect to our audit work on the goodwill valuation, we refer to key audit matter "Impairment of goodwill".</p> <p>We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements. The Group's disclosures of the business combination accounting applied to the Acquisition of the JL Group is included in Note 4 to the financial statements.</p>

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINGAPORE O&G LTD.

## Key Audit Matters (Cont'd)

Key Audit Matter	Risk	Our responses and work performed
Impairment of goodwill	<p>Under FRS 36, Impairment of Assets, the Group is required to annually test the amount of goodwill for impairment. This annual impairment test is important to our audit as the balance of S\$26.9 million (2015: S\$0.8 million) as of 31 December 2016 is material to the consolidated financial statements. We focus on goodwill impairment testing of cash generating units ("CGUs") relying on estimated value-in-use ("VIU") based on estimated future cash flows. The cash flows projection involved significant management judgement, and is based on assumptions that are affected by expected future market and economic conditions.</p> <p>The key assumptions for the VIU calculations are the discount rate, growth rate and expected changes to the fee charged by the Specialist Medical Practitioners for their medical services and its direct costs during the forecast periods. 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 fee charges and direct costs are based on past trend and expectations of future market changes.</p>	<p>We focused on evaluating and reviewing the assessment of key assumptions used by management in conducting the impairment review.</p> <p>In addition, we engaged our valuation expert to assist us in evaluating the assumptions, methodologies and data used in the VIU by comparing them against external data on developments in the market and assessing historical accuracy of management's estimates. Our valuation expert independently developed expectations of the key macroeconomic assumptions used in the impairment analysis, in particular, the discount rate and growth rate, and compare the expectations to those used by management.</p> <p>We reviewed the budget prepared by management by comparing the actual results to previously forecasted results. We have also performed sensitivity test to determine the available headroom of the CGU, where a reasonably possible change in assumptions could cause the recoverable amount to be less than the carrying amount.</p> <p>Based on our procedures, we noted management's key assumptions to be within a reasonable range of our expectations.</p> <p>We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements. The Group's disclosures on goodwill and its impairment testings are included in Note 5 to the financial statements.</p>



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINGAPORE O&G LTD.

## INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS 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 Act and FRSs, 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The director's responsibilities include overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINGAPORE O&G LTD.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## 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.

The engagement partner on the audit resulting in this independent auditor's report is Ang Soh Mui.

Foo Kon Tan LLP  
*Public Accountants and  
Chartered Accountants*

Singapore, 31 March 2017

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	The Group		The Company	
		2016	2015	2016	2015
		S\$	S\$	S\$	S\$
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Goodwill	5	26,929,999	842,295	-	-
Plant and equipment	6	1,554,794	678,680	91,709	141,719
Available-for-sale financial assets	7	148,411	148,411	148,411	148,411
Deferred tax assets	16	10,450	-	7,652	-
Investment in subsidiaries	4	-	-	34,328,536	6,030,906
		<b>28,643,654</b>	<b>1,669,386</b>	<b>34,576,308</b>	<b>6,321,036</b>
<b>Current Assets</b>					
Inventories	8	2,152,469	278,452	-	23,632
Trade and other receivables	9	2,092,939	1,477,586	1,994,016	1,984,067
Cash and cash equivalents	10	21,376,324	24,209,144	10,548,940	16,423,903
		<b>25,621,732</b>	<b>25,965,182</b>	<b>12,542,956</b>	<b>18,431,602</b>
<b>Total Assets</b>		<b>54,265,386</b>	<b>27,634,568</b>	<b>47,119,264</b>	<b>24,752,638</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share capital	11	29,645,500	14,428,020	29,645,500	14,428,020
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		11,922,728	9,508,210	7,568,998	6,751,881
<b>Total Equity</b>		<b>41,643,987</b>	<b>24,011,989</b>	<b>38,985,568</b>	<b>22,950,971</b>
<b>Non-Current Liabilities</b>					
Deferred tax liabilities	16	66,601	85,536	-	-
Trade and other payables	14	3,761,166	-	3,761,166	-
		<b>3,827,767</b>	<b>85,536</b>	<b>3,761,166</b>	<b>-</b>
<b>Current Liabilities</b>					
Trade and other payables	14	7,052,275	1,648,992	4,372,530	1,751,120
Deferred revenue	15	380,343	379,693	-	50,547
Current tax liabilities		1,361,014	1,508,358	-	-
		<b>8,793,632</b>	<b>3,537,043</b>	<b>4,372,530</b>	<b>1,801,667</b>
<b>Total Liabilities</b>		<b>12,621,399</b>	<b>3,622,579</b>	<b>8,133,696</b>	<b>1,801,667</b>
<b>Total Equity and Liabilities</b>		<b>54,265,386</b>	<b>27,634,568</b>	<b>47,119,264</b>	<b>24,752,638</b>

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 S\$	2015 S\$
Revenue	3	28,674,632	16,412,739
Other operating income	17	266,009	182,016
Consumables and medical supplies used	18	(4,365,796)	(1,857,776)
Employee benefits expense	19	(11,003,716)	(6,283,428)
Depreciation of plant and equipment	6	(380,160)	(240,006)
Other operating expenses	20	(2,794,993)	(2,158,519)
<b>Profit from operations</b>		<b>10,395,976</b>	<b>6,055,026</b>
Finance income		135,880	126,573
Finance expense	21	(449,399)	-
<b>Net finance (expense)/ income</b>		<b>(313,519)</b>	<b>126,573</b>
<b>Profit before income tax</b>		<b>10,082,457</b>	<b>6,181,599</b>
Income tax expense	22	(1,278,779)	(840,274)
<b>Profit for the year</b>		<b>8,803,678</b>	<b>5,341,325</b>
<b>Other comprehensive income, at nil tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>8,803,678</b>	<b>5,341,325</b>
<b>Earnings per share attributable to equity holders of the Company:</b>			
- Basic (Cents)	24	3.73	2.67
- Diluted (Cents)	24	3.73	2.67

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Share capital S\$	Capital reserve S\$	Merger reserve S\$	Retained earnings S\$	Total S\$
<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 23)	-	-	-	(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
<b>At 1 January 2016</b>	14,428,020	1,771,070	(1,695,311)	9,508,210	24,011,989
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	8,803,678	8,803,678
Other comprehensive income, at nil tax	-	-	-	-	-
	-	-	-	8,803,678	8,803,678
<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)	15,217,480	-	-	-	15,217,480
Dividends paid to shareholders (Note 23)	-	-	-	(6,389,160)	(6,389,160)
<b>Total contributions by and distribution to owners</b>	15,217,480	-	-	(6,389,160)	8,828,320
<b>At 31 December 2016</b>	29,645,500	1,771,070	(1,695,311)	11,922,728	41,643,987

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 S\$	2015 S\$
<b>Cash Flows from Operating Activities</b>			
Profit before taxation		10,082,457	6,181,599
Adjustments for:			
Depreciation of plant and equipment	6	380,160	240,006
Plant and equipment written-off	6	1,758	1,880
Impairment of investment in available-for-sale financial assets	7	-	101,589
Loss on voluntary liquidation of a subsidiary	20	-	2
Interest expense	21	449,399	-
Interest income		(135,880)	(126,573)
Operating profit before working capital changes		10,777,894	6,398,503
Changes in inventories		69,204	(73,592)
Changes in trade and other receivables		(528,647)	286,623
Changes in trade and other payables		1,489,653	(1,012)
Cash generated from operations		11,808,104	6,610,522
Income taxes paid		(1,455,508)	(217,831)
<b>Net cash generated from operating activities</b>		<b>10,352,596</b>	<b>6,392,691</b>
<b>Cash Flows from Investing Activities</b>			
Acquisition of subsidiaries, net of cash acquired (Note A)	4	(6,000,000)	-
Purchase of plant and equipment (Note B)	6	(845,430)	(318,113)
Interest received		49,174	43,847
<b>Net cash used in investing activities</b>		<b>(6,796,256)</b>	<b>(274,266)</b>
<b>Cash Flows from Financing Activities</b>			
Net proceeds from share issuance at IPO		-	10,215,405
Dividends paid to shareholders		(6,389,160)	(3,400,800)
<b>Net cash (used in)/ generated from financing activities</b>		<b>(6,389,160)</b>	<b>6,814,605</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(2,832,820)</b>	<b>12,933,030</b>
Cash and cash equivalents at beginning of year		24,209,144	11,276,114
<b>Cash and cash equivalents at end of year</b>	10	<b>21,376,324</b>	<b>24,209,144</b>

Notes:

- (A) In January 2016, the Group utilised the IPO proceeds to pay the first tranche cash consideration of S\$6.0 million for the Acquisition of JL Group.
- (B) During the financial year ended 31 December 2016, the Group acquired plant and equipment with an aggregate cost of S\$994,327 (2015: S\$319,183) of which S\$148,897 (2015: S\$1,070) was included in trade payables. Cash payment of S\$845,430 (2015: S\$318,113) was made to purchase plant and equipment.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 1 THE COMPANY

The financial statements of the Group and of the Company for the year ended 31 December 2016 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.

The Company and its subsidiaries are collectively known as the "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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

### 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\$1,361,014 (2015: S\$1,508,358) and S\$66,601 (2015: S\$85,536) respectively. The carrying amount of the Group's and the Company's deferred tax assets at the reporting date amounted to S\$10,450 (2015: S\$Nil) and S\$7,652 (2015: S\$Nil) respectively.

(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.

(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 2016, the amount of impairment loss recognised for available-for-sale financial assets was S\$Nil (2015: S\$101,589). Further details are disclosed in Note 7 to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

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

- (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. Judgement 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:

	2016	2015
	S\$	S\$
Beh's Clinic for Women Pte. Ltd. ("BEH")	446,094	446,094
Choo Wan Ling Women's Clinic Pte. Ltd. ("CWL")	396,201	396,201
SOG Dermatology Pte. Ltd. ("DERM")	26,087,704	-
	<b>26,929,999</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 for BEH and CWL and a nine-year period with terminal value for DERM. Cash flows beyond the budgeted periods are extrapolated using the estimated rates stated below:

	Beh's Clinic for Women Pte. Ltd. %	Choo Wan Ling Women's Clinic Pte. Ltd. %	SOG Dermatology Pte. Ltd. %
Gross profit margin	92.0	88.2	80.0
Growth rate	2.8	10.3	8.0
Terminal growth rate	-	-	1.8
Discount rate	11.9	11.9	11.9

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, terminal growth rate and expected changes to fee charged by Specialist Medical Practitioners 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, fee charges and direct costs are based on past practices and expectations of future market changes.

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 average growth rates used are consistent with industry reports.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2(A) BASIS OF PREPARATION (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 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\$6.0 million (2015: S\$0.2 million) and accordingly, no impairment is required.
- A 1% decrease in future growth profit margin would have decreased the value-in-use by S\$7.7 million (2015: S\$0.4 million) and accordingly, no impairment is required.

The carrying amount of goodwill as at 31 December 2016 amounted to S\$26,929,999 (2015: 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\$1,554,794 (2015: S\$678,680) and S\$91,709 (2015: S\$141,719) respectively.

A decrease of 5% (2015: 5%) in the value-in-use of the Group's plant and equipment would have decreased the Group's profit by S\$77,740 (2015: S\$33,934).

#### 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\$1,554,794 (2015: S\$678,680) and S\$91,709 (2015: S\$141,719) 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\$38,016 (2015: S\$24,000).

#### 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\$34,328,536 (2015: S\$6,030,906) and amounts due from subsidiaries are S\$1,732,832 (2015: S\$1,609,116). Management has evaluated the recoverability of the investment based on such estimates. If the present value of estimated future cash flows decrease by 10% from management's estimates, the Company's allowance for impairment of investments in and amounts due from subsidiaries will increase by S\$3,432,854 (2015: S\$603,091) and S\$173,283 (2015: S\$160,912) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

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

#### 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\$215,247 (2015: S\$27,845). 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 (2015: S\$148,411).

If the discount rate of the present value of estimated future cash flows decrease by 10% from management's estimates, the Group's changes in fair value of available-for-sale financial assets will increase by S\$49,000 (2015: S\$10,000).

#### Fair value measurement of contingent consideration on business combination

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the consideration transferred for business combination. Where the contingent consideration meets the definition of a derivation and thus financial liability, it is subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor. As part of the purchase price allocation for the Acquisition of JL Group, the Group identified an element of contingent consideration. The carrying amount of the contingent consideration on business combination at the end of the reporting period is disclosed in Note 14 to the consolidated financial statements. Based on stated formula in the Sale and Purchase Agreement for Acquisition of JL Group, if the NPAT Target is not achieved by 5%, the Group's contingent consideration will decrease by S\$1.08 million (Note 4).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2(B) INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2016

On 1 January 2016, 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 1	Disclosure Initiatives

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 Accounting Standards Council announced on 29 May 2014 that Singapore-incorporated companies listed on the SGX-ST will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on the SGX-ST will have to assess the impact of IFRS 1 First-time adoption of IFRS when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

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)
Amendments to FRS 7	Statement of Cash Flows	1 January 2017
Amendments to FRS 12	Recognition of Deferred Tax Assets for Unrecognised Losses	1 January 2017
Amendments to FRS 102	Classification and Measurement of Share-based Payment Transactions	1 January 2018
FRS 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2018
Clarifications to FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 116	Leases	1 January 2019

### Amendments to FRS 7 Statement of Cash Flows

The Amendments to FRS 7 Statement of Cash Flows required entities to reconcile cash flows arising from financing activities as reported in the statement of cash flows - excluding contributed equity - to the corresponding liabilities in the opening and closing statements of financial position and to disclose on any restrictions over the decisions of an entity to use cash and cash equivalent balances, in particular way e.g. any tax liabilities that would arise on repatriation of foreign cash and cash equivalent balances. These amendments are effective on beginning or after 1 January 2017. As this is a disclosure standard, it will have no impact to the financial position and performance of the Group when applied in the year of implementation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2(C) FRS NOT YET EFFECTIVE (CONT'D)

### Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrecognised Losses

The amendments clarify that:

- The existence of a deductible temporary difference (“DTD”) depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
- When assessing the recognition of a deferred tax asset (“DTA”), if the tax law restricts the utilisation of tax losses to deduction against income of a specific type, a DTD is assessed in combination only with other DTDs of the appropriate type.
- In estimating future taxable profits, an entity should exclude tax deductions resulting from the reversal of those DTDs.

On transition, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or another component of equity), without allocating the change between opening retained earnings and other components of equity. If an entity applies this transitional exemption, it shall disclose that fact.

### Amendments to FRS 102 Classification and Measurement of Share-based Payment Transactions

The amendments to FRS 102 Share-based Payment clarify how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

- (i) The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- (ii) Share-based payment transactions with a net settlement feature for withholding tax obligations, and
- (iii) A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Companies are required to apply the amendments for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact to the consolidated 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 2016

## 2(C) FRS NOT YET EFFECTIVE (CONT'D)

### FRS 115 Revenue Contracts from Customers

FRS 115 Revenue Contracts from 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. It established a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods and services to a customer.

The standard replaces FRS 11 Construction Contracts, FRS 18 Revenue, INT FRS 113 Customer Loyalty Programmes, INT FRS 115 Agreements for Construction of Real Estate, INT FRS 118 Transfer of Assets from Customers and INT FRS 31 Revenue – Barter Transactions involving Advertising Services. 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 2018. The Group is currently assessing the impact to the consolidated financial statements.

### Clarifications to FRS 115 Revenue Contracts with Customers

The amendments clarify how to:

- Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract;
- Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided);
- Determine whether the revenue from granting a licence should be recognised at a point in time or over time.

The amendments have the same effective date as the Standard, FRS 115, i.e. on 1 January 2018.

### FRS 116 Leases

FRS 116 Leases replaces accounting requirements introduced more than 30 years ago in accordance with FRS 17 Leases that are no longer considered fit for purpose, and is a major revision of the way in which companies required lessees to recognise most leases on their balance sheets. Lessor accounting is substantially unchanged from current accounting in accordance with FRS 17. FRS 116 Leases will be effective for accounting periods beginning on or after 1 January 2019. Early adoption will be permitted, provided the company has adopted FRS 115. The Group is currently assessing the impact to the consolidated financial statements.

## 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 intra-group 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

### Consolidation (Cont'd)

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

### Consolidation (Cont'd)

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.

### 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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

### 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	5 years
Furniture and fittings	5 years
Medical equipment	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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

### Financial assets (Cont'd)

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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

### Financial assets (Cont'd)

#### Available-for-sale financial assets (Cont'd)

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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

### Impairment of non-financial assets (Cont'd)

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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

### 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 finance expense 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 expense.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

### 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.

### Revenue recognition

#### Provision of specialised medical services

Revenue from the provision of specialised medical services (namely obstetrics and gynaecology, cancer-related and dermatology 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

### 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

### Related parties (Cont'd)

- (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);
  - (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); or
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting 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.

### 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

### 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 4.

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

	2016	2015
The Group	S\$	S\$
Obstetrics and Gynaecology revenue	17,445,658	14,876,884
Cancer-related revenue	2,762,639	1,535,855
Dermatology revenue	8,466,335	-
	<b>28,674,632</b>	<b>16,412,739</b>

## 4 INVESTMENT IN SUBSIDIARIES

	2016	2015
The Company	S\$	S\$
Unquoted equity shares, at cost	<b>34,328,536</b>	6,030,906

### (i) Acquisition of JL Group

On 31 December 2015, the Company completed the acquisition of the entire rights, title and interest of Dr. Joyce Lim Teng Ee ("Dr. Joyce Lim") 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, (collectively known as the "Targets"), in the Target's business and medical practices (the "Acquisition of JL Group") and the effective date of control of the Targets is on 1 January 2016. The total purchase consideration for the acquisition is S\$28,294,630 and the breakdown is as follows:

- S\$15,217,480 in shares (i.e. 20,401,501 new ordinary shares at S\$0.7459 weighted average price of the Company's share on 31 December 2015, which was allotted and issued to Dr. Joyce Lim on 16 February 2016),

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 4 INVESTMENT IN SUBSIDIARIES (CONT'D)

### (i) Acquisition of JL Group (Cont'd)

2. S\$14.0 million in cash payable in three tranches:
  - (a) First tranche of S\$6.0 million paid on 1 January 2016,
  - (b) Second tranche of S\$4.0 million (fair value of S\$3,540,558 as at acquisition date) due on 1 January 2017, and
  - (c) Third tranche of S\$4.0 million (fair value of S\$3,536,592 as at acquisition date) due on 1 January 2018.

Pursuant to the completion of the Acquisition of JL Group, SOG Dermatology Pte. Ltd. ("DERM"), a wholly-owned subsidiary of the Company incorporated on 18 December 2015, had taken over and control the entire rights, title and interests in the Target's business and medical practices on 1 January 2016. The cost of investment in DERM amounted to S\$28,295,630 (2015: S\$1,000) as at 31 December 2016.

The Group has completed the purchase price allocation ("PPA") exercise for the Acquisition of JL Group and goodwill of S\$26,087,704 was recognised.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date in 2016:

### (a) Consideration transferred

	2016 S\$
Cash	6,000,000
Consideration shares	15,217,480
Contingent consideration [Note (e) below]	7,077,150
Total purchase consideration	<u>28,294,630</u>

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

	2016 S\$
Plant and equipment (Note 6)	263,705
Inventories	1,943,221
Total net identifiable assets	2,206,926
Goodwill (Note 5)	26,087,704
Purchase consideration	<u>28,294,630</u>

Goodwill arose from skills and talents of DERM's workforce and synergies expected to be achieved from integrating DERM into the Group's existing business.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 4 INVESTMENT IN SUBSIDIARIES (CONT'D)

### (i) Acquisition of JL Group (Cont'd)

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

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

<u>Assets acquired</u>	<u>Valuation technique</u>
Plant and equipment	Cost technique: The valuation model considers depreciated replacement cost. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Inventories	Market comparison technique: The fair value is determined based on the estimated selling price in the ordinary course of business.
Contingent considerations	Fair value of the contingent consideration is determined based on the Singapore's prime lending rate of 5.4% plus 1% margin to account for credit rating and size of the Company at acquisition date. The Group has included S\$7,077,150 as contingent consideration which represents its fair value at the date of acquisition.

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

	2016 S\$
Cash paid [per 4(i)(a) above]	6,000,000
Net cash outflow on acquisition	<u>6,000,000</u>

#### (d) Acquisition-related cost

The Group incurred acquisition-related costs of S\$115,000 relating to external legal fees for due diligence. These costs have been included in other operating expenses in the Group's statement of comprehensive income.

#### (e) Contingent consideration

The second tranche cash consideration shall be reduced by the same amount received in respect of the consideration shares, in the event that the Company declared distribution or dividend in connection with the financial year ended 31 December 2015 ("FY2015"). The final dividend for FY2015 received by Dr. Joyce Lim in respect of the 20,401,501 consideration shares allotted is S\$234,617.

The third tranche cash consideration is subject to the Targets' net profit after tax ("NPAT"). In the event that the Targets do not achieve an audited net profit after tax ("NPAT") of at least S\$2.5 million, with a tolerance threshold of S\$0.2 million (the "NPAT Target") for FY2016, the third tranche cash consideration shall be reduced by a sum amounting to 10 times the difference between the Targets' NPAT and NPAT Target. The NPAT target has been achieved for FY2016.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 4 INVESTMENT IN SUBSIDIARIES (CONT'D)

### (i) Acquisition of JL Group (Cont'd)

#### (e) Contingent consideration (Cont'd)

The Group has included S\$3,765,383 and S\$3,761,166 as current and non-current contingent consideration related to the second and third tranche cash consideration respectively, which represents its fair value as at 31 December 2016. The discount implicit on the second and third tranche cash consideration amounting to S\$449,399 was charged as finance expense in the profit or loss.

#### (f) Revenue and net profit after tax contribution

With the effective date of control on 1 January 2016, DERM contributed S\$8,466,335 and S\$2,576,755 to Group's revenue and net profit after tax respectively for the year ended 31 December 2016.

### (ii) Group subsidiaries

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

Entity	Principal activities	Country of incorporation	Percentage of interest held	
			2016 %	2015 %
Heng Clinic for Women Pte. Ltd.	Provision of obstetrical and gynaecological services	Singapore	100	100
K W Lee Clinic & Surgery for Women Pte. Ltd.	Provision of obstetrical and gynaecological services	Singapore	100	100
Choo Wan Ling Women's Clinic Pte. Ltd.	Provision of obstetrical and gynaecological services	Singapore	100	100
Beh's Clinic for Women Pte. Ltd.	Provision of obstetrical and gynaecological services	Singapore	100	100
SOG-Radhika Breast & General Surgicare Pte. Ltd.	Provision of cancer-related and general surgery services	Singapore	100	100
SOG-Cindy Pang Clinic for Women Pte. Ltd.	Provision of cancer-related and general surgery services	Singapore	100	100
SOG Dermatology Pte. Ltd.	Provision of dermatological services	Singapore	100	100
SOG-Natalie Chua Clinic for Women Pte. Ltd.	Provision of obstetrical and gynaecological services	Singapore	100	-
SOG-SK Lim Breast & General Surgicare Pte. Ltd.	Provision of cancer-related and general surgery services	Singapore	100	-
SOG-SC Hong Clinic for Women Pte. Ltd.	Provision of obstetrical and gynaecological services	Singapore	100	-

All entities are audited by Foo Kon Tan LLP.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 4 INVESTMENT IN SUBSIDIARIES (CONT'D)

### Impairment test for investment in subsidiaries

SOG-Radhika Breast & General Surgicare Pte. Ltd. ("RAD"), SOG-SK Lim Breast & General Surgicare Pte. Ltd. ("SK Lim") and SOG-SC Hong Clinic for Women Pte. Ltd. ("SC Hong") have cumulative start-up losses since incorporation which provided indicators 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") calculations.

- This VIU calculations used pre-tax cash flow projections based on financial budgets prepared by management covering the service contract periods of the respective specialist medical practitioners ranging from 3 to 4 years with an option to renew for a period of another five years.
- Weighted average cost of capital ("WACC") rate of 11.9% (2015: 10%) was applied to the cash flow projections.
- No terminal growth rate is determined as the cash flows were based on the service contract of the specialist medical practitioners with an option to renew.

Based on the impairment test, the recoverable amounts of RAD, SK Lim and SC Hong were determined to be not lower than the carrying amount and, consequently, management has assessed that there is no impairment considered necessary at 31 December 2016 and 2015.

## 5 GOODWILL

	2016	2015
The Group	S\$	S\$
<b>Cost and carrying value</b>		
At beginning of year	842,295	842,295
Additions (Note 4)	26,087,704	-
At end of year	<b>26,929,999</b>	842,295

### Impairment tests for goodwill

As at 31 December 2016, the carrying amount of goodwill is attributable to the Group's cash-generating units ("CGU") comprising of Beh's Clinic for Women Pte. Ltd. ("BEH"), Choo Wan Ling Women's Clinic Pte. Ltd. ("CWL") and SOG Dermatology Pte. Ltd. ("DERM").

	2016	2015
The Group	S\$	S\$
Beh's Clinic for Women Pte. Ltd.	446,094	446,094
Choo Wan Ling Women's Clinic Pte. Ltd.	396,201	396,201
SOG Dermatology Pte. Ltd.	26,087,704	-
	<b>26,929,999</b>	842,295

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 5 GOODWILL (CONT'D)

### *Impairment tests for goodwill (Cont'd)*

The recoverable amount of the 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 an five-year period for BEH and CWL and a nine-year period with terminal value for DERM. Cash flows for the budgeted period were extrapolated using the estimated growth rates stated below. The growth rates do not exceed the long-term average growth rates in which the CGUs operate in.

Key assumptions used for value-in-use calculations:

	2016		
	Beh's Clinic for Women Pte. Ltd. %	Choo Wan Ling Women's Clinic Pte. Ltd. %	SOG Dermatology Pte. Ltd. %
Gross profit margin <sup>(1)</sup>	92.0	88.2	80.0
Growth rate <sup>(2)</sup>	2.8	10.3	8.0
Terminal growth rate <sup>(3)</sup>	-	-	1.8
Discount rate <sup>(4)</sup>	11.9	11.9	11.9

	2015	
	Beh's Clinic for Women Pte. Ltd. %	Choo Wan Ling Women's Clinic Pte. Ltd. %
Gross profit margin <sup>(1)</sup>	89.0	89.5
Growth rate <sup>(2)</sup>	7.7	4.0
Discount rate <sup>(4)</sup>	12.5	12.5

<sup>(1)</sup> Budgeted gross profit margin

<sup>(2)</sup> Average annual growth rate

<sup>(3)</sup> Long term average growth rate of Singapore

<sup>(4)</sup> Pre-tax discount rate applied to the pre-tax cash flow projections

The discount rate was a pre-tax measure based on the rate of 5-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU. A long-term growth rate into perpetuity has been determined based on the long-term average growth rate of Singapore's Gross Domestic Product.

These assumptions were used for the analysis of each CGU within the business segment. Management determined budgeted gross profit margin and average annual growth rate based on expectation of future outcomes taking into account past experience. Revenue growth was projected taking into account the average growth level experienced over the past years. The annual growth rate and terminal growth rate 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 5 GOODWILL (CONT'D)

*Impairment tests for goodwill (Cont'd)*

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.

## 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 2015	19,248	38,931	554,770	378,596	59,643	1,051,188
Additions	-	7,856	292,732	-	18,595	319,183
Write-off	(3,587)	(3,579)	(172,700)	-	(1,620)	(181,486)
Reclassification	(2,788)	-	-	-	2,788	-
At 31 December 2015	<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>
Business combination (Note 4)	<b>3,268</b>	<b>730</b>	<b>255,036</b>	<b>4,671</b>	-	<b>263,705</b>
Additions	<b>20,498</b>	<b>10,946</b>	<b>586,218</b>	<b>344,864</b>	<b>31,801</b>	<b>994,327</b>
Write-off	(459)	(2,604)	-	(15,484)	-	(18,547)
<b>At 31 December 2016</b>	<b>36,180</b>	<b>52,280</b>	<b>1,516,056</b>	<b>712,647</b>	<b>111,207</b>	<b>2,428,370</b>
<u>Accumulated depreciation</u>						
At 1 January 2015	4,173	9,476	216,632	175,653	43,871	449,805
Depreciation for the year	4,945	9,275	141,065	58,752	25,969	240,006
Write-off	(3,367)	(1,919)	(172,700)	-	(1,620)	(179,606)
Reclassification	(281)	-	-	-	281	-
At 31 December 2015	<b>5,470</b>	<b>16,832</b>	<b>184,997</b>	<b>234,405</b>	<b>68,501</b>	<b>510,205</b>
Depreciation for the year	<b>6,987</b>	<b>11,603</b>	<b>237,028</b>	<b>90,400</b>	<b>34,142</b>	<b>380,160</b>
Write-off	(459)	(1,788)	-	(14,542)	-	(16,789)
<b>At 31 December 2016</b>	<b>11,998</b>	<b>26,647</b>	<b>422,025</b>	<b>310,263</b>	<b>102,643</b>	<b>873,576</b>
<u>Net book value</u>						
<b>At 31 December 2016</b>	<b>24,182</b>	<b>25,633</b>	<b>1,094,031</b>	<b>402,384</b>	<b>8,564</b>	<b>1,554,794</b>
At 31 December 2015	7,403	26,376	489,805	144,191	10,905	678,680

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 6 PLANT AND EQUIPMENT (CONT'D)

The Company	Office equipment S\$	Furniture and fittings S\$	Medical equipment S\$	Renovation S\$	Computer and Software S\$	Total S\$
<u>Cost</u>						
At 1 January 2015	-	13,787	174,985	51,550	36,824	277,146
Additions	-	3,500	1,122	-	10,900	15,522
Write-off	-	(175)	-	-	(435)	(610)
Disposals	-	-	(1,122)	-	-	(1,122)
At 31 December 2015	-	<b>17,112</b>	<b>174,985</b>	<b>51,550</b>	<b>47,289</b>	<b>290,936</b>
Additions	<b>8,282</b>	<b>6,876</b>	<b>6,921</b>	<b>57,509</b>	<b>2,983</b>	<b>82,571</b>
Write-off	-	(139)	-	(8,860)	-	(8,999)
Disposals	-	(1,144)	(100,985)	-	(1,688)	(103,817)
<b>At 31 December 2016</b>	<b>8,282</b>	<b>22,705</b>	<b>80,921</b>	<b>100,199</b>	<b>48,584</b>	<b>260,691</b>
<u>Accumulated depreciation</u>						
At 1 January 2015	-	3,282	42,583	14,262	28,430	88,557
Depreciation for the year	-	2,824	34,997	10,310	13,054	61,185
Write-off	-	(90)	-	-	(435)	(525)
At 31 December 2015	-	<b>6,016</b>	<b>77,580</b>	<b>24,572</b>	<b>41,049</b>	<b>149,217</b>
Depreciation for the year	<b>1,717</b>	<b>6,043</b>	<b>21,762</b>	<b>35,054</b>	<b>8,474</b>	<b>73,050</b>
Write-off	-	(84)	-	(8,860)	-	(8,944)
Disposals	-	(724)	(41,929)	-	(1,688)	(44,341)
<b>At 31 December 2016</b>	<b>1,717</b>	<b>11,251</b>	<b>57,413</b>	<b>50,766</b>	<b>47,835</b>	<b>168,982</b>
<u>Net book value</u>						
<b>At 31 December 2016</b>	<b>6,565</b>	<b>11,454</b>	<b>23,508</b>	<b>49,433</b>	<b>749</b>	<b>91,709</b>
At 31 December 2015	-	11,096	97,405	26,978	6,240	141,719

During the financial year, plant and equipment transferred at net book value to the Company from its subsidiary amounted to S\$70,974 (2015: S\$Nil). Plant and equipment transferred at net book value from the Company to its subsidiaries amounted to S\$59,476 (2015: S\$1,122).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 7 AVAILABLE-FOR-SALE FINANCIAL ASSETS

<b>The Group and the Company</b>	<b>2016</b>	<b>2015</b>
	<b>S\$</b>	<b>S\$</b>
<i>Available-for-sale financial assets measured at fair value</i>		
<i>Unquoted equity investment</i>		
At 1 January	250,000	-
Additions	-	250,000
At 31 December	<b>250,000</b>	<b>250,000</b>
Allowance for impairment of available-for-sale financial assets	<b>(101,589)</b>	<b>(101,589)</b>
Net amount of available-for-sale financial assets	<b>148,411</b>	<b>148,411</b>

*Presented as:*

### **Non-Current Assets**

Available-for-sale financial assets	<b>148,411</b>	<b>148,411</b>
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#### Shares in unquoted equity investment

The Company invested S\$250,000 (2015: S\$250,000) 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 included in a valuation report issued by an independent valuer. These calculations used cash flow projections prepared using the yield to maturity of comparative unquoted equity investments to determine the estimated discount rates. The weighted average cost of capital ("WACC") rates of 40%, 35% and 25% (2015: 40%, 35% and 25%) were applied to the cash flow projections for the first year, the second and third year, and the fourth year and 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. The review of the financial performance and position of the investee company are also performed based on historical financial information 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\$Nil (2015: S\$101,589) was recognised in the profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 8 INVENTORIES

	The Group		The Company	
	2016	2015	2016	2015
	S\$	S\$	S\$	S\$
Medical supplies, at cost	<b>2,152,469</b>	278,452	-	23,632

There were no write-down in value of inventories and no write-off of inventories during the financial years ended 31 December 2016 and 2015.

During the year, the Company sold inventories amounting to S\$21,212 (2015: S\$Nil) to its subsidiary.

## 9 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2016	2015	2016	2015
	S\$	S\$	S\$	S\$
Trade receivables	<b>1,361,429</b>	1,096,948	<b>16,586</b>	123,777
Impairment losses:				
At 1 January	-	(18,533)	-	-
Allowance for the year	<b>(22,914)</b>	-	<b>(4,364)</b>	-
Allowance utilised	-	18,533	-	-
At 31 December	<b>(22,914)</b>	-	<b>(4,364)</b>	-
Net trade receivables	<b>1,338,515</b>	1,096,948	<b>12,222</b>	123,777
Amounts due from subsidiaries (non-trade)	-	-	<b>1,732,832</b>	1,609,116
Deposits	<b>344,285</b>	146,337	<b>98,582</b>	108,153
Other receivables	<b>86,707</b>	86,617	<b>86,707</b>	82,727
Loans and receivables	<b>1,769,507</b>	1,329,902	<b>1,930,343</b>	1,923,773
Prepayments	<b>323,432</b>	147,684	<b>63,673</b>	60,294
	<b>2,092,939</b>	1,477,586	<b>1,994,016</b>	1,984,067

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

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

An ageing analysis of trade receivables at the reporting date is as follows: (Cont'd)

(a) Financial assets that are neither past due nor impaired

Trade receivables have credit terms of between 30 and 90 (2015: 30 and 90) days.

	The Group		The Company	
	2016	2015	2016	2015
	S\$	S\$	S\$	S\$
Not past due and not impaired	<b>1,144,958</b>	847,777	<b>2,323</b>	86,832

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.

(b) Financial assets that are past due but not impaired

	The Group		The Company	
	2016	2015	2016	2015
	S\$	S\$	S\$	S\$
<u>Past due but not impaired:</u>				
Past due less than 1 month	<b>103,652</b>	66,171	<b>4,535</b>	4,386
Past due more than 1 month but less than 2 months	<b>17,166</b>	57,776	<b>535</b>	18,026
Past due more than 2 months	<b>72,739</b>	125,224	<b>4,829</b>	14,533
	<b>193,557</b>	249,171	<b>9,899</b>	36,945

(c) The carrying amount of trade and other receivables individually determined to be impaired are as follows:

	The Group		The Company	
	2016	2015	2016	2015
	S\$	S\$	S\$	S\$
<u>Trade receivables</u>				
Gross amount	<b>22,914</b>	-	<b>4,364</b>	-
Allowance for impairment losses	<b>(22,914)</b>	-	<b>(4,364)</b>	-
	<b>-</b>	-	<b>-</b>	-

The impaired trade receivables relate to those with recoverability issues. Except as provided above and based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables past due exceeding the 30-day and 90-day credit terms. These receivables are mainly arising from hospitals and insurance companies that have a good credit record with the Group.

Bad debts written off directly in the profit or loss during the financial year ended 31 December 2016 amounted to S\$1,601 (2015: S\$41,866) for the Group.

Refer to Note 28 for details of credit risk exposures.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

Non-trade amounts due from subsidiaries

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.

## 10 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2016	2015	2016	2015
	S\$	S\$	S\$	S\$
Cash on hand	6,700	4,100	600	800
Cash at bank	11,369,624	24,205,044	548,340	16,423,103
Fixed deposits	10,000,000	-	10,000,000	-
	<b>21,376,324</b>	<b>24,209,144</b>	<b>10,548,940</b>	<b>16,423,903</b>

The fixed deposit matures 1 month after the end of the reporting date with an effective interest rate of 1.72% per annum.

On 1 January 2016, the Company paid the first tranche purchase consideration, S\$6.0 million in cash, for the Acquisition of JL Group (Note 4).

Subsequent to the end of the reporting date, the Company paid the second tranche purchase consideration, S\$3.8 million in cash (S\$4.0 million less final dividend received by Dr. Joyce Lim of S\$0.2 million for the Acquisition of JL Group). The third tranche purchase consideration of S\$4.0 million (fair value of S\$3.8 million at the end of the reporting date) is due on 1 January 2018 (Note 14).

Subject to the shareholders' approval at the Annual General Meeting on 21 April 2017, the Company will pay a final one-tier tax exempt dividend of 1.57 Singapore cents per share in respect of FY2016 (Note 32). The final dividend amounting to S\$3.7 million will be paid subsequent to end of the reporting period.

## 11 SHARE CAPITAL

The Company	2016	2015	2016	2015
	No. of shares		S\$	S\$
<b>Issued and fully paid, with no par value</b>				
At 1 January	218,000,000	174,400,000	14,428,020	4,212,615
Issuance of new shares	20,401,501	-	15,217,480	-
Issuance of ordinary shares at IPO	-	43,600,000	-	10,900,000
Share issuance cost	-	-	-	(684,595)
At 31 December	<b>238,401,501</b>	<b>218,000,000</b>	<b>29,645,500</b>	<b>14,428,020</b>

On 16 February 2016, the Company issued 20,401,501 new ordinary shares for a total consideration of S\$15,217,480 in relation to the Acquisition of JL Group (Note 4).

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 12 CAPITAL RESERVE

### The Group and the Company

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. 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

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

	The Group		The Company	
	2016	2015	2016	2015
	S\$	S\$	S\$	S\$
<b>Non-current</b>				
Contingent consideration	<b>3,761,166</b>	-	<b>3,761,166</b>	-
<b>Current</b>				
Trade payables	<b>839,749</b>	290,650	<b>282,273</b>	220,818
Accrued operating expense	<b>1,813,596</b>	863,849	<b>189,162</b>	334,285
Amounts due to subsidiaries (non-trade)	-	-	<b>119,021</b>	1,147,917
Amounts due to director (non-trade)	<b>244,000</b>	244,000	-	-
Other payables	<b>389,547</b>	250,493	<b>16,691</b>	48,100
Contingent consideration	<b>3,765,383</b>	-	<b>3,765,383</b>	-
	<b>7,052,275</b>	1,648,992	<b>4,372,530</b>	1,751,120

The contingent consideration is the present value of second and third tranche cash consideration of S\$4.0 million each as at 31 December 2016 for the Acquisition of JL Group due on 1 January 2017 and 1 January 2018 respectively (Refer Note 4).

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

Trade payables have credit terms of 30 days (2015: 30 days).

Non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Please refer to Note 28 for details of liquidity risk exposure.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 15 DEFERRED REVENUE

	The Group		The Company	
	2016	2015	2016	2015
	S\$	S\$	S\$	S\$
Fees received, represented as:				
Current liabilities	<b>380,343</b>	379,693	-	50,547

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 Group 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 TAXATION

	The Group		The Company	
	2016	2015	2016	2015
	S\$	S\$	S\$	S\$
<b>Deferred tax assets</b>				
At 1 January	-	-	-	-
Recognised in profit or loss (Note 22)	<b>10,450</b>	-	<b>7,652</b>	-
At 31 December	<b>10,450</b>	-	<b>7,652</b>	-
<b>Deferred tax liabilities</b>				
At 1 January	<b>85,536</b>	12,696	-	2,000
Recognised in profit or loss (Note 22)	<b>(18,935)</b>	72,840	-	(2,000)
At 31 December	<b>66,601</b>	85,536	-	-

Deferred tax (assets) and liabilities comprised the following:

	Assets		Liabilities	
	2016	2015	2016	2015
	S\$	S\$	S\$	S\$
<b>The Group</b>				
Deferred revenue	-	-	-	64,548
Plant and equipment	<b>(10,450)</b>	-	<b>66,601</b>	20,988
Deferred tax (assets)/ liabilities	<b>(10,450)</b>	-	<b>66,601</b>	85,536
<b>The Company</b>				
Plant and equipment	<b>(7,652)</b>	-	-	-
Deferred tax assets	<b>(7,652)</b>	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 16 DEFERRED TAXATION (CONT'D)

The balance comprises tax on the following temporary differences:

Deferred tax liabilities	Deferred revenue S\$	Plant and equipment S\$	Total S\$
<b>The Group</b>			
At 1 January 2015	10,696	2,000	12,696
Recognised in profit or loss	53,852	18,988	72,840
At 31 December 2015	64,548	20,988	85,536
Recognised in profit or loss	(64,548)	45,613	(18,935)
<b>At 31 December 2016</b>	-	66,601	66,601

Deferred tax assets	Plant and equipment S\$	Total S\$
<b>The Group</b>		
At 1 January 2015	-	-
Recognised in profit or loss	-	-
At 31 December 2015	-	-
Recognised in profit or loss	(10,450)	(10,450)
At 31 December 2016	(10,450)	(10,450)

<b>The Company</b>		
At 1 January 2015	2,000	2,000
Recognised in profit or loss	(2,000)	(2,000)
At 31 December 2015	-	-
Recognised in profit or loss	(7,652)	(7,652)
At 31 December 2016	(7,652)	(7,652)

## 17 OTHER OPERATING INCOME

The Group	2016 S\$	2015 S\$
Rental income	-	403
Government grant	145,878	122,109
Rental rebate	66,114	-
Sponsorship income	38,701	33,757
Sundry income	15,316	25,747
	266,009	182,016

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 18 CONSUMABLES AND MEDICAL SUPPLIES USED

	2016	2015
<b>The Group</b>	<b>S\$</b>	<b>S\$</b>
Changes in inventories	(1,874,017)	(73,592)
Inventories used	4,906,810	900,380
Laboratory test and charges	1,076,544	814,983
Hospital facility charges	198,420	145,805
Others	58,039	70,200
	<b>4,365,796</b>	<b>1,857,776</b>

## 19 EMPLOYEE BENEFITS EXPENSE

	2016	2015
<b>The Group</b>	<b>S\$</b>	<b>S\$</b>
Directors' remuneration other than fee		
- directors of the Company	2,318,255	2,059,012
- directors of subsidiaries	5,450,016	1,396,872
- Central Provident Fund contributions	117,663	70,722
Key management personnel (Other than directors)		
- Salaries and other related costs	782,703	491,903
- Central Provident Fund contributions	39,456	32,851
Other than directors and key management personnel		
- Salaries and other related costs	2,027,738	2,036,527
- Central Provident Fund contributions	267,885	195,541
	<b>11,003,716</b>	<b>6,283,428</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 20 OTHER OPERATING EXPENSES

The Group	2016 S\$	2015 S\$
Advertisement	40,040	70,584
Audit fees paid/payable to auditor of the Company	157,000	117,000
Non-audit fees paid/payable to auditor of the Company	-	34,000
Bad debts written off (trade)	1,601	41,866
Credit card charges	280,544	111,845
Entertainment expenses	48,884	67,539
Impairment of investment in available-for-sale financial assets	-	101,589
Loss on voluntary liquidation of a subsidiary	-	2
Insurance	218,932	199,786
Operating lease expense	1,205,961	775,486
Office supplies	52,021	21,869
Plant and equipment written off	1,758	1,880
Professional and legal fees	381,177	353,843
Other expenses	407,075	261,230
	2,794,993	2,158,519

## 21 FINANCE EXPENSE

The Group	2016 S\$	2015 S\$
Interest expense		
- unwinding of the discount implicit in the second tranche cash consideration for Acquisition of JL Group	224,825	-
- unwinding of the discount implicit in the third tranche cash consideration for Acquisition of JL Group	224,574	-
	449,399	-

## 22 INCOME TAX EXPENSE

The Group	2016 S\$	2015 S\$
<b>Current tax expense</b>		
Current year	1,361,014	886,994
Overprovision of current taxation in respect of prior years	(52,850)	(119,560)
	1,308,164	767,434
<b>Deferred tax (credit)/expense</b>		
Origination and reversal of temporary differences (Note 16)	(29,385)	72,840
	1,278,779	840,274

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 22 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:

The Group	2016 S\$	2015 S\$
Profit before taxation	<b>10,082,457</b>	6,181,599
Tax at statutory rate of 17% (2015: 17%)	<b>1,714,018</b>	1,050,872
Tax effect on non-taxable income	-	(9,914)
Tax effect on non-deductible expenses	<b>131,400</b>	190,965
Effect of partial tax exemption and tax relief	<b>(509,908)</b>	(272,089)
Overprovision of current taxation in respect of prior years	<b>(52,850)</b>	(119,560)
Utilisation of deferred tax assets on temporary difference not recognised in previous years	<b>(3,881)</b>	-
	<b>1,278,779</b>	840,274

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:

The Group	2016 S\$	2015 S\$
Deductible temporary differences	-	-
Tax losses	-	22,828
	-	22,828

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.

## 23 DIVIDENDS

The Company	2016 S\$	2015 S\$
Ordinary dividends paid		
- Final tax-exempt (one-tier) dividend paid in respect of the previous financial year of 1.15 cents (2015: 0.85 cents) per share	<b>2,741,617</b>	1,482,400
- Interim tax-exempt (one-tier) dividend paid in respect of the current financial year of 1.53 cents (2015: 0.88 cents) per share	<b>3,647,543</b>	1,918,400
	<b>6,389,160</b>	3,400,800

A final dividend in respect of the current financial year of 1.57 cents per share amounting to \$3,742,904 will be recommended at the Annual General Meeting held on 21 April 2017. 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 2017. 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 2016

## 24 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 235,851,313 (2015: 199,833,333) shares during the financial year.

Fully diluted earnings per share were calculated on the consolidated profits attributable to owners of the parent company divided by 235,851,313 (2015: 199,833,333) 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 2016 and 2015.

<b>The Group</b>	<b>2016</b>	<b>2015</b>
Profit attributable to equity holders of the Company (S\$)	<b>8,803,678</b>	5,341,325
Weighted average number of ordinary shares	<b>235,851,313</b>	199,833,333
Basic and diluted earnings per share based on the weighted average number of ordinary shares (Cents)	<b>3.73</b>	2.67

## 25 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>2016</b>	<b>2015</b>
	<b>S\$</b>	<b>S\$</b>
<b>Transactions with shareholders cum director</b>		
Rental expenses paid/payable to Lee and Lee Clinic Pte Ltd #	<b>272,160</b>	336,000
Rental expenses paid/payable to Avesa Pte Ltd #	<b>50,000</b>	120,000
Rental expense paid/payable to director	<b>90,000</b>	90,000

# 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>2016</b>	<b>2015</b>
	<b>S\$</b>	<b>S\$</b>
Salary costs	<b>8,550,974</b>	3,947,787
Contributions to Central Provident Fund	<b>157,119</b>	103,573
	<b>8,708,093</b>	4,051,360

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 26 OPERATING LEASE COMMITMENTS

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:

	The Group		The Company	
	2016	2015	2016	2015
	S\$	S\$	S\$	S\$
Within one year or less	988,211	756,753	40,000	56,802
Within two to five years	1,748,656	427,570	47,500	5,000
	<b>2,736,867</b>	<b>1,184,323</b>	<b>87,500</b>	<b>61,802</b>

Operating leases expire between 28 February 2017 and 5 May 2021 at fixed rental.

## 27 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 2016

## 27 OPERATING SEGMENTS (CONT'D)

	Obstetrics and Gynaecology		Dermatology		Cancer-related		Elimination		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<b>Revenue</b>										
External	17,445,658	14,876,884	8,466,335	-	2,762,639	1,535,855	-	-	28,674,632	16,412,739
Inter-segment	-	-	-	-	-	-	-	-	-	-
Total revenue	<b>17,445,658</b>	<b>14,876,884</b>	<b>8,466,335</b>	<b>-</b>	<b>2,762,639</b>	<b>1,535,855</b>	<b>-</b>	<b>-</b>	<b>28,674,632</b>	<b>16,412,739</b>
<b>Segment Results</b>										
Segment profit from operations	7,233,845	6,230,164	2,968,475	-	386,656	(70,638)	-	-	10,588,976	6,159,526
Unallocated expenses									(193,000)	(104,500)
Finance income									135,880	126,573
Finance expense									(449,399)	-
Profit before income tax									10,082,457	6,181,599
Income tax expense									(1,278,779)	(840,274)
Profit for the year									<b>8,803,678</b>	<b>5,341,325</b>
<b>Other information</b>										
Segment assets	56,067,812	34,247,849	31,785,369	164,549	1,730,768	1,058,125	(35,477,424)	(7,984,366)	54,106,525	27,486,157
Unallocated assets									158,861	148,411
Consolidated total assets									<b>54,265,386</b>	<b>27,634,568</b>

27 OPERATING SEGMENTS (CONT'D)

	Obstetrics and Gynaecology		Dermatology		Cancer-related		Elimination		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<b>Other information (Cont'd)</b>										
Segment liabilities	11,088,058	3,476,560	515,332	163,549	1,581,578	1,184,331	(1,991,184)	(2,795,755)	11,193,784	2,028,685
Unallocated liabilities									1,427,615	1,593,894
Consolidated total liabilities									12,621,399	3,622,579
Additions of plant and equipment arising from business combination (Note 6)	-	-	263,705	-	-	-	-	-	263,705	-
Additions of plant and equipment	430,118	319,169	356,557	-	207,652	2,192	-	(2,178)	994,327	319,183
Depreciation of plant and equipment	226,653	192,573	80,986	-	72,521	47,433	-	-	380,160	240,006
Write-off of plant and equipment	817	2,936	-	-	941	-	-	(1,056)	1,758	1,880
Impairment of available-for-sale financial assets	-	101,589	-	-	-	-	-	-	-	101,589
Loss on voluntary liquidation of a subsidiary	-	2	-	-	-	-	-	-	-	2
Finance income									135,880	126,573
Finance expense									(449,399)	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 27 OPERATING SEGMENTS (CONT'D)

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities:

	2016 S\$	2015 S\$
<u>Revenue</u>		
Total revenue for reportable segments	<b>28,674,632</b>	16,412,739
Consolidated revenue	<b>28,674,632</b>	16,412,739
<u>Profit or loss</u>		
Total profit or loss for reportable segments	<b>10,588,976</b>	6,159,526
Unallocated expenses	<b>(193,000)</b>	(104,500)
Finance income	<b>135,880</b>	126,573
Finance expense	<b>(449,399)</b>	-
Consolidated profit before tax	<b>10,082,457</b>	6,181,599
<u>Segment assets</u>		
Total assets for reportable segments	<b>89,583,949</b>	35,470,523
Deferred tax assets	<b>10,450</b>	-
Available-for-sale financial assets	<b>148,411</b>	148,411
Elimination	<b>(35,477,424)</b>	(7,984,366)
Consolidated total assets	<b>54,265,386</b>	27,634,568
<u>Segment liabilities</u>		
Total liabilities for reportable segments	<b>13,184,968</b>	4,824,440
Deferred tax liabilities	<b>66,601</b>	85,536
Current tax liabilities	<b>1,361,014</b>	1,508,358
Elimination	<b>(1,991,184)</b>	(2,795,755)
Consolidated total liabilities	<b>12,621,399</b>	3,622,579

## 28 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 28 FINANCIAL RISK MANAGEMENT (CONT'D)

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	
	2016	2015	2016	2015
	S\$	S\$	S\$	S\$
<b>Available-for-sale</b>				
Available-for-sale financial assets at fair value	148,411	148,411	148,411	148,411
<b>Loans and receivable at amortised cost</b>				
Trade and other receivables, excluding prepayments	1,769,507	1,329,902	1,930,343	1,923,773
Cash and bank balances	21,376,324	24,209,144	10,548,940	16,423,903
	<b>23,145,831</b>	<b>25,539,046</b>	<b>12,479,283</b>	<b>18,347,676</b>
	<b>23,294,242</b>	<b>25,687,457</b>	<b>12,627,694</b>	<b>18,496,087</b>
<b>Financial liabilities at amortised cost</b>				
Trade and other payables, excluding deferred revenue	3,286,892	1,648,992	607,147	1,751,120
<b>Financial liabilities at fair value</b>				
Contingent consideration	7,526,549	-	7,526,549	-
	<b>10,813,441</b>	<b>1,648,992</b>	<b>8,133,696</b>	<b>1,751,120</b>

### 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.

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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 28 FINANCIAL RISK MANAGEMENT (CONT'D)

### Credit risk (Cont'd)

#### 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 and other receivables (excluding prepayments), 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:

	2016	2015
	S\$	S\$
<b>The Group</b>		
<b>Financial assets</b>		
Loan and receivables	1,769,507	1,329,902
Cash and bank balances	21,376,324	24,209,144
	<b>23,145,831</b>	<b>25,539,046</b>
<b>The Company</b>		
<b>Financial assets</b>		
Loan and receivables	1,930,343	1,923,773
Cash and bank balances	10,548,940	16,423,903
	<b>12,479,283</b>	<b>18,347,676</b>

### 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 2016

## 28 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>At 31 December 2016</b>				
Trade and other payables	3,286,892	3,286,892	3,286,892	-
Contingent consideration	7,526,549	7,765,383	3,765,383	4,000,000
	<b>10,813,441</b>	<b>11,052,275</b>	<b>7,052,275</b>	<b>4,000,000</b>
<b>At 31 December 2015</b>				
Trade and other payables	1,648,992	1,648,992	1,648,992	-
<b>The Company</b>				
<b>At 31 December 2016</b>				
Trade and other payables	607,147	607,147	607,147	-
Contingent consideration	7,526,549	7,765,383	3,765,383	4,000,000
	<b>8,133,696</b>	<b>8,372,530</b>	<b>4,372,530</b>	<b>4,000,000</b>
<b>At 31 December 2015</b>				
Trade and other payables	1,751,120	1,751,120	1,751,120	-

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 28 FINANCIAL RISK MANAGEMENT (CONT'D)

### 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.

## 29 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>2016</b>	<b>2015</b>
	<b>S\$</b>	<b>S\$</b>
Total liabilities	<b>12,621,399</b>	3,622,579
Total equity	<b>41,643,987</b>	24,011,989
Gearing ratio	<b>30.3%</b>	15.1%

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 30 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

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 2016 and 2015:

	Level 1	Level 2	Level 3	Total
The Group and the Company	S\$	S\$	S\$	S\$
<b>At 31 December 2016</b>				
<b>Financial assets</b>				
Available-for-sale financial assets				
- Unquoted equity investment	-	-	148,411	148,411
<b>Financial liabilities</b>				
Contingent consideration	-	-	(7,526,549)	(7,526,549)
<b>Net fair value</b>	<b>-</b>	<b>-</b>	<b>(7,378,138)</b>	<b>(7,378,138)</b>

At 31 December 2015

### Financial assets

Available-for-sale financial assets

- Unquoted equity investment	-	-	148,411	148,411
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The table does not include fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 30 FAIR VALUE MEASUREMENT (CONT'D)

### Measurement of fair value of financial instruments (Cont'd)

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 weighted average cost of capital (“WACC”) rates of 40%, 35% and 25% (2015: 40%, 35% and 25%) were applied to the cash flow projections for the first year, the second and third year, and the fourth year and terminal value respectively.

#### Contingent consideration (Level 3)

The fair values of contingent consideration related to the Acquisition of JL Group (Note 4) is estimated using a present value technique. The S\$7,526,549 fair value is determined by estimated future cash outflows, adjusting for risk and discounting at 6.4%, based on the Singapore’s prime lending rate of 5.4% plus 1% margin to account for credit rating and size of the Company at acquisition date.

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:

<b>Significant unobservable input</b>	<b>Estimate of the input</b>	<b>Sensitivity of the fair value measurement to input</b>
<u>Available-for-sale financial assets</u>		
Weighted average cost of capital (“WACC”)	40%, 35% and 25% was applied to the cash flow projections for the first year, the second and third year, and the fourth year and terminal value respectively	An increase by 10%/ (decrease by 10%) of the WACC would (decrease)/increase fair value by S\$49,000
<u>Contingent consideration</u>		
NPAT Target	S\$2.5 million with a tolerance threshold of S\$0.2 million for FY2016	If the NPAT Target is not achieved by 5%, the contingent consideration will decrease by S\$1.08 million

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 30 FAIR VALUE MEASUREMENT (CONT'D)

### Measurement of fair value of financial instruments (Cont'd)

The reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

	Available-for-sale financial assets	
	2016	2015
	S\$	S\$
<b>The Group and the Company</b>		
At 1 January	148,411	-
Additions	-	250,000
Allowance for impairment of available-for-sale financial assets	-	(101,589)
At 31 December	<b>148,411</b>	<b>148,411</b>

	Contingent consideration	
	2016	2015
	S\$	S\$
<b>The Group and the Company</b>		
Balance at 1 January	-	-
Acquisition through business combination	(7,077,150)	-
Finance expense	(449,399)	-
At 31 December	<b>(7,526,549)</b>	<b>-</b>

### 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.

## 31 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;

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 31 SHARE BASED PAYMENT (CONT'D)

### SOG Employee Share Option Scheme (Cont'd)

- (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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 32 EVENTS AFTER END OF THE REPORTING PERIOD

### The Group and the Company

- (1) Proposed final dividends  
On 16 February 2017, the Board of Directors has recommended a final one-tier exempt dividend of 1.57 Singapore cents per share in respect of FY2016 ("Final Dividend").
- (2) Second tranche cash consideration for the Acquisition of JL Group  
Subsequent to the end of the reporting date, the Company paid the second tranche cash consideration, S\$3.8 million in cash (S\$4.0 million less final dividend of S\$234,617 for FY2015 received by Dr. Joyce Lim in respect of the 20,401,501 consideration shares allotted).



# SHAREHOLDINGS STATISTICS

AS AT 10 MARCH 2017

## 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	132	11.45	105,500	0.05
1,001 - 10,000	735	63.74	3,892,500	1.63
10,001 - 1,000,000	270	23.42	17,480,100	7.33
1,000,001 AND ABOVE	16	1.39	216,923,401	90.99
<b>TOTAL</b>	<b>1,153</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	HENG TUNG LAN	70,176,807	29.44
2	DBS NOMINEES PTE LTD	33,961,600	14.25
3	RAFFLES NOMINEES (PTE) LTD	24,887,101	10.44
4	LEE KEEN WHYE	22,703,428	9.52
5	CHOO WAN LING	18,392,139	7.71
6	BEH SUAN TIONG	11,954,226	5.01
7	STF INVESTMENTS LTD	8,235,300	3.45
8	HSBC (SINGAPORE) NOMINEES PTE LTD	8,010,100	3.36
9	HENG TONG BWEE	3,820,943	1.60
10	NG KOON KENG	3,219,795	1.35
11	WONG CHUI FONG	3,052,262	1.28
12	OPTIMUS CAPITAL INTERNATIONAL LIMITED	2,949,300	1.24
13	DB NOMINEES (S) PTE LTD	1,700,300	0.71
14	TAN PETER	1,650,000	0.69
15	CITIBANK NOMINEES SINGAPORE PTE LTD	1,114,200	0.47
16	CHUA WEILYN NATALIE	1,095,900	0.46
17	TAN SIOK HUI (CHEN SHUHUI)	950,000	0.40
18	UNITED OVERSEAS BANK NOMINEES PTE LTD	854,400	0.36
19	DBSN SERVICES PTE LTD	750,000	0.31
20	ONG WAI MENG	710,000	0.30
	<b>TOTAL</b>	<b>220,187,801</b>	<b>92.35</b>

# SHAREHOLDINGS STATISTICS

AS AT 10 MARCH 2017

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 EACH ORDINARY SHARE

## SUBSTANTIAL SHAREHOLDERS

	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
HENG TUNG LAN	70,176,807	29.44	NIL	0.00
LEE KEEN WHYE	22,703,428	9.52	18,052,262 <sup>(1)</sup>	7.57
BEH SUAN TIONG	23,954,226	10.05	236,000 <sup>(2)</sup>	0.10
LIM TENG EE JOYCE	20,411,501	8.56	NIL	0.00
CHOO WAN LING	18,392,139	7.71	NIL	0.00

Notes:

- (1) Dr. Lee Keen Whye has a deemed interest in the shareholdings of 3,052,262 held by his wife, Dr. Wong Chui Fong and the shareholdings of 15,000,000 is held in his name under DBS Nominees account.
- (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 10 March 2017, 22.21% 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 Catalyst) of the SGX-ST.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“AGM”) of Singapore O&G Ltd. (the “Company”) will be held at Conrad Centennial Hotel, Level 2, North Ballroom, 2 Temasek Boulevard, Singapore 038982 on Friday, 21 April 2017 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 2016 and the Directors’ Statement and the Independent Auditor’s Report thereon. **(Resolution 1)**
2. To declare a tax exempt (one-tier) final dividend of 1.57 Singapore cents per ordinary share for the financial year ended 31 December 2016. **(Resolution 2)**
3. To re-elect Dr. Heng Tung Lan, a director who is retiring pursuant to Article 91 of the Company’s Articles of Association.  
  
Dr. Heng 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. Heng and the other Directors of the Company.  
  
*See Explanatory Note (a)* **(Resolution 3)**
4. To re-elect Mr. Chan Heng Toong, a director who is retiring pursuant to Article 91 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 (b)* **(Resolution 4)**
5. To approve the Independent Directors’ fees of S\$138,000 for the financial year ended 31 December 2016. **(Resolution 5)**
6. To re-appoint Messrs Foo Kon Tan LLP as Auditor of the Company to hold office until the next AGM of the Company, and to authorise the Directors to fix the remuneration of Messrs Foo Kon Tan LLP. **(Resolution 6)**

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions with or without modifications:

### 7. 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,

# NOTICE OF ANNUAL GENERAL MEETING

provided always 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 Catalyst, 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 Catalyst; and
- (c) any subsequent bonus issue, consolidation or subdivision of shares.”

See Explanatory Note (c)

**(Resolution 7)**

## 8. 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 provisions of the SOG Employee Share Option Scheme (the “**Scheme**”) and to allot and 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 (d)

**(Resolution 8)**

## 9. 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 (e)

**(Resolution 9)**

# NOTICE OF ANNUAL GENERAL MEETING

10. **Proposed Share Split of Every One (1) Existing Ordinary Share in the capital of the Company into Two (2) Ordinary Shares**

“That:

- (a) On and with effect from the Share Splits books closure date to the determined by the Directors of the Company, every one (1) existing ordinary share in the capital of the Company be subdivided into two (2) ordinary shares in the capital of the Company; and
- (b) The Directors of the Company and each of them be and are hereby authorised and empowered to do all acts and things, including without limitation to the foregoing, to sign, execute and deliver all such documents, deeds and instruments as they may consider necessary or expedient to give effect to the Proposed Share Split and to approve any amendments, alteration or modifications to any document (if required) in the interests of the Company.”

*See Explanatory Note (f)*

**(Resolution 10)**

11. 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  
6 April 2017

Singapore

**Explanatory Notes:**

- (a) In relation to Resolution 3 proposed above, Dr. Heng Tung Lan is an Executive Director and substantial shareholder of the Company. Apart from that, there is no relationship (including immediate family relationships) between Dr. Heng and the other Directors and the Company and the detailed information on Dr. Heng is set out in the section entitled “Board Membership” in the Corporate Governance Report of the Company’s 2016 Annual Report.
- (b) In relation to Resolution 4 proposed above, there is no relationship (including immediate family relationships) between Mr. Chan Heng Toong 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 2016 Annual Report.
- (c) The Ordinary Resolution 7 above, if passed, will empower the Directors of the Company from the date of the Meeting until the date of the next AGM, or the date by which the next AGM is required by law to be 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.
- (d) The Ordinary Resolution 8 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.
- (e) The Ordinary Resolution 9 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

- (f) The Ordinary Resolution 10 above, if passed, will authorise and empower the Directors to complete and do all acts and things and to sign, execute, complete and deliver such documents, deeds and instruments as they may consider necessary or expedient to give effect to the proposed share split of every one (1) existing ordinary share in the capital of the Company into two (2) ordinary shares in the capital of the Company. The details of the proposed share split are set out in the Appendix which is enclosed with the Company's Annual Report.

## Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

**"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.

2. A proxy need not be a member of the Company.
3. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
4. 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 or service providers) 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.

## 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 2 May 2017 for the purpose of determining entitlements of ordinary shareholders to the tax exempt (one-tier) Final Dividend of 1.57 Singapore cents per ordinary share for FY 2016.

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 2 May 2017 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 2 May 2017 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 15 May 2017.

# SINGAPORE O&G LTD.

(Company Registration No. 201100687M)  
(Incorporated in the Republic of Singapore)

## 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 Annual General 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/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF/SRS investors should contact their respective Agent Banks/SRS Operations if they have any queries regarding their appointment as proxies.
5. 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 6 April 2017.

## PROXY FORM

\*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 Conrad Centennial Hotel, Level 2, North Ballroom, 2 Temasek Boulevard, Singapore 038982 on 21 April 2017 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: 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 2016		
2.	Declaration of a tax exempt (one-tier) final dividend of 1.57 Singapore cents per ordinary share for the financial year ended 31 December 2016		
3.	Re-election of Director pursuant to Article 91 - Dr. Heng Tung Lan		
4.	Re-election of Director pursuant to Article 91 - Mr. Chan Heng Toong		
5.	Approval of the Independent Directors' fees of S\$138,000 for the financial year ended 31 December 2016		
6.	Re-appointment of Messrs Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
7.	Authority to allot and issue shares pursuant to the Share Issue Mandate		
8.	Authority to grant options and issue shares under SOG Employee Share Option Scheme		
9.	Authority to grant awards and to issue shares under SOG Performance Share Plan		
10.	The Proposed Share Split of Every One (1) Existing Ordinary Share in the capital of the Company into Two (2) Ordinary Shares		

Notes:

\* Please delete accordingly.

\*\* Please indicate your vote "For" or "Against" with an "X" within the box provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017

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. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.  
  
(b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
3. 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 nor 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.
4. 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.

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

5. 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.
6. 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.
7. 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.
8. 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 6 April 2017.



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## Singapore O&G Ltd.

(Company Registration No: 201100687M)

34 CASSIA CRESCENT #01-80

SINGAPORE 390034



(65) 6440 4123



(65) 6440 8240



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