

CIRCULAR DATED 4 APRIL 2022

THIS CIRCULAR IS ISSUED BY SINGAPORE O&G LTD. (“COMPANY”). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF THE INDEPENDENT FINANCIAL ADVISER. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, legal adviser, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your Shares (as defined herein) held through CDP (as defined herein), you need not forward this Circular to the purchaser or the transferee, as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with CDP, you should immediately forward this Circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Company has opted for electronic dissemination of this Circular. Please note that no printed copies of this Circular will be despatched to Shareholders. Only printed copies of the notice regarding the electronic dissemination of this Circular will be despatched to Shareholders.

This Circular has been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (“**PPCF**”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any statements made, or opinions expressed, or reports contained in this Circular.

The contact person for PPCF is Ms. Jennifer Tan, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.



SINGAPORE O&G LTD.
(Company Registration No.: 201100687M)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY UNCONDITIONAL CASH OFFER

by

UNITED OVERSEAS BANK LIMITED
(Company Registration No. 193500026Z)
(Incorporated in the Republic of Singapore)

for and on behalf of

NEWMEDCO GROUP LTD.
(Company Registration No.: 382999)
(Incorporated in the Cayman Islands)

to acquire all the issued and paid-up ordinary shares in the capital of the Company other than those shares held in treasury and those shares held, directly or indirectly, by the Offeror as at the date of the Offer

Independent Financial Adviser to the Independent Directors of the Company



XANDAR CAPITAL PTE. LTD.

(Company Registration No.: 200002789M)
(Incorporated in the Republic of Singapore)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 18 APRIL 2022 ("CLOSING DATE") OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR

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DEFINITIONS

In this Circular, the following definitions apply throughout except where the context otherwise requires:

“ACRA”	:	The Accounting and Corporate Regulatory Authority of Singapore
“Awards”	:	Shall have the meaning ascribed to it in Section 2.1(b) of the Offer Document and as reproduced in Section 2.1 of this Circular
“Balance Promoters’ Loans”	:	Shall have the meaning ascribed to it in Section 4.7(C) of the Offer Document and as reproduced in Section 3 of this Circular
“Board”	:	The board of Directors of the Company as at the Latest Practicable Date
“Business Day”	:	A day other than Saturday, Sunday or a public holiday on which commercial banks are open for business in Singapore
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	The SGX-ST Listing Manual Section B: Rules of Catalist in force as at the Latest Practicable Date
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 4 April 2022 issued by the Company to the Shareholders in relation to the Offer
“Closing Date”	:	5.30 p.m. (Singapore time) on 18 April 2022 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer
“Code”	:	The Singapore Code on Take-overs and Mergers
“Companies Act”	:	The Companies Act 1967 of Singapore
“Company Securities”	:	Shares, securities which carry voting rights in the Company, or convertible securities, warrants, options or derivatives in respect of such Shares or securities
“Compulsory Acquisition”	:	Shall have the meaning ascribed to it in Section 8.2 of the Offer Document and as reproduced in Section 7 of this Circular
“Consortium Arrangements”	:	Shall have the meaning ascribed to it in Section 4.7 of the Offer Document and as reproduced in Section 3 of this Circular
“Constitution”	:	The memorandum and articles of association of the Company, as amended from time to time up to the Latest Practicable Date
“CPF”	:	The Central Provident Fund
“Directors”	:	The directors of the Company as at the Latest Practicable Date
“Distributions”	:	Shall have the meaning ascribed to it in Section 2.3 of the Offer Document and as reproduced in Section 2.2 of this Circular
“Encumbrances”	:	Shall have the meaning ascribed to it in Section 2.3 of the Offer Document and as reproduced in Section 2.2 of this Circular

DEFINITIONS

- “FAA”** : Forms of Acceptance and Authorisation for Offer Shares which form part of the Offer Document and which are issued to Shareholders whose Offer Shares are deposited with CDP
- “FAT”** : Forms of Acceptance and Transfer for Offer Shares, which form part of the Offer Document and which are issued to Shareholders whose Offer Shares are not deposited with CDP
- “FY”** : Financial year ended or ending on, as the case may be, 31 December of a particular year as stated
- “FY2021 Results”** : The audited consolidated financial statements of the Group for FY2021, as set out in the annual report of the Company published on the SGXNET on 30 March 2022, as set out in Appendix IV to this Circular
- “IFA Letter”** : The letter dated 4 April 2022 from the IFA to the Independent Directors containing its advice in relation to the Offer, as set out in Appendix I to this Circular
- “Independent Directors”** : The Directors who are considered to be independent for the purposes of the Offer, namely, Mr. Ng Boon Yew, Ms. See Tho Soat Ching and Ms. Linda Hoon Siew Kin
- “INT SFRS(I)”** : Has the meaning ascribed to it in Section 10.4 of Appendix II to this Circular
- “Interested Person”** : As defined in the Note on Rule 24.6 of the Code and read with the Note on Rule 23.12 of the Code, an interested person, in relation to a company, is:
- (a) a director, chief executive officer, or Substantial Shareholder of the company;
 - (b) the immediate family of a director, the chief executive officer, or a Substantial Shareholder (being an individual) of the company;
 - (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a Substantial Shareholder (being an individual) and his immediate family is a beneficiary;
 - (d) any company in which a director, the chief executive officer or a Substantial Shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;
 - (e) any company that is the subsidiary, holding company or fellow subsidiary of the Substantial Shareholder (being a company); or
 - (f) any company in which a Substantial Shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more
- “Irrevocable Undertakings”** : Means the Promoters' Irrevocable Undertakings, and the KIHL Irrevocable Undertaking

DEFINITIONS

“KIHLL Irrevocable Undertaking”	:	Shall have the meaning ascribed to it in Section 4.4(b) of the Offer Document and as reproduced in Section 3 of this Circular
“Latest Practicable Date”	:	28 March 2022, being the latest practicable date prior to the dissemination of this Circular
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Notification Letter”	:	A notification letter despatched by UOB for and on behalf of the Offeror, containing the instructions for the electronic retrieval of the Offer Document dated 21 March 2022
“Offer”	:	The voluntary unconditional cash offer made by UOB for and on behalf of the Offeror, to acquire all Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and/or the FAT (as applicable), as may be amended or revised from time to time by or on behalf of the Offeror
“Offer Announcement”	:	The announcement relating to the Offer issued by UOB, for and on behalf of the Offeror, on the Offer Announcement Date
“Offer Announcement Date”	:	7 March 2022, being the date of the Offer Announcement
“Offer Document”	:	The offer document dated 21 March 2022, and any other document(s) which may be issued by UOB, for and on behalf of the Offeror, to amend, revise, supplement or update the document(s) from time to time, including the FAA and/or the FAT, as the case may be
“Offer Price”	:	S\$0.295 in cash for each Offer Share
“Offer Shares”	:	All Shares other than those Shares held in treasury and those Shares already held, directly or indirectly, by the Offeror as at the date of the Offer
“Offeree Notification”	:	Has the meaning ascribed to it in Section 16 of this Circular
“Offeror Securities”	:	The shareholdings of the: (i) equity share capital; (ii) securities which carry substantially the same rights as any to be issued as consideration for the Offer; and (iii) convertible securities, warrants, options and derivatives in respect of (i) or (ii) in the Offeror
“Overseas Shareholders”	:	Shareholders whose addresses are outside Singapore, as shown in the Register or the Depository Register
“Promoters’ Irrevocable Undertakings”	:	Shall have the meaning ascribed to it in Section 4.7(b) of the Offer Document and as reproduced in Section 3 of this Circular
“Promoters’ Loans”	:	Shall have the meaning ascribed to it in Section 4.7(b)(iii) of the Offer Document and as reproduced in Section 3 of this Circular

DEFINITIONS

“Record Date”	:	Shall have the meaning ascribed to it in Section 2.4(a) of the Offer Document and as reproduced in Section 2.3 of this Circular
“Register”	:	The register of holders of the Shares, as maintained by the Share Registrar
“Relevant Financing Arrangements”	:	Shall have the meaning ascribed to it in Paragraph 1.4 of Appendix III of the Offer Document and as reproduced in Section 9 of this Circular
“Set-Off Portion”	:	Shall have the meaning ascribed to it in Section 4.7(b)(iv) of the Offer Document and as reproduced in Section 3 of this Circular
“SFA”	:	The Securities and Futures Act 2001 of Singapore
“SFRS(I)”	:	Has the meaning ascribed to it in Section 10.4 of Appendix II to this Circular
“SGXNET”	:	The Singapore Exchange Network, the corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SHA”	:	Shall have the meaning ascribed to it in Section 4.7(a) of the Offer Document and as reproduced in Section 3 of this Circular
“Shareholders”	:	Persons who are registered as holders of Shares in the Register and Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Issued and paid-up ordinary shares in the capital of the Company
“SOG ESOS”	:	Shall have the meaning ascribed to it in Section 2.1(c) of the Offer Document and as reproduced in Section 2.1 of this Circular
“SOG PSP”	:	Shall have the meaning ascribed to it in Section 2.1(b) of the Offer Document and as reproduced in Section 2.1 of this Circular
“SRS”	:	The Supplementary Retirement Scheme
“SRS Agent Banks”	:	Agent banks included under the SRS
“SRS Investors”	:	Investors who have purchased Shares using their SRS contributions pursuant to SRS
“Statements of Prospects”	:	Has the meaning ascribed to it in Appendix I of this Circular
“Substantial Shareholder”	:	A person who has an interest in not less than five per cent. (5%) of the total number of issued voting Shares
“Transaction”	:	The Offer and (if applicable) the Compulsory Acquisition
“S\$” and “cents”	:	Singapore dollars and cents, respectively, being the lawful currency of the Republic of Singapore

DEFINITIONS

“Voluntary Delisting Rules” : Shall have the meaning ascribed to it in Section 8.3 of the Offer Document and as reproduced in Section 6 of this Circular

“VWAP” : Volume weighted average price

“%” or “per cent.” : Per centum or percentage

Companies/Individuals

“BST” : Beh Suan Tiong

“Company” : Singapore O&G Ltd.

“CWL” : Choo Wan Ling

“Dymon Asia” : Shall have the meaning ascribed to it in Section 4.2 of the Offer Document and as reproduced in Section 3 of this Circular

“Dymon Fund” : Shall have the meaning ascribed to it in Section 4.2 of the Offer Document and as reproduced in Section 3 of this Circular

“Dymon SPV” : Shall have the meaning ascribed to it in Section 4.2 of the Offer Document and as reproduced in Section 3 of this Circular

“Group” : The Company and its subsidiaries

“HTL” : Heng Tung Lan

“IFA” or “Xandar” : Xandar Capital Pte. Ltd., the independent financial adviser to the Independent Directors

“Independent Auditor” : Foo Kon Tan LLP

“JL” : Joyce Lim Teng Ee

“KIHLL” : Shall have the meaning ascribed to it in Section 4.4(a) of the Offer Document and described in Section 3 of this Circular

“LCP” : Lim Cheok Peng

“LFH” : Loh Foong Han

“LKW” : Lee Keen Whye

“Offeror” : NewMedCo Group Ltd.

“Offeror Shareholders” : Shall have the meaning ascribed to it in Section 4.7 of the Offer Document and as reproduced in Section 3 of this Circular

“Promoters” : Shall have the meaning ascribed to it in Section 4.6 of the Offer Document and as reproduced in Section 3 of this Circular

“RQ” : Quek Hong Sheng Roy

“Share Registrar” : Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.)

“SIC” : Securities Industry Council of Singapore

DEFINITIONS

“Sponsor”	: Hanaan Health Group Ltd.
“UOB”	: United Overseas Bank Limited, financial adviser to the Offeror in relation to the Offer

Unless otherwise defined, the terms **“acting in concert”** shall have the meanings ascribed to them in the Code.

Announcements and notices. References to the making of an announcement or the giving of notice by the Company shall include the release of an announcement by the Company or its agents, for and on behalf of the Company, to the press or the delivery of or transmission by telephone, telex, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified to the SGX-ST simultaneously.

Appendices. Reference to any Appendix shall refer to the Appendices of this Circular, unless otherwise specified.

Capitalised terms in the extracts. Capitalised terms used in the extracts of the Offer Document, the IFA Letter, and the Constitution shall bear the same meanings as attributed to them in the Offer Document, the IFA Letter, and the Constitution respectively, unless otherwise specified.

Depositors. The expressions **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the same meanings as ascribed to them respectively in Section 81SF of the SFA.

Expressions. Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one gender shall include the other and neuter genders. References to persons shall, where applicable, include corporations.

Headings. The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Rounding. Any discrepancies in this Circular between the listed amounts and the total thereof are due to rounding. Accordingly, figures shown in totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Shareholders. References to **“you”**, **“your”** and **“yours”** in this Circular are, as the context so determines, to the Shareholders.

Statutes. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined in the Companies Act, the SFA, the Catalist Rules or the Code or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Catalist Rules or the Code or any statutory modification thereof, as the case may be, unless the context otherwise requires.

Subsidiary and Related Corporation. The terms **“subsidiary”** and **“related corporation”** shall have the meanings ascribed to them in Section 5 and Section 6 of the Companies Act.

Time and date. Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

Total number of Shares and Percentage as at the Latest Practicable Date. In this Circular, unless the context otherwise requires, (a) any reference to the total number of Shares is a reference to a total number of 477,346,620 Shares in issue (excluding 1,999,990 treasury shares) as at the Latest Practicable Date (based on the results of the instant information search of the Company dated the Latest Practicable Date conducted with ACRA), and (b) any reference to a percentage shareholding in the capital of the Company is calculated based on 477,346,620 Shares in issue (excluding 1,999,990 treasury shares) as at the Latest Practicable Date (based on the results of the instant information search of the Company dated the Latest Practicable Date conducted with ACRA).

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as **“aim”**, **“seek”**, **“expect”**, **“anticipate”**, **“estimate”**, **“believe”**, **“intend”**, **“project”**, **“plan”**, **“potential”**, **“strategy”**, **“forecast”**, **“possible”**, **“probable”** and similar expressions or future or conditional verbs such as **“if”**, **“will”**, **“would”**, **“should”**, **“could”**, **“may”** or **“might”**. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future results, performance, events or achievements and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Given the risks and uncertainties involved, Shareholders and investors should not place undue reliance on such forward-looking statements and information. Neither the Company nor the IFA guarantees any future performance or event, or undertakes any obligation to update publicly or publicly announce any revisions to those forward-looking statements, subject to compliance with any applicable laws and regulations, the Code, the Catalist Rules and/or any other regulatory or supervisory body or agency.

INDICATIVE TIMELINE

Date of dissemination of the Offer Document : 21 March 2022

Date of dissemination of this Circular : 4 April 2022

Closing Date : 5.30 p.m. (Singapore time) on 18 April 2022⁽¹⁾ or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

Please refer to paragraph 1 of Appendix IV to the Offer Document for further information.

Settlement of consideration for valid acceptances of the Offer : In respect of acceptances of the Offer which are complete and valid in all respects and in accordance with the instructions stated in, *inter alia*, the Offer Document, within seven (7) Business Days of the date of such receipt of acceptance.

Please refer to paragraph 2 of Appendix IV to the Offer Document for further information.

Note:

- (1) Pursuant to Rule 22.6 of the Code, as the Offeror has not stated in the Offer Document that the Offer will not be extended beyond the first closing date, the Offer will remain open for a period of not less than 14 days after the date on which the Offer would otherwise have closed.

LETTER TO SHAREHOLDERS

SINGAPORE O&G LTD.

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

Board of Directors:

DR. BEH SUAN TIONG

(Executive Chairman)

DR. HENG TUNG LAN

(Founder and Executive Director)

MR. NG BOON YEOW

(Lead Independent Director)

MS. SEE THO SOAT CHING

(Independent Director)

MS. LINDA HOON SIEW KIN

(Independent Director)

Registered Office:

229 Mountbatten Road

#02-02

Mountbatten Square

Singapore 398007

4 April 2022

To: The Shareholders of Singapore O&G Ltd.

Dear Sir/Madam

VOLUNTARY UNCONDITIONAL CASH OFFER BY UOB, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES

1. INTRODUCTION

1.1 Offer Announcement

On the Offer Announcement Date, UOB announced, for and on behalf of the Offeror, that the Offeror intends to make a voluntary unconditional cash offer for all the Shares, other than any Shares held in treasury and those Shares held, directly or indirectly, by the Offeror as at the date of the Offer in accordance with Rule 15 of the Code.

The Offer Announcement is available on the SGXNET at www.sgx.com.

1.2 Offer Document

On 21 March 2022, UOB despatched, for and on behalf of the Offeror, the Notification Letter to Shareholders containing, *inter alia*, instructions on how Shareholders can locate the Offer Document electronically. Together with the Notification Letter, the FAA and FAT were also despatched to the Shareholders on 21 March 2022.

The Offer Document sets out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in Section 2 of the Offer Document.

Shareholders are advised to read the terms and conditions of the Offer as set out in the Offer Document carefully.

An electronic copy of the Offer Document is available for download on the website of the SGX-ST at <http://www.sgx.com> and on the website of the Company at <https://www.sog.com.sg/>.

LETTER TO SHAREHOLDERS

1.3 Independent Financial Adviser

The Company has appointed Xandar as the independent financial adviser to advise the Independent Directors in respect of the Offer. The advice of the IFA is set out in the IFA Letter in Appendix I to this Circular.

1.4 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Company and the Offer, and to set out the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors with regard to the Offer.

Shareholders should read the Offer Document, this Circular and the IFA Letter carefully and consider the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer before deciding on whether to accept or reject the Offer.

If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, legal adviser, accountant, tax adviser or other professional adviser immediately.

2. THE OFFER

The Offer is made by UOB, for and on behalf of the Offeror, on the principal terms set out in Section 2 of the Offer Document, extracts of which are set out below.

Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as ascribed to them in the Offer Document.

2.1 Offer Shares and Offer Price

For each Offer Share: S\$0.295 in cash.

Section 2.1 and 3.2 of the Offer Document sets out information on the Offer and the share capital of the Company, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

2. THE OFFER

2.1 Offer Shares

The Offer is extended, on the same terms and conditions, to:

(a) all the Shares, other than any Shares held in treasury and those Shares held, directly or indirectly, by the Offeror as at the date of the Offer;

*(b) all new Shares unconditionally issued or delivered pursuant to the valid vesting and release of any awards ("**Awards**") for new Shares granted under the SOG Performance Share Plan ("**SOG PSP**"), approved by the Shareholders on 6 May 2015, prior to the close of the Offer (if any); and*

*(c) all new Shares unconditionally issued or delivered pursuant to the valid exercise of any options granted under the SOG Employee Share Option Scheme ("**SOG ESOS**"), approved by the Shareholders on 6 May 2015, prior to the close of the Offer (if any).*

*For the purposes of the Offer, the expression "**Offer Shares**" will include all such Shares.*

LETTER TO SHAREHOLDERS

3.2 Share Capital

As at the Latest Practicable Date, based on the results of the electronic instant information search of the Company obtained from ACRA, the Company has an issued and paid-up share capital of S\$28,096,857.77 comprising 476,136,344 Shares (excluding 1,999,990 Shares held by the Company as treasury shares).

As at the Latest Practicable Date, based on information available to the Offeror:

(a) the Company has granted Awards to eligible employees under the SOG PSP. Out of the 2,543,608 Shares granted or to be granted pursuant to such Awards:

- (i) 1,333,332 Shares have been allotted and issued to eligible employees; and*
- (ii) there are 1,210,276 Awards outstanding that have not yet vested; and*

(b) while the Company has in place the SOG ESOS, no option has been granted pursuant to the SOG ESOS.

2.2 **No Encumbrances**

Section 2.3 of the Offer Document sets out information on the Offer Shares, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

2.3 No Encumbrances

*The Offer Shares will be acquired (a) fully paid; (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever ("**Encumbrances**"); and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, other distributions and return of capital ("**Distributions**") which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date).*

2.3 **Adjustment for Distributions**

Section 2.4 of the Offer Document sets out information on how the Offer Price is determined, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

2.4 Adjustment for Distributions

*Without prejudice to the generality of the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distributions that may be announced, declared, paid or made by the Company on or after the Offer Announcement Date (including the final one-tier tax exempt dividend of S\$0.009 per Share for the financial year ended 31 December 2021 proposed by the directors of the Company (the "**FY2021 Dividend**")). **In the event that any Distribution has been paid or made by the Company to a Shareholder who accepts the Offer, the Offer Price payable to such accepting Shareholder shall be reduced by an amount which is equal to the amount of such Distribution paid or made by the Company to such accepting Shareholder.***

Accordingly, the following will apply if any Distribution (including the FY2021 Dividend) is declared, paid or made by the Company on or after the Offer Announcement Date:

LETTER TO SHAREHOLDERS

- (a) if the settlement date in respect of the Offer Shares accepted pursuant to the Offer falls on or before the record date for the determination of entitlements to the Distribution (the "**Record Date**"), the Offeror will pay the relevant accepting Shareholders the Offer Price of S\$0.295 in cash for each Offer Share, as the Offeror will receive the Distribution in respect of those Offer Shares from the Company; and
- (b) if the settlement date in respect of the Offer Shares accepted pursuant to the Offer falls after the Record Date, the amount of the Distribution in respect of such Offer Shares will be deducted from the Offer Price of S\$0.295 in cash for each Offer Share payable for such Offer Shares, as the Offeror will not receive the Distribution in respect of those Offer Shares from the Company.

In respect of the FY2021 Dividend, the Record Date has been announced by the Company to be 5 May 2022.

2.4 Unconditional Offer

The Offer is unconditional in all respects.

2.5 Warranty

Section 2.6 of the Offer Document states the representations and warranties of a Shareholder who tenders his Offer Shares in acceptance of the Offer Shares, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document

2.6 Warranty

Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (a) fully paid; (b) free from all Encumbrances; and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all Distributions which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date).

2.6 Closing Date

Except insofar as the Offer may be withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances by Shareholders for a period of at least 28 days from the date of posting of the Offer Document.

Accordingly, Shareholders should note that the Offer will close at 5.30 p.m. (Singapore time) on 18 April 2022 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

2.7 Details of the Offer

The details of the Offer relating to (a) the duration of the Offer; (b) the settlement of the consideration for the Offer; (c) the requirements relating to the announcement of the level of acceptances of the Offer; and (d) the right of the withdrawal of acceptances of the Offer are set out in Section 2.8 and Appendix IV to the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

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APPENDIX IV DETAILS OF THE OFFER

1. DURATION OF THE OFFER

1.1 Closing Date

Except insofar as the Offer may be withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances for a period of at least 28 days from the date of electronic dissemination of this Offer Document.

The Offer will close at 5.30 p.m. (Singapore time) on 18 April 2022 (the “Closing Date”) or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

1.2 Offer to Remain Open for 14 Days Thereafter

Pursuant to Rule 22.6 of the Code, as the Offeror has not stated in this Offer Document that the Offer will not be extended beyond the first closing date, the Offer will remain open for a period of not less than 14 days after the date on which the Offer would otherwise have closed.

1.3 Revision

Pursuant to Rule 20.1 of the Code, the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders including those who had previously accepted the Offer.

1.4 Subsequent Closing Date(s)

If there is an extension of the Offer, pursuant to Rule 22.4 of the Code, any announcement of an extension will state the next closing date or if the Offer is unconditional as to acceptances, a statement may be made that the Offer will remain open until further notice. In the latter case, those Shareholders who have not accepted the Offer will be notified in writing at least 14 days before the Offer is closed.

2. SETTLEMENT

Subject to the receipt by the Offeror from accepting Shareholders of valid acceptances, complete in all respects and in accordance with the instructions given in this Offer Document, the FAA, the FAT and/or the terms and conditions for Electronic Acceptance (as the case maybe) and in the case of a depositor, the receipt by the Offeror of confirmation satisfactory to it that the relevant number of Offer Shares are standing to the credit of the “Free Balance” of such depositor’s Securities Account at the relevant time(s), remittances for the appropriate amounts will be despatched, pursuant to Rule 30 of the Code, to the accepting Shareholder (or, in the case of a Shareholder holding share certificate(s) which is not deposited with CDP, his designated agent (if any)) by means of:

(a) in the case of an accepting Shareholder who has subscribed to CDP’s Direct Crediting Services (“DCS”), credited directly into such Shareholder’s designated bank account for S\$ via CDP’s DCS (or in such other manner as such accepting Shareholder may have agreed with CDP for the payment of any cash distribution). In the case of an accepting Shareholder who has not subscribed to CDP’s DCS, any monies to be paid to such Shareholder shall be credited to his Cash Ledger and be subject to the same terms and conditions as Cash Distributions under the CDP Operation of Securities Account with the Depository Terms and Conditions (Cash Ledger and Cash Distribution are as defined therein); or

(b) in the case of an accepting Shareholder holding share certificate(s) which are not deposited with CDP, a S\$ crossed cheque drawn on a bank operating in Singapore and sent by ordinary post to his address stated in his FAT or if none is stated, to his address as indicated in the register of members of the Company, at the risk of the accepting Shareholder,

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as soon as practicable but in any event within seven (7) business days of the date of such receipt.

3. ANNOUNCEMENTS

3.1 Pursuant to Rule 28.1 of the Code, by 8.00 a.m. (Singapore time) on the dealing day immediately after the day on which the Offer is due to expire, or is revised or extended (if applicable), the Offeror will announce and simultaneously inform the SGX-ST of the total number of Shares (as nearly as practicable):

(a) in respect of which valid acceptances of the Offer have been received;

(b) held by the Offeror and any person acting in concert with it before the Offer Period; and

(c) acquired or agreed to be acquired by the Offeror and any person acting in concert with it during the Offer Period,

and will specify the percentages of the total number of Shares represented by such numbers.

3.2 Under Rule 28.2 of the Code, if the Offeror is unable, within the time limit, to comply with the rule set out in paragraph 3.1 above, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares until the relevant information is given.

3.3 In this Offer Document, references to the making of any announcement or the giving of notice by the Offeror include the release of an announcement by UOB or advertising agents, for and on behalf of the Offeror, to the press or the delivery of or transmission by telephone or facsimile or through SGXNET or otherwise through an announcement on the website of the SGX-ST. An announcement made otherwise than on the website of the SGX-ST shall be notified simultaneously to the SGX-ST.

3.4 In computing the number of Offer Shares represented by acceptances, the Offeror will at the time of making an announcement take into account acceptances which are valid in all respects.

4. RIGHT OF WITHDRAWAL

Except as expressly provided in this Offer Document and the Code, acceptances of the Offer shall be irrevocable.

2.8 Procedures for Acceptance

The procedures for acceptance are set out in Section 2.9 and Appendix V to the Offer Document and in the accompanying FAA and/or FAT (as applicable).

3. INFORMATION ON THE OFFEROR, THE SPONSOR AND THE CONSORTIUM

Section 4 of the Offer Document sets out certain information on the Offeror, the Sponsor and the Consortium, extracts of which are set out below. Additional information on the Offeror extracted from Appendix I to the Offer Document is set out in Appendix III to this Circular. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

4. INFORMATION ON THE OFFEROR, THE SPONSOR AND THE CONSORTIUM

4.1 The Offeror

The Offeror is a special purpose vehicle incorporated under the laws of the Cayman Islands on 5 November 2021. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$10,000, comprising 100,000 ordinary shares, which are held by the shareholders of the Offeror as follows:

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Name of Offeror Shareholder	Number of Offeror Shares	Proportion of the total number of issued Offeror Shares
Sponsor	57,307	57.307%
HTL	20,241	20.241%
LKW	4,588	4.588%
BST	6,919	6.919%
JL	5,916	5.916%
CWL	5,029	5.029%
Total	100,000	100.00%

The board of directors of the Offeror comprises BST, CWL, RQ and Mr. Tan Keng Soon (Keith)⁽¹⁾ (“**KT**”).

Note:

(1) Mr. Tan Keng Soon (Keith) is the Founding Partner of Dymon Asia Capital Ltd. (the holding company of the Dymon group) and Chairman of the Dymon Asia Private Equity Investment Committee.

4.2 The Sponsor

The Sponsor is a special purpose vehicle incorporated under the laws of the Cayman Islands on 5 November 2021 and is held by three (3) shareholders, namely: (a) Stork Health Holdings L.P. (acting by its general partner Stork Health Holdings Ltd.) (“**Dymon SPV**”), a special purpose vehicle incorporated under the laws of the Cayman Islands on 5 November 2021, which is wholly-owned by Dymon Asia Private Equity (S.E. Asia) II Ltd. (acting as a general partner for and on behalf of Dymon Asia Private Equity (S.E. Asia) Fund II, L.P. (“**Dymon Fund**”)) (“**Dymon Asia**”); (b) LCP; and (c) RQ. The majority of the shares in the Sponsor are held by the Dymon SPV and the business of the Sponsor is to invest in or acquire corporations in the healthcare sector, including entering into the Consortium Arrangements (as defined in paragraph 4.7 below) with the Promoters through the Offeror.

4.3 Dymon Asia

Dymon Asia is managed by Dymon Asia Private Equity (Singapore) Pte. Ltd., a Singapore based fund manager that manages Dymon Asia Private Equity (S.E. Asia) Fund, L.P., which has a committed capital of S\$300 million and Dymon Fund, which has commitments of US\$450 million.

4.4 LCP

LCP has more than 40 years of healthcare experience both as a medical practitioner and in managing healthcare businesses. He is a Fellow of the Royal Colleges of Physicians of Edinburgh and Glasgow and the Academy of Medicine Singapore. LCP sits as a member of the Disciplinary Tribunal of the Singapore Medical Council, has practised Internal Medicine and Cardiology at Mount Elizabeth Hospital in Singapore since January 1985 and has been a physician at Gleneagles Hospital and Parkway East Hospital since January 1985 and June 1985 respectively. LCP was appointed as Chairman of the Kidney Dialysis Foundation Limited in August 2019. Before his appointment as Chairman of the Kidney Dialysis Foundation Limited, LCP was the Chairman of Ophir Ventures Sdn Bhd, a wholly-owned subsidiary of Khazanah Nasional Bhd. Prior to that, he was a Senior Adviser to the Board of

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Directors at IHH Healthcare Bhd after he stepped down as Managing Director of IHH Healthcare Bhd. LCP has also served as Managing Director and Chief Executive Officer of Parkway Holdings Ltd.

As at the Latest Practicable Date:

(a) LCP and LFH, indirectly own 456,000 Shares, representing approximately 0.10% of the total number of issued Shares, through Kessler Investment Holding Limited (“**KIHL**”) ⁽¹⁾, a special purpose vehicle incorporated in the British Virgin Islands. KIHL is held by LCP and LFH in equal proportions; and

(b) KIHL has provided an irrevocable undertaking in favour of the Offeror, pursuant to which KIHL has undertaken and/or agreed, inter alia, to accept or procure the acceptance of, the Offer in respect of all the 456,000 Shares referred to in sub-paragraph (a) above (the “**KIHL Irrevocable Undertaking**”).

The SIC has confirmed that LCP’s participation in the Offer as a shareholder of the Sponsor does not constitute a special deal for the purpose of Rule 10 of the Code.

Note:

(1) The 456,000 Shares are held in KIHL’s name under Raffles Nominees (Pte.) Limited account.

4.5 RQ

RQ is currently a director at Mediacorp Pte. Ltd., Leap Philanthropy Ltd, the Kidney Dialysis Foundation and the SingHealth Fund-Changi General Hospital Institutional Fund. He is also the Chairman and Founding Governor of St. Joseph’s Institution International School and St. Joseph’s Institution International Elementary School Ltd. RQ was the former executive chairman of Thomson Medical Pte. Ltd. and Group Chief Executive/Executive Director of Thomson Medical Group Limited and TMC Life Sciences Bhd. Prior to joining the corporate sector, he was a Senior Public Service Leader in the Singapore Administrative Service. Among his appointments in the civil service were Founding Director of the National Population Secretariat in the Prime Minister’s Office and Deputy Secretary in the Ministries of Health and Home Affairs. RQ also served in the Ministry of Defence, Ministry of Education and Ministry of Community Development, Youth & Sports.

4.6 The Promoters

As at the Latest Practicable Date, BST, HTL, LKW, JL and CWL (collectively, the “**Promoters**” and each, a “**Promoter**”) own or control an aggregate of 340,014,702 Shares, representing approximately 71.41% of the total number of issued Shares, details of which are set out in paragraph 1.1 of **APPENDIX III** to this Offer Document. As mentioned in paragraph 1 of **APPENDIX II** of this Offer Document, BST and HTL are executive directors of the Company. LKW, JL and CWL are specialist medical practitioners employed by the Group.

4.7 Consortium Arrangements

The Sponsor and the Promoters (collectively, the “**Offeror Shareholders**”) have agreed to form a consortium through the Offeror to undertake the Offer. The Offeror Shareholders had, as at the Offer Announcement Date, entered into the following arrangements (collectively, the “**Consortium Arrangements**”):

(a) a shareholders’ agreement (the “**SHA**”) to, inter alia, regulate the relationship of the Offeror Shareholders inter se as shareholders of the Offeror and in the conduct of the business and affairs of the Offeror (including the Offer).

As the Offeror and Offeror Shareholders intend and desire that there be continuity as well as continued growth and development of the business and operations of the Group, the Offeror and Offeror Shareholders had agreed under the SHA that after the completion of the Transaction, save in respect of LKW, each Promoter shall enter into a new service

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agreement with the Company on substantially the same terms as the existing service agreement entered into between the relevant Promoter (or, in the case of JL, the relevant entity controlled by her) and the Company, save that the new service agreement shall provide for an initial term of five (5) years from the date of the completion of the Transaction in respect of each Promoter (or in the case of JL, the relevant entity controlled by her); and

(b) each of the Promoters has provided an irrevocable undertaking in favour of the Offeror (collectively, the “**Promoters’ Irrevocable Undertakings**” and each, a “**Promoter’s Irrevocable Undertaking**”) pursuant to which the Promoters undertook and/or agreed, inter alia:

- (i) to accept the Offer in respect of all the Shares held directly or indirectly by them, details of which are set out in paragraph 5.1 to this Offer Document;
- (ii) to waive their rights to receive any cash settlement or payment for acceptance of the Offer within the time period prescribed under Rule 30 of the Code;
- (iii) that the total cash consideration payable by the Offeror for such acceptances from the Promoters in respect of the Shares held by them will be regarded as interest-free shareholder loans extended by the Promoters to the Offeror (the “**Promoters’ Loans**”); and
- (iv) that after the close of the Offer, a portion of such Promoters’ Loans will be settled via the issuance of new shares in the Offeror (“**Set-Off Portion**”), with the remaining portion of such Promoters’ Loans (in excess of the Set-Off Portion) to be settled in cash.

Pursuant to the terms of the SHA, the Offeror Shareholders have agreed, inter alia, that:

(A) save for the Promoters’ Irrevocable Undertakings, all matters relating to the Offer will require the unanimous approval of the Sponsor and the Promoters;

(B) each Promoter shall contribute to the Offeror the Promoters’ Loans and such Promoters’ Loans will be repaid by the Offeror to the Promoters as soon as reasonably practicable following the completion of the Transaction, in the manner set out in paragraph 4.7(C) below;

(C) following the completion of the Transaction:

- (1) the Sponsor shall subscribe for additional Offeror Shares in cash, the amount of which will depend on the final acceptance level upon the close of the Offer and the related transaction costs incurred; and
- (2) each of the Promoters shall subscribe for such number of additional Offeror Shares (for which the consideration payable shall be set off by the Set-Off Portion),

such that the resulting shareholding proportions in the Offeror remains unchanged as set out in the third column of the table in paragraph 4.1 above. The balance portion of the Promoters’ Loans (in excess of the Set-Off Portion) owed by the Offeror to the Promoters will remain as interest-free loans extended by the Promoters to the Offeror, (“**Balance Promoters’ Loans**”). The Balance Promoters’ Loans will be repaid by the Offeror to each Promoter in cash within 20 business days following the completion of the Transaction;

(D) each Promoter undertakes to the Sponsor that during the period commencing from the date of the SHA and ending on the third (3rd) anniversary of the date of completion of the Transaction, such Promoter shall not directly or indirectly sell, transfer, mortgage, charge, pledge, grant an option over, or otherwise dispose of or create encumbrances over the Offeror Shares he/she owns without the prior written approval of the Sponsor; and

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(E) the number of Directors on the board of directors of the Offeror shall be four (4), of which two (2) Directors shall be nominated by the Sponsor and two (2) Directors shall be nominated by the Promoters (acting jointly). The initial Directors shall comprise KT and RQ who are Directors nominated by the Sponsor, and BST and CWL who are Directors nominated by the Promoters.

The SIC has confirmed that the Consortium Arrangements do not constitute special deals for the purpose of Rule 10 of the Code.

4.8 Shareholding in the Offeror

The shareholding in the Offeror will be maintained at the shareholding proportions set out in paragraph 4.1 above throughout the period of the Offer.

4. IRREVOCABLE UNDERTAKINGS

Section 5 of the Offer Document sets out information in relation to irrevocable commitments in relation to the Offer, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

5. IRREVOCABLE UNDERTAKINGS

5.1 Details of Promoters' Irrevocable Undertakings

As at the Latest Practicable Date, each of the Promoters has executed a Promoter's Irrevocable Undertaking dated 4 March 2022 in favour of the Offeror, pursuant to which each of them has undertaken, *inter alia*, to accept the Offer in respect of all the Shares held by them.

Details of the Promoters' shareholding in the Company which will be tendered in acceptance of the Offer by each Promoter pursuant to their respective Promoters' Irrevocable Undertakings are as follows:

Promoter	Number of Shares to be tendered in acceptance of the Offer	Percentage of the total number of issued Shares ⁽¹⁾
BST	48,008,452	10.08%
HTL	140,453,614	29.50%
LKW	75,600,356	15.88%
JL	41,053,002	8.62%
CWL	34,899,278	7.33%
Total	340,014,702	71.41%

Note:

(1) In this Offer Document, any discrepancies between the listed percentages and the totals shown thereof are due to rounding. Accordingly, figures shown as totals in this Offer Document may not be an arithmetic aggregation of the figures that precede them.

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5.2 Details of KIHL Irrevocable Undertaking

As at the Latest Practicable Date, KIHL has executed the KIHL Irrevocable Undertaking dated 4 March 2022 in favour of the Offeror, pursuant to which KIHL has undertaken, inter alia, to accept or procure the acceptance of, the Offer in respect of the 456,000 Shares held by KIHL, representing approximately 0.10% of the total number of issued Shares.

5.3 Termination of Promoters' Irrevocable Undertakings or the KIHL Irrevocable Undertaking

Each Promoter's Irrevocable Undertaking and the KIHL Irrevocable Undertaking will terminate, lapse and cease to have any effect if the Offer is withdrawn or lapses for whatever reason, other than due to a breach by the relevant Promoter or KIHL (as the case may be) of any of his/her/its obligations under the relevant Promoter's Irrevocable Undertaking or the KIHL Irrevocable Undertaking (as the case may be).

5.4 No Other Irrevocable Undertakings

Save for the Promoters' Irrevocable Undertakings and the KIHL Irrevocable Undertaking, as at the Latest Practicable Date, neither the Offeror nor any persons acting in concert with the Offeror has received any irrevocable undertaking from any other person to accept or reject the Offer.

5. RATIONALE FOR THE OFFER

Section 6 of the Offer Document sets out information on the rationale for the Offer, extracts of which are set out below. Shareholders are advised to read the extract below carefully. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

6. RATIONALE FOR THE OFFER

6.1 Low Trading Liquidity of Shares

*The trading volume of the Shares has been generally low, with an average daily trading volume ⁽¹⁾ of approximately 116,730 Shares, 75,127 Shares, 96,852 Shares and 138,135 Shares during the respective one (1)-month period, three (3)-month period, six (6)-month period and 12-month period up to and including 3 March 2022, being the last full Market Day on which the Shares were transacted immediately prior to the Offer Announcement Date (the "**Last Trading Day**"). Each of these represents less than 0.03% of the total number of issued Shares for any of the aforementioned relevant periods.*

The Offer therefore provides Shareholders who find it difficult to exit the Company as a result of the low trading volume in the Shares with an opportunity to liquidate and realise their investment in the Shares at a premium to the historical traded prices of the Shares, which would otherwise not be available given the low trading liquidity of the Shares.

Note:

(1) Calculated by using the total volume of Shares traded divided by the number of Market Days with respect to the one (1)-month period, three (3)-month period, six (6)-month period and 12-month period respectively up to and including the Last Trading Day

6.2 Offer Price at a Premium to Last Transacted Share Price on the Last Trading Day

The Offer Price represents a premium of approximately 15.69% over the last transacted price per Share of S\$0.255 on the Last Trading Day.

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When compared to the benchmark prices of the Shares up to and including the Last Trading Day, the Offer Price also represents a premium of approximately 14.79%, 12.17%, 11.32% and 11.32% over the volume weighted average price (“VWAP”) per Share for the one (1)-month, three (3)-month, six (6)-month and 12-month periods, respectively.

The Offer presents Shareholders with a clean cash exit opportunity to realise their entire investment in the Shares at a premium over the historical traded prices of the Shares without incurring brokerage and other trading costs.

6.3 Greater Management Flexibility

As described in paragraph 8.3 below, the Offeror is making the Offer with a view to delisting the Company from the Catalist Board and exercising any rights of compulsory acquisition that may arise under Section 215(1) of the Companies Act. The Offeror believes that privatising the Company will give the Offeror and the management of the Company more flexibility to manage the business of the Company, optimise the use of its management and capital resources and facilitate the implementation of any operational change.

6.4 No Necessity for Access to Equity Capital Markets

The Offeror is of the view that the Company is unlikely to require access to Singapore equity capital markets to finance its operations in the foreseeable future as the Company may tap on other funding sources such as bank borrowings. Accordingly, it is not necessary for the Company to maintain its listing on the SGX-ST.

6.5 Reduced Compliance Costs of Maintaining Listing

In maintaining its listed status, the Company incurs compliance and associated costs. In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses relating to the maintenance of a listed status and focus its resources on its business operations.

6. OFFEROR’S INTENTIONS IN RELATION TO THE COMPANY

Section 8.3 of the Offer Document sets out information on the Offeror’s intentions in relation to the Company, extracts of which are set out below. Shareholders are advised to read the extract below carefully and note the Offeror’s future plans for the Company. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

8.3 Offeror’s Intentions

The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its rights of Compulsory Acquisition and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, inter alia, less than 10% of the total number of issued Shares (excluding any Shares held in treasury) are held in public hands.

In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1308 of the Catalist Rules (collectively, the “Voluntary Delisting Rules”). Without prejudice to the foregoing, if the Offeror receives, as at the Closing Date, valid acceptances of the Offer from Shareholders (other than persons acting in concert with the Offeror) (the “Independent Shareholders”) representing at least 75% of the total number of issued Shares held by the Independent Shareholders and subject to substantive compliance with the other requirements set out in the Voluntary Delisting Rules, the Offeror intends to seek the SGX-ST’s waiver from strict compliance with such Voluntary Delisting Rules.

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In the event that the public float is lost and the Offeror is unable to exercise its rights of Compulsory Acquisition or the Company is unable to meet the requirements set out in the Voluntary Delisting Rules, the trading of the Shares may be subjected to a prolonged period of suspension.

Subject to normal business conditions and other than in the normal course of business, the Offeror does not intend to (a) make major changes to the business of the Company or its management team; (b) re-deploy the fixed assets of the Company; or (c) discontinue the employment of the employees of the Group. Nonetheless, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which the Offeror may regard to be in the interests of the Company.

7. LISTING STATUS AND COMPULSORY ACQUISITION

Sections 8.1 and 8.2 of the Offer Document sets out the intentions of the Offeror relating to the listing status of the Company and its rights of compulsory acquisition in respect of the Company, the full text of which have been extracted from the Offer Document and set out below. Shareholders are advised to read the extract below carefully. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

8. LISTING STATUS, COMPULSORY ACQUISITION AND OFFEROR'S INTENTIONS

8.1 Listing Status

Pursuant to Rule 1104 of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "Catalist Rules"), upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued Shares (excluding any Shares held in treasury), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued Shares (excluding any Shares held in treasury) are held by at least 200 Shareholders who are members of the public. Rule 1303(1) of the Catalist Rules provides that where the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding Shares held in treasury), causing the percentage of the total number of Issues Shares (excluding any Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

Under Rule 724(1) of the Catalist Rules, if the percentage of the Shares (excluding any Shares held in treasury) held in public hands falls below 10%, the Company must, as soon as practicable, notify its sponsor of, and announce, that fact, and the SGX-ST may suspend trading of all the Shares. Rule 724(2) of the Catalist Rules states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the Shares (excluding any Shares held in treasury) held in public hands to at least 10%, failing which the Company may be removed from the Official List of the SGX-ST.

8.2 Compulsory Acquisition

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any Shares held in treasury), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares from Shareholders who have not accepted the Offer at a price equal to the Offer Price (the "Compulsory Acquisition").

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In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held in treasury and Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total number of issued Shares, the Shareholders who have not accepted the Offer will have a right to require the Offeror to acquire their Shares at the Offer Price. Such Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

8. FINANCIAL EVALUATION OF THE OFFER

Section 7 of the Offer Document sets out certain information on the financial evaluation of the Offer, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

7. FINANCIAL EVALUATION OF THE OFFER

The Offer Price represents the following premia over the historical traded prices of the Shares:

	Description	Benchmark Price⁽¹⁾⁽²⁾ (S\$)	Premium over Benchmark Price⁽³⁾ (%)⁽⁴⁾
(a)	<i>Last transacted price per Share as quoted on the SGX-ST on 3 March 2022 (being the Last Trading Day)</i>	<i>0.255</i>	<i>15.69</i>
(b)	<i>VWAP of the Shares traded on the SGX-ST for the one (1)-month period prior to and including the Last Trading Day</i>	<i>0.257</i>	<i>14.79</i>
(c)	<i>VWAP of the Shares traded on the SGX-ST for the three (3)-month period prior to and including the Last Trading Day</i>	<i>0.263</i>	<i>12.17</i>
(d)	<i>VWAP of the Shares traded on the SGX-ST for the six (6)-month period prior to and including the Last Trading Day</i>	<i>0.265</i>	<i>11.32</i>
(e)	<i>VWAP of the Shares traded on the SGX-ST for the 12-month period prior to and including the Last Trading Day</i>	<i>0.265</i>	<i>11.32</i>

Notes:

(1) Source: Bloomberg Finance L.P.

(2) The VWAP is calculated based on the VWAP turnover divided by VWAP volume of the Shares for the relevant periods as extracted from Bloomberg Finance L.P.

(3) Computed based on the benchmark prices which were rounded to the nearest three (3) decimal places.

(4) Percentages rounded to the nearest two (2) decimal places.

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9. DISCLOSURES OF INTERESTS

Section 1 of Appendix III to the Offer Document sets out certain information relating to disclosure of interests in Company Securities, certain extracts are set out below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

APPENDIX III ADDITIONAL GENERAL INFORMATION

1. DISCLOSURE OF INTERESTS IN COMPANY SECURITIES

1.1 Holdings in Company Securities

As at the Latest Practicable Date, based on the latest information available to the Offeror, save for the Irrevocable Undertakings and save as set out below, none of the Offeror, the Directors or persons acting or deemed to be acting in concert with the Offeror owns, controls or has agreed to acquire any Company Securities:

Name	Number of Shares	Percentage of total number of issued Shares⁽¹⁾
<u>Offeror</u>	13,205,000	2.77%
<u>Directors</u>		
BST	48,008,452	10.08%
CWL	34,899,278	7.33%
<u>Promoters (Other than the Directors)</u>		
HTL	140,453,614	29.50%
LKW	75,600,356	15.88%
JL	41,053,002	8.62%
<u>Offeror's Concert Parties</u>		
Ms. Heng Siok Hong Veronica ⁽²⁾	472,000	0.10%
Dr. Wong Chui Fong, Anna ⁽³⁾	6,104,524	1.28%
Mr. Lee Tian Loon ⁽⁴⁾	200,000	0.04%
Mr. Lee Tian Yang ⁽⁴⁾	200,000	0.04%
Mr. Lee Tian Mun ⁽⁴⁾	200,000	0.04%
Ms. Lee Wen Yi ⁽⁴⁾	200,000	0.04%

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<i>Mdm. Lee Wai Chan</i> ⁽⁵⁾	740,000	0.16%
<i>Ms. Choo Wan Mei</i> ⁽⁶⁾	305,000	0.06%
<i>KIHL</i> ⁽⁷⁾	456,000	0.10%
<i>Heng Tong Bwee</i> ⁽⁸⁾	7,711,886	1.62%
<i>Lai Kang Wei</i> ⁽⁹⁾	214,000	0.04%

Notes:

- (1) The percentage shareholding interest is based on the Company's issued share capital of 476,136,344 Shares (excluding 1,999,990 Shares held by the Company as treasury shares) as at the Latest Practicable date. Percentages are rounded to the nearest two (2) decimal places.
- (2) Ms. Heng Siok Hong Veronica is the spouse of BST.
- (3) Dr. Wong Chui Fong, Anna is the spouse of LKW.
- (4) Mr. Lee Tian Loon, Mr. Lee Tian Yang, Mr. Lee Tian Mun and Ms. Lee Wen Yi are the children of LKW.
- (5) Mdm. Lee Wai Chan is the mother of CWL.
- (6) Ms. Choo Wan Mei is the sister of CWL.
- (7) KIHL is held by LCP and his wife, LFH, in equal proportions. LCP is a director of the Sponsor, which is the majority shareholder of the Offeror. The 456,000 Shares are held by Raffles Nominees (Pte.) Limited on KIHL's behalf.
- (8) Ms. Heng Tong Bwee is the sister of HTL.
- (9) Mr. Lai Kang Wei is the nephew of HTL.

1.2 Dealings in Company Securities

Based on the latest information available to the Offeror, save as disclosed below, none of the Offeror, the Directors, or persons acting or deemed to be acting in concert with the Offeror has dealt for value in the Company Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date:

Name	Transaction Date	Transaction Type	No. of Shares	Transaction price per Share (S\$)
Offeror	9 March 2022	Purchase	7,937,100	0.295
Offeror	10 March 2022	Purchase	2,058,400	0.295
Offeror	11 March 2022	Purchase	443,400	0.295
Offeror	14 March 2022	Purchase	935,700	0.295
Offeror	15 March 2022	Purchase	1,830,400	0.295

1.3 Undertakings to Accept or Reject the Offer

As at the Latest Practicable Date, save for the Irrevocable Undertakings, no person has given any undertaking to the Offeror or any persons acting in concert with it, to accept or reject the Offer.

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1.4 Arrangements of the Kind Referred to in Note 7 on Rule 12 of the Code

As at the Latest Practicable Date, save for the Consortium Arrangements and the financing arrangements made in connection with the Offer, including the creation of security interests over, inter alia, all present and future Shares legally and beneficially owned by the Offeror in favour of UOB (the "**Relevant Financing Arrangements**"), neither the Offeror nor any persons acting in concert with it has entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements and any agreement or understanding, formal or informal, of whatever nature, relating to the Company Securities which may be an inducement to deal or refrain from dealing in the Company Securities.

1.5 No Agreement in Connection with or Dependent on the Offer

As at the Latest Practicable Date, save for the Consortium Arrangements and the Relevant Financing Arrangements, there is no agreement, arrangement or understanding between (a) the Offeror or any persons acting in concert with it; and (b) any of the present or recent directors of the Company, or any of the present or recent Shareholders or any other persons that has any connection with or is conditional upon the outcome of the Offer.

As at the Latest Practicable Date, further to the dissemination of the Offer Document and pursuant to Rule 12.1 of the Code, UOB for and on behalf of the Offeror has released announcements in relation to the disclosure of dealings, the details of which are set out below.

Name	Transaction Date	Transaction Type	No. of Shares	Transaction price per Share (S\$)
Offeror	16 March 2022	Purchase	1,042,400	0.295
Offeror	17 March 2022	Purchase	269,000	0.295
Offeror	18 March 2022	Purchase	652,900	0.295
Offeror	21 March 2022	Purchase	703,000	0.295
Offeror	22 March 2022	Purchase	351,900	0.295
Offeror	23 March 2022	Purchase	234,600	0.295
Offeror	24 March 2022	Purchase	984,100	0.295
Offeror	25 March 2022	Purchase	229,000	0.295
Offeror	28 March 2022	Purchase	606,200	0.295

10. CONFIRMATION OF FINANCIAL RESOURCES

Section 11 of the Offer Document sets out information on the confirmation of financial resources, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

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11. CONFIRMATION OF FINANCIAL RESOURCES

UOB, as the financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer by the holders of the Offer Shares on the basis of the Offer Price, excluding the quantum of the Promoters' Loans.

11. DIRECTORS' INTERESTS

Details of the Directors including, *inter alia*, the Directors' direct and deemed interests in the Company Securities and the Offeror Securities as at the Latest Practicable Date, are set out in Sections 5.3 and 5.5 of Appendix II to this Circular.

12. ADVICE AND RECOMMENDATION IN RELATION TO THE OFFER

12.1 General

Shareholders should read and carefully consider the recommendation of the Independent Directors as set out in Section 13 of this Circular and the advice of the IFA to the Independent Directors which is set out in Appendix I to this Circular, before deciding whether to accept or reject the Offer.

12.2 Legal Advisors

For the purposes of this Circular, CNPLaw LLP has been appointed as the legal advisors to the Company in relation to the Offer.

12.3 Key factors taken into consideration by the IFA

The key factors relied upon by the IFA in arriving at its advice to the Independent Directors in respect of the Offer are set out in paragraph 7 and summarised in paragraph 8 of the IFA Letter.

Shareholders should read and carefully consider the key factors relied upon by the IFA in arriving at its advice to the Independent Directors in conjunction with, and in the context of, the full text of the IFA Letter.

12.4 Advice of the IFA to the Independent Directors

The advice of the IFA to the Independent Directors in respect of the Offer is set out in Appendix I to this Circular. Taking into consideration the factors set out in the IFA Letter and the information available to the IFA as at the Latest Practicable Date, and subject to the qualifications and assumptions set out in the IFA Letter, the IFA has given its advice to the Independent Directors as set out in paragraph 8 of the IFA Letter, an extract of which is reproduced below.

Shareholders should read the extract in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the IFA Letter.

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Offer. We have carefully considered as many factors as we deemed essential and balanced them before arriving at our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

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We set out below a summary of the key factors we have taken into our consideration when assessing the “fairness” of the Offer:

Factors in favour of the Offer Price

- (a) the closing price of the Shares was below the Offer Price for a period of more than two (2) years between 11 February 2020 and 4 March 2022. While the closing price of the Shares in February 2020 can be attributable to the profit warning announced by the Company on 10 February 2020 and the announcement of Singapore entering DORSCON Orange on 7 February 2020, the closing price of the Shares remained below the Offer Price throughout 2021 even though the Company announced a recovery of its profit after tax to pre-COVID-19 level and attractive dividends for FY2020 and HY2021;
- (b) the Offer Price represents premia to the VWAPs of the Shares for the 24-month, 12-month, 6-month, 3-month, 1-month periods prior to and including the Last Full Market Day;
- (c) the VWAPs of the Shares for the period between the Offer Announcement Date and the Latest Practicable Date has been supported by the Offer as well as the Offeror’s acquisition of Shares post Offer Announcement Date;
- (d) the Offer Price represents premia to the NAV per Share and NTA per Share;
- (e) on ex-cash basis, the Offer Price represents a P/NAV ratio of 15.1 times;
- (f) although Shareholders who accept the Offer may potentially experience a decrease in dividend income if they reinvest the proceeds from the Offer in the STI ETF, Shareholders may potentially experience better capital return on an investment in the STI ETF as the closing price of the STI ETF as at the Latest Practicable Date was 7.12% higher as compared to its closing price a year ago while the closing price of the Shares remained the same at S\$0.255 on the Last Full Market Day and a year ago;
- (g) the P/E ratio, EV/EBITDA ratio and P/NAV ratio of the Group as implied by the Offer Price are within the range and higher than the mean and median P/E ratios, EV/EBITDA ratios and P/NAV ratios of the Comparable Companies; and
- (h) if the P/NTA ratios of HC Surgical and Q&M Dental are excluded as statistical outliers, the P/NTA ratio of the Group as implied by the Offer Price will be higher than the mean and median P/NTA ratios of the Comparable Companies;
- (i) the P/NAV ratio of the Group of 3.30 times as implied by the Offer Price and the P/NAV ratio of the Group of 3.55 times as implied by the Net Offer Price and the Dividend Adjusted NAV are higher than the range of P/NAV or P/RNAV ratios of the Recent Privatisation Transactions;
- (j) while the P/NAV ratio of the Group of 3.30 times as implied by the Offer Price is much lower than the P/NAV ratio of Health Management International Ltd, the P/NAV ratio of the Group of 3.30 times as implied by the Offer Price is higher than ISEC Healthcare’s as well as the average P/NAV ratio of the listed comparable companies of Health Management International Ltd set out in the circular of Health Management International Ltd; and
- (k) in considering the higher P/E ratios of the Healthcare GO, Shareholders may wish to note that Health Management International Ltd was trading at a P/E ratio of around 30 times at the time of its general offer and while the independent financial adviser of ISEC Healthcare stated that ISEC Healthcare was trading at an average P/E ratio of 18 times for the one-year period prior to the holding announcement of the offer for ISEC Healthcare. On comparison, we calculate that the Shares were

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trading at an average P/E ratio of 12.8 times for the one-year period prior to and including the Last Full Market Day.

Factors against the Offer Price

- (I) excluding Shares acquired by the Offeror for the period between the Offer Announcement and the Latest Practicable Date, the VWAPs of the Share for the period between the Offer Announcement Date and the Latest Practicable Date is S\$0.296 and the Offer Price represents a discount of 0.34% to this VWAP*
- (II) the Company has a good track record of paying dividend to its Shareholders since its listing in 2015 and its annualised dividend yield is better than the 12-month dividend yield of the STI ETF. Shareholders who accept the Offer may potentially experience a decrease in dividend income if they reinvest the proceeds from the Offer in the STI ETF;*
- (III) the premia implied by the Offer Price over the last transacted price and the VWAPs of the Shares for the one-month and three-month periods prior to and including the Last Full Market Day is within the range but below the mean and median of the corresponding premia of the Recent Privatisation Transactions; and*
- (IV) the premia implied by the Offer Price over the VWAPs of the Shares for the three-month and six-month periods prior to and including the Last Full Market Day as well as the P/E ratio implied by the Offer Price are below the range the corresponding premia or P/E ratios of the Healthcare GO.*

We set out below a summary of the key factors we have taken into our consideration when assessing the “reasonableness” of the Offer:

Factors in favour of the Offer Price

- (i) the average daily traded volume of the Shares for the 24-month, 12-month, 6-month, 3-month and 1-month periods prior to and including the Last Full Market Day and on the Last Full Market Day was less than 200,000 Shares and represents less than 0.15% of the free float. The absolute trading volume of the Shares is nevertheless considered thin which renders the Shares illiquid for investors who wish to undertake trades in larger amounts of Shares;*
- (ii) despite the increase in the Group’s revenue, the Group’s adjusted EBITDA was on a gradual declining trend for the last three completed financial years. This was mainly attributed to a higher percentage increase in the Group’s employee remuneration expenses as compared to the percentage increase in the Group’s revenue for the past three financial years as further elaborated in paragraph 7.3 of this IFA Letter;*
- (iii) while the Board of Directors expects the Group to remain profitable at the operational level, there is no assurance that the Group will register higher revenue and/or higher profit after tax in the current financial year ending 31 December 2022 as compared to FY2021 given that the Group’s employee remuneration expense increased at a percentage higher than its revenue in the last three financial years ended 31 December 2021; and*
- (iv) other relevant consideration as set out in paragraph 7.7 of this IFA Letter.*

Factors against the Offer Price

- (1) the Group has registered positive EBITDA in the last three completed financial years and the loss registered in FY2019 was mainly due to a one-off impairment loss of S\$11.9 million.*

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Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that, as of the date hereof, the terms of the Offer, on balance, are fair and reasonable. Accordingly, we advise the Independent Directors to recommend Shareholders to accept the Offer.

13. RECOMMENDATION OF THE INDEPENDENT DIRECTORS

13.1 Independence of Directors

BST is the Executive Chairman of the Company and he is also a director and a shareholder of the Offeror. HTL is an Executive Director of the Company and she is also a shareholder of the Offeror.

The SIC has ruled that each of BST and HTL is exempted from the requirement to make a recommendation to Shareholders in connection with the Offer, given that each of them is of the view that he/she will face a conflict of interest in relation to the Offer that would render it inappropriate for them to join the remainder of the Board in making a recommendation to the Shareholders in connection with the Offer.

Notwithstanding such exemption, each of them shall remain responsible for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Offer.

As at the Latest Practicable Date, each of Mr. Ng Boon Yew, Ms. See Tho Soat Ching and Ms. Linda Hoon Siew Kin considers himself/herself to be independent for the purposes of making a recommendation to the Shareholders in relation to the Offer.

13.2 Independent Directors' Recommendation

The Independent Directors, having considered carefully the terms of the Offer and the advice given by the IFA in the IFA Letter, **concur** with the advice of the IFA in respect of the Offer, and accordingly, recommend that Shareholders should **accept** the Offer, unless there is a superior offer or Shareholders are able to obtain a price higher than the Offer Price in the open market, taking into account all the brokerage and transaction costs in connection with open market transactions.

Shareholders should note that the IFA's advice and the recommendation of the Independent Directors should not be relied upon by any Shareholder as the sole basis for deciding whether to accept or reject the Offer. The IFA, in giving its advice, and the Independent Directors, in making their recommendation, have not had regard to the general or specific investment objectives, financial situation, risk profiles, tax position or particular needs and constraints of any individual Shareholder. Accordingly, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to his or her investment objectives or portfolio should consult his or her stockbroker, bank manager, legal adviser, accountant, tax adviser or other professional adviser immediately.

SHAREHOLDERS SHOULD READ AND CONSIDER CAREFULLY THIS CIRCULAR, INCLUDING THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS AND THE ADVICE OF THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THIS OFFER AS SET OUT IN APPENDIX I TO THIS CIRCULAR IN THEIR ENTIRETY, BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER. SHAREHOLDERS ARE ALSO URGED TO READ THE OFFER DOCUMENT CAREFULLY.

Shareholders should also be aware and note that there is no assurance that the price of the Shares will remain at current levels after the close of the Offer and the current price performance of the Shares is not indicative of the future price performance levels of the Shares.

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14. OVERSEAS SHAREHOLDERS

Overseas Shareholders should refer to Section 10 of the Offer Document which sets out information in relation to Overseas Shareholders, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

10. OVERSEAS SHAREHOLDERS

*The availability of the Offer to Shareholders whose mailing addresses are outside of Singapore (as shown on the register of members of the Company or, as the case may be, in the records of CDP) (collectively, the “Overseas Shareholders” and each, an “Overseas Shareholder”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, any Overseas Shareholder should inform himself about and observe any applicable legal requirements, and exercise caution in relation to the Offer, as this Offer Document, the Notification Letter, the Acceptance Forms and/or any related documents have not been reviewed by any regulatory authority in any overseas jurisdiction. **Where there are potential restrictions on sending this Offer Document, the Notification Letter, the Acceptance Forms and/or any related documents to any overseas jurisdictions, the Offeror, UOB, CDP and the Share Registrar each reserves the right not to send these documents to Shareholders in such overseas jurisdictions. For the avoidance of doubt, the Offer is open to all Shareholders, including those to whom this Offer Document, the Notification Letter, the Acceptance Forms and/or any related documents have not been, or may not be, sent.***

Copies of this Offer Document, the Notification Letter, the Acceptance Forms and/or any other formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction (a “Restricted Jurisdiction”) and will not be capable of acceptance by any such use, means, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction, and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

Overseas Shareholders may, nonetheless, obtain copies of the Notification Letter, the Acceptance Forms and/or any related documents, during normal business hours and up to the Closing Date, from the Offeror through its receiving agent, (a) CDP (if he is a depositor) by submitting a request to CDP via telephone (+65 6535 7511) during their operating hours or email services (asksgx@sgx.com); or (b) the Share Registrar (if he is a scripholder), at its office located at 80 Robinson Road #11-02 Singapore 068898.

Alternatively, an Overseas Shareholder may write to the Offeror through CDP (if he is a depositor) at Robinson Road Post Office, P.O. Box 1984, Singapore 903934, or the Share Registrar (if he is a scripholder) at the address listed above, to request for the Notification Letter, the Acceptance Forms and/or any related documents to be sent to an address in Singapore by ordinary post at such Overseas Shareholder’s own risk. Electronic copies of this Offer Document, the Notification Letter, and the Acceptance Forms are also available on the website of the SGX-ST at <https://www.sgx.com> and on the website of the Company at <https://www.sog.com.sg>.

It is the responsibility of any Overseas Shareholder who wishes to (a) request for the Notification Letter, the Acceptance Forms and/or any related documents; and/or (b) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction

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*in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including UOB) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on its behalf (including UOB) may be required to pay. In (i) requesting for the Notification Letter, the Acceptance Forms and/or any related documents; and/or (ii) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror and UOB that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. **Any Overseas Shareholder who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.***

The Offeror and UOB each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement on the website of the SGX-ST or notice and if necessary, by paid advertisement in a newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including an Overseas Shareholder) to receive or see such announcement, notice or advertisement.

Where there are potential restrictions on sending the Offeree Notification and/or any related documents to any overseas jurisdictions, the Company reserves the right not to send the Offeree Notification and/or any related documents to such overseas jurisdictions. Any affected Overseas Shareholder may, nevertheless (subject to compliance with applicable laws), download a copy of this Circular from the website of the Company at <https://www.sog.com.sg/> and the website of the SGX-ST at <https://www.sgx.com/securities/company-announcements?value=SINGAPORE%20O%26G%20LTD.&type=company>

In downloading this Circular and any related documents, each of the Overseas Shareholders represents and warrants to the Company that each of them is in full observance of the laws of the relevant jurisdiction in that connection, and that each of them is in full compliance with all necessary formalities or legal requirements.

15. INFORMATION PERTAINING TO SRS INVESTORS

Section 13.3 of the Offer Document sets out information pertaining to SRS Investors, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

13.3 Information Pertaining to SRS Investors

SRS Investors will receive further information on how to accept the Offer from their SRS Agent Banks directly. SRS Investors are advised to consult their respective SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, SRS Investors should seek independent professional advice. SRS Investors who wish to accept the Offer are to reply to their respective SRS Agent Banks by the deadline stated in the letter from their respective SRS Agent Banks, which may be earlier than the Closing Date. SRS Investors who validly accept the Offer will receive the Offer Price payable in respect of their Offer Shares in their SRS investment accounts.

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16. ELECTRONIC DISSEMINATION OF THIS CIRCULAR

In line with the news release and joint statements issued by SGX-ST on 6 May 2020, 29 September 2020 and 29 June 2021 announcing that the Monetary Authority of Singapore (“MAS”), the SIC and the Singapore Exchange Regulation (“SGX RegCo”) have introduced temporary measures to allow listed issuer and parties involved in takeover or merger transactions the option to electronically disseminate their take-over documents through publication on SGXNET and their corporate websites, thereby dispensing with the need to despatch hardcopy documents related to such take-over or merger transactions, no printed copies of this Circular will be despatched to the Shareholders.

Instead, this Circular has been disseminated electronically to the Shareholders through publication on the websites of the SGX-ST and the Company. In connection with the electronic dissemination of this Circular, the hardcopy notification with instructions on how to access and retrieve this Circular electronically (“**Offeree Notification**”) will be despatched by ordinary post to the Shareholders.

17. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who **wish to accept the Offer** must do so not later than 5.30 p.m. (Singapore time) on the Closing Date or such later date(s) as may be announced from time to time by or on behalf of the Offeror, abiding by the procedures for the acceptance of the Offer as set out in Appendix V to the Offer Document, the FAA and/or the FAT, as the case may be.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received, on behalf of the Offeror:

- (a) by CDP (in respect of the FAA); or
- (b) by the Share Registrar (in respect of the FAT),

as the case may be, not later than **5.30 p.m. (Singapore time) on the Closing Date** or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

Shareholders who **do not wish to accept the Offer** need not take any further action in respect of the Offer Document, the FAA and/or the FAT (as the case may be) which have been sent to them.

18. CONSENTS

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter in Appendix I to this Circular, the letter from the IFA dated 4 April 2022 in relation to the Statements of Prospects in Appendix V of this Circular, and all references thereto in the form and context in which they appear in this Circular.

The Independent Auditor of the Company, has given and has not withdrawn its written consent to the inclusion of its name, the Independent Auditor’s report in relation to the audited financial statements of the Group for FY2021 as set out in Appendix IV to this Circular, the letter from the Independent Auditor dated 4 April 2022 in relation to the Statements of Prospects in Appendix VI of this Circular, and all references thereto in the form and context in which they appear in this Circular.

CNPLaw LLP, named as the legal adviser to the Company as to Singapore law in relation to the Offer, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and all references thereto in the form and context in which they appear in this Circular.

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19. DIRECTORS' RESPONSIBILITY STATEMENT

Save for (a) the recommendation of the Independent Directors to Shareholders set out in Section 13.2 of this Circular for which the Independent Directors are solely responsible, (b) the IFA Letter for which the IFA takes responsibility, (c) information extracted from the Offer Announcement and the Offer Document, and (d) information relating to the Offeror, the Sponsor and the Consortium, the Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Offer, the Company, and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular (other than the IFA Letter for which the IFA takes responsibility) has been extracted from published or otherwise publicly available sources or obtained from a named source (including, without limitation, the Offer Announcement, the Offer Document, the IFA Letter, the letter from the IFA dated 4 April 2022 in relation to the Statements of Prospects, the letter from the Independent Auditor dated 4 April 2022 in relation to the Statements of Prospects), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to the Group are fair and accurate.

20. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at 229 Mountbatten Road #02-02 Mountbatten Square, Singapore 398007, during normal business hours, for the period during which the Offer remains open for acceptance:

- (a) the Constitution;
- (b) the annual reports of the Company for FY2019, FY2020 and FY2021;
- (c) the IFA Letter, as set out in Appendix I to this Circular;
- (d) the FY2021 Results, as set out in Appendix IV to this Circular;
- (e) the letter from the IFA dated 4 April 2022 in relation to the Statements of Prospects, as set out in Appendix V to this Circular;
- (f) the letter from the Independent Auditor dated 4 April 2022 in relation to the Statements of Prospects, as set out in Appendix VI to this Circular; and
- (g) the letters of consent referred to in Section 18 of this Circular.

21. ADDITIONAL INFORMATION

Your attention is drawn to the Appendices which form part of this Circular.

Yours faithfully

For and on behalf of the Board of Directors of
SINGAPORE O&G LTD.

MR. NG BOON YEOW
Lead Independent Director

**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS
IN RESPECT OF THE OFFER**



4 April 2022

SINGAPORE O&G LTD.

229 Mountbatten Road
#02-02 Mountbatten Square
Singapore 398007

Attention: The Independent Directors (as defined below)

VOLUNTARY UNCONDITIONAL CASH OFFER (THE “OFFER”) BY UNITED OVERSEAS BANK LIMITED FOR AND ON BEHALF OF NEWMEDCO GROUP LTD. (THE “OFFEROR”) TO ACQUIRE ALL THE ISSUED AND PAID-UP ORDINARY SHARES (THE “SHARES”) IN THE CAPITAL OF SINGAPORE O&G LTD. (THE “COMPANY”), OTHER THAN ANY SHARES HELD IN TREASURY AND THOSE SHARES HELD, DIRECTLY OR INDIRECTLY, BY THE OFFEROR AS AT THE DATE OF THE OFFER (THE “OFFER SHARES”)

For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular to shareholders of Singapore O&G Ltd. dated 4 April 2022 in connection with the Offer (the “Circular”).

1. INTRODUCTION

On 7 March 2022 (the “**Offer Announcement Date**”), United Overseas Bank Limited (“**UOB**”) announced, for and on behalf of the Offeror, that the Offeror intends to make the Offer for the Offer Shares (the “**Offer Announcement**”) in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (the “**Code**”).

In connection with the Offer, the Company has appointed Xandar Capital Pte. Ltd. (“**Xandar Capital**”) as the independent financial adviser (the “**IFA**”) to the directors of the Company (the “**Directors**”) who are considered independent for the purposes of the Offer, namely Mr. Ng Boon Yew, Ms. See Tho Soat Ching and Ms. Linda Hoon Siew Kin (collectively, the “**Independent Directors**”) in relation to the Offer, to assess the terms of the Offer and advise whether the terms of the Offer are fair and reasonable.

This letter sets out, *inter alia*, our evaluation and advice of the terms of the Offer (this “**IFA Letter**”), and forms part of the Circular which provides, *inter alia*, the details of the Offer and the recommendation of the Independent Directors in respect thereof.

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2. TERMS OF REFERENCE

Xandar Capital has been appointed as the IFA to advise the Independent Directors on whether the terms of the Offer are fair and reasonable.

We are not and were not involved in any aspect of the negotiations pertaining to the Offer nor were we involved in the deliberations leading up to the decision of the Offeror to put forth the Offer to the Shareholders.

Our evaluation is limited to the terms of the Offer and our terms of reference do not require us to evaluate or comment on the legal, strategic or commercial and/or risks or merits (if any) of the Offer. We are not required nor authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares, and therefore are not able to, and will not compare the Offer to any other alternative transaction. We are also not addressing the relative merits of the Offer as compared to any alternative transaction, or other alternatives, or whether such alternatives could be achieved, or are or will be available in future. We are also not expressing any view herein as to the prices at which the Shares may trade after the close of the Offer.

We have not conducted any due diligence of the business, operations or financial condition of the Company and the Group, and we are not required to express and we do not express any view herein on the growth prospects, financial position, earnings potential and future financial performance of the Company and any of its subsidiaries (collectively, the “Group”). Such evaluation shall remain the sole responsibility of the Directors, although we may draw upon their views (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Group and the Company did not commission any independent market valuation on any of these assets or liabilities for the purpose of the Offer.

In the course of our evaluation, we have held discussions with certain Directors and management of the Company and have examined publicly available information as well as information provided and representations made to us by the aforesaid parties, including information in the Circular. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for the accuracy, completeness or adequacy of such information, representation and assurance. Nonetheless, we have made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy and reliability of such information. The Directors have jointly and severally accepted full responsibility for the fairness and accuracy of all such information and representations as provided and made by the aforesaid parties as contained herein.

As set out in Section 19 of the Circular, save for (a) the recommendation of the Independent Directors to Shareholders set out in Section 13.2 of the Circular for which the Independent

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Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

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**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS
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Directors are solely responsible, (b) the IFA Letter for which the IFA takes responsibility, (c) information extracted from the Offer Announcement and the offer document dated 21 March 2022 (the “**Offer Document**”), and (d) information relating to the Offeror, Hanaan Health Group Ltd. and the consortium to the consortium arrangement set out in Section 4.7 of the Offer Document, the Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Offer, the Company, and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular (other than this IFA Letter for which the IFA takes responsibility) has been extracted from published or otherwise publicly available sources or obtained from a named source (including, without limitation, the Offer Announcement, the Offer Document, this IFA Letter, the letter from the IFA dated 4 April 2022 in relation to the statements of prospects set out as Appendix V to the Circular (the “**Statements of Prospects**”), the letter from the independent auditors dated 4 April 2022 in relation to the Statements of Prospects set out as Appendix VI to the Circular), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

In respect of this IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to the Group are fair and accurate.

Our advice is based upon economic, industry, market, monetary, regulatory and other relevant conditions subsisting as at the Latest Practicable Date. Such conditions and information may change significantly over a short period of time. We assume no responsibility to update, revise or reaffirm our advice in light of any subsequent development after the Latest Practicable Date that may affect our advice contained herein. Shareholders should take note of any announcements and/or events relevant to their consideration of the Offer which may be released or occur after the Latest Practicable Date.

In preparing this IFA Letter, we did not consider the specific investment objectives, financial situation, risk profiles, tax position and/or unique needs and constraints of any individual Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their Shares, investment objectives or portfolios should consult his or their stockbroker, bank manager, legal, financial, tax or other professional advisers immediately.

This IFA Letter is for the use and benefit of the Independent Directors in connection with and for the purpose of their consideration of the Offer and the recommendation made by the Independent Directors shall remain their responsibility.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this IFA Letter). We have no role or involvement and have not

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provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).

Our advice in relation to the Offer should be considered in the context of the entirety of this IFA Letter and the Circular.

We recommend that the Independent Directors advise the Shareholders to read these pages carefully.

3. THE OFFER

The Offer is a voluntary **unconditional** cash offer made in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (the “**Code**”) and subject to the terms and conditions set out in the Offer Document, a copy of which is available on the website of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) at www.sgx.com. The salient information on the Offer can be found in Section 2 and Appendix IV to the Offer Document.

As disclosed in Section 2.5 of the Offer Document, **the Offer is unconditional in all respects**. This means that the Offer is not conditional upon the level of acceptances which the Offeror may receive in respect of the Offer.

3.1 THE OFFER PRICE

We extract from Section 2.2 of the Offer Document in italics as follows:

For each Offer Share: S\$0.295 in cash (the “Offer Price”).

As set out in Sections 2.3 and 2.4 of the Offer Document, the Offer Shares are to be acquired a) fully paid; (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever (“**Encumbrances**”); and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, other distributions and return of capital (“**Distributions**”) which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date).

Without prejudice to the generality of the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distributions that may be announced, declared, paid or made by the Company on or after the Offer Announcement Date (including the final one-tier tax exempt dividend of S\$0.009 per Share for the financial year ended 31 December 2021 proposed by the directors of the Company

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(the “**FY2021 Final Dividend**”). In the event that any Distribution has been paid or made by the Company to a Shareholder who accepts the Offer, the Offer Price payable to such accepting Shareholder shall be reduced by an amount which is equal to the amount of such Distribution paid or made by the Company to such accepting Shareholder.

The Company has on 23 February 2022 announced that, subject to the receipt of Shareholders’ approval at the annual general meeting to be held on 22 April 2022, the record date for the determination of entitlements to the FY2021 Final Dividend to be 5 May 2022 (the “**FY2021 Final Dividend Record Date**”).

As set out in Section 2.7 of the Offer Document, the closing date of the Offer is 18 April 2022 or such later date(s) as may be announced from time to time by or on behalf of the Offeror. Given that the Offeror has not stated in the Offer Document that the Offer will not be extended beyond 18 April 2022, being the first closing date, the Offer will remain open for a period of not less than 14 days after the date on which the Offer would otherwise have closed pursuant to Rule 22.6 of the Code. Accordingly, the Offer may be extended to beyond 5 May 2022 by the Offeror.

In the event that the Offer is extended to beyond 5 May 2022, if the FY2021 Final Dividend is approved by the Shareholders in the annual general meeting of the Company to be held on 22 April 2022:

- (a) where the settlement date in respect of the Offer Shares accepted pursuant to the Offer falls on or before the FY2021 Final Dividend Record Date, the Offeror will pay the relevant accepting Shareholders the Offer Price of S\$0.295 in cash for each Offer Share; and
- (b) where the settlement date in respect of the Offer Shares accepted pursuant to the Offer falls after the FY2021 Final Dividend Record Date, the Offeror will pay the relevant accepting Shareholder S\$0.286 (the “**Net Offer Price**”) in cash for each Offer Share, being the Offer Price of S\$0.295 less the FY2021 Final Dividend of S\$0.009.

3.2 DURATION OF THE OFFER

We extract from Appendix IV to the Offer Document in italics as follows:

The Offer will close at 5.30 p.m. (Singapore time) on 18 April 2022 (the “Closing Date”) or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

Pursuant to Rule 22.6 of the Code, as the Offeror has not stated in this Offer Document that the Offer will not be extended beyond the first closing date, the Offer will remain open for a period of not less than 14 days after the date on which the Offer would otherwise have closed.

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The logo for Xandar Capital, featuring the word "XANDAR" in a large, bold, blue serif font above the word "CAPITAL" in a smaller, blue sans-serif font. The logo is enclosed in a thin blue rectangular border.

Pursuant to Rule 20.1 of the Code, the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders including those who had previously accepted the Offer.

If there is an extension of the Offer, pursuant to Rule 22.4 of the Code, any announcement of an extension will state the next closing date or if the Offer is unconditional as to acceptances, a statement may be made that the Offer will remain open until further notice. In the latter case, those Shareholders who have not accepted the Offer will be notified in writing at least 14 days before the Offer is closed.

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4. THE IRREVOCABLE UNDERTAKINGS

As disclosed in Section 5 of the Offer Document, certain Shareholders (the “**Undertaking Shareholders**”) have provided irrevocable undertakings (the “**Irrevocable Undertakings**”) in favour of the Offeror to accept the Offer in respect of all the Shares held directly or indirectly by them. We tabulate the Irrevocable Undertakings as follows:

Name of Shareholders	Number of Shares	Percentage interest in the capital of the Company ⁽¹⁾
Dr. Beh Suan Tiong (“ BST ”)	48,008,452	10.06
Dr. Heng Tung Lan (“ HTL ”)	140,453,614	29.42
Dr. Lee Keen Whye (“ LKW ”)	75,600,356	15.84
Dr. Joyce Lim Teng Ee (“ JL ”)	41,053,002	8.60
Dr. Choo Wan Ling (“ CWL ”)	34,899,278	7.31
Kessler Investment Holding Limited (“ KIHL ”)	456,000	0.10
TOTAL	340,470,702	71.33

Note:

(1) Based on 477,346,620 issued Shares (excluding treasury shares) as at the Latest Practicable Date.

Save for the Irrevocable Undertakings, as at 15 March 2022 (being the latest practicable date to the Offer Document), neither the Offeror nor any persons acting in concert with the Offeror has received any irrevocable undertaking from any other person to accept or reject the Offer.

BST is the Executive Chairman and HTL is the Executive Director of the Company. LKW, JL and CWL are specialist medical practitioners employed by the Group.

KIHL is a company wholly-owned by Dr. Lim Cheok Peng (“**LCP**”) and his wife Loh Foong Han in equal proportions. LCP is one of the three shareholders of Hanaan Health Group Ltd. (the “**Sponsor**”). The Sponsor is the major shareholder, holding 57.307% of the issued shares of the Offeror as at 15 March 2022 (being the latest practicable date to the Offer Document).

We note from the Offeror’s announcements that all Undertaking Shareholders have tendered acceptances of their Shares as at the Latest Practicable Date.

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5. INFORMATION ON THE OFFEROR

Information on the Offeror is set out in Section 4 and Appendix I to the Offer Document. We extract information on the Offeror in *italics* as follows:

The Offeror is a special purpose vehicle incorporated under the laws of the Cayman Islands on 5 November 2021. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$10,000, comprising 100,000 ordinary shares, which are held by the shareholders of the Offeror as follows:

Name of Offeror Shareholder	Number of Offeror Shares	Proportion of the total number of issued Offeror Shares
<i>Hanaan Health Group Ltd. (the "Sponsor")</i>	<i>57,307</i>	<i>57.307%</i>
<i>Dr. Heng Tung Lan ("HTL")</i>	<i>20,241</i>	<i>20.241%</i>
<i>Dr. Lee Keen Whye ("LKW")</i>	<i>4,588</i>	<i>4.588%</i>
<i>Dr. Beh Suan Tiong ("BST")</i>	<i>6,919</i>	<i>6.919%</i>
<i>Dr. Joyce Lim Teng Ee ("JL")</i>	<i>5,916</i>	<i>5.916%</i>
<i>Dr. Choo Wan Ling ("CWL")</i>	<i>5,029</i>	<i>5.029%</i>
Total	100,000	100.000%

*The board of directors of the Offeror comprises BST, CWL, Mr. Quek Hong Sheng Roy ("**RQ**") and Mr. Tan Keng Soon (Keith) ("**KT**")¹.*

¹ *KT is the Founding Partner of Dymon Asia Capital Ltd. (the holding company of the Dymon group) and Chairman of the Dymon Asia Private Equity Investment Committee.*

*The Sponsor is a special purpose vehicle incorporated under the laws of the Cayman Islands on 5 November 2021 and is held by three (3) shareholders, namely: (a) Stork Health Holdings L.P. (acting by its general partner Stork Health Holdings Ltd.) ("**Dymon SPV**"), a special purpose vehicle incorporated under the laws of the Cayman Islands on 5 November 2021, which is wholly-owned by Dymon Asia Private Equity (S.E. Asia) II Ltd. (acting as a general partner for and on behalf of Dymon Asia Private Equity (S.E. Asia) Fund II, L.P. ("**Dymon Fund**")) ("**Dymon Asia**"); (b) Dr. Lim Cheok Peng ("**LCP**"); and (c) RQ. The majority of the shares in the Sponsor are held by the Dymon SPV and the business of the Sponsor is to invest in or acquire corporations in the healthcare sector, including entering into the*

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Consortium Arrangements (as defined in paragraph 4.7 below) with the Promoters through the Offeror.

We extract certain information on the shareholders of the Offeror in *italics* as follows:

Dymon Asia is managed by Dymon Asia Private Equity (Singapore) Pte. Ltd., a Singapore-based fund manager that manages Dymon Asia Private Equity (S.E. Asia) Fund, L.P., which has a committed capital of S\$300 million and Dymon Fund, which has commitments of US\$450 million.

LCP has more than 40 years of healthcare experience both as a medical practitioner and in managing healthcare businesses. ... LCP sits as a member of the Disciplinary Tribunal of the Singapore Medical Council, has practised Internal Medicine and Cardiology at Mount Elizabeth Hospital in Singapore since January 1985 and has been a physician at Gleneagles Hospital and Parkway East Hospital since January 1985 and June 1985 respectively. ... LCP has also served as Managing Director and Chief Executive Officer of Parkway Holdings Ltd.

RQ is currently a director at Mediacorp Pte. Ltd., Leap Philanthropy Ltd, the Kidney Dialysis Foundation and the SingHealth Fund-Changi General Hospital Institutional Fund. He is also the Chairman and Founding Governor of St. Joseph's Institution International School and St. Joseph's Institution International Elementary School Ltd.

We note from Appendix III to the Offer Document that, as at 15 March 2022 (being the latest practicable date to the Offer Document):

- (a) the Offeror made market purchases aggregating 13,205,000 Shares at S\$0.295 for each Offer Share, representing 2.77% of the total number of issued Shares (excluding treasury shares), between the Offer Announcement Date and 15 March 2022; and
- (b) the Offeror's concert parties (other than the Undertaking Shareholders) collectively holds 16,347,410 Shares, representing 3.43% of the total number of issued Shares (excluding treasury shares).

We also note that the Offeror continued to make market purchases of Shares up to the Latest Practicable Date. Based on the announcement made by UOB for and on behalf of the Offeror as at the Latest Practicable Date, as at 6.00 p.m. (Singapore time) on the Latest Practicable Date, the total number of (a) Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it; and (b) valid acceptances of the Offer, amount to an aggregate of 388,721,912 Shares, representing approximately 81.43% of the total number of issued Shares (excluding treasury shares).

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6. INFORMATION ON THE COMPANY AND THE GROUP

The following information in italics are extracted from Section 3 of Appendix II to the Circular.

The Company was incorporated in Singapore on 6 January 2011 and was listed on the Catalist of the SGX-ST on 4 June 2015. The Company, together with its subsidiaries, is a leading healthcare service provider and its principal activities are delivering premier medical services relating to women's and children's health and wellness at affordable prices. The key businesses of the Group include:

- (a) providing obstetrics and gynaecology services such as pre-pregnancy counselling, delivery, pregnancy and post-delivery care;*
- (b) paediatrics;*
- (c) endocrinology;*
- (d) gynaecological cancer;*
- (e) cancer-related general surgery for breast, thyroid and colon (colorectal); and*
- (f) skin and aesthetics treatments.*

The Group's clinics, under its four (4) operating segments of obstetrics and gynaecology, paediatrics, cancer-related and dermatology, are strategically located throughout Singapore to provide easy access to its patients. The Group also has one (1) overseas joint venture in Malaysia via its Singapore-incorporated wholly-owned subsidiary, to set up a postpartum confinement centre in Johor, Malaysia, offering confinement care and related services.

7. EVALUATION OF THE OFFER

In our evaluation of the Offer, we have taken into account the following factors:

- (a) market performance of the Shares;
- (b) the financial position of the Group;
- (c) the financial performance of the Group;
- (d) the dividend track record of the Company;
- (e) comparison of the valuation ratios of the Company implied by the Offer Price against those of comparable companies;

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- (f) comparison with recently completed privatisation transactions for companies listed on the SGX-ST; and
- (g) other considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

7.1 MARKET PERFORMANCE OF THE SHARES

7.1.1 Historical closing price of the Shares

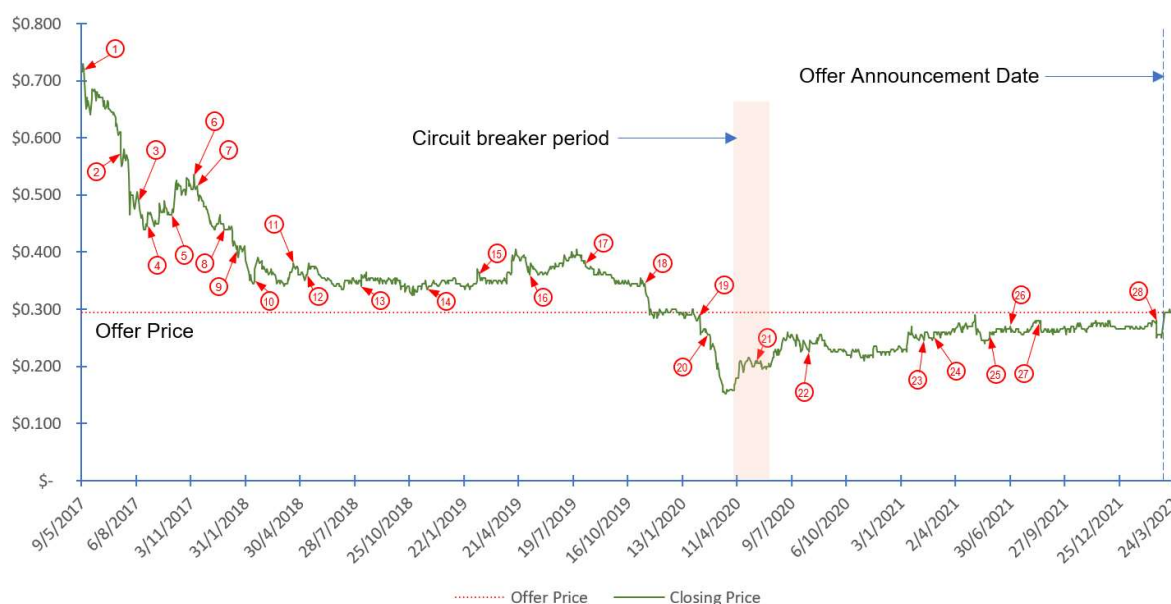
We note that the Shares were first traded on the Catalist board of the SGX-ST on 4 June 2015. On 15 May 2017, the Company completed and effected the share split of every one (1) then existing ordinary share in the capital of the Company held by shareholders of the Company into two (2) ordinary shares (the “**Share Split**”). In May 2020, the Company adopted a share buy-back mandate. Between June 2020 and August 2020, the Company purchased, in aggregate, 1,999,990 Shares under the share buy-back mandate. Save for (i) the market purchases made under the share buy-back mandate in 2020; (ii) the allotment and issue of 666,666 new ordinary shares by the Company under its SOG Performance Share Plan in June 2020; (iii) the allotment and issue of 666,666 new ordinary shares by the Company under its SOG Performance Share Plan in June 2021; and (iv) the allotment and issue of 1,210,276 new ordinary shares by the Company under its SOG Performance Share Plan on 25 March 2022, there has been no material change to the Company’s issued share capital since the Share Split.

Given the above, we set out a chart comparing the Offer Price with the daily closing prices of the Shares for the period commencing from 9 May 2017 (being the market day on which

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the Shares commenced trading on the post Share Split basis) up to the Latest Practicable Date as follows:



We note from the closing price chart that:

- (a) the closing price of the Shares was on a downward trend between May 2017 and August 2017. The highest closing price during the aforesaid period was S\$0.73 per Share on 11 May 2017 while the lowest closing price during the aforesaid period was S\$0.44 per Share on 21 August 2017;
- (b) the closing price of the Shares then fluctuated upwards to S\$0.535 on 8 November 2017 before it commenced on another downward trend to a low of S\$0.345 on 12 February 2018;
- (c) the closing price of the Shares then fluctuated between S\$0.325 and S\$0.405 for the period between 13 February 2018 and 13 November 2019;
- (d) the closing price of the Shares then moved downwards to S\$0.29 per Share (which is below the Offer Price) on 20 November 2019 and fluctuated between S\$0.280 and S\$0.30 per Share for the period between 21 November 2019 and 10 February 2020;
- (e) the closing price of the Shares commenced on another downward trend to S\$0.152 per Share on 23 March 2020 after the announcement by the Company on 10 February 2020 that the Group expected to report a net loss for the fourth quarter and full year ended 31 December 2019 due to the significant impairment of goodwill relating to its dermatology business. The downward trend could also be attributable

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to the announcement by the Singapore government to raise the Disease Outbreak Response System Condition (DORSCON) level from Yellow to Orange on 7 February 2020 to curb the spread of Coronavirus Disease (“COVID-19”) in Singapore;

- (f) the closing price of the Shares recovered slightly during the circuit breaker period between 7 April 2020 and 1 June 2020 (“**Circuit Breaker Period**”) imposed by the Singapore government to curb the spread of COVID-19 in Singapore and further improved subsequent the relaxation of the COVID-19 measures during phase 2 of the reopening period between 19 June 2020 and 27 December 2020 post Circuit Breaker Period but remained below the Offer Price;
- (g) despite the announcements of (i) a better financial results (a profit after tax of S\$9.5 million for FY2020 as compared to a loss after tax of S\$1.1 million in FY2019, and also higher than pre-COVID-19 profit after tax of S\$9.1 million in FY2018) and a 1.2 Singapore cents dividend for the financial year ended 31 December (“**FY**”) 2020 on 25 February 2021; (ii) a better financial results and a 0.65 Singapore cents dividend for the half year ended 30 June (“**HY**”) 2021 on 11 August 2021; and (iii) profitable results (profit after tax of S\$8.4 million) and a 0.9 Singapore cents dividend for FY2021 on 23 February 2022, the closing price of the Shares remained below the Offer Price at between S\$0.24 and S\$0.29 per Share up to 3 March 2022, being the last full market day on which the Shares were traded prior to the Offer Announcement Date (the “**Last Full Market Day**”);
- (h) overall, the closing price of the Shares was below the Offer Price for a period of more than two (2) years between 11 February 2020 and the Last Full Market Day as well as on 4 March 2022 (up to 9:01 a.m. when the Company requested for a trading halt of the Shares pending the Offer Announcement); and
- (i) the closing price of the Shares trended between S\$0.295 and S\$0.30 per Share for the period between the Offer Announcement Date and the Latest Practicable Date.

We set out the following events announced by the Company which may have a bearing on the closing and trading prices of the Shares during the above-mentioned period:

Date / Corresponding label in the chart	Event
12 May 2017 / 1	The Company announced the Group’s results for the three months ended 31 March (“ 3M ”) 2017. The Group registered a 6.1% increase in revenue from S\$6.6 million in 3M2016 to S\$7.0 million in 3M2017. The Group’s profit for the period also increased, by 2.8%, from S\$1.9 million in 3M2016 to S\$2.0 million in 3M2017.

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Date / Corresponding label in the chart	Event
12 July 2017 / 2	The Company announced that it is not aware of any information not previously announced concerning the Company, its subsidiaries or associated companies which might explain the unusual price movements in the Company's shares in response to queries from the SGX-ST on the same day.
10 August 2017 / 3	The Company announced the Group's results for HY2017. The Group registered a 2.2% increase in revenue from S\$13.9 million in HY2016 to S\$14.2 million in HY2017. However, the Group's profit for the period decreased by 6.4% from S\$4.4 million in HY2016 to S\$4.1 million in HY2017. The Company also announced an interim dividend of 0.61 Singapore cents per Share, payable on 4 September 2017.
14 August 2017	The Company announced notification of changes in interests of Directors. BST and HTL each acquired 100,000 Shares at total consideration (excluding brokerage and stamp duties) of S\$47,700 and S\$47,500 respectively on 11 August 2017.
24 August 2017 / 4	The Company announced the change of name of 'SOG Children (Paediatrics) Pte. Ltd.' to 'SOG Children (Paediatrics – East) Pte. Ltd.' and the incorporation of a wholly-owned subsidiary, SOG Children (Paediatrics – Central) Pte. Ltd. with an issued and paid-up share capital of 1,000 ordinary shares of S\$1 each.
3 October 2017 / 5	The Company announced a commercial collaboration with KL Fertility & Gynaecology Centre Sdn. Bhd. which will enable the Company to offer new and existing patients with Assisted Reproductive Technology services such as In-Vitro Fertilisation and Intracytoplasmic Sperm Injection Procedures. The collaboration is for an initial term of thirty-six (36) months and is limited to the Singapore market only.
8 November 2017 / 6	The Company announced the Group's results for the nine months ended 30 September ("9M") 2017. The Group registered a 2.3% increase in revenue from S\$21.5 million in 9M2016 to S\$22.0 million in 9M2017. However, the Group's profit for the period decreased by 5.3% from S\$6.9 million in 9M2016 to S\$6.5 million in 9M2017.
13 November 2017 / 7	The Company announced the re-designation of Mr. Eric Choo from Financial Controller to Chief Financial Officer of the Company.

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Date / Corresponding label in the chart	Event
8	27 December 2017 / The Company announced the resignation of Mr. Christopher Chong Meng Tak (“ Mr. Chong ”) as its lead independent director. In the announcement, the Company also disclosed that the Company and Mr. Chong have an ongoing dispute concerning the Company’s claim for S\$1.5 million from Mr. Chong in relation to a transaction of the Company in which Mr. Chong was involved (the “ Dispute ”).
9	30 January 2018 / The Company announced the resignation of Dr. Ng Koon Keng as its Chief Executive Officer.
	1 February 2018 The Company announced the appointment of Mr. Ng Boon Yew as its lead independent director.
10	14 February 2018 / The Company announced the Group’s results for FY2017. The Group registered a 4.3% increase in revenue from S\$28.7 million in FY2016 to S\$29.9 million in FY2017. However, the Group’s profit for the year decreased by 3.4% from S\$8.8 million in FY2016 to S\$8.5 million in FY2017. The Company also announced a final dividend of 0.89 Singapore cents per Share, payable on 18 May 2018.
	22 February 2018 The Company announced notification of changes in interests of JL, as substantial Shareholder of the Company, who acquired 50,000 Shares at S\$0.39 each and 50,000 Shares at S\$0.385 each on 20 February 2018.
	6 March 2018 The Company announced that Mr. Chong has, without any admission as to liability, agreed to a full and final settlement on the Dispute on 1 March 2018 where the Company will receive a settlement amount of S\$1.25 million from Mr. Chong.
11	19 April 2018 / The Company announced that it has entered into a service agreement to provide on-site medical services through its specialist medical practitioners to SATA CommHealth (“ SATA ”) at SATA medical centres and SATA shall be responsible for all equipment and supplies as may be required for the provision of said services for an initial term of 12 months.
	23 April 2018 The Company announced the appointment of BST as its Executive Chairman.
	2 May 2018 The Company announce the appointment of Dr. Ivan Lau Eng Kien as its Chief Executive Officer with effect from 2 May 2018.
12	14 May 2018 / The Company announced the Group’s results for 3M2018. The Group registered a 17.3% increase in revenue from S\$7.0 million in 3M2017 to S\$8.2 million in 3M2018. The Group’s profit for the period also increased, by 23.7%, from S\$2.0 million in 3M2017 to S\$2.5 million in 3M2018.

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Date / Corresponding label in the chart	Event
11 July 2018	The Company announced notification of changes in interests of Director. LKW acquired 193,000 Shares at total consideration (excluding brokerage and stamp duties) of S\$65,480 on 10 July 2018.
7 August 2018 / 13	The Company announced the Group's results for HY2018. The Group registered a 18.1% increase in revenue from S\$14.2 million in HY2017 to S\$16.8 million in HY2018. The Group's profit for the period also increased by 50.4% from S\$4.1 million in HY2017 to S\$6.2 million in HY2018 due mainly to receipt of settlement amount of S\$1.25 million in relation to the Dispute. The Company also announced an interim dividend of 0.8 Singapore cents per Share, payable on 3 September 2018.
6 September 2018	The Company announced the resignation of Mr. Eric Choo as its Chief Financial Officer and that his last day of service shall be 19 November 2018.
14 November 2018 / 14	The Company announced the Group's results for 9M2018. The Group registered a 17.9% increase in revenue from S\$22.0 million in 9M2017 to S\$25.9 million in 9M2018. The Group's profit for the period increased by 40.6% from S\$6.5 million in 9M2017 to S\$9.1 million in 9M2018.
1 December 2018	The Company announced the appointment of Ms. Doreen Chew as the Chief Financial Officer of the Company with effect from 1 December 2018.
11 February 2019	The Company announced the appointment of Ms. See Tho Soat Ching as an Independent Director of the Company with effect from 11 February 2019.
15 February 2019 / 15	The Company announced the Group's results for FY2018. The Group registered a 16.0% increase in revenue from S\$29.9 million in FY2017 to S\$34.7 million in FY2018. However, the Group's profit for the year only increased by 7.5% from S\$8.5 million in FY2017 to S\$9.1 million in FY2018. This was due to a S\$2.8 million impairment of goodwill in relation to the Group's dermatology business in FY2018 partially offset by the receipt of settlement amount of S\$1.25 million in relation to the Dispute. The Company also announced a final dividend of 0.90 Singapore cents per Share, payable on 24 May 2019.
1 March 2019	The Company announced the retirement of Ms Heng Tong Bwee, Chief Administration Officer, with effect from 31 March 2019.
9 May 2019 / 16	The Company announced the Group's results for 3M2019. The Group registered a 6.5% increase in revenue from S\$8.2 million in 3M2018 to S\$8.7 million in 3M2019. However, the Group's profit for the period decreased by 15.5% from S\$2.5 million in 3M2018 to S\$2.1 million in 3M2019.

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Date / Corresponding label in the chart	Event
7 August 2019 / 17	The Company announced the Group's results for HY2019. The Group registered a 10.8% increase in revenue from S\$16.8 million in HY2018 to S\$18.7 million in HY2019. However, the Group's profit for the period decreased by 22.5% from S\$6.2 million in HY2018 to S\$4.8 million in HY2019 due mainly to the absence of the settlement amount of S\$1.25 million in relation to the Dispute received in HY2018. The Company also announced an interim dividend of 0.62 Singapore cents per Share, payable on 3 September 2019.
13 November 2019 / 18	The Company announced the Group's results for 9M2019. The Group registered a 12.2% increase in revenue from S\$25.9 million in 9M2018 to S\$29.1 million in 9M2019. However, the Group's profit for the period decreased by 15.1% from S\$9.1 million in 9M2018 to S\$7.8 million in 9M2019.
13 November 2019 / 18	The Company announced the resignation of Dr. Ivan Lau Eng Kien as its Chief Executive Officer and that his last day of service shall be 31 January 2020.
17 January 2020	The Company announced the appointment of Mr. Eric Choo as its Chief Executive Officer with effect from 3 February 2020.
10 February 2020 / 19	The Company issued a profit warning that the Group is expected to report a net loss for the fourth quarter and full year ended 31 December 2019 due to the significant impairment of goodwill relating to its dermatology business.
19 February 2020 / 20	The Company announced the Group's results for FY2019. The Group registered a 14.6% increase in revenue from S\$34.7 million in FY2018 to S\$39.8 million in FY2019. However, the Group registered loss for the year of S\$1.1 million in FY2019 as compared to a profit for the year of S\$9.1 million in FY2018. This was due to a S\$11.9 million impairment of goodwill in relation to the Group's dermatology business in FY2019.
19 May 2020 / 21	The Company announced its responses to questions from its Shareholders and the Securities Investors Association (Singapore) ("SIAS"). In the responses, the Company clarified that all its clinics remained open even during the Circuit Breaker period implemented by the Singapore government to curb the spread of COVID-19 with effect from 7 April 2020.
9 June 2020 to 6 July 2020	The Company announced a series of market purchases undertaken by the Company under the share buy-back mandate adopted by the Company on 22 May 2020. A total of 1,196,266 Shares were acquired at between S\$0.15 and S\$0.26 per Share during this period.

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Date / Corresponding label in the chart	Event
6 August 2020 / 22	The Company announced the Group's results for HY2020. The Group registered a 4.2% decrease in revenue from S\$18.7 million in HY2019 to S\$17.9 million in HY2020 due mainly suspension of non-essential medical services during the Circuit Breaker Period and deferment of certain medical services in phase 1 of the reopening period post Circuit Breaker Period from 2 June 2020 to 18 June 2020. The Group's profit for the period decreased by 20.7% from S\$4.8 million in HY2019 to S\$3.8 million in HY2020 due mainly to the decrease in revenue as well as increase in employee remuneration expense of S\$1.1 million. The Company announced an interim dividend of 0.50 Singapore cents per Share, payable on 1 September 2020.
13 August 2020 to 26 August 2020	The Company announced a series of market purchases undertaken by the Company under the share buy-back mandate adopted by the Company on 22 May 2020. A total of 803,724 Shares were acquired at between S\$0.10 and S\$0.255 per Share during this period.
10 February 2021 / 23	The Company issued a profit guidance that the Group expects to record a net profit after tax for FY2020 compared to the net loss after tax reported in FY2019.
25 February 2021 / 24	The Company announced the Group's results for FY2020. The Group registered a slight 0.3% increase in revenue from S\$39.8 million in FY2019 to S\$39.9 million in FY2020. The Group also turnaround its loss for the year of S\$1.1 million in FY2019 to a profit for the year of S\$9.5 million in FY2020. This profit for the year for FY2020 was is higher than the pre-COVID-19 profit for the year of S\$9.1 million in FY2018. The Company also announced a final dividend of 1.20 Singapore cents per Share, payable on 21 May 2021.
2 March 2021	The Company announced that LKW is on leave of absence due to medical reasons for a period of three months.
15 March 2021	The Company announced the retirement of Mr Chan Heng Toong as its Independent Director at the conclusion of the annual general meeting of the Company to be held on 23 April 2021.
18 March 2021	The Company announced that it entered into a joint venture agreement with LYC Mother & Child Centre Sdn Bhd to incorporate a special purpose vehicle for the purpose of setting up a postpartum confinement centre of up to 130 beds in Johor, Malaysia (" Johor Confinement Centre ") offering confinement care and related services.
28 May 2021/ 25	The Company announced that LKW on leave of absence due to medical reasons for an extended period of three months.

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Date / Corresponding label in the chart	Event
4 June 2021	The Company announced the appointment of Ms. Linda Hoon Siew Kin as an Independent Director and Chairman of Nominating Committee of the Company with effect from 4 June 2021.
15 June 2021	The Company announced the resignation of Mr. Chooi Yee-Choong as an Independent Director of the Company with effect from 15 June 2021.
30 June 2021 / 26	The Company announced that the Group has injected RM1,960,000 (equivalent to S\$640,136.00 based on an exchange rate of RM1: S\$0.3266 as at 30 June 2021) in cash representing the capital injection for its 49% shareholding in the joint venture in relation to the Johor Confinement Centre.
11 August 2021 / 27	The Company announced the Group's results for HY2021. The Group registered a 17.9% increase in revenue from S\$17.9 million in HY2020 S\$21.1 million in HY2021 due mainly to increase from revenue from its dermatology business. The Group's profit for the period increased by 19.1% from S\$3.8 million in HY2020 to S\$4.5 million in HY2021. The Company announced an interim dividend of 0.65 Singapore cents per Share, payable on 23 August 2021.
27 August 2021	The Company announced that LKW continues to be on extended leave of absence due to medical reasons, until further notice.
30 December 2021	The Company announced the resignation of LKW as Executive Director of the Company with effect from 31 December 2021 and that LKW remains as the Specialist Medical Practitioner of the Group.
9 February 2022	The Company announced the subscription of 1,964,000 non-convertible redeemable preference shares ("RPS"), in the share capital of LYC SOG Mother & Child Sdn. Bhd. (the "JV Co"), a company incorporated in Malaysia, representing 49% of the total number of RPS issued by the JV Co for an aggregate subscription price of RM1,964,000 in cash. The remaining 51% of the total number of RPS issued by the JV Co has been subscribed by LYC Mother & Child Centre Sdn. Bhd., which holds 51% shareholding in the JV Co.
23 February 2022 / 28	The Company announced the Group's results for FY2021. The Group registered a 6.3% increase in revenue from S\$39.9 million in FY2020 to S\$42.4 million in FY2021. However, the Group's profit for the year decreased by 11.9% from S\$9.5 million in FY2020 to S\$8.4 million in FY2021. The Company also proposed the FY2021 Final Dividend of 0.9 Singapore cents per Share which shall payable on 20 May 2022, subject to receipt of Shareholders' approval at the annual general meeting of the Company to be held on 22 April 2022.
7 March 2022	UOB announced the Offer for and on behalf of the Offeror.

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7.1.2 Trading statistics of the Shares

We tabulate below selected statistical information on the share price and trading liquidity of the Shares for the last two (2) years prior to and including the Last Full Market Day up to the Latest Practicable Date:

	VWAP ⁽¹⁾ (S\$)	Premium/ (Discount) of Offer Price to VWAP (%)	Highest trading price (S\$)	Lowest trading price ⁽²⁾ (S\$)	Average daily traded volume ⁽³⁾ (‘000)	Average daily traded volume as percentage of free float ⁽⁴⁾ (%)
<u>Periods up to and including 3 March 2022 (being the Last Full Market Day)</u>						
Last 24 months	0.245	20.41	0.295	0.141	169 ⁽⁵⁾	0.14
Last 12 months	0.265	11.32	0.295	0.240	141	0.12
Last 6 months	0.265	11.32	0.285	0.240	101	0.08
Last 3 months	0.263	12.17	0.280	0.240	80	0.07
Last 1 month	0.257	14.79	0.280	0.240	123	0.10
The Last Full Market Day	0.255	15.64	0.260	0.255	80	0.07
4 March 2022 ⁽⁶⁾	0.250	18.00	0.260	0.255	200	n.m ⁽⁷⁾
<u>Periods after the Offer Announcement Date</u>						
Between 9 March 2022 and the Latest Practicable Date, both dates inclusive	0.295	-	0.300	0.295	1,427	1.18
The Latest Practicable Date	0.295	-	0.300	0.295	607	0.50

Source: Bloomberg L.P.

Notes:

- (1) Rounded to three (3) decimal places.
- (2) Exclude trading prices of Shares traded on the SGX-ST's Unit Share Market which is a market for trading of odd lots in any quantity less than one board lot of the Shares.

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- (3) The average daily traded volumes of the Shares are calculated based on the total number of Shares traded and the total days where the Shares were traded ("**Trading Days**") during that period which differ slightly from the average daily traded volumes of the Shares reflected in Section 6.1 of the Offer Document which are calculated based on the number of market days on which the SGX-ST is open for the trading of securities during the aforesaid periods.
- (4) Calculated based on the difference between (i) the total number of 477,346,620 issued Shares (excluding treasury shares); and (ii) the 340,470,702 Shares being the Shares held by the Undertaking Shareholders as well as the 16,347,410 Shares held by the Offeror's concert parties (other than the Undertaking Shareholders) as set out in paragraph 5 of this IFA Letter.
- (5) There is no material impact to the VWAP and average daily traded volume of the Shares for the 24-month period prior to and including the Last Full Market Day after excluding the 1,999,990 Shares acquired by the Company between 8 June 2020 and 25 August 2020 under the share buy-back mandate.
- (6) Trading of the Shares were halted from 9:01 a.m. on 4 March 2022 to 8:30 a.m. on 9 March 2022.
- (7) 'n.m.' means not meaningful.

We note the following with regard to the trading prices of the Shares:

- (a) the Shares traded between a low S\$0.141 and a high of S\$0.295 for the two (2) years period prior to and including the Last Full Market Day;
- (b) the Offer Price is the same as the highest trading price of S\$0.295 for the two (2) years period prior to and including the Last Full Market Day;
- (c) the Offer Price represents premia of 20.41%, 11.32%, 11.32%, 12.17% and 14.79% to the VWAPs of the Shares respectively for the 24-month, 12-month, 6-month, 3-month and 1-month periods prior to and including the Last Full Market Day and premia of 15.64% and 18.00% to the VWAPs of the Shares respectively on the Last Full Market Day and on 4 March 2022; and
- (d) the VWAPs of the Shares for the period between the Offer Announcement Date and the Latest Practicable Date and on the Latest Practicable Date are the same as the Offer Price.

However, we wish to highlight that, as mentioned in paragraph 5 of this IFA Letter, the Offeror made market purchases of Shares between the Offer Announcement Date and the Latest Practicable Date. We note that the Offeror paid S\$0.295 per Share during this period. After excluding these Shares acquired by the Offeror during the aforesaid period, the VWAPs of the Share for the period between the Offer Announcement Date and the Latest Practicable Date is S\$0.296 and the Offer Price represents a discount of 0.34% to this VWAP. For reference, between the Offer Announcement Date and the Latest Practicable Date, excluding the Offeror's market purchases, 479,200 Shares (or 28.3%) traded at S\$0.30 per Share and 1,214,300 Shares (71.7%) traded at S\$0.295 per Share.

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We note the following with regard to the trading liquidity of the Shares:

- (i) the average daily traded volume of the Shares for the 24-month, 12-month, 6-month, 3-month and 1-month periods prior to and including the Last Full Market Day and on the Last Full Market Day represents less than 0.15% of the free float. Average daily traded volume during the aforesaid periods was less than 200,000 Shares;
- (ii) given that the average daily traded volume of the Shares in the periods mentioned in paragraph (i) above may be affected by COVID-19, we have obtained the total number of Shares traded since the Share Split up to the Last Full Market Day and calculate the average daily traded volume of the Shares for this period to be 303,761 Shares, representing approximately 0.25% of the free float;
- (iii) as mentioned in note (2) to the table above, the average daily traded volumes of the Shares are calculated based on the total number of Trading Days. We compare the number of Trading Days against the market days which the SGX-ST were open for trading for the periods prior to and including the Last Full Market Day, and we note that the Shares were traded on more than 90% of the market days in the aforesaid periods; and
- (iv) the average daily traded volume of the Shares for the period between the Offer Announcement Date and the Latest Practicable Date amounted to 1,426,543 Shares and represents 1.18% of the free float while the total volume of 607,300 Shares traded on the Latest Practicable Date represents 0.50% of the free float.

Similarly, given that the Offeror made market purchases of Shares between the Offer Announcement Date and the Latest Practicable Date, we calculate and note that the Offeror acquired 18,278,100 Shares (or 91.5% of the total Shares traded) during the aforesaid period. After excluding these Shares acquired by the Offeror during the aforesaid period, the average daily traded volume of the Shares for the period between the Offer Announcement Date and the Latest Practicable Date amounted to only 141,125 Shares and represents 0.12% of the free float.

Based on the information presented in paragraphs 7.1.2 and 7.1.3 above, the increase in traded prices and trading volumes of the Shares for the period between the Offer Announcement Date and the Latest Practicable Date can be attributed to the Offer as well as the Offeror's acquisition of Shares post Offer Announcement Date.

Accordingly, while the Shares generally seem to be traded on a daily basis, the absolute trading volume of the Shares is nevertheless considered thin which renders the Shares illiquid for investors who wish to undertake trades in larger amounts of Shares.

Shareholders should note that there is no assurance that the market prices and trading volumes of the Shares will maintain at the level between the Offer Announcement Date and the Latest Practicable Date after the close or lapse of the Offer.

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Shareholders are also advised that the past trading performance of the Shares should not, in any way, be relied upon as an indication or promise of its future trading performance.

7.1.3 Share buy-back by the Company

As mentioned in paragraph 7.1.1 of this IFA Letter, the Company adopted a share buy-back mandate in May 2020 and purchased, in aggregate, 1,999,990 Shares under the share buy-back mandate between June 2020 and August 2020.

Date of buy-back	Number of Shares	Price paid for each Share (S\$)
June 2020	1,018,266	Between S\$0.150 and S\$0.250
July 2020	178,000	Between S\$0.250 and S\$0.260
August 2020	803,724	Between S\$0.100 and S\$0.255
Total	<u>1,999,990</u>	

The Offer Price represents a premium of 3.5 Singapore cents or 13.46% to the highest price per Share paid by the Company for purchases of Shares under the share buy-back mandate in 2020.

7.2 THE FINANCIAL POSITION OF THE GROUP

We summarise the latest audited financial position of the Group as at 31 December 2020 and 31 December 2021 as follows:

S\$'000	Audited 31 December 2020	Audited 31 December 2021
Current assets	40,974	41,192
Current liabilities	<u>(12,872)</u>	<u>(13,836)</u>
Net current assets	28,102	27,356
Non-current assets	16,886	16,594

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S\$'000	Audited 31 December 2020	Audited 31 December 2021
Non-current liabilities	(1,946)	(1,229)
Net asset value (“NAV”)	43,042	42,721
Less: Intangible assets – Goodwill	(12,230)	(12,230)
Net tangible assets (“NTA”)	30,812	30,491

The NAV of the Group refers to the aggregate value of all the assets in their existing condition net of all liabilities of the Group. The NAV approach may provide an estimate of the value of the Group assuming the hypothetical sale of all their assets over a reasonable period of time, the proceeds of which would be first used to settle all liabilities of the Group, and the balance proceeds, if any, be distributed to all shareholders. Therefore, the NAV is perceived as providing support for the value of the Shares.

Notwithstanding the foregoing, Shareholders should note that an analysis based on the NAV of the Group only provides an estimate of the value of the Group based on a hypothetical scenario, and such hypothetical scenario is assumed without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically lower the NAV that can be realised.

In our evaluation of the NAV of the Group, we also have considered whether there are any assets which should be valued at an amount that is materially different from that which was recorded in the financial positions of the Group as presented in the table above and whether there are any factors in recent announcements made by the Company that are likely to impact the NAV per Share.

We set out in the table below, the assets which accounted for more than 5% of the NAV of the Group as at 31 December 2021:

	Audited as at 31 December 2021	
	S\$'000	As a percentage of the Group's NAV
Cash and cash equivalents	35,765	83.7
Goodwill	12,230	28.6
Right-of-use assets	2,538	5.9

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The only liability which accounted for more than 5% of the NAV of the Group as at 31 December 2021 is its trade and other payables. Trade and other payables amounted to S\$10.3 million or 24.1% of the Group's NAV as at 31 December 2021.

We review these material assets and liabilities in the paragraphs below.

(i) Cash and cash equivalents

The Group's cash and cash equivalents comprise cash balances and bank deposits.

(ii) Goodwill

As set out above, the Group's NAV also includes goodwill which accounted for 28.6% of the Group's NAV as at 31 December 2021. Accordingly, the NTA approach which provides an estimate of the value of the Group assuming the hypothetical sale of all their tangible assets over a reasonable period of time, the proceeds of which would be first used to settle all liabilities of the Group, and the balance proceeds, if any, be distributed to all shareholders is also applicable.

The Group's goodwill mainly arises from the acquisition of the entire rights, title and interest of Dr. Joyce Lim and JL Laser & Surgery Centre Pte. Ltd., JL Esthetic Research Centre Pte. Ltd. and JL Dermatology Pte. Ltd. on 1 January 2016 which accounted for more than 90% of the Group's goodwill as at 31 December 2021.

The Group's goodwill is tested for impairment annually and there has been no impairment to the Group's goodwill in FY2020 and FY2021.

(iii) Right-of-use assets

Right-of-use assets refers to long-term lease agreements entered into by the Group in relation to its office and clinic premises.

(iv) Trade and other payables

Trade and other payables comprised mainly incentive bonuses for the Group's specialist medical practitioners.

Potential adjustments to the Group's NAV and NTA

We have inquired and the Company confirms that, to the best of their knowledge and based on information made available to them, as at the Latest Practicable Date:

- (1) save for the FY2021 Final Dividend, there is no event subsequent to 31 December 2021 which would materially affect the NAV of the Group;

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- (2) there are no material contingent liabilities, unrecorded earnings or expenses or assets or liabilities that may have a material impact on the NAV of the Group as at 31 December 2021; and
- (3) there is no material change to the accounting policies and methods of computation which may materially affect the NAV of the Group as at 31 December 2021.

In addition, we note from Section 8.3 of the Offer Document that, subject to normal business conditions and other than in the normal course of business, the Offeror does not intend to (a) make major changes to the business of the Company or its management team; (b) re-deploy the fixed assets of the Company; or (c) discontinue the employment of the employees of the Group. Nonetheless, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which the Offeror may regard to be in the interests of the Company.

Accordingly, the only adjustment to the Group's NAV and NTA shall be the FY2021 Final Dividend which shall reduce the Group's cash and cash equivalents as at 31 December 2021 by S\$4.3 million to S\$31.5 million, and accordingly, the Group's NAV and NTA as at 31 December 2021 to S\$38.4 million and S\$26.2 million respectively.

7.2.1 NAV per Share

Based on the total number of 477,346,620 issued Shares (excluding treasury shares) as at the Latest Practicable Date:

- (a) the audited NAV per Share as at 31 December 2021 was approximately S\$0.0895. The Offer Price represents a premium of approximately S\$0.2055 or 229.6% to the audited NAV per Share, or a price-to-NAV ("**P/NAV**") ratio of approximately 3.3 times; and
- (b) the audited NAV per Share as at 31 December 2021 after adjusting for the FY2021 Final Dividend (the "**Dividend Adjusted NAV**") was approximately S\$0.0805. The Net Offer Price (being the Offer Price less the FY2021 Final Dividend) represents a premium of approximately S\$0.2055 or 255.3% to the audited Dividend Adjusted NAV per Share, or a P/NAV ratio of approximately 3.6 times.

7.2.2 NTA per Share

Based on the total number of 477,346,620 issued Shares (excluding treasury shares) as at the Latest Practicable Date:

- (a) the audited NTA per Share as at 31 December 2021 was approximately S\$0.0639. The Offer Price represents a premium of approximately S\$0.2311 or 361.8% to the audited NTA per Share, or a price-to-NTA ("**P/NTA**") ratio of approximately 4.6 times; and

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- (b) the audited NTA per Share as at 31 December 2021 after adjusting for the FY2021 Final Dividend (the “**Dividend Adjusted NTA**”) was approximately S\$0.0549. The Net Offer Price (being the Offer Price less the FY2021 Final Dividend) represents a premium of approximately S\$0.2311 or 421.2% to the audited Dividend Adjusted NTA per Share, or a P/NTA ratio of approximately 5.2 times.

7.2.3 Ex-cash NAV per Share

Given that the Group’s cash and cash equivalent accounted for 83.7% of the Group’s NAV as at 31 December 2021, we calculate the Group’s ex-cash NAV as at 31 December 2021 to be S\$6,956,000. Based on the total number of 477,346,620 issued Shares (excluding treasury shares) as at the Latest Practicable Date, the ex-cash NAV per Share is S\$0.0146.

We calculate the P/NAV on an ex-cash basis as follows:

	As at 31 December 2021	As at 31 December 2021 after adjusting for FY2021 Final Dividend
Cash and cash equivalent per Share	S\$0.0749	S\$0.0659
Ex-cash Offer Price / Ex-cash Net Offer Price	S\$0.2201	S\$0.2201
Ex-cash NAV	S\$0.0146	S\$0.0146
Ex-cash P/NAV	15.1	15.1

7.3 FINANCIAL PERFORMANCE OF THE GROUP

We summarise the financial results of the Group for the last three completed financial years as follows:

S\$'000	Audited FY2019	Audited FY2020	Audited FY2021
Revenue	39,757	39,889	42,397
Profit before income tax	619	10,808	9,832
(Loss)/Profit attributable to equity holders of the Company	(1,133)	9,493	8,362

Source: Annual reports and results announcements of the Company.

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Revenue

The Group registered a 0.3% (or S\$132,000) increase in revenue from FY2019 to FY2020. The Company attributed the increase to increases of S\$0.8 million and S\$0.3 million from its obstetrics & gynaecology (“O&G”) and paediatrics segments respectively due to an overall increase in patient load of three clinics of the Group which reported full year of operations for FY2020 as they only commenced operations in May 2019, November 2018 and February 2019 respectively. The increase was offset by decrease of S\$0.3 million and S\$0.7 million from its cancer-related and dermatology segments respectively due mainly to the suspension of non-essential medical services during the Circuit Breaker Period and the deferment of certain medical services in phase 1 of the reopening period post Circuit Breaker Period from 2 June 2020 to 18 June 2020 implemented by the Singapore government in response to the COVID-19 pandemic.

In FY2021, the Group registered a 6.3% increase in revenue. The Company attributed the increase to increases of S\$2.1 million and S\$1.0 million from its dermatology and paediatrics segments respectively due mainly to increase in patient load in FY2021 as compared to FY2020 where non-essential medical services were suspended during the Circuit Breaker Period, as well as deferment of certain medical services in phase 1 of the reopening period post Circuit Breaker Period from 2 June 2020 to 18 June 2020, implemented by the Singapore government in response to COVID-19 pandemic. The increase was offset by decrease of S\$0.4 million from its cancer-related segment due mainly to the cessation of a clinic in February 2021 and lower contribution from the two (2) new clinics which only commenced their operations in April and June 2021 respectively as well as decrease of S\$0.2 million from its O&G segment due mainly to the decrease in patient load.

We also set out the following information which are relevant to the revenue trend of the Group as disclosed by the Company in its annual report and results announcement:

	FY2019	FY2020	FY2021
<u>Revenue by segments (S\$'000)</u>			
- O&G	21,466	22,257	22,084
- Dermatology	7,379	6,716	8,829
- Cancer related	6,241	5,985	5,550
- Paediatrics	4,671	4,931	5,934
	<u>39,757</u>	<u>39,889</u>	<u>42,397</u>

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	FY2019	FY2020	FY2021
<u>Other relevant information</u>			
Number of specialist medical practitioners as at the end of the financial year	15 (including a paediatrics specialist medical practitioner who joined in February 2019 and an O&G specialist medical practitioner who joined in May 2019)	15	17 (including two cancer-related specialist medical practitioners who joined in April and June 2021 respectively, and an O&G specialist medical practitioner who joined in August 2021. A cancer-related specialist medical practitioner left in February 2021)

Profit before income tax

The Group registered a low profit before income tax of S\$619,000 in FY2019 due to a S\$11.9 million impairment of goodwill in relation to the Group's dermatology business in FY2019.

In FY2020, the Group registered a profit before income tax of S\$10.8 million due mainly to the absence of the S\$11.9 million impairment of goodwill which was partially offset by a S\$3.0 million increase in employee remuneration expense. The Group also had a S\$1.0 million increase in other operating income due to mainly to government grants in relation to COVID-19 support schemes.

The Group's profit before income tax decreased by 9.0% to S\$9.8 million in FY2021. This is attributable mainly to a S\$1.9 million increase in employee remuneration expense as well as a S\$0.5 million decrease in other operating income.

Given that employee remuneration expense was a material factor affecting the Group's profit before income tax, we calculate the percentage of revenue represented by the Group's employee remuneration expense for the last three completed financial year as follows:

	Audited FY2019	Audited FY2020	Audited FY2021
Employee remuneration expense (S\$'000)	16,481	19,472	21,348
As a percentage of revenue (%)	41.5	48.8	50.4

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As set out above, the percentage of revenue represented by the Group's employee remuneration expense had increased from 41.5% of the Group's revenue for FY2019 to 50.4% of the Group's revenue for FY2021.

We also note that, while the Group's revenue increased by 0.3% from FY2019 to FY2020 and by 6.3% from FY2020 to FY2021, the Group's employee remuneration expense had increased by 18.1% from FY2019 to FY2020 and by 9.6% from FY2020 to FY2021. The increase from FY2019 to FY2020 could be attributed to the full year employee remuneration expense of the two specialist medical practitioners and their related clinic staff who joined the Group in 2019 while the increase from FY2020 to FY2021 could be attributed to the employee remuneration expense of the three specialist medical practitioners and their related clinic staff who joined the Group in 2021.

7.3.1 Earnings per Share and price-to-earnings ("P/E") ratio

Based on the profit attributable to equity holders of the Company of S\$8.4 million for FY2021 and the total number of 477,346,620 issued Shares (excluding treasury shares) as at the Latest Practicable Date, the earnings per Share is S\$0.0175. The P/E ratio represented by the Offer Price is 16.8 times.

7.3.2 Earnings before interest, tax, depreciation and amortisation ("EBITDA") and enterprise value ("EV")-to-EBITDA ("EV/EBITDA") ratio

We calculate the EBITDA of the Group as follows:

S\$'000	Audited FY2019	Audited FY2020	Audited FY2021
Profit before income tax	619	10,808	9,832
Add: Depreciation	2,207	2,177	2,234
Add: Interest expense	183	154	146
Less: Interest income	(153)	(184)	(87)
Group's EBITDA	2,856	12,955	12,125

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As set out in the paragraph 7.3 above, the Group had impairment of goodwill in FY2019, accordingly, the adjusted EBITDA of the Group is as follows:

S\$'000	Audited FY2019	Audited FY2020	Audited FY2021
Group's EBITDA	2,856	12,955	12,125
Add: Impairment of goodwill	11,900	-	-
Adjusted Group's EBITDA	14,756	12,955	12,125

As set out in the table above, the Group's adjusted EBITDA is on a decreasing trend from FY2019 to FY2021. This could be attributable to the higher percentage increase in the Group's employee remuneration expenses as compared to the percentage increase in the Group's revenue for the last three completed financial years.

The EBITDA is usually adopted to calculate the EV/EBITDA ratio of a company. EV is defined as the sum of a company's market capitalisation, preferred equity, minority interests, short-term and long-term debts less its cash and cash equivalents.

We calculate the EV of the Group as follows:

S\$'000	Audited as at 31 December 2021
Value of the Company as implied by the Offer Price	140,817
Add: Borrowings and lease liabilities	2,660
Less: Cash and cash equivalents	(35,765)
EV	107,712

Based on the above calculations, the EV/EBITDA ratio of the Group implied by the Offer Price is 8.9 times.

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7.3.3 Prospective statements in the Company's results announcements dated 11 August 2021 and 23 February 2022

The Company made the following statements which are deemed as Statements of Prospects under Rule 25 of the Code:

Date of release on the SGXNET	Statements of Prospects
11 August 2021	<i>Based on the current conditions and barring unforeseen circumstances, the Board of Directors expects the Group to remain profitable at the operational level in the next reporting period and the next 12 months.</i>
23 February 2022	<i>Based on the current conditions and barring unforeseen circumstances, the Board of Directors expects the Group to remain profitable at the operational level in the next reporting period and the next 12 months.</i>

As the above extracts constitute statements of prospects under the Code, the Company is required to set out the bases and assumption relied by the Directors when making such Statements of Prospects. The IFA and the Auditors are also required to provide their opinions on the Statements of Prospects. Shareholders may refer to Appendices V, VI and VII to the Circular for the bases and assumptions underlying the Statements of Prospects as well as our opinion and the Auditors' opinion in connection with the Statements of Prospects.

The Statements of Prospects should not be regarded as a forecast of the Group's performance for the next 12 months ending 30 June 2022 and the next 12 months ending 31 December 2022 (as the case may be), and our opinion on the Statements of Prospects is not reflective of any projections on the future financial performance of the Group.

The Group started with more specialist medical practitioners in 2022 as three specialist medical practitioners who joined in the second and third quarters of FY2021 are likely to generate full year of revenue in 2022. Nevertheless, while the Board of Directors expects the Group to remain profitable at the operational level, there is no assurance that the Group will register higher revenue and/or higher profit after tax in the current financial year ending 31 December 2022 as compared to FY2021 given that the Group's employee remuneration expense increased at a percentage higher than its revenue in the last three financial years ended 31 December 2021.

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7.4 DIVIDEND TRACK RECORD OF THE COMPANY

We note that the Company does not have a formal dividend policy.

We set out below the information on the dividend per Share declared and paid by the Company since its listing in June 2015:

Dividends declared and paid by the Company	Singapore cents
FY2015 interim dividend	0.440 ⁽¹⁾
FY2015 final dividend	0.575 ⁽¹⁾
FY2016 interim dividend	0.765 ⁽¹⁾
FY2016 final dividend	0.785 ⁽¹⁾
FY2017 interim dividend	0.610
FY2017 final dividend	0.890
FY2018 interim dividend	0.800
FY2018 final dividend	0.900
FY2019 interim dividend	0.620
FY2020 interim dividend	0.500
FY2020 final dividend	1.200
FY2021 interim dividend	0.650
TOTAL	8.735

Note:

- (1) The Company completed the Share Split in May 2017. Accordingly, dividends declared and paid before May 2017 were adjusted for the Share Split.

As mentioned in previous paragraph, the Company declared the FY2021 Final Dividend of 0.9 Singapore cents per Share on 23 February 2022 and the FY2021 Final Dividend Record Date is 5 May 2022.

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The Company has a good track record of paying dividend to its Shareholders since its listing in 2015.

Based on the above track record, we calculate the annualised dividend per Share to be 1.743 Singapore cents, which represents a dividend yield of 5.91% based on the Offer Price.

For the purpose of analysing the Offer, we have considered that the Shareholders who accept the Offer may re-invest the proceeds from the Offer in selected alternative equity investments such as a broad Singapore market index instrument such as the STI Exchange-Traded Fund (“**STI ETF**”).

As at the Latest Practicable Date, the 12-month dividend yield of the STI ETF is 2.90%. This suggests that Shareholders who accept the Offer may potentially experience a decrease in dividend income if they reinvest the proceeds from the Offer in the STI ETF.

However, the closing price of STI ETF as at the Latest Practicable Date was S\$3.46 as compared to S\$3.23 on 29 March 2021 (Monday) a year ago, implying an annual capital return of 7.12% which is higher than the annual capital return of the Shares when comparing the closing price of the Shares of S\$0.255 on the Last Full Market Day which is the same as the closing price of the Shares of S\$0.255 on 3 March 2021 a year ago.

We wish to highlight that the above dividend track record analysis only serves as an illustrative guide and is not an indication of the Company’s future dividend pay-out nor an indication of the performance of STI ETF or its dividend pay-out. There is no assurance that the Company will continue the dividend pay-out or STI ETF will continue to generate such returns or make such dividend pay-out in the future.

7.5 **COMPARISON OF THE VALUATION RATIOS OF THE COMPANY IMPLIED BY THE OFFER PRICE AGAINST THOSE OF COMPARABLE COMPANIES**

The Group derives its revenue principally from the provision of medical services by its specialist medical practitioners. Comparison is therefore made to companies listed on the SGX-ST whose businesses are comparable to the Group (“**Comparable Companies**”) to assess the Offer Price in relation to the valuation of the Comparable Companies as implied by their last traded prices as at the Latest Practicable Date. For a more meaningful comparison, we have also shortlisted SGX-ST listed companies with more than 50% of its revenue from the provision of specialist or general medical practitioners services and which reported revenue not more than S\$200 million and were profitable in its latest available 12 months or full year results.

We wish to highlight that the list of Comparable Companies is not exhaustive and none of the Comparable Companies is identical to the Group in terms of business activities, scale of operations, geographical markets, asset base, risk profile, track record, future prospects and other relevant criteria. Comparisons may also be affected, *inter alia*, by differences in the accounting policies adopted by companies from various

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countries. Our analysis has not adjusted for such differences. In view of the above, it should be noted that any comparison made with respect to the Comparable Companies merely serves as an illustration and that the conclusions drawn from the comparisons may not necessarily reflect the perceived market valuation of the Company as at the Latest Practicable Date.

For the comparison of Comparable Companies, we have referred to various valuation measures to provide an indication of current market expectations with regard to the valuation of these companies as below:

Valuation measure	General description
P/E	P/E ratio illustrates the ratio of the market price of a company's share relative to its historical consolidated earnings per share. The P/E ratio is affected by, <i>inter alia</i> , the capital structure of a company, its tax position as well as its accounting policies relating to among others, depreciation and amortisation.
EV/EBITDA	EV/EBITDA ratio is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.
P/NAV	P/NAV ratio illustrates the ratio of the market capitalisation of a company relative to its NAV as stated in its financial statements. Comparisons of companies using their NAV are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.
P/NTA	P/NTA ratio illustrates the ratio of the market price of a company's share relative to its historical NTA per share as recorded in its financial statements. The NTA figure provides an estimate of the value of a company assuming the hypothetical sale of all its tangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their NTAs are affected by differences in their respective accounting policies, in particular, their amortisation and asset valuation policies.

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We set out in the table below the list of Comparable Companies, together with a brief description of their business activities:

Comparable Companies	Business Activities
Alliance Healthcare Group Ltd (“ Alliance Healthcare ”)	Alliance Healthcare operates as a healthcare organisation. The company offers corporate healthcare solutions, clinical, medical diagnosis, and surgical treatments, as well as manufactures and distributes pharmaceutical and medical supplies. Alliance Healthcare serves customers worldwide.
Asian Healthcare Specialists Ltd (“ Asian Healthcare ”)	Asian Healthcare provides medical services. The company offers spinal injection therapies, cervical disc replacement, trauma care, and sports medicine services. Asian Healthcare serves patients in Singapore.
HC Surgical Specialists Ltd (“ HC Surgical ”)	HC Surgical operates as a medical services group. The company focuses on the provision of endoscopic procedures, including gastroscopies and colonoscopies, and general surgery services with a focus on colorectal procedures. HC Surgical serves customers in Singapore.
Healthway Medical Corporation Ltd (“ Healthway ”)	Healthway provides outpatient medical services in Singapore. The company offers care in the areas of family medicine, specialists care, dental and oral care and medical aesthetics.
ISEC Healthcare Ltd (“ ISEC Healthcare ”)	ISEC Healthcare provides eyecare (ophthalmology) services in Malaysia and Singapore. The company provides clinical care, research and educational services. ISEC Healthcare operates across Malaysia and Singapore.
Q & M Dental Group Singapore Limited (“ Q&M Dental ”)	Q&M Dental operates dental clinics. The company offers aesthetic, children's and general dentistry, fits crowns, dentures and braces, and offers bleeding gum treatment, gum surgery and oral surgery, and treats snoring and teeth grinding.
Singapore Medical Group Ltd (“ Singapore Medical ”)	Singapore Medical operates medical clinics throughout Singapore. The company's principal activities lie in the provision of multi-disciplinary specialist healthcare services across the fields of ophthalmology, sports medicine, aesthetic medicine and oncology.

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Comparable Companies Business Activities

Singapore Paincare Holdings Ltd (“ Singapore Paincare ”)	Singapore Paincare provides healthcare services. The company offers persisting post-surgical, neck and chronic back, cancer, and arthritis pain management, as well as neuroplasty, intrathecal pump implants, and endoscopic laser decompression services. Singapore Paincare serves patients in Singapore.
Talkmed Group Ltd (“ Talkmed ”)	Talkmed provides medical oncology services to patients. Talkmed has a group of doctors providing tertiary healthcare services in the fields of medical oncology and palliative care to the oncology patients in the private sector in Singapore through Parkway Cancer Centre.

Source: Bloomberg L.P. and the respective website of the Comparable Companies.

We set out in the table below the financial ratios of the Comparable Companies as at the Latest Practicable Date:

Comparable Companies	Market Capitalisation ⁽¹⁾ (S\$m)	Revenue ⁽²⁾ (S\$m)	Profit attributable to equity holders ⁽²⁾ (S\$m)	P/E ratio (times)	EV/EBITDA ratio (times)	P/NAV ratio (times)	P/NTA ratio (times)
Alliance	36.3	51.9	2.3	15.7	4.3	1.8	2.5
Asian Healthcare	88.5	27.6	4.5	19.8	8.6	1.7	5.7
HC Surgical	73.7	22.8	7.6	9.6	6.5	8.5	18.9
Healthway	149.4	139.9	10.8	13.9	6.0	0.8	3.8
ISEC Healthcare	155.0	40.5	6.9	22.5	11.0	2.3	6.1
Q&M Dental	502.6	205.6	30.5	16.5	9.4	5.1	13.3
Singapore Medical	160.5	100.8	15.6	10.3	5.4	1.0	3.6
Singapore Paincare	35.9	14.4	3.8	9.5	5.1	1.5	2.1
Talkmed	529.6	60.7	25.1	21.1	14.5	5.9	5.9

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Comparable Companies	Market Capitalisation ⁽¹⁾ (S\$m)	Revenue ⁽²⁾ (S\$m)	Profit attributable to equity holders ⁽²⁾ (S\$m)	P/E ratio (times)	EV/EBITDA ratio (times)	P/NAV ratio (times)	P/NTA ratio (times)
Maximum				22.5	14.5	8.5	18.9
Minimum				9.5	4.3	0.8	2.1
Mean				15.4	7.9	3.2	6.9
Median				15.7	6.5	1.8	5.7
The Company (at the Offer Price)	140.8	42.4	8.4	16.8	8.9	3.3	4.6

Source: Bloomberg L.P., annual reports and/or announcements of the respective companies.

Notes:

- (1) Based on last traded prices of the respective counters as at the Latest Practicable Date.
- (2) Based on latest available 12 months or full year revenue/profits attributable to equity holders as announced by the respective Comparable Companies.

For illustrative purpose only, based on the above ratio analysis, we note that:

- (a) the P/E ratio, EV/EBITDA ratio and P/NAV ratio of the Group as implied by the Offer Price are within the range and higher than the mean and median P/E ratios, EV/EBITDA ratios and P/NAV ratios of the Comparable Companies;
- (b) the P/NTA ratio of the Group as implied by the Offer Price is within the range but lower than the P/NTA ratios of the Comparable Companies. If the P/NTA ratios of HC Surgical and Q&M Dental are excluded as statistical outliers, the mean and median P/NTA ratios of the Comparable Companies will be 4.2 times and 3.8 times respectively and the P/NTA ratio of the Group as implied by the Offer Price will be higher than the mean and median P/NTA ratios of the Comparable Companies.

We have not made any adjustment in relation to the FY2021 Final Dividends as some of the Comparable Companies (namely ISEC Healthcare, Singapore Medical and Talkmed) are also trading on a cum-dividend basis. These Comparable Companies are also paying their

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final dividends in May 2022 subject to receipt of their shareholders' approvals in their annual general meeting to be convened in April 2022.

7.6 COMPARISON WITH RECENTLY COMPLETED PRIVATISATION TRANSACTIONS FOR COMPANIES LISTED ON THE SGX-ST

As disclosed in Section 8.3 of the Offer Document, the Offeror does not intend to preserve the listing status of the Company and the Offeror will be exercising its right to compulsorily acquire all the Offer Shares not acquired under the Offer.

Accordingly, we have compared the key terms of the Offer with those of selected successful privatisation transactions that were announced and completed since 1 January 2020 and up to the Latest Practicable Date, which were carried out either by way of voluntary delisting exit offers under Rule 1307 of the listing manual of the SGX-ST (the "**Listing Manual**"), offers being made by way of a scheme of arrangement under Section 210 of the Companies Act 1967 of Singapore or general takeover offers under the Code where the offeror has stated its intentions to delist the listed company from the SGX-ST, whether in cash or otherwise ("**Recent Privatisation Transactions**").

This analysis serves as a general indication of the relevant premium/discount that the offerors had paid in order to acquire the target companies without having regard to their specific industry characteristics or other considerations, and the comparison sets out the premium or discount represented by each of the respective offer prices to the last transacted prices and VWAPs prior to the announcement of the respective Recent Privatisation Transactions.

We wish to highlight that the premium that an offeror pays in any particular takeover depends on various factors such as the potential synergy that the offeror can gain by acquiring the target, the presence of competing bids for the target, prevailing market conditions and sentiments, attractiveness and profile of the target's business and assets, size of consideration and existing and desired level of control in the target. The comparison below is made without taking into consideration the underlying liquidity of the shares and the performance of the shares of the relevant companies below. Further, the list of target companies involved in Recent Privatisation Transactions set out in the analysis below are not directly comparable with the Group in terms of size of operations, market capitalisation, business activities, asset base, geographical spread, track record, accounting policy, financial performance, operating and financial leverage, future prospects and other relevant criteria. Hence, the comparison of the Offer with the Recent Privatisation Transactions set out below is for illustration purposes only. Conclusions drawn from the comparisons made may not reflect any perceived market valuation of the Group.

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The statistics of the Recent Privatisation Transactions are as follows:

Name of companies	Date of announcement ⁽¹⁾	Type ⁽²⁾	Premium / (Discount) of offer price over/(to) ⁽¹⁾ :				Offer price-to-NAV or RNAV ⁽³⁾ (times)
			Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	
Roxy-Pacific Holdings Limited	15-Dec-21	VGO	19.8	21.0	23.5	30.3	0.64
United Global Limited	10-Dec-21	VGO	12.5	16.7	16.7	16.2	1.06
Starburst Holdings Limited	10-Nov-21	VGO	5.8	3.9	9.2	12.8	1.84
SingHaiyi Group Ltd.	9-Nov-21	VGO	8.3	7.0	10.7	18.3	0.60
Fragrance Group Limited	9-Jul-21	VGO	16.9	19.0	19.0	20.0	0.70
Cheung Woh Technologies Limited	6-May-21	VGO	90.0	90.0	92.6	109.6	1.10
Sin Ghee Huat Corporation Ltd	20-Apr-21	VGO	25.6	68.2	68.2	68.8	0.64
Neo Group Limited	30-Mar-21	VGO	20.0	17.9	14.5	15.4	1.22
Singapore Reinsurance Corporation Limited	19-Mar-21	VGO	17.8	20.6	20.8	21.8	0.79
World Class Global Limited	12-Mar-21	SOA	112.1	107.9	107.9	89.2	0.83
Top Global Limited	9-Mar-21	VGO	122.9	133.6	146.8	148.7	0.32 ⁽⁴⁾
International Press Softcom Limited	28-Jan-21	VGO	12.5	25.4	32.0	21.6	1.08
GL Limited	15-Jan-21	VGO	25.0	28.2	33.4	27.5	0.66
CEI Limited	11-Jan-21	VGO	15.0	18.1	20.5	23.6	1.89
Hi-P International Limited	18-Dec-20	VGO	13.6	23.2	42.3	50.6	2.60
Sunvic Chemical Holdings Limited	20-Nov-20	VGO	27.3	40.0	(3.4)	16.7	0.16 ⁽⁴⁾
LCT Holdings Limited	16-Sep-20	VGO	39.5	60.8	61.7	61.5	0.91

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Premium / (Discount) of offer price over/(to) ⁽¹⁾:

Name of companies	Date of announcement ⁽¹⁾	Type⁽²⁾	Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	Offer price-to-NAV or RNAV ⁽³⁾ (times)
Sunningdale Tech Ltd.	9-Sep-20	SOA	32.0	39.1	45.0	58.2	0.77
SK Jewellery Group Limited	2-Sep-20	VGO	70.5	90.2	94.8	93.7	1.31
China Jishan Holdings Limited	20-Aug-20	VGO	84.2	101.3	106.4	116.7	0.78
Teckwah Industrial Corporation Limited	12-Aug-20	VGO	17.8	23.1	25.0	32.4	0.81
Luzhou Bio-chem Technology Limited	30-Jun-20	VGO	100.0	87.5	130.8	150.0	n.a. ⁽⁵⁾
Dynamic Colours Limited	1-Jun-20	VGO	13.6	22.8	29.1	26.8	0.91
Perennial Real Estate Holdings Limited	15-May-20	VGO	88.1	105.2	124.2	112.7	0.58
Elec & Eltek International Company Limited	3-Apr-20	VGO	93.0	61.3	43.8	48.4	1.00
Breadtalk Group Ltd	24-Feb-20	VGO	19.4	30.1	24.0	25.0	2.81
Maximum			122.9	133.6	146.8	150.0	2.81
Minimum			5.8	3.9	(3.4)	12.8	0.16
Mean ⁽³⁾			42.4	48.5	51.5	54.5	1.04
Median ⁽³⁾			22.5	29.2	32.7	31.4	0.83
The Company (Based on Offer Price)	7-Mar-22	VGO	18.0	14.8	12.2	11.3	3.30
The Company (Based on Offer Price and after adjusting for FY2021 Final Dividend)							3.55

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Notes:

- (1) Date of announcement and premium/(discount) of offer price over last transacted price and VWAPs refer to the date of first announcement, including holding announcement, of offers and are extracted from the independent financial adviser's letter set out in respective circular of the companies.
- (2) VGO – Voluntary General Offer and SOA – Scheme of Arrangement
- (3) Based on the NAV per share or adjusted/revalued NAV (“RNAV”) per share, where available, as published in the independent financial adviser's letter set out in respective circular of the companies.
- (4) If the offer price-to-RNAV (“P/RNAV”) ratio of Top Global Limited (of 0.32 times) and the P/NAV ratio of Sunvic Chemical Holdings Limited (of 0.16 times) are excluded as statistical outliers, the mean and median offer price-to-NAV/RNAV ratios of the Recent Privatisation Transactions would be 1.11 times and 0.91 times respectively.
- (5) 'n.a' denotes not available as Luzhou Bio-chem Technology Limited had net liability value position and net tangible liability position for its latest reporting period.

Based on the above, we note that:

- (a) the premia implied by the Offer Price over the last transacted price and the VWAPS of the Shares for the one-month and three-month prior to and including the Last Full Market Day is within the range but below the mean and median of the corresponding premia of the Recent Privatisation Transactions; and
- (b) the P/NAV ratio of the Group of 3.30 times as implied by the Offer Price and the P/NAV ratio of the Group of 3.55 times as implied by the Net Offer Price and the Dividend Adjusted NAV are higher than the range of P/NAV or P/RNAV ratios of the Recent Privatisation Transactions.

7.6.1 General offers for SGX-ST listed healthcare companies

We note that none of the Recent Privatisation Transactions set out in the table above are healthcare companies. Accordingly, we have expanded our precedent comparable transactions to periods before 1 January 2020 and noted that there were two healthcare related general offers in FY2019 (“**Healthcare GO**”) as follows:

Name of companies	Date of announcement ⁽¹⁾	Type ⁽²⁾	Premium of offer price over ⁽¹⁾ :				Offer price-to-NAV or RNAV ⁽³⁾ (times)	P/E ratio (times)
			Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)		
Health Management International Ltd	5-Jul-19	SOA	14.1	24.8	27.4	29.7	6.6	38.0
ISEC Healthcare Ltd	2-Jul-19	MGO	5.9	11.3	15.1	19.9	3.1	22.2

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Name of companies	Date of announcement ⁽¹⁾	Type ⁽²⁾	Premium of offer price over ⁽¹⁾ :				Offer price-to-NAV or RNAV ⁽³⁾ (times)	P/E ratio (times)
			Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)		
The Company (Based on Offer Price)	7-Mar-22	VGO	18.0	14.8	12.2	11.3	3.3	16.8

Notes:

- (1) Date of announcement and premium of offer price over last transacted price and VWAPs refer to the date of first announcement, including holding announcement, of offers and are extracted from the independent financial adviser's letter set out in respective circular of the companies.
- (2) SOA – Scheme of Arrangement and MGO – Mandatory General Offer.

Based on the above, we note that:

- (a) the premium implied by the Offer Price over the last transacted price is higher than the premia of the Healthcare GO;
- (b) the premium implied by the Offer Price over the one-month VWAP of the Shares is slightly higher than ISEC Healthcare but lower than Health Management International Ltd;
- (c) the premia implied by the Offer Price over the three-month and six-month VWAPs of the Shares are lower than the corresponding ratios of the Healthcare GO;
- (d) the P/NAV ratio of the Group of 3.30 times is lower than the P/NAV ratio of Health Management International Ltd but higher than ISEC Healthcare's; and
- (e) the P/E ratio of the Group of 16.8 times as implied by the Offer Price is lower than range of the P/E ratios of the Healthcare GO.

We also wish to highlight that, while the valuation statistics of Health Management International Ltd were better than the valuation statistics implied by the Offer Price, the independent financial adviser of Health Management International Ltd compared the valuation statistics of Health Management International Ltd against hospitals listed in Asia which had average P/E ratios of 34.6 times as at the latest practicable date of the offeree circular for Health Management International Ltd. The P/NAV ratio of Health Management International Ltd was also much higher than the P/NAV ratios of its listed comparable which had average P/NAV ratio of 3.3 times as at the latest practicable date of the offeree circular for Health Management International Ltd.

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In respect of the lower P/E ratio of the Group as compared with the P/E ratios of the Healthcare GO, Shareholders may wish to note that Health Management International Ltd was trading at a P/E ratio of around 30 times at the time of its general offer and while the independent financial adviser of ISEC Healthcare stated that ISEC Healthcare was trading at an average P/E ratio of 18 times prior to the holding announcement of the offer for ISEC Healthcare. On comparison, we calculate that the Shares were trading at an average P/E ratio of 12.8 times for the 12-month period prior to and including the Last Full Market Day.

7.7 OTHER CONSIDERATIONS

(a) Single largest shareholder

As announced by the Offeror on the Latest Practicable Date, the Offeror and its concert parties collectively hold 388,721,912 Shares, representing 81.43% of the total number of issued Shares (excluding treasury shares).

Accordingly, the Offeror and its concert parties already have statutory control over the Company, which places the Offeror and its concert parties in a position to have significant influence, *inter alia*, on the management, operating and financial policies of the Company and ability to pass all special and ordinary resolutions on matters in which the Offeror and its Concert Parties do not have an interest, at general meetings of Shareholders.

(b) Revision of the Offer Price

We note that there is no mention that the Offer Price is final in the Offer Document and the Offer Document provides that the Offer may be amended, extended and revised from time to time by or on behalf of the Offeror.

Pursuant to Rule 20.1 of the Code, the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders including those who had previously accepted the Offer.

(c) Listing status

As set out in Section 8.3 of the Offer Document, the Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act 1967 of Singapore and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10% of the total number of issued Shares (excluding treasury shares) are held in public hands.

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Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

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As announced by the Offeror on the Latest Practicable Date, the Offeror and its concert parties collectively hold 388,721,912 Shares, representing 81.43% of the total number of issued Shares (excluding treasury shares). The remainder 88,624,708 Shares held in public hands represents 18.57% of the total number of issued Shares (excluding treasury shares).

(d) Rationale for the Offer

The rationale for the Offer is set out in Section 6 of the Offer Document. We extract in *italics* as follows:

The Offer therefore provides Shareholders who find it difficult to exit the Company as a result of the low trading volume in the Shares with an opportunity to liquidate and realise their investment in the Shares at a premium to the prevailing market prices, which would otherwise not be available given the low trading liquidity of the Shares.

The Offer presents Shareholders with a clean cash exit opportunity to realise their entire investment in the Shares at a premium over the prevailing trading prices of the Shares without incurring brokerage and other trading costs.

The Offeror believes that privatising the Company will give the Offeror and the management of the Company more flexibility to manage the business of the Company, optimise the use of its management and capital resources and facilitate the implementation of any operational change.

The Offeror is of the view that the Company is unlikely to require access to Singapore equity capital markets to finance its operations in the foreseeable future as the Company may tap on other funding sources such as bank borrowings. Accordingly, it is not necessary for the Company to maintain its listing on the SGX-ST.

In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses relating to the maintenance of a listed status and focus its resources on its business operations.

(e) No alternative offer

Given that the Offeror and its concert parties already hold 81.43% of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date, the likelihood of a competing offer from any third party is remote.

(f) Transaction costs in connection with the disposal of the Shares

Given the low liquidity of the Shares (in terms of volume traded) for the periods set out in paragraph 7.1.2 of this IFA Letter, the Offer presents an opportunity for

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Shareholders to dispose of their Shares for cash without incurring any transaction costs as opposed to the sale of the Shares in the open markets which will incur expenses such as brokerage commission and/or other trading costs.

8. OUR ADVICE

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Offer. We have carefully considered as many factors as we deemed essential and balanced them before arriving at our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

We set out below a summary of the key factors we have taken into our consideration when assessing the “fairness” of the Offer:

Factors in favour of the Offer Price

- (a) the closing price of the Shares was below the Offer Price for a period of more than two (2) years between 11 February 2020 and 4 March 2022. While the closing price of the Shares in February 2020 can be attributable to the profit warning announced by the Company on 10 February 2020 and the announcement of Singapore entering DORSCON Orange on 7 February 2020, the closing price of the Shares remained below the Offer Price throughout 2021 even though the Company announced a recovery of its profit after tax to pre-COVID-19 level and attractive dividends for FY2020 and HY2021;
- (b) the Offer Price represents premia to the VWAPs of the Shares for the 24-month, 12-month, 6-month, 3-month, 1-month periods prior to and including the Last Full Market Day;
- (c) the VWAPs of the Shares for the period between the Offer Announcement Date and the Latest Practicable Date has been supported by the Offer as well as the Offeror’s acquisition of Shares post Offer Announcement Date;
- (d) the Offer Price represents premia to the NAV per Share and NTA per Share;
- (e) on ex-cash basis, the Offer Price represents a P/NAV ratio of 15.1 times;
- (f) although Shareholders who accept the Offer may potentially experience a decrease in dividend income if they reinvest the proceeds from the Offer in the STI ETF, Shareholders may potentially experience better capital return on an investment in the STI ETF as the closing price of the STI ETF as at the Latest Practicable Date was 7.12% higher as compared to its closing price a year ago while the closing price of

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the Shares remained the same at S\$0.255 on the Last Full Market Day and a year ago;

- (g) the P/E ratio, EV/EBITDA ratio and P/NAV ratio of the Group as implied by the Offer Price are within the range and higher than the mean and median P/E ratios, EV/EBITDA ratios and P/NAV ratios of the Comparable Companies; and
- (h) if the P/NTA ratios of HC Surgical and Q&M Dental are excluded as statistical outliers, the P/NTA ratio of the Group as implied by the Offer Price will be higher than the mean and median P/NTA ratios of the Comparable Companies;
- (i) the P/NAV ratio of the Group of 3.30 times as implied by the Offer Price and the P/NAV ratio of the Group of 3.55 times as implied by the Net Offer Price and the Dividend Adjusted NAV are higher than the range of P/NAV or P/RNAV ratios of the Recent Privatisation Transactions;
- (j) while the P/NAV ratio of the Group of 3.30 times as implied by the Offer Price is much lower than the P/NAV ratio of Health Management International Ltd, the P/NAV ratio of the Group of 3.30 times as implied by the Offer Price is higher than ISEC Healthcare's as well as the average P/NAV ratio of the listed comparable companies of Health Management International Ltd set out in the circular of Health Management International Ltd; and
- (k) in considering the higher P/E ratios of the Healthcare GO, Shareholders may wish to note that Health Management International Ltd was trading at a P/E ratio of around 30 times at the time of its general offer and while the independent financial adviser of ISEC Healthcare stated that ISEC Healthcare was trading at an average P/E ratio of 18 times for the one-year period prior to the holding announcement of the offer for ISEC Healthcare. On comparison, we calculate that the Shares were trading at an average P/E ratio of 12.8 times for the one-year period prior to and including the Last Full Market Day.

Factors against the Offer Price

- (I) excluding Shares acquired by the Offeror for the period between the Offer Announcement and the Latest Practicable Date, the VWAPs of the Share for the period between the Offer Announcement Date and the Latest Practicable Date is S\$0.296 and the Offer Price represents a discount of 0.34% to this VWAP;
- (II) the Company has a good track record of paying dividend to its Shareholders since its listing in 2015 and its annualised dividend yield is better than the 12-month dividend yield of the STI ETF. Shareholders who accept the Offer may potentially experience a decrease in dividend income if they reinvest the proceeds from the Offer in the STI ETF;

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- (III) the premia implied by the Offer Price over the last transacted price and the VWAPs of the Shares for the one-month and three-month periods prior to and including the Last Full Market Day is within the range but below the mean and median of the corresponding premia of the Recent Privatisation Transactions; and
- (IV) the premia implied by the Offer Price over the VWAPs of the Shares for the three-month and six-month periods prior to and including the Last Full Market Day as well as the P/E ratio implied by the Offer Price are below the range the corresponding premia or P/E ratios of the Healthcare GO.

We set out below a summary of the key factors we have taken into our consideration when assessing the “reasonableness” of the Offer:

Factors in favour of the Offer Price

- (i) the average daily traded volume of the Shares for the 24-month, 12-month, 6-month, 3-month and 1-month periods prior to and including the Last Full Market Day and on the Last Full Market Day was less than 200,000 Shares and represents less than 0.15% of the free float. The absolute trading volume of the Shares is nevertheless considered thin which renders the Shares illiquid for investors who wish to undertake trades in larger amounts of Shares;
- (ii) despite the increase in the Group’s revenue, the Group’s adjusted EBITDA was on a gradual declining trend for the last three completed financial years. This was mainly attributed to a higher percentage increase in the Group’s employee remuneration expenses as compared to the percentage increase in the Group’s revenue for the past three financial years as further elaborated in paragraph 7.3 of this IFA Letter;
- (iii) while the Board of Directors expects the Group to remain profitable at the operational level, there is no assurance that the Group will register higher revenue and/or higher profit after tax in the current financial year ending 31 December 2022 as compared to FY2021 given that the Group’s employee remuneration expense increased at a percentage higher than its revenue in the last three financial years ended 31 December 2021; and
- (iv) other relevant consideration as set out in paragraph 7.7 of this IFA Letter.

Factors against the Offer Price

- (1) the Group has registered positive EBITDA in the last three completed financial years and the loss registered in FY2019 was mainly due to a one-off impairment loss of S\$11.9 million.

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that, as of the date hereof,

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The logo for Xandar Capital, featuring the word "XANDAR" in a large, bold, blue serif font above the word "CAPITAL" in a smaller, blue sans-serif font. The logo is enclosed in a thin blue rectangular border.

the terms of the Offer, on balance, are fair and reasonable. Accordingly, we advise the Independent Directors to recommend Shareholders to accept the Offer.

This IFA Letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the terms of the Offer, but the recommendation made by them to the Shareholders shall remain their responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor its Shareholders may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, except for the Offer, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
XANDAR CAPITAL PTE. LTD.

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

1. DIRECTORS

The names, addresses and designations of the Directors as at the Latest Practicable Date are as follows:

Name	Address	Designation
Dr. Beh Suan Tiong	c/o 229 Mountbatten Road #02-02, Mountbatten Square Singapore 398007	Executive Chairman
Dr. Heng Tung Lan	c/o 229 Mountbatten Road #02-02, Mountbatten Square Singapore 398007	Founder and Executive Director
Mr. Ng Boon Yew	c/o 229 Mountbatten Road #02-02, Mountbatten Square Singapore 398007	Lead Independent Director
Ms. See Tho Soat Ching	c/o 229 Mountbatten Road #02-02, Mountbatten Square Singapore 398007	Independent Director
Ms. Linda Hoon Siew Kin	c/o 229 Mountbatten Road #02-02, Mountbatten Square Singapore 398007	Independent Director

2. REGISTERED OFFICE

The registered office of the Company is 229 Mountbatten Road #02-02 Mountbatten Square, Singapore 398007.

3. PRINCIPAL ACTIVITIES

The Company was incorporated in Singapore on 6 January 2011 and was listed on the Catalist of the SGX-ST on 4 June 2015. The Company, together with its subsidiaries, is a leading healthcare service provider and its principal activities are delivering premier medical services relating to women's and children's health and wellness at affordable prices. The key businesses of the Group include:

- (a) providing obstetrics and gynaecology services such as pre-pregnancy counselling, delivery, pregnancy and post-delivery care;
- (b) paediatrics;
- (c) endocrinology;
- (d) gynaecological cancer;
- (e) cancer-related general surgery for breast, thyroid and colon (colorectal); and
- (f) skin and aesthetics treatments.

The Group's clinics, under its four (4) operating segments of obstetrics and gynaecology, paediatrics, cancer-related and dermatology, are strategically located throughout Singapore to provide easy access to its patients. The Group also has one (1) overseas joint venture in Malaysia via its Singapore-incorporated wholly-owned subsidiary, to set up a postpartum confinement centre in Johor, Malaysia offering confinement care and related services.

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4. SHARE CAPITAL

4.1 Issued Share Capital

As at the Latest Practicable Date, the Company has one (1) class of shares, being ordinary shares. As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$28,453,889.19 comprising 477,346,620 ordinary shares (excluding 1,999,990 treasury shares). The issued Shares are listed and quoted on the Catalist of the SGX-ST.

As at the Latest Practicable Date:

- (a) the Company has released all Awards unconditionally to eligible employees who are participants under the SOG PSP and an aggregate of 2,543,608 Shares have been allotted and issued pursuant to the SOG PSP. All Shares allotted and issued pursuant to the SOG PSP are free of any retention period or moratorium; and
- (b) while the Company has in place the SOG ESOS, no option has been granted pursuant to the SOG ESOS.

4.2 Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. The provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting are set out in Appendix VIII to this Circular. Capitalised terms and expressions not defined in the extracts have the meanings ascribed to them in the Constitution.

4.3 New Issues

As at the Latest Practicable Date, save for the issuance of 1,210,276 new Shares pursuant to the release of Awards under the rules of the SOG PSP as announced by the Company on 25 March 2022, there has been no other issuance of shares by the Company since 31 December 2021, being the end of the last financial year.

4.4 Convertible Securities

As at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities being offered for or which carry voting rights affecting the Shares.

5. DISCLOSURE OF INTERESTS AND DEALINGS

5.1 Interest of the Company in Offeror Securities

As at the Latest Practicable Date, neither the Company nor its subsidiaries have any direct or deemed interest in the Offeror Securities.

5.2 Dealings in Offeror Securities by the Company

As at the Latest Practicable Date, neither the Company nor its subsidiaries have dealt for value in the Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date.

5.3 Interests of the Directors in Company Securities

Save as disclosed below, none of the Directors has any direct or deemed interest in the Company Securities as at the Latest Practicable Date:

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

Name of Director	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ⁽³⁾	Number of Shares	% ⁽³⁾	Number of Shares	% ⁽³⁾
BST	48,008,452	10.06	472,000 ⁽¹⁾	0.1	48,480,452	10.16
HTL	140,453,614	29.42	239,846,774 ⁽²⁾	50.25	380,300,388	79.67

Notes:

- (1) BST had a deemed interest in the shareholding of 472,000 Shares held by his wife, Heng Siok Hong Veronica.
- (2) HTL holds 20.241% of the shares in the Offeror and accordingly, pursuant to Section 4(5) of the SFA, has a deemed interest in the Shares which the Offeror has received valid acceptances for (including such valid acceptances as may be received pursuant to the Irrevocable Undertakings) and the Shares acquired by the Offeror through on-market purchases. As at 6.00 p.m. on the Latest Practicable Date, the Offeror had an interest in an aggregate of 239,846,774 Shares (excluding HTL's 140,453,614 Shares to avoid double counting).
- (3) Calculated based on 477,346,620 (excluding 1,999,990 treasury shares) issued Shares as at the Latest Practicable Date. For the purposes of the table above, all percentage figures are rounded to the nearest two (2) decimal places.

On 29 March 2022, the Shares held by BST and HTL were transferred to the Offeror pursuant to their acceptance of the Offer in furtherance of their respective irrevocable undertakings. As a result, they no longer have any direct interests in Company Securities following the transfer of their respective Shares to the Offeror. Please refer to the relevant Form 1 announcements issued by the Company on the SGXNET on 29 March 2022 and 31 March 2022 ("**Form 1 Announcements**") for more details. The table below sets out their direct and deemed interests in the Company Securities as disclosed in their respective Form 1 Announcements:

Name of Director	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ⁽³⁾	Number of Shares	% ⁽³⁾	Number of Shares	% ⁽³⁾
BST	0	0.00	472,000 ⁽¹⁾	0.10	472,000	0.10
HTL	0	0.00	383,970,888 ⁽²⁾	80.44	383,970,888	80.44

Notes:

- (1) BST had a deemed interest in the shareholding of 472,000 Shares held by his wife, Heng Siok Hong Veronica. As at 29 March 2022, Heng Siok Heng Veronica has not yet accepted the Offer.
- (2) HTL holds 20.241% of the shares in the Offeror and accordingly, pursuant to Section 4(5) of the SFA, has a deemed interest in the Shares which the Offeror has received valid acceptances for (including such valid acceptances as may be received pursuant to the Irrevocable Undertakings) and the Shares acquired by the Offeror through on-market purchases. As at 6.00 p.m. on 29 March 2022, the Offeror had an interest in an aggregate of 383,970,888 Shares (including the 140,453,614 Shares previously held directly by HTL).
- (3) Calculated based on 477,346,620 (excluding 1,999,990 treasury shares) issued Shares as at the Latest Practicable Date. For the purposes of the table above, all percentage figures are rounded to the nearest two (2) decimal places.

5.4 Dealings in Company Securities by the Directors

None of the Directors has dealt for value in the Company Securities during the period commencing three (3) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date.

5.5 Interests of the Directors in Offeror Securities

Save as disclosed below, none of the Directors has any direct or deemed interest in the Offeror Securities as at the Latest Practicable Date:

- (a) HTL holds 20,241 shares in the Offeror, representing 20.241% of the total number of issued shares in the Offeror; and

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

- (b) BST holds 6,919 shares in the Offeror, representing 6.919% of the total number of issued shares in the Offeror.

5.6 Dealings in Offeror Securities by the Directors

None of the Directors has dealt for value in the Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date.

5.7 Company Securities owned or controlled by the IFA

As at the Latest Practicable Date, none of the IFA, its related corporations nor funds whose investments are managed by it and/ or its related corporations on a discretionary basis owns or controls any Company Securities.

5.8 Dealing in Company Securities by the IFA

During the period commencing three (3) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date, none of the IFA, its related corporations or funds whose investments are managed by it and/ or its related corporations on a discretionary basis has dealt for value in the Company Securities.

5.9 Intentions of the Directors in respect of their Offer Shares

As at the Latest Practicable Date, as set out in the Offer Document, each of BST and HTL (who is each a Promoter) has provided an irrevocable undertaking in favour of the Offeror pursuant to which they undertook and/or agreed, *inter alia*, to accept the Offer in respect of all the Shares held directly or indirectly by them.

The interest of the above directors in Company Securities is set out under Section 5.3 of Appendix II; whereas the Promoters' Irrevocable Undertakings is further described under Section 4.7(b) of the Offer Document and reproduced in Section 3 of this Circular.

As disclosed under Section 5.3 above, on 29 March 2022, BST and HTL validly accepted the Offer in respect of their Shares pursuant to their respective irrevocable undertakings.

Each of Mr. Ng Boon Yew, Ms. See Tho Soat Ching, and Ms. Linda Hoon Siew Kin does not have any direct or indirect interest in the Shares.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date:

- (a) there are no service contracts between any of the Directors or proposed directors and the Company or its subsidiaries which have more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation; and
- (b) there are no such service contracts between any of the Directors or proposed directors and the Company or its subsidiaries entered into or amended during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

7. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date:

- (a) it is not proposed that any payment or other benefit be made or given to any Director or to any director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;
- (b) save for the Consortium Arrangements (including the Promoters' Irrevocable Undertaking) which involves BST and HTL as described under Section 3 of this Circular, there is no agreement or arrangement made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) save for the Consortium Arrangements which involves BST and HTL as described under Section 3 of this Circular, there are no material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect.

For completeness, the Relevant Financing Arrangements involving the creation of security interests over, *inter alia*, all present and future Shares legally and beneficially owned by the Offeror in favour of UOB, has been disclosed as an arrangement or understanding between (a) the Offeror or any persons acting in concert with it; and (b) any of the present or recent directors of the Company, or any of the present or recent Shareholders or any other persons that has any connection with or is conditional upon the outcome of the Offer. In this regard, BST and HTL are shareholders of the Offeror, and BST is one of the directors of the Offeror, as described under Section 3 of this Circular.

8. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, save as disclosed in this Circular, on the SGXNET, in the Company's annual reports, or any publicly available information on the Group, neither the Company nor any of its subsidiaries has entered into material contracts (other than those entered into in the ordinary course of business) with persons who are Interested Persons during the period commencing three (3) years before the Offer Announcement Date and ending on the Latest Practicable Date.

9. MATERIAL LITIGATION

As at the Latest Practicable Date, save as disclosed in this Circular, on the SGXNET, in the Company's annual reports, or any publicly available information on the Group, none of the Company or its subsidiaries is engaged in any material litigation, either as plaintiff or defendant, which might materially and adversely affect the financial position of the Company or the Group, taken as a whole, and the Directors are not aware of any litigation, claims or proceedings pending or threatened against the Company or any of its subsidiaries or any facts likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Company or the Group, taken as a whole.

10. SUMMARY OF FINANCIAL INFORMATION

Shareholders should note that the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021 and the Independent Auditor's Report thereon ("FY2021 Accounts") has been released by the Company on the SGXNET on 30 March 2022. The FY2021 Accounts will be tabled before the shareholders for approval at the upcoming annual general meeting of the Company to be convened on 22 April 2022. Relevant information from the FY2021 Accounts (as set out in Appendix IV to this Circular) are extracted for disclosure purposes in this paragraph 10.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

10.1 Consolidated Statements of Comprehensive Income

A summary of the audited consolidated statements of comprehensive income of the Group for FY2019, FY2020 and FY2021 is set out below.

	Audited FY2021 S\$'000	Audited FY2020 S\$'000	Audited FY2019 S\$'000
Revenue	42,397	39,889	39,757
Other operating income	909	1,435	449
Consumables and medical supplies used	(7,369)	(6,705)	(6,466)
Employee remuneration expense	(21,348)	(19,472)	(16,481)
Depreciation	(2,234)	(2,177)	(2,207)
Other operating expenses	(2,295)	(2,192)	(2,503)
Profit from operations	10,060	10,778	12,549
Impairment of goodwill	-	-	(11,900)
Finance income	87	184	153
Finance expense	(146)	(154)	(183)
Net finance (expense)/income	(59)	30	(30)
Share of results of a joint venture	(169)	-	-
Profit before income tax	9,832	10,808	619
Income tax expense	(1,470)	(1,315)	(1,752)
Profit for the year	8,362	9,493	(1,133)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations	(7)	-	-
Other comprehensive income for the year, net of nil tax	(7)	-	-
Total comprehensive income for the year	8,355	9,493	(1,133)
Earnings per share attributable to owners of the Company (cents)			
- Basic	1.76	1.99	(0.24)
- Diluted	1.75	1.99	(0.24)

The above summary of the audited consolidated statements of comprehensive income of the Group for FY2019, FY2020 and FY2021 should be read together with the annual reports of the Company and the audited consolidated financial statements of the Group for the relevant years and the related notes thereto.

Copies of the audited consolidated financial statements of the Group for the relevant financial periods are set out in the annual reports which are available for inspection as mentioned under Section 20 of this Circular.

The audited consolidated statements of the Group for FY2021 are set out in Appendix IV to this Circular.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

10.2 Consolidated Statements of Financial Position

A summary of the audited consolidated statements of financial position of the Group as at 31 December 2020 and 31 December 2021 is set out below.

	Audited 31 December 2021 S\$'000	Audited 31 December 2020 S\$'000
ASSETS		
Non-Current Assets		
Investment in a joint venture	464	-
Goodwill	12,230	12,230
Plant and equipment	1,362	1,489
Right-of-use assets	2,538	3,164
Deferred tax assets	-	3
	16,594	16,886
Current Assets		
Inventories	2,129	1,908
Trade and other receivables	3,298	3,552
Cash and cash equivalents	35,765	35,514
	41,192	40,974
Total Assets	57,786	57,860
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	29,986	29,809
Treasury shares	(471)	(471)
Capital reserve	1,649	1,719
Share-based payment reserve	97	80
Merger reserve	(1,695)	(1,695)
Foreign currency translation reserve	(7)	-
Retained earnings	13,162	13,600
Total Equity	42,721	43,042
Non-Current Liabilities		
Lease liabilities	1,096	1,826
Deferred tax liabilities	133	120
	1,229	1,946
Current Liabilities		
Trade and other payables	10,295	8,936
Lease liabilities	1,564	1,475
Contract liabilities	521	577
Deferred grant income	-	6
Current tax liabilities	1,456	1,878
	13,836	12,872
Total Liabilities	15,065	14,818
Total Equity and Liabilities	57,786	57,860

The above summary of the audited consolidated statements of financial position of the Group as at 31 December 2020 and 31 December 2021 should be read together with the annual report of the Company and the audited consolidated financial statements of the Group for the relevant year and the related notes thereto.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

Copies of the audited consolidated financial statements of the Group for the relevant financial periods are set out in the annual reports which are available for inspection as mentioned under Section 20 of this Circular.

The audited consolidated statements of the Group for FY2021 are set out in Appendix IV to this Circular.

10.3 Significant Accounting Policies

A summary of the significant accounting policies of the Group is set out in Note 2(e) to the audited consolidated financial statements of the Group for FY2021, which is reproduced in Appendix IV to this Circular.

Save as disclosed in this Circular and in publicly available information on the Group, as at the Latest Practicable Date, there are no significant accounting policies or any matters from the notes of the financial statements of the Group which are of any major relevance for the interpretation of the financial statements of the Group.

10.4 Changes in Accounting Policies

As set out in the audited financial statements of the Group for FY2021, the Group has adopted the applicable new and revised Singapore Financial Reporting Standards (International) (“SFRS(I)”) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for the accounting periods beginning on or after 1 January 2021.

Save as disclosed in this Circular and in publicly available information on the Group, as at the Latest Practicable Date, there is no change in the accounting policy of the Group which will cause the figures disclosed in this Circular not to be comparable to a material extent.

10.5 Material Changes in Financial Position

Save as disclosed in publicly available information on the Company and in this Circular, as at the Latest Practicable Date, there have been no known material changes in the financial position of the Company since 31 December 2021, being the date to which the Company’s last published audited accounts were made up.

10.6 Material Changes in Information

Save as disclosed in this Circular and save for the information relating to the Group and the Offer that is publicly available, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date.

11. COST AND EXPENSES

All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.

APPENDIX III – ADDITIONAL INFORMATION ON THE OFFEROR

The following information on the Offeror has been extracted from Appendix I to the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as ascribed to them in the Offer Document.

**APPENDIX I
ADDITIONAL INFORMATION ON THE OFFEROR**

1. DIRECTORS OF THE OFFEROR

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are as follows:

Name	Address	Description
<i>Tan Keng Soon (Keith)</i>	<i>c/o One Temasek Avenue #11-01 Millenia Tower Singapore 039192</i>	<i>Director</i>
<i>Quek Hong Sheng Roy</i>	<i>c/o 490 Thomson Road Singapore 298191</i>	<i>Director</i>
<i>Beh Suan Tiong</i>	<i>c/o 229 Mountbatten Road #02-02 Mountbatten Square Singapore 398007</i>	<i>Director</i>
<i>Choo Wan Ling</i>	<i>c/o 229 Mountbatten Road #02-02 Mountbatten Square Singapore 398007</i>	<i>Director</i>

2. REGISTERED OFFICE OF THE OFFEROR

The registered office of the Offeror is at PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

3. PRINCIPAL ACTIVITY OF THE OFFEROR

The principal activity of the Offeror is that of an investment holding company.

4. NO FINANCIAL STATEMENTS

As the Offeror was recently incorporated on 5 November 2021, the Offeror has not prepared any financial statements since the date of its incorporation.

5. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save for the making and financing of the Offer, there has been no known material changes in the financial position of the Offeror since its incorporation.

APPENDIX III – ADDITIONAL INFORMATION ON THE OFFEROR

6. SIGNIFICANT ACCOUNTING POLICIES

As no audited financial statements of the Offeror have been prepared since the date of its incorporation, there are no significant accounting policies to be noted.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

The audited consolidated financial statements of the Group for FY2021 which are set out below have been reproduced from the Company's annual report for FY2021, and were not specifically prepared for inclusion in this Circular.

All capitalised terms used in the notes to the audited consolidated financial statements of the Group for FY2021 set out below shall have the same meanings given to them in the annual report of the Company for FY2021.

A copy of the annual report of the Company for FY2021 is available for inspection at the registered office of the Company at 229 Mountbatten Road #02-02 Mountbatten Square, Singapore 398007, during normal business hours from the date of this Circular and for the period during which the Offer remains open for acceptance.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEAR ENDED 31 DECEMBER 2021**

**TOGETHER WITH DIRECTORS' STATEMENT AND INDEPENDENT AUDITOR'S
REPORT**

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

Directors' statement

for the financial year ended 31 December 2021

We are pleased to submit this statement to the members together with the audited consolidated financial statements of Singapore O&G Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the financial year ended 31 December 2021 and the statement of financial position of the Company as at 31 December 2021.

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 2021 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 1967 (the "**Act**") and Singapore Financial Reporting Standards (International); 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. Beh Suan Tiong (Executive Chairman)

Dr. Heng Tung Lan (Executive Director)

Ng Boon Yew (Lead Independent Director)

See Tho Soat Ching (Independent Director)

Linda Hoon Siew Kin (Independent Director) (appointed on 4 June 2021)

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those of their spouses and infant children) in shares, debentures, warrants and share options in the Company are as follows:

	<u>Holdings registered in the name of director or nominee</u>		<u>Holdings in which director is deemed to have an interest</u>	
	As at <u>1.1.2021</u>	As at <u>31.12.2021</u> and <u>21.1.2022</u>	As at <u>1.1.2021</u>	As at <u>31.12.2021</u> and <u>21.1.2022</u>
The Company				
<u>Singapore O&G Ltd.</u>				
		<u>Number of ordinary shares</u>		
Dr. Beh Suan Tiong ⁽¹⁾	48,008,452	48,008,452	472,000	472,000
Dr. Heng Tung Lan	140,453,614	140,453,614	-	-

Note:

- (1) Dr. Beh Suan Tiong is deemed to have an interest in the shareholding of Ms. Heng Siok Hong Veronica and vice versa by virtue of their relationship as husband and wife.

By virtue of the provisions of Section 7 of the Act, Dr. Heng Tung Lan is deemed to have an interest in the whole of the issued share capital of all subsidiaries of the Company.

There were no changes to the above shareholdings as at 21 January 2022.

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 may be 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 are as follows:

- (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 See Tho Soat Ching (Chairman), Linda Hoon Siew Kin and Ng Boon Yew, all Independent Directors of the Company.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

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 the Plan is awarded before 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 employees 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 senior management 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 of 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 awards

An aggregate of 2,543,608 share awards (“**Awards**”) were granted to eligible employees pursuant to the SOG PSP.

Details of all Awards of the Company granted pursuant to the SOG PSP as at 31 December 2021 are as follows:

Date of grant of share awards	Share awards outstanding as at 1 January 2021	Share awards granted during the year	Share awards vested during the year	Share awards outstanding as at 31 December 2021
8 June 2020	1,333,334	-	(666,666)	666,668
25 August 2021	-	543,608	-	543,608
	1,333,334	543,608	(666,666)	1,210,276

On 25 August 2021, the Company granted Awards to an eligible employee pursuant to the SOG PSP (“**2021 Awards**”). The number of ordinary shares to be granted under the 2021 Awards is 543,608. One fifth of the 2021 Awards shall be vested each on the last working day of June 2022, 2023, 2024, 2025 and 2026 respectively. The share price used to determine the fair value of the 2021 Awards granted was estimated to be S\$0.2058, S\$0.1983, S\$0.1912, S\$0.1842 and S\$0.1775 for the relevant 2021 Awards which shall be vested on the last working day of June 2022, 2023, 2024, 2025 and 2026 respectively.

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

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

The Awards were not granted to the Directors, controlling shareholders of the Company or their associates. There were also no other options and share awards granted to the Directors, controlling shareholders of the Company or their associates.

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. The Company does not have any parent company.

No options to take up unissued shares of the Company and the subsidiaries have been granted during the financial year and at the end of the financial year. No options were granted at a discount to market price during the financial year.

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

Accordingly, the disclosures required under Catalist Rule 851(1)(b)(i), (ii), (iii), (c) and (d) are not applicable.

Audit Committee

The Audit Committee comprises the following members, all of whom are independent and non-executive directors of the Company:

Ng Boon Yew (Chairman)

See Tho Soat Ching

Linda Hoon Siew Kin (appointed on 4 June 2021)

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 auditors. 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 quarterly, half-yearly and annual 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 2021 as well as the auditor's report thereon;
- (iv) effectiveness of the Group'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 and internal 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;

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

- (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.

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

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

Independent auditor

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

On behalf of the Directors

.....
DR. BEH SUAN TIONG

.....
NG BOON YEW

Dated: 18 March 2022

**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 consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, and 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 Singapore Companies Act 1967 (the “**Act**”) and Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021, and of the consolidated financial performance, consolidated changes in equity and consolidated 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 (“**ACRA**”) 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

Key audit matter	Risk	Our responses and work performed
Impairment of goodwill	Under SFRS(I) 1-36, <i>Impairment of Assets</i> , the Group is required to annually test the carrying amount of goodwill for impairment. This annual impairment test is important to our audit as the carrying amount of S\$12.2 million (2020: S\$12.2 million) as of 31 December 2021 is material to the consolidated financial statements. The recoverable amount is based on the higher of fair value less cost to sell (“ FVLCTS ”) and value-in-use (“ VIU ”). We focus on	We obtained an understanding over the identification of CGUs by management and evaluated the appropriateness of management’s work, including the key assumptions used in determining the recoverable amount of the CGU to which the goodwill is allocated to. In addition, we also engaged an auditor’s expert to assist us in evaluating the assumptions,

goodwill impairment testing of cash-generating units (“CGUs”) by estimating the recoverable amount of the relevant CGUs that are determined based on VIU calculations. VIU is determined based on future cash flows projection which involves significant management judgement, and is based on assumptions that are affected by expected future market and economic conditions.

The key assumptions used for the VIU calculations include the discount rate, revenue growth rate and gross profit margin for the forecasted 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 revenue growth rate is projected based on historical growth of respective CGUs and other available benchmark. Gross profit margin is based on past results achieved and expectations of future market changes.

No impairment loss has been recognised on goodwill based on impairment assessment performed by management as at 31 December 2021.

methodologies and data used in the VIU calculation by comparing the key assumptions used against historical information together with market and other externally available information. We have evaluated whether the auditor’s expert has the necessary competency, capabilities and objectivity for our purposes. The auditor’s expert independently developed expectations of the key assumptions used in the impairment analysis, in particular, the discount rate and revenue growth rate used in VIU, and compared the expectations to those used by management.

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 recoverable amount of the CGU, and whether a reasonably possible change in assumptions could cause the recoverable amount to be less than the carrying amount.

Based on our procedures, we noted management’s key assumptions to be within a reasonable range of our expectations.

We have also assessed 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 6 to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises 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 SFRS(I), 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 Group's internal control.
- 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 subsidiary corporations 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 Chan Ser.

Foo Kon Tan LLP

Public Accountants and

Chartered Accountants

Singapore, 18 March 2022

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

Statements of financial position

as at 31 December 2021

		Group		Company	
	Note	2021	2020	2021	2020
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Non-Current Assets					
Investment in subsidiaries	4	-	-	30,305	24,464
Investment in a joint venture	5	464	-	-	-
Goodwill	6	12,230	12,230	-	-
Plant and equipment	7	1,362	1,489	22	88
Right-of-use assets	8	2,538	3,164	120	149
Financial assets, at FVOCI	9	-	-	-	-
Deferred tax assets	22	-	3	-	-
		16,594	16,886	30,447	24,701
Current Assets					
Inventories	10	2,129	1,908	4	-
Trade and other receivables	11	3,298	3,552	6,134	4,587
Cash and cash equivalents	12	35,765	35,514	16,405	17,704
		41,192	40,974	22,543	22,291
Total Assets		57,786	57,860	52,990	46,992
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	13	29,986	29,809	29,986	29,809
Treasury shares	14	(471)	(471)	(471)	(471)
Capital reserve	15	1,649	1,719	1,649	1,719
Share-based payment reserve	16	97	80	97	80
Merger reserve	17	(1,695)	(1,695)	-	-
Foreign currency translation reserve	18	(7)	-	-	-
Retained earnings		13,162	13,600	17,552	11,854
Total Equity		42,721	43,042	48,813	42,991
Non-Current Liabilities					
Lease liabilities	20	1,096	1,826	23	87
Deferred tax liabilities	22	133	120	13	7
		1,229	1,946	36	94
Current Liabilities					
Trade and other payables	19	10,295	8,936	4,037	3,831
Lease liabilities	20	1,564	1,475	104	70
Contract liabilities	21	521	577	-	-
Deferred grant income		-	6	-	6
Current tax liabilities		1,456	1,878	-	-
		13,836	12,872	4,141	3,907
Total Liabilities		15,065	14,818	4,177	4,001
Total Equity and Liabilities		57,786	57,860	52,990	46,992

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

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

Consolidated statement of comprehensive income
for the financial year ended 31 December 2021

	Note	2021 S\$'000	2020 S\$'000
Revenue	3	42,397	39,889
Other operating income	23	909	1,435
Consumables and medical supplies used	24	(7,369)	(6,705)
Employee remuneration expense	25	(21,348)	(19,472)
Depreciation		(2,234)	(2,177)
Other operating expenses	26	(2,295)	(2,192)
Profit from operations		10,060	10,778
Finance income	27	87	184
Finance expense	27	(146)	(154)
Net finance (expense)/income		(59)	30
Share of results of a joint venture	5	(169)	-
Profit before income tax		9,832	10,808
Income tax expense	28	(1,470)	(1,315)
Profit for the year		8,362	9,493
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		(7)	-
Other comprehensive income for the year, net of nil tax		(7)	-
Total comprehensive income for the year		8,355	9,493
Earnings per share attributable to owners of the Company (cents)			
- Basic	30	1.76	1.99
- Diluted	30	1.75	1.99

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

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

Consolidated statement of changes in equity for the financial year ended 31 December 2021

	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Share-based payment reserve S\$'000	Merger reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total S\$'000
At 1 January 2020	29,646	-	1,771	-	(1,695)	-	6,488	36,210
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	9,493	9,493
Other comprehensive income, at nil tax	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	9,493	9,493
Transactions with owners of the Company, recognised directly in equity								
<i>Contributions by and distributions to owners of the Company</i>								
Purchase of treasury shares	-	(471)	-	-	-	-	-	(471)
Recognition of share-based payments	-	-	-	191	-	-	-	191
Vesting of share awards	163	-	(52)	(111)	-	-	-	-
Dividends paid to shareholders (Note 29)	-	-	-	-	-	-	(2,381)	(2,381)
Total contributions by and distributions to owners	163	(471)	(52)	80	-	-	(2,381)	(2,661)
At 31 December 2020	29,809	(471)	1,719	80	(1,695)	-	13,600	43,042
At 1 January 2021	29,809	(471)	1,719	80	(1,695)	-	13,600	43,042
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	8,362	8,362
<u>Other comprehensive income</u>								
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	(7)	-	(7)
Other comprehensive income, net of nil tax	-	-	-	-	-	(7)	-	(7)
Total comprehensive income for the year	-	-	-	-	-	(7)	8,362	8,355
Transactions with owners of the Company recognised directly in equity								
<i>Contributions by and distributions to owners of the Company</i>								
Recognition of share-based payments	-	-	-	124	-	-	-	124
Vesting of share awards	177	-	(70)	(107)	-	-	-	-
Dividends paid to shareholders (Note 29)	-	-	-	-	-	-	(8,800)	(8,800)
Total contributions by and distributions to owners	177	-	(70)	17	-	-	(8,800)	(8,676)
At 31 December 2021	29,986	(471)	1,649	97	(1,695)	(7)	13,162	42,721

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

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

Consolidated statement of cash flows
for the financial year ended 31 December 2021

	Note	2021 S\$'000	2020 S\$'000
Cash Flows from Operating Activities			
Profit before taxation		9,832	10,808
Adjustments for:			
Depreciation of plant and equipment and right-of-use assets	7,8	2,234	2,177
Loss on disposal of plant and equipment	26	14	1
Gain on termination of leases	23	(42)	-
Interest income	27	(87)	(184)
Interest expense	27	146	154
Equity-settled share-based payment transactions	25	124	191
Share of results of a joint venture	5	169	-
Operating profit before working capital changes		12,390	13,147
Changes in inventories		(221)	122
Changes in trade and other receivables		294	(54)
Changes in trade and other payables and contract liabilities		1,303	2,492
Changes in deferred grant income		(6)	6
Cash generated from operations		13,760	15,713
Income taxes paid		(1,876)	(1,325)
Net cash generated from operating activities		11,884	14,388
Cash Flows from Investing Activities			
Purchase of plant and equipment (Note A)		(560)	(629)
Proceeds from disposal of plant and equipment		42	1
Investment in a joint venture	5	(640)	-
Interest received		39	203
Net cash used in investing activities		(1,119)	(425)
Cash Flows from Financing Activities			
Dividends paid to shareholders	29	(8,800)	(2,381)
Purchase of treasury shares	14	-	(471)
Principal element of lease payments (Note B)		(1,568)	(1,428)
Interest paid (Note B)		(146)	(154)
Net cash used in financing activities		(10,514)	(4,434)
Net increase in cash and cash equivalents		251	9,529
Cash and cash equivalents at beginning of year		35,514	25,985
Cash and cash equivalents at end of year	12	35,765	35,514

Notes:

- (A) During the current financial year ended 31 December 2021, the Group acquired plant and equipment with an aggregate cost of S\$568,000 (2020: S\$629,000) by way of cash payments of S\$560,000 (2020: S\$629,000) and utilisation of prepayments of S\$8,000.
- (B) The tables below detail changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

Notes to the financial statements

for the financial year ended 31 December 2021

1 General information

Singapore O&G Ltd. (the “**Company**”) is a company incorporated and domiciled in Singapore and whose shares are publicly listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The address of the Company’s registered office is at 229 Mountbatten Road, #02-02 Mountbatten Square, Singapore 398007.

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 provision of specialised medical and management services, and investment holding. The principal activities of the subsidiaries are set out in Note 4.

The financial statements of the Group and of the Company for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on the date of the Directors’ Statement.

2(A) Basis of preparation

The financial statements are drawn up in accordance with the provisions of the Act and SFRS(I) including related interpretations promulgated by the Accounting Standards Council, and have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollar (“**SGD**”) which is the Company’s functional currency. All financial information presented in SGD have been rounded to the nearest thousand (S\$’000), unless otherwise stated.

2(B) Adoption of new and revised SFRS(I) effective for the current financial year

On 1 January 2021, the Group and the Company have adopted all the new and revised SFRS(I), SFRS(I) interpretations (“**SFRS(I) INT**”) and amendments to SFRS(I), effective for the current financial year that are relevant to them. The adoption of these new and revised SFRS(I) pronouncements does not result in significant changes to the Group’s and the Company’s accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 16	<i>COVID-19-Related Rent Concessions</i>	1 June 2020

Amendments to SFRS(I) 16 COVID-19-Related Rent Concessions

The amendments provide relief to lessees from applying SFRS(I) 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from COVID-19 related rent concession the same way it would account for the change under SFRS(I) 16 if the change were not a lease modification.

The amendments are applicable on a modified retrospective basis for annual reporting periods beginning on or after 1 June 2020.

There is no material impact to the Group’s and the Company’s financial statements upon adoption.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

2(C) New and revised SFRS(I) in issue but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised SFRS(I), SFRS(I) INT and amendments to SFRS(I) that have been issued but are not yet effective to them.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 16	<i>COVID-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
Amendments to SFRS(I) 3	<i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to SFRS(I) 1-16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
<i>Annual Improvements to SFRS(I)s 2018–2020:</i>		
- Amendments to SFRS(I) 1	<i>Subsidiary as a First-time Adopter</i>	1 January 2022
- Amendments to SFRS(I) 9	<i>Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities</i>	1 January 2022
- Amendments to SFRS(I) 16	<i>Lease Incentives</i>	1 January 2022
- Amendments to SFRS(I) 1-41	<i>Taxation in Fair Value Measurements</i>	1 January 2022
Amendments to SFRS(I) 1-1	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	<i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1-8	<i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to SFRS(I) 1-12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Yet to be determined

Amendments to SFRS(I) 16 COVID-19-Related Rent Concessions beyond 30 June 2021

As a result of the evolving COVID-19 situation, rent concessions continue to be granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. The amendment provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. The application period of the above practical expedient has been extended by one year to help lessees accounting for COVID-19-related rent concessions.

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic, and only if all of the following conditions are met:

- (a) the change in lease payments result in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments due on or before 30 June 2022; and
- (c) there is no substantive change to other terms and conditions of the lease.

Entities applying the practical expedient must disclose this fact, whether the expedient has been applied to all qualifying rent concessions, and the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

The amendment is effective for annual periods beginning on or after 1 April 2021 with early application permitted.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

Amendments to SFRS(I) 3 *Reference to the Conceptual Framework*

The amendments update SFRS(I) 3 so that it refers to the 2018 *Conceptual Framework* instead of the 1989 *Conceptual Framework*. According to the amendments, for obligations within the scope of SFRS(I) 1-37, the acquirer shall apply SFRS(I) 1-37 to determine whether a present obligation exists at the acquisition date as a result of past events, and for a levy within the scope of SFRS(I) INT 21 *Levies*, the acquirer shall apply SFRS(I) INT 21 to determine whether the obligating event giving rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer shall not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if the entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

Amendments to SFRS(I) 1-16 *Property, Plant and Equipment – Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e., proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. An entity shall recognise such sales proceeds and related costs in profit or loss and measure the cost of those items in accordance with SFRS(I) 1-2 *Inventories*.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly' and specify this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

Amendments to SFRS(I) 1-37 *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (e.g., direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (e.g., depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect

of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

Annual Improvements to SFRS(I)s 2018–2020

The annual improvements include amendments to the following SFRS(I):

(i) Amendments to SFRS(I) 1 *Subsidiary as a First-time Adopter*

The amendments provide additional exemption relief to a subsidiary which becomes a first-time adopter of SFRS(I) later than its parent in respect of accounting for cumulative translation differences. As a result of the amendments, a subsidiary that uses the exemption can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to SFRS(I), if no adjustments were made for consolidation procedures and the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

(ii) Amendments to SFRS(I) 9 *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*

The amendments clarify that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity shall include only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendments are applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendments. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

(iii) Amendments to SFRS(I) 16 *Lease Incentives*

The amendments remove the illustration of the reimbursement of leasehold improvements. As the amendments are only with regards to an illustrative example, no effective date is stated.

(iv) Amendments to SFRS(I) 1-41 *Taxation in Fair Value Measurements*

The amendments remove the requirement for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in SFRS(I) 1-41 with the requirements of SFRS(I) 13 *Fair Value Measurement* to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendments are applied prospectively, i.e., for fair value measurements on or after the date an entity initially applies the amendments. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

In respect of the above amendments to SFRS(I), there is no material impact expected to the Group's and the Company's financial statements on initial application.

Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current*

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on the rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise the right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 *Disclosure of Accounting Policies*

The amendments will help to:

- improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements; and
- distinguish changes in accounting estimates from changes in accounting policies.

The amendments to SFRS(I) 1-1 require companies to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. However, accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. In addition, if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In support of the amendments to SFRS(I) 1-1, amendments are also made to SFRS(I) Practice Statement 2 to provide guidance on how to apply the concept of materiality to accounting policy disclosures, and illustrate how an entity could judge whether information about an accounting policy is material to its financial statements.

The amendments to SFRS(I) 1-1 are effective for annual periods beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact. The amendments to SFRS(I) Practice Statement 2 do not contain an effective date or transition requirements.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

Amendments to SFRS(I) 1-8 *Definition of Accounting Estimates*

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Accordingly, an entity develops accounting estimates if the accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. Illustrative examples are also added to help entities understand and apply the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 and are applied prospectively to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

Amendments to SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations.

SFRS(I) 1-12 *Income Taxes* specifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future.

In specified circumstances, companies are exempted from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which companies recognise both an asset and a liability.

The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (which has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be determined but early application of the amendments is permitted.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

2(D) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with SFRS(I) 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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

Significant judgements used in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(a) Income taxes

Significant judgement is involved in determining the group-wide 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 a determination is made.

As at 31 December 2021, the carrying amounts of the Group's and the Company's current tax liabilities are S\$1,456,000 (2020: S\$1,878,000) and Nil (2020: Nil) respectively. The carrying amounts of the Group's and the Company's deferred tax assets and liabilities are disclosed in Note 22 to the financial statements.

(b) Determination of lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it.

The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee. For leases of office and clinic premises, the Group considers factors including historical lease durations and the costs and business disruption required to replace the leased asset.

As at 31 December 2021, potential future cash outflows of S\$148,000 (2020: S\$267,000) (undiscounted) have not been included in the lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated) (Note 33).

(c) Determination of operating segments

Management will first identify the Chief Operating Decision Maker ("CODM") and then identify the 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.

Key sources of estimation uncertainty

(a) Impairment tests for cash-generating units containing goodwill (Note 6)

The carrying amounts of goodwill attributable to the Group’s cash-generating unit (“CGU”) comprise of:

- Beh’s Clinic for Women Pte. Ltd. (“**Beh’s Clinic CGU**”);
- Choo Wan Ling Women’s Clinic Pte. Ltd. (“**CWL Clinic CGU**”); and
- SOG Dermatology Pte. Ltd. and SOG Dermatology (Gleneagles) Pte. Ltd. (collectively, the “**Dermatology Clinic CGU**”).

	2021 S\$’000	2020 S\$’000
Beh’s Clinic CGU	446	446
CWL Clinic CGU	396	396
Dermatology Clinic CGU	11,388	11,388
	12,230	12,230

The recoverable amount of a CGU is determined based on the higher of fair value less cost to sell (“FVLCTS”) and value-in-use (“VIU”) calculations. The VIU calculations use cash flow projections based on financial budgets prepared by management covering a six (6)-year period each for Beh’s Clinic CGU and CWL Clinic CGU, and a four (4)-year period with terminal value for Dermatology Clinic CGU. Key assumptions used for VIU calculations are disclosed in Note 6 to the financial statements.

The key assumptions for the value-in-use calculations are those regarding the discount rates, revenue growth rates, terminal growth rate and gross profit margin for the forecasted 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 revenue growth rates are estimated based on historical growth of respective CGUs and the long-term average growth rate of Singapore’s Consumer Price Index (“CPI”). Gross profit margin is based on past results achieved and expectations of future market changes.

These assumptions have been used for the analysis of each CGU. The above estimates are particularly sensitive in the following parameters:

- An increase of one (1) percentage point in the discount rate used would decrease the VIU of Beh’s Clinic CGU and CWL Clinic CGU by S\$362,000 (2020: S\$344,000) but no impairment is required.
- A 1% decrease in future revenue growth rate would decrease the VIU of Beh’s Clinic CGU and CWL Clinic CGU by S\$491,000 (2020: S\$555,000) but no impairment is required.
- An increase of 50 basis points in the discount rate used and a 1% decrease in future revenue growth rate would decrease the VIU of Dermatology Clinic CGU by S\$983,000 (2020: S\$672,000) and S\$390,000 (2020: S\$920,000) respectively as at 31 December 2021, but no impairment is required.

As at 31 December 2021, the Group believes that any reasonably possible changes in the above key assumptions applied are not likely to materially result in the recoverable amounts to be lower than their carrying amounts for the CGUs. The recoverable amounts of each of these three (3) CGUs have been estimated to be higher than their carrying amounts, and thus no impairment is required at the reporting date.

The carrying amount of goodwill as at 31 December 2021 amounted to S\$12,230,000 (2020: S\$12,230,000).

(b) Impairment tests for plant and equipment and right-of-use assets

Plant and equipment and right-of-use (“**ROU**”) assets 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 other estimates and assumptions such as future market growth, forecast revenue and costs, utilisation period of the assets, discount rates and other factors.

A reasonably change in key parameters such as discount rate and revenue growth rate will not result in a significant impact to the Group’s plant and equipment and ROU assets. The carrying amounts of the Group’s and the Company’s plant and equipment and ROU assets are disclosed in Note 7 and Note 8 to the financial statements respectively.

(c) Impairment of investment in subsidiaries

Determining whether investment in subsidiaries is 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 amount of investment in subsidiaries is S\$30,305,000 (2020: S\$24,464,000). Management has evaluated the recoverability of the investments based on such estimates. An increase of 50 basis points in the discount rate used and a 1% decrease in future revenue growth rate would decrease the carrying amount of investment in a significant subsidiary by S\$983,000 (2020: S\$672,000) and S\$390,000 (2020: S\$920,000) respectively as at 31 December 2021.

2(E) Significant accounting policies

Group accounting

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and investees (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company or its subsidiary:

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

The Company or its subsidiary 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 Company or its subsidiary 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 Company or its subsidiary considers all relevant facts and circumstances in assessing whether or not the Company’s or its subsidiary’s voting rights in an investee are sufficient to give it power, including:

- size of the Company's or its subsidiary's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company or its subsidiary, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances which indicate that the Company or its subsidiary 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.

Consolidation of a subsidiary begins when the Company or its subsidiary obtains control over the subsidiary or investee and ceases when the Company or its subsidiary loses control of the subsidiary or investee. Specifically, income and expenses of a subsidiary or an investee acquired or disposed during the year are included in the consolidated statement of comprehensive income from the date the Company or its subsidiary gains control until the date when the Company or its subsidiary ceases to control the subsidiary or investee.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries and investees are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries or investees to bring their accounting policies in line with the Group's accounting policies.

(b) Changes in the Group's ownership interests in existing subsidiaries

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 the owners of the Company.

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 interests. 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 SFRS(I)). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's separate financial statements, investment in subsidiaries is carried at cost less any accumulated impairment losses. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2(E) Significant accounting policies (Cont'd)**Business combinations**

Business combination is accounted for using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether it includes, at a minimum, an input and substantive process, and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional 'concentration test' is met, and the acquired set of activities and assets is not a business, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified.

Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e., the date on which the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, as would be required if the acquirer had disposed directly of the previously held equity interest.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and
- disposal groups that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

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 whenever indication of impairment exists. 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 arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the cash generating unit pro-rata on the basis of the carrying amount of each asset in the cash generating unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a joint venture, the attributable amount of goodwill is included in the determination of the gain or loss on disposal of the entity or the relevant cash generating unit.

Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless

another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(i) *Lease liability*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that trigger those lease payments.

For all contracts that contain both lease and non-lease components, the Group has elected to not separate lease and non-lease components and account these as one single lease component.

The lease liabilities are presented as a separate line item in the statements of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

(ii) *Right-of-use asset*

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received

and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I)1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Office and clinic premises: over lease term of 2 to 5 years

Office equipment : over lease term of 5 years

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line item in the statements of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

2(E) 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, investment in subsidiaries is stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Investment in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of a joint venture are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS(I) 1-28 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised decreases the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date, and this fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in

other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture may be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification) when the equity method is discontinued.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss may be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the Group, profits or losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that is not related to the Group.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

The classification of financial assets, at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income ("OCI"), it needs to give rise to cash flows that are "solely payments of principal and interest ("SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchase or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four (4) categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI ("FVOCI") with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss ("FVPL").

(a) Financial assets**Financial assets at amortised cost (debt instruments)**

Subsequent measurement of debt instruments depends on the Group's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding on the asset.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

The Group's financial assets at amortised cost include trade and other receivables (excluding prepayments) and cash and cash equivalents.

Financial assets at FVOCI (debt instruments)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in OCI, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

The Group does not hold any financial assets at FVOCI (debt instruments).

Financial assets designated at FVOCI (equity instruments)

On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. The classification is determined on an instrument-by-instrument basis. The Group subsequently measures its qualifying equity instruments designated at FVOCI at fair value. Dividends from such investments are recognised in profit or loss when the Group's right to receive payments is established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Changes in fair value of financial assets designated at FVOCI (equity instruments) are recognised in OCI and are never recycled to profit or loss.

The Group elected to classify irrevocably its unquoted equity investments in SG Meditech Pte. Ltd. ("**SG Meditech**") under this category (Note 9).

Financial assets at FVPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of

the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. A gain or loss on a debt instruments that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income from these financial assets is included in finance income.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Dividends on equity instruments are also recognised as other income in the statement of comprehensive income when the right of payment has been established.

The Group does not hold any financial asset at FVPL.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ("**ECLs**") associated with its financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a "**12-months ECLs**"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "**lifetime ECLs**").

For trade receivables, the Group measures the loss allowance at an amount equal to the lifetime expected credit losses. Therefore, the Group does not track changes in credit risk, but

instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other receivables, loss allowance is measured at an amount equal to 12-month ECLs. The 12-month ECLs are estimated by reference to the track record of the counterparties and their business and financial conditions. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECLs). For those credit exposures for which there have been significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECLs).

The Group considers a financial asset in default when contractual payments are 90 days due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised initially at fair value less directly attributable transaction costs. The Group's financial liabilities comprise trade and other payables (excluding net GST payables) and lease liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SFRS(I) 9. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in SFRS(I) 9 are satisfied. The Group has not designated any financial liability as FVPL.

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially

modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to either settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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 Group at which management controls the related cash flows.

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

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

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

With the exception of goodwill,

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

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from customer. If customer pays consideration before the Group transfers good or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

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.

Treasury shares

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

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.

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 nor 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, associates and joint arrangements, 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, provided they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Revenue from contracts with customers

Revenue comprises the fair value of the consideration received or receivable for the rendering of services, net of goods and services tax, rebates and discounts. Revenue is recognised as follows:

Provision of specialised healthcare services

Revenue from the provision of specialised healthcare services (namely, obstetrics and gynaecology, dermatology, cancer-related and general surgery, and paediatrics services) is recognised when the Group satisfies a performance obligation by transferring control of those services to the patients. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligation. The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the specialised medical services to patients. There is no significant financing component arising from the rendering of those services.

Revenue may be recognised at a point of time or over time following the timing of satisfaction of the performance obligation. If a performance obligation is satisfied over time, revenue is recognised based on the progress towards complete satisfaction of the services for antenatal maternity, dermatology and vaccination packages sold.

Finance income

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

Dividend income

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

Employee benefits

Short-term employee benefits

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

Pension obligations

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

Employee leave entitlements

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

Employee Share Option Scheme and Performance Share Plan

The Company also has an employee share option plan for the granting of non-transferable options. The Group may issue equity-settled share-based payments to certain employees. The fair value of the employee services received in exchange for the grant of options is recognised as an expense in the profit or loss with a corresponding increase in the share-based payment 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-based payment 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-based payment 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.

Key management personnel

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

Related parties

A related party is defined as follows:

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

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

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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.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in SGD using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. All resulting currency translation differences are recognised in other comprehensive income and accumulated in foreign currency translation reserve.

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 Revenue

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following healthcare services:

	At a point in time S\$'000	2021 Over time S\$'000	Group			Total S\$'000
			Total S\$'000	At a point in time S\$'000	2020 Over time S\$'000	
<u>Singapore</u>						
Obstetrics and gynaecology revenue	20,586	1,498	22,084	20,774	1,483	22,257
Dermatology revenue	8,558	271	8,829	6,626	90	6,716
Cancer-related revenue	5,432	118	5,550	5,818	167	5,985
Paediatrics revenue	5,771	163	5,934	4,815	116	4,931
	40,347	2,050	42,397	38,033	1,856	39,889

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4 Investment in subsidiaries

	Company	
	2021 S\$'000	2020 S\$'000
Unquoted equity shares, at cost	34,335	34,334
Allowance for impairment losses		
At 1 January	(9,870)	(10,772)
Reversal for impairment loss	5,840	902
At 31 December	(4,030)	(9,870)
Carrying amount	30,305	24,464

Incorporation of a subsidiary

On 30 March 2021, the Group incorporated a wholly-owned subsidiary, SOG Mummy & Baby Centre Pte. Ltd. (“**SOGMB**”) in Singapore. The issued and paid-up share capital of SOGMB is S\$1,000. SOGMB holds 49% equity interest in a joint venture company in relation to the joint venture between the Company and LYC Mother & Child Centre Sdn. Bhd. (Note 5).

Impairment test for investment in SOG Dermatology Pte. Ltd. (“DERM”)

For the financial year ended 31 December 2021 (“**FY 2021**”), the actual performance for DERM and SOG Dermatology (Gleneagles) Pte. Ltd. (collectively, the “**Dermatology Clinic CGU**”) was better than forecasted. This is an indication that impairment losses recognised in prior year for investment in DERM may have decreased. Based on management’s assessment, the recoverable amount of Dermatology Clinic CGU as at 31 December 2021 was determined to be higher than its carrying amount. The carrying amount of the investment in DERM was thus increased to its recoverable amount. Accordingly, a reversal of impairment loss of S\$5.8 million (2020: S\$0.9 million) has been recognised in the profit or loss of the Company for FY 2021. The recoverable amount of Dermatology Clinic CGU was determined based on VIU calculation, which is a discounted cash flow model using cash flow projections based on approved financial budget prepared by management covering a four (4)-year period (2020: a five (5)-year period) with terminal value. Refer to Note 6 for details of impairment tests for goodwill for Dermatology Clinic CGU.

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Group subsidiaries

Details of subsidiaries are as follows:

<u>Name of subsidiary</u>	<u>Principal activities</u>	<u>Country of incorporation/ Principal place of business</u>	<u>Percentage of interest held</u>	
			<u>2021</u> %	<u>2020</u> %
<u>Held by the Company</u>				
Beh's Clinic for Women Pte. Ltd.	Provision of obstetrics and gynaecology services	Singapore	100	100
Choo Wan Ling Women's Clinic Pte. Ltd.	Provision of obstetrics and gynaecology services	Singapore	100	100
Heng Clinic for Women Pte. Ltd.	Provision of obstetrics and gynaecology services	Singapore	100	100
K W Lee Clinic & Surgery for Women Pte. Ltd.	Provision of obstetrics and gynaecology services	Singapore	100	100
SOG-Natalie Chua Clinic for Women Pte. Ltd.	Provision of obstetrics and gynaecology services	Singapore	100	100
SOG-SC Hong Clinic for Women Pte. Ltd.	Provision of obstetrics and gynaecology services	Singapore	100	100
SOG-Clara Ong Clinic for Women Pte. Ltd.	Provision of obstetrics and gynaecology services	Singapore	100	100
SOG Dermatology Pte. Ltd.	Provision of dermatology services	Singapore	100	100
SOG-Cindy Pang Clinic for Women Pte. Ltd.	Provision of cancer-related and general surgery services	Singapore	100	100
SOG-HL Sim Colorectal, Endoscopy & General Surgery Pte. Ltd.	Provision of cancer-related and general surgery services	Singapore	100	100
SOG-CC Tan Breast, Thyroid & General Surgery Pte. Ltd.	Provision of cancer-related and general surgery services	Singapore	100	100
SOG Children (Paediatrics - Central) Pte. Ltd.	Provision of paediatrics services	Singapore	100	100
SOG Children (Paediatrics - East) Pte. Ltd.	Provision of paediatrics services	Singapore	100	100

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Details of subsidiaries are as follows: (Cont'd)

<u>Name of subsidiary</u>	<u>Principal activities</u>	<u>Country of incorporation/ Principal place of business</u>	<u>Percentage of interest held</u>	
			<u>2021</u> %	<u>2020</u> %
<u>Held by the Company (Cont'd)</u>				
SOG Children (Paediatrics - Gastroenterology Liver) Pte. Ltd.	Provision of paediatrics services	Singapore	100	100
SOG Children (Paediatrics - Gleneagles) Pte. Ltd.	Provision of paediatrics services	Singapore	100	100
SOG Mummy & Baby Centre Pte. Ltd.	Investment holding	Singapore	100	-
<u>Held by SOG Dermatology Pte. Ltd.</u>				
SOG Dermatology (Gleneagles) Pte. Ltd.	Provision of dermatology services	Singapore	100	100

All entities are audited by Foo Kon Tan LLP.

5 Investment in a joint venture

	Group	
	2021 S\$'000	2020 S\$'000
Unquoted equity shares, at cost	640	-
Share of results of a joint venture	(169)	-
Exchange differences	(7)	-
	<u>464</u>	<u>-</u>

On 30 June 2021, the Group through its wholly-owned subsidiary, SOGMB, injected Malaysian Ringgit (“MYR”) 2 million (equivalent to S\$0.6 million) in cash representing the capital injection for its 49% equity interest in the joint venture company, LYC SOG Mother & Child Sdn. Bhd. (“LSMC”).

LSMC is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in LSMC as a joint venture, which is equity accounted.

On 15 October 2021, LSMC incorporated a wholly-owned subsidiary, LYC SOG Marketing Pte. Ltd. (“LSM”), in Singapore. The principal activity of LSM is that of provision of marketing and promotional services related to LSMC’s confinement care and related services.

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Details of the joint venture are as follows:

<u>Name of joint venture</u>	<u>Principal activities</u>	<u>Country of incorporation/ Principal place of business</u>	<u>Effective equity interest held by the Group</u>	
			<u>2021</u> %	<u>2020</u> %
<u>Held by SOG Mummy & Baby Centre Pte. Ltd.</u>				
LYC SOG Mother & Child Sdn. Bhd. *	Provision of confinement care and related services	Malaysia	49	-

*Audited by Foo Kon Tan LLP for group consolidation purpose

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Summarised financial information, adjusted for the Group's share of equity interest in respect of LSMC and its subsidiary is set out below:

2021	S\$'000
Revenue	-
Loss for the period #	(345)
Other comprehensive income ("OCI")	-
Total comprehensive loss	(345)
Attributable to joint venture's shareholders	(345)
# Includes:	
- Depreciation	179
- Interest expense	129
Current assets *	731
Non-current assets	5,063
Current liabilities **	(799)
Non-current liabilities ***	(4,049)
Net assets attributable to joint venture's shareholders	946
* Includes cash and cash equivalents	644
** Includes current financial liabilities (excluding trade and other payables and provisions)	127
*** Includes non-current financial liabilities (excluding trade and other payables and provisions)	3,885
Group's interest in net assets of joint venture at beginning of period	-
Equity investment	640
Group's share of:	
- Loss for the period	(169)
- OCI	-
Total comprehensive loss	(169)
Translation differences	(7)
Carrying amount of joint venture at end of the period	464

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in a joint venture, is as follows:

2021	S\$'000
Net assets attributable to joint venture's shareholders	946
Group's equity interest	49%
Group's share of net assets	464

6 Goodwill

	Group	
	2021 S\$'000	2020 S\$'000
Cost	26,930	26,930
Allowance for impairment losses		
At 1 January and 31 December	(14,700)	(14,700)
Carrying amount	12,230	12,230

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Impairment tests for goodwill

As at 31 December 2021, the carrying amount of goodwill is attributable to the Group's cash-generating units ("CGUs") comprising of Beh's Clinic for Women Pte. Ltd. ("**Beh's Clinic CGU**"), Choo Wan Ling Women's Clinic Pte. Ltd. ("**CWL Clinic CGU**") and SOG Dermatology Pte. Ltd. & SOG Dermatology (Gleneages) Pte. Ltd. (collectively, the "**Dermatology Clinic CGU**").

	2021 S\$'000	Group	2020 S\$'000
Beh's Clinic CGU	446		446
CWL Clinic CGU	396		396
Dermatology Clinic CGU	11,388		11,388
	12,230		12,230

The recoverable amounts of the CGUs were determined based on VIU calculations and VIU of these CGUs were estimated to be higher than their carrying amounts. The VIU calculation is a discounted cash flow model using cash flow projections based on financial budget prepared by management covering a six (6)-year period (2020: a seven (7)-year period) each for Beh's Clinic CGU and CWL Clinic CGU, and a four (4)-year period (2020: a five (5)-year period) with terminal value for Dermatology Clinic CGU. Cash flows for the budgeted period were projected using the estimated growth rates stated below. The growth rates do not exceed the long-term average growth rates in which the CGUs operate.

Key assumptions used for VIU calculations:

	<u>Beh's Clinic CGU</u>	CWL Clinic CGU	Dermatology Clinic CGU
2021	%	%	%
Gross profit margin ⁽¹⁾	92.0	87.4	72.0
Growth rate ⁽²⁾	1.0	2.0	4.3
Terminal growth rate ⁽³⁾	-	-	0.8
Discount rate ⁽⁴⁾	17.3	17.0	10.9
2020	%	%	%
Gross profit margin ⁽¹⁾	92.0	87.1	71.0
Growth rate ⁽²⁾	3.4	2.0	8.7
Terminal growth rate ⁽³⁾	-	-	1.1
Discount rate ⁽⁴⁾	18.5	18.5	12.5

(1) Budgeted gross profit margin

(2) Compound annual growth rate

(3) Long term average growth rate of Singapore

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

The discount rate was determined based on the rate of 10-year government bonds issued by the Singapore government, 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 Singapore's forecast long-term CPI.

These assumptions were used for the analysis of each CGU within the business segment. Management determined budgeted gross profit margin and revenue growth rate based on expectation of future outcomes taking into account past experiences. Revenue growth was projected taking into account the

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average growth level experienced over the past years. The discount rates used reflected specific risks relating to the relevant CGUs.

As at 31 December 2021, the Group believes that any reasonably possible changes in the above key assumptions applied are not likely to materially result in the recoverable amounts to be lower than their carrying amounts for the CGUs. The recoverable amounts of each of these three (3) CGUs have been estimated to be higher than their carrying amounts, and thus no impairment is required at the reporting date.

7 Plant and equipment

Group	Office equipment S\$'000	Furniture and fittings S\$'000	Medical equipment S\$'000	Renovation S\$'000	Computer and software S\$'000	Total S\$'000
<u>Cost</u>						
At 1 January 2020	61	43	2,360	1,171	200	3,835
Additions	*	6	550	-	73	629
Write-off	*	(3)	*	(1)	(29)	(33)
Disposals	-	-	(15)	-	(3)	(18)
At 31 December 2020	61	46	2,895	1,170	241	4,413
Additions	14	-	278	244	32	568
Write-off	(10)	(8)	(120)	(104)	(28)	(270)
Disposals	(3)	(3)	(307)	(80)	-	(393)
At 31 December 2021	62	35	2,746	1,230	245	4,318
<u>Accumulated depreciation</u>						
At 1 January 2020	22	32	1,338	664	184	2,240
Depreciation for the year	13	5	462	181	68	729
Write-off	*	(3)	*	(1)	(29)	(33)
Disposals	-	-	(12)	-	*	(12)
At 31 December 2020	35	34	1,788	844	223	2,924
Depreciation for the year	12	4	412	171	40	639
Write-off	(10)	(8)	(120)	(104)	(28)	(270)
Disposals	(2)	(3)	(264)	(68)	-	(337)
At 31 December 2021	35	27	1,816	843	235	2,956
<u>Net book value</u>						
At 31 December 2021	27	8	930	387	10	1,362
At 31 December 2020	26	12	1,107	326	18	1,489

* Less than S\$1,000

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Company	Office equipment S\$'000	Furniture and fittings S\$'000	Medical equipment S\$'000	Renovation S\$'000	Computer and software S\$'000	Total S\$'000
<u>Cost</u>						
At 1 January 2020	10	12	140	62	67	291
Additions	-	-	-	-	62	62
Write-off	-	(3)	*	-	-	(3)
Disposals	-	-	-	-	(3)	(3)
At 31 December 2020	10	9	140	62	126	347
Additions	-	-	-	-	6	6
Write-off	(6)	(1)	-	-	(14)	(21)
Disposals	-	-	(88)	-	-	(88)
At 31 December 2021	4	8	52	62	118	244
<u>Accumulated depreciation</u>						
At 1 January 2020	6	11	53	31	58	159
Depreciation for the year	2	*	31	12	58	103
Write-off	-	(3)	*	-	-	(3)
Disposals	-	-	-	-	*	*
At 31 December 2020	8	8	84	43	116	259
Depreciation for the year	1	*	11	12	15	39
Write-off	(6)	(1)	-	-	(14)	(21)
Disposals	-	-	(55)	-	-	(55)
At 31 December 2021	3	7	40	55	117	222
<u>Net book value</u>						
At 31 December 2021	1	1	12	7	1	22
At 31 December 2020	2	1	56	19	10	88

* Less than S\$1,000

8 Right-of-use assets

	Group Office and clinic premises and office equipment S\$'000	Company Office premise and office equipment S\$'000
<u>Cost</u>		
At 1 January 2020	5,195	326
Additions	1,035	-
Lease modification	(121)	(29)
At 31 December 2020	6,109	297
Additions	1,145	46
Lease modification	309	-
Termination of leases	(949)	-
At 31 December 2021	6,614	343

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Accumulated depreciation

At 1 January 2020	1,497	78
Depreciation during the year	1,448	70
At 31 December 2020	2,945	148
Depreciation during the year	1,595	75
Termination of leases	(464)	-
At 31 December 2021	4,076	223

Net book value

At 31 December 2021	2,538	120
At 31 December 2020	3,164	149

9 Financial assets, at FVOCI

	Group and Company	
	2021	2020
	S\$'000	S\$'000
<i>Equity instrument designated at FVOCI</i>		
<u>Unquoted equity instrument, presented as non-current assets</u>	-	-

Equity instrument designated at fair value through OCI (“**FVOCI**”) comprises investments in equity 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 “**NRFTI Scheme**”). Under the NRFTI Scheme, SG Meditech is developing a device aimed at providing a more sustainable solution to improve the cord blood collection process. The Company invested S\$250,000 (2020: S\$250,000) to acquire 5% of the ordinary shares of SG Meditech.

As the unquoted equity shares are not publicly traded, the fair values presented are determined based on the adjusted net assets (“**ANA**”) of the underlying investee by management as at 31 December 2021.

The ANA method was adopted on the basis that SG Meditech has going concern issue after considering the following:

- (i) SG Meditech has been loss making for the last seven (7) years;
- (ii) SG Meditech does not have any signed customer contracts as at 31 December 2021;
- (iii) SG Meditech has been in a net liabilities position for the last seven (7) years; and
- (iv) SG Meditech appears not to have sufficient cash to sustain its business operations for the next twelve months.

The ANA method estimates the equity value of SG Meditech by adjusting the book value of all assets and liabilities to reflect their current market values. Based on management’s assessment, the adjusted net assets value of SG Meditech approximates its fair value at the financial year end. As SG Meditech is in a net liabilities position as at 31 December 2021, the fair valuation of SG Meditech is determined to be Nil (2020: Nil). No fair value gain or loss was recognised in other comprehensive income for the financial years ended 31 December 2021 and 31 December 2020.

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10 Inventories

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
<u>At cost:</u>				
Medical supplies	2,129	1,908	4	-

There was no write-down in value of inventories and no write-off of inventories during FY 2021 and FY 2020.

11 Trade and other receivables

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Trade receivables	2,061	2,485	4	13
Impairment losses:				
At 1 January	(80)	(71)	-	(3)
Allowance for the year	(24)	(62)	-	-
Allowance utilised	18	32	-	3
Allowance reversed	40	21	-	-
At 31 December	(46)	(80)	-	-
Net trade receivables	2,015	2,405	4	13
Amounts due from subsidiaries (non-trade)	-	-	5,952	4,449
Deposits	423	407	59	42
Other receivables	112	16	64	16
	2,550	2,828	6,079	4,520
Prepayments	748	724	55	67
	3,298	3,552	6,134	4,587

Bad debts written off directly in the profit or loss during FY 2021 amounted to S\$2,000 (2020: S\$6,000) for the Group (Note 26).

Trade receivables are non-interest bearing and are generally on 30-90 days (2020: 30-90 days) terms. They are recognised at their original invoice amount which represent their fair value on initial recognition.

Refer to Note 35 for details of credit risk exposures.

Non-trade amounts due from subsidiaries

Non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand. There is no allowance for impairment losses arising from these outstanding balances as the expected credit loss is not assessed to be material.

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12 Cash and cash equivalents

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Cash at bank	23,631	23,404	4,278	5,603
Fixed deposits	12,126	12,100	12,126	12,100
Cash on hand	8	10	1	1
	35,765	35,514	16,405	17,704

Fixed deposits of the Group and Company mature in March 2022 (2020: March 2021) with a weighted average interest rate of 0.43% (2020: 0.43%) per annum.

13 Share capital

	Group and Company		Group and Company	
	2021 Number of ordinary shares '000	2020 Number of ordinary shares '000	2021 S\$'000	2020 S\$'000
Issued and fully paid with no par value:				
Balance at 1 January	477,470	476,803	29,809	29,646
Issue of new shares	667	667	177	163
Balance at 31 December	478,137	477,470	29,986	29,809

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.

On 30 June 2021 (2020: 30 June 2020), 666,666 (2020: 666,666) ordinary shares were issued pursuant to the vesting of the share awards granted under the SOG Performance Share Plan at a price of S\$0.265 (2020: S\$0.245) per share. Information relating to the SOG Performance Share Plan, including share awards granted and vested during the financial year and share awards outstanding at the reporting date, are set out in Note 31.

14 Treasury shares

	Group and Company		Group and Company	
	2021 Number of ordinary shares '000	2020 Number of ordinary shares '000	2021 S\$'000	2020 S\$'000
Balance at 1 January	2,000	-	471	-
Purchase of treasury shares	-	2,000	-	471
Balance at 31 December	2,000	2,000	471	471

In 2020, the Company purchased 1,999,990 of its ordinary shares by way of on-market purchases at an average share price of S\$0.235. The total amount paid to purchase the shares was S\$471,000. Treasury shares held by the Company as at the financial year end is presented as a component within the shareholder's equity.

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15 Capital reserve

	Group and Company	
	2021	2020
	S\$'000	S\$'000
Balance at 1 January	1,719	1,771
Issue of new shares under the SOG PSP	(70)	(52)
Balance at 31 December	1,649	1,719

Capital reserve of S\$1,771,000 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.

The movement in capital reserve of S\$70,000 (2020: S\$52,000) in 2021 represents the difference between the amounts from the issuance of 666,666 (2020: 666,666) new ordinary shares pursuant to the vesting of the share awards granted under the SOG PSP and the amounts previously recognised in the share-based payment reserve.

16 Share-based payment reserve

	Group and Company	
	2021	2020
	S\$'000	S\$'000
Balance at 1 January	80	-
Recognition of share awards granted under SOG PSP	124	191
Vesting of share awards	(107)	(111)
Balance at 31 December	97	80

The share-based payment reserve arises on the grant of share awards to employees under the SOG Performance Share Plan (Note 31).

17 Merger reserve

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.

18 Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of joint venture whose functional currency is different from that of the Group's presentation currency.

	Group	
	2021	2020
	S\$'000	S\$'000
Balance at 1 January	-	-
Effect of exchange differences arising from translation of financial statements of foreign operations	(7)	-
Balance at 31 December	(7)	-

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19 Trade and other payables

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Trade payables	1,070	1,553	707	506
Accrued operating expenses	8,433	7,122	313	305
Amounts due to subsidiaries (non-trade)	-	-	3,000	3,000
Amounts due to an ex-director (non-trade)	244	244	-	-
GST payables, net	543	10	17	20
Other payables	5	7	-	-
	10,295	8,936	4,037	3,831

Trade payables have credit terms of 30 days (2020: 30 days).

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

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

Refer to Note 35 for details of liquidity risk exposure.

20 Lease liabilities

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Undiscounted lease payments due:				
- Year 1	1,655	1,603	107	76
- Year 2	958	1,233	20	76
- Year 3	145	549	2	13
- Year 4	27	93	2	-
- Year 5	-	32	-	-
	2,785	3,510	131	165
Less: Future interest cost	(125)	(209)	(4)	(8)
Lease liabilities	2,660	3,301	127	157
Presented as:				
- Non-current	1,096	1,826	23	87
- Current	1,564	1,475	104	70
	2,660	3,301	127	157

Interest expense on lease liabilities of S\$146,000 (2020: S\$154,000) is recognised within "finance expense" in profit or loss (Note 27).

Total cash outflows for all leases in the year amount to S\$1,714,000 (2020: S\$1,582,000).

Information about the Group's leases are disclosed in Note 33.

Further information about the financial risk management are disclosed in Note 35.

21 Contract liabilities

The Group offers 'Antenatal' maternity, dermatology and vaccination packages to patients. Under these packages, the patients pay an upfront package fee which the Group recognises the fee collected as contract liabilities. For 'Antenatal' maternity packages, the contract liabilities are amortised over the

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remaining pregnancy period till the birth of the baby. For dermatology and vaccination packages, the contract liabilities are recognised as revenue when the medical services are rendered to patients.

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
At 1 January	577	613	-	-
Fees received during the year	2,081	1,820	-	-
Revenue recognised that was included in the contract liabilities balance at 1 January	(571)	(613)	-	-
Revenue recognised for fees received during the year	(1,566)	(1,243)	-	-
At 31 December	521	577	-	-

The remaining performance obligations as at 31 December 2021 are part of contracts that have original expected duration of one (1) year or less

22 Deferred taxation

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Deferred tax assets	-	(3)	-	-
Deferred tax liabilities	133	120	13	7
	133	117	13	7

The movement in the net deferred income tax account is as follows:

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
At 1 January	117	131	7	9
Recognised in profit or loss	16	(14)	6	(2)
At 31 December	133	117	13	7

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Deferred tax (assets) and liabilities comprised the following:

	Group			
	Assets		Liabilities	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Plant and equipment	-	4	137	133
Interest receivables	-	-	11	3
ROU assets and lease liabilities	-	(7)	(15)	(16)
Deferred tax (assets)/liabilities	-	(3)	133	120

	Company			
	Assets		Liabilities	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Plant and equipment	-	-	3	6
Interest receivables	-	-	11	3
ROU assets and lease liabilities	-	-	(1)	(2)
Deferred tax liabilities	-	-	13	7

The balance comprises tax on the following temporary differences

Deferred tax assets	Group			Total S\$'000
	Plant and equipment S\$'000	ROU assets and lease liabilities S\$'000		
At 1 January 2020	1	(4)		(3)
Recognised in profit or loss	3	(3)		-
At 31 December 2020	4	(7)		(3)
Recognised in profit or loss	(4)	7		3
At 31 December 2021	-	-		-

Deferred tax liabilities	Group			Total S\$'000
	Plant and equipment S\$'000	Interest receivables S\$'000	ROU assets and lease liabilities S\$'000	
At 1 January 2020	142	6	(14)	134
Recognised in profit or loss	(9)	(3)	(2)	(14)
At 31 December 2020	133	3	(16)	120
Recognised in profit or loss	4	8	1	13
At 31 December 2021	137	11	(15)	133

Deferred tax liabilities	Company			Total S\$'000
	Plant and equipment S\$'000	Interest receivables S\$'000	ROU assets and lease liabilities S\$'000	
At 1 January 2020	4	6	(1)	9
Recognised in profit or loss	2	(3)	(1)	(2)
At 31 December 2020	6	3	(2)	7
Recognised in profit or loss	(3)	8	1	6
At 31 December 2021	3	11	(1)	13

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23 Other operating income

	Group	
	2021 S\$'000	2020 S\$'000
Government grants	437	1,208
Rental rebate – variable lease incentives not dependant on an index or rate	88	88
Gain on termination of leases – derecognition of ROU assets and lease liabilities	42	-
Rental concession	308	61
Sponsorship income	21	49
Sundry income	13	29
	909	1,435

Included in government grant income is JSS grant of S\$195,000 (2020: S\$893,000) and property tax rebate of Nil (2020: S\$165,000) from the Singapore Government. JSS grant is to help employers to retain their local employees during the period of economic uncertainty as a result of COVID-19. JSS grant income is allocated over the period of uncertainty to match the related staff costs for which the grant is intended to compensate. The property tax rebate is mandated to be fully passed on by the landlord to the Group as a tenant.

Included in rental concession is rental rebate of S\$36,000 (2020: S\$61,000) for the Group's leased office and clinic premises under the Rental Relief Framework as mandated by the Singapore Government whereby the landlord is obliged to waive up to 4 months of rental to the Group as tenant, and S\$272,000 (2020: Nil) for Group's lease clinic premises under the 2021 Rental Support Scheme which is meant to support businesses with rental costs during the Phase 2 (Heightened Alert) periods and the Stabilisation Phase.

24 Consumables and medical supplies used

	Group	
	2021 S\$'000	2020 S\$'000
Changes in inventories	(221)	122
Inventories purchased	4,796	3,785
Laboratory test and charges	2,385	2,421
Hospital facility charges	395	370
Others	14	7
	7,369	6,705

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25 Employee remuneration expense

	2021 S\$'000	Group 2020 S\$'000
Directors' fees – Directors of the Company	139	168
Directors' remuneration		
- Directors of the Company	3,476	3,892
- Directors of subsidiaries	11,876	10,324
- Share-based compensation (equity-settled)	124	191
- Central Provident Fund contributions	191	172
Key management personnel (Other than directors)		
- Salaries and other related costs	559	458
- Central Provident Fund contributions	33	38
Other than directors and key management personnel		
- Salaries and other related costs	4,492	3,856
- Central Provident Fund contributions	458	373
	21,348	19,472

26 Other operating expenses

	2021 S\$'000	Group 2020 S\$'000
Advertising expense	305	289
Audit fees paid/payable to auditor of the Company	168	167
Bad debts written off (trade)	2	6
Credit card charges	480	435
Entertainment expenses	22	23
Insurance	389	356
Software subscription fees	84	102
Office supplies	83	58
Loss on disposal of plant and equipment	14	1
Professional and legal fees	301	303
(Reversal of impairment losses)/Impairment losses on trade receivables, net	(16)	41
Transportation	59	56
Telecommunication charges	67	62
Administrative charges	86	13
Upkeep of clinics	42	46
Utilities	28	28
Printing and stationery	25	25
Other expenses	156	181
	2,295	2,192

27 Finance income/expense

	2021 S\$'000	Group 2020 S\$'000
Finance income		
Interest income	87	184
Finance expense		
Interest expense on lease liabilities	146	154

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28 Income tax expense

	Group	
	2021	2020
	S\$'000	S\$'000
Current tax expense		
Current year	1,456	1,490
Over provision of current taxation in respect of prior years	(2)	(161)
	<u>1,454</u>	<u>1,329</u>
Deferred tax expense/(credit)		
Origination and reversal of temporary differences (Note 22)	16	(14)
Income tax expense recognised in profit or loss	<u>1,470</u>	<u>1,315</u>

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:

	Group	
	2021	2020
	S\$'000	S\$'000
Profit before taxation	9,832	10,808
Share of results of a joint venture, net of nil tax	169	-
Profit before taxation and share of results of a joint venture	<u>10,001</u>	<u>10,808</u>
Tax at statutory rate of 17% (2020: 17%)	1,700	1,837
Tax effect on non-deductible expenses	41	70
Tax effect of non-taxable income ⁽¹⁾	(85)	(197)
Effect of partial tax exemption and tax relief	(184)	(234)
Over provision of current taxation in respect of prior years	(2)	(161)
Income tax expense recognised in profit or loss	<u>1,470</u>	<u>1,315</u>

⁽¹⁾ Income not subject to tax relates mainly to government grant received under JSS and property tax rebate amounting to S\$195,000 (2020: S\$893,000) and Nil (2020: S\$165,000) respectively, and rental concession of S\$308,000 (2020: S\$61,000) (Note 23).

29 Dividends

	Group and Company	
	2021	2020
	S\$'000	S\$'000
Ordinary dividends paid		
- Final tax-exempt (one-tier) dividend paid in respect of the previous financial year of 1.20 cents (2020: Nil) per share	5,706	-
- Interim tax-exempt (one-tier) dividend paid in respect of the current financial year of 0.65 cents (2020: 0.50 cents) per share	3,094	2,381
	<u>8,800</u>	<u>2,381</u>

A final dividend in respect of the current financial year of 0.90 cents per share amounting to S\$4,285,000 will be recommended at the Annual General Meeting to be held on 22 April 2022. 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 2022. The payment of this dividend will not have any tax consequences for the Group.

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30 Earnings per share

The earnings per share is calculated based on the consolidated profits attributable to owners of the Company divided by the weighted average number of shares in issue of 475,807,577 (2020: 476,200,767) shares during the financial year.

Fully diluted earnings per share were calculated on the consolidated profits attributable to owners of the Company divided by 476,803,012 (2020: 476,994,939) 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 issuable shares under the SOG PSP for FY 2021 and FY 2020.

	2021	Group	2020
<u>Basic earnings per share</u>			
Profit attributable to owners of the Company (S\$'000)	8,362		9,493
Weighted average number of ordinary shares ('000)	475,808		476,201
Basic earnings per share based on the weighted average number of ordinary shares (cents)	1.76		1.99
<hr/>			
<u>Diluted earnings per share</u>			
Profit attributable to owners of the Company (S\$'000)	8,362		9,493
Weighted average number of ordinary shares ('000)	475,808		476,201
Adjustment for potential shares issuable under the SOG PSP ('000)	995		794
Weighted average number of ordinary shares (diluted) ('000)	476,803		476,995
<hr/>			
Diluted earnings per share based on the weighted average number of ordinary shares (cents)	1.75		1.99

31 Share-based payments

The SOG Performance Share Plan (the “**SOG PSP**” or “**Plan**”) was approved by shareholders on 6 May 2015 by shareholders’ written resolutions.

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 the Plan is awarded before 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 employees 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 senior management 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 of issued shares (excluding shares held by the Company as treasury shares) from time to time.

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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.

The following tables illustrate the number of, and movement in, equity share awards (“Awards”) during the financial year:

Group and Company

2021

2021 Awards

Date of share awards granted	Tranches	Vesting date - last working day of	Balance at 1 January 2021	Granted during the year	Vested during the year	Balance at 31 December 2021	Fair value of share awards S\$
25 August 2021	Tranche 1	June 2022	-	108,721	-	108,721	0.2058
	Tranche 2	June 2023	-	108,721	-	108,721	0.1983
	Tranche 3	June 2024	-	108,721	-	108,721	0.1912
	Tranche 4	June 2025	-	108,721	-	108,721	0.1842
	Tranche 5	June 2026	-	108,724	-	108,724	0.1775
			-	543,608	-	543,608	

2020 Awards

Date of share awards granted	Tranches	Vesting date - last working day of	Balance at 1 January 2021	Granted during the year	Vested during the year	Balance at 31 December 2021	Fair value of share awards S\$
8 June 2020	Tranche 1	June 2020	-	-	-	-	0.1663
	Tranche 2	June 2021	666,666	-	(666,666)	-	0.1609
	Tranche 3	June 2022	666,668	-	-	666,668	0.1560
			1,333,334	-	(666,666)	666,668	

On 25 August 2021, the Company granted Awards to an eligible employee pursuant to the SOG PSP (“2021 Awards”). The number of ordinary shares to be granted under the 2021 Awards is 543,608. One fifth of the 2021 Awards shall be vested each on the last working day of June 2022, 2023, 2024, 2025 and 2026 respectively. The share price used to determine the fair value of the 2021 Awards granted was estimated to be S\$0.2058, S\$0.1983, S\$0.1912, S\$0.1842 and S\$0.1775 for the relevant 2021 Awards which shall be vested on the last working day of June 2022, 2023, 2024, 2025 and 2026 respectively.

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2020

2020 Awards

Date of share awards granted	Tranches	Vesting date - last working day of	Balance at 1 January 2020	Granted during the year	Vested during the year	Balance at 31 December 2020	Fair value of share awards S\$
8 June 2020	Tranche 1	June 2020	-	666,666	(666,666)	-	0.1663
	Tranche 2	June 2021	-	666,666	-	666,666	0.1609
	Tranche 3	June 2022	-	666,668	-	666,668	0.1560
			-	2,000,000	(666,666)	1,333,334	

On 8 June 2020, the Company granted Awards to eligible employees pursuant to the SOG PSP (“**2020 Awards**”). The number of ordinary shares to be granted under the 2020 Awards is 2,000,000. One third of the Awards shall be vested each on the last working day of June 2020, 2021 and 2022 respectively. The share price used to determine the fair value of the 2020 Awards granted was estimated to be S\$0.1663, S\$0.1609 and S\$0.1560 for the relevant 2020 Awards which shall be vested on the last working day of June 2020, 2021 and 2022 respectively.

The fair value of the share awards was estimated using the Black-Scholes-Merton formula based on the Company’s share price at the grant date, the Company’s 5-year historical dividend yield, length of time between grant date to vest date, and adjusted for Discounts For Lack of Marketability (“**DLOM**”) to reflect the price discount for a restricted share.

The inputs into the Black-Scholes-Merton formula are as follows:

	2021	Group 2020
Share price at the grant date	S\$0.2678	S\$0.2097
DLOM	20.7%	20.7%
Dividend yield	3.7%	3.1%
Time (year)	Tranche 1 - 0.85	Tranche 1 - 0.06
	Tranche 2 - 1.85	Tranche 2 - 1.06
	Tranche 3 - 2.84	Tranche 3 - 2.06
	Tranche 4 - 3.85	
	Tranche 5 - 4.85	

The Company had on 30 June 2021, allotted and issued an aggregate of 666,666 (2020: 666,666) new ordinary shares in the capital of the Company to the eligible employees pursuant to the vesting of tranche 2 (2020: tranche 1) of the 2020 Awards under the SOG PSP.

32 Significant related party transactions

- (a) Other than as disclosed elsewhere in the financial information, significant transactions with related parties are as follows:

	2021 S\$'000	Group 2020 S\$'000
Transactions with a shareholder cum ex-director		
Rental expenses paid/payable to Lee and Lee Clinic Pte. Ltd. and Avesa Pte. Ltd. #	452	415

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

These relates to the entities in which a shareholder and ex-director of the Company has financial interest in during the financial year.

(b) Key management personnel (including Directors) compensation

	2021 S\$'000	Group 2020 S\$'000
Directors' fees	139	168
Salary costs	15,911	14,842
Central Provident Fund contributions	224	210
Share-based compensation (equity-settled)	124	191
	16,398	15,411

33 Leases

The Group as lessee

(i) *Office and clinic premises and office equipment*

The Group leases several office and clinic premises and office equipment for its operations.

(ii) *Future cash outflows not capitalised in lease liabilities – Extension options*

The leases for certain office and clinic premises provide for optional extension periods, for which the related lease payments have not been included in lease liabilities because the Group is not reasonably certain to exercise these extension options. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The extension options are exercisable only by the Group and not by the lessor. The undiscounted potential future cash outflows for the lease payments during the extension periods amount to S\$148,000 (2020: S\$267,000).

Information regarding the Group's ROU assets and lease liabilities are disclosed in Note 8 and 20 respectively.

Depreciation charge of ROU assets during the year:

	2021 S\$'000	Group 2020 S\$'000
<u>Office and clinic premises and office equipment</u>	1,595	1,448

34 Operating segments

For management purposes, the Group is organised into the five (5) reportable operating segments as follows:

- (1) Obstetrics and Gynaecology (including Endocrinology) segment relates to general obstetrics, labour and delivery, general gynaecology and surgery, female pelvic medicine, urogynaecology and reconstructive surgery and reproductive endocrinology.
- (2) Cancer-related segment relates to medical services for gynae-oncology and cancer-related general surgery for breast, thyroid and colon (colorectal).

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

- (3) Dermatology segment relates to the provision of aesthetic dermatological procedures, dermatologic and laser surgery and general skin care.
- (4) Paediatrics segment relates to the provision of general paediatrics and adolescent medical services.
- (5) Corporate segment relates to the provision of group-level corporate services and strategic management functions.

The Group operates in Singapore and has a joint venture company based in Malaysia. For the full year ended 31 December 2021, the Group's share of results from its joint venture in Malaysia was a loss of S\$169,000 (2020: Nil).

The Chief Executive Officer ("**CEO**") who is also the chief operating decision maker ("**CODM**") 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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

Group	Obstetrics and Gynaecology		Dermatology		Cancer-related		Paediatrics		Corporate		Elimination		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue														
External	22,084	22,257	8,829	6,716	5,550	5,985	5,934	4,931	-	-	-	-	42,397	39,889
Inter-segment	164	208	24	10	117	8	28	28	-	-	(333)	(254)	-	-
Total revenue	22,248	22,465	8,853	6,726	5,667	5,993	5,962	4,959	-	-	(333)	(254)	42,397	39,889
Segment Results														
Segment profit/(loss) from operations	8,209	8,948	1,693	638	1,032	2,247	1,391	965	(2,265)	(2,020)	-	-	10,060	10,778
Reversal of impairment losses on investment in subsidiaries	-	-	-	-	-	-	-	-	5,840	902	(5,840)	(902)	-	-
Finance income	-	-	3	3	-	-	-	-	84	181	-	-	87	184
Finance expense	(60)	(50)	(40)	(60)	(20)	(15)	(19)	(19)	(7)	(10)	-	-	(146)	(154)
Share of results of a joint venture	-	-	-	-	-	-	-	-	(169)	-	-	-	(169)	-
Profit/(Loss) before income tax	8,149	8,898	1,656	581	1,012	2,232	1,372	946	3,483	(947)	(5,840)	(902)	9,832	10,808
Income tax (expense)/credit	(1,117)	(1,042)	(224)	(23)	(115)	(240)	(149)	(63)	135	53	-	-	(1,470)	(1,315)
Profit/(Loss) for the year	7,032	7,856	1,432	558	897	1,992	1,223	883	3,618	(894)	(5,840)	(902)	8,362	9,493
Other information														
Segment assets	13,624	14,408	21,956	20,481	4,265	4,333	3,143	2,829	53,488	46,090	(38,690)	(30,281)	57,786	57,860
Consolidated total assets													57,786	57,860
Segment liabilities	9,200	9,844	2,568	2,486	4,227	2,841	3,443	3,206	4,829	4,002	(9,202)	(7,561)	15,065	14,818
Consolidated total liabilities													15,065	14,818
Investment in a joint venture	-	-	-	-	-	-	-	-	464	-	-	-	464	-
Additions of plant and equipment	167	70	266	494	116	3	13	-	6	62	-	-	568	629
Depreciation of plant and equipment and right-of-use assets	872	789	756	719	165	187	327	309	114	173	-	-	2,234	2,177
Loss on disposal of plant and equipment	1	-	*	-	4	1	9	-	*	-	-	-	14	1
(Reversal of impairment losses)/Impairment losses on trade receivables, net	(1)	20	3	6	(15)	6	(3)	9	-	-	-	-	(16)	41
Share-based payment	-	-	-	-	-	-	-	-	124	191	-	-	124	191

* Amount less than S\$1,000

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

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

<u>Revenue</u>	2021 S\$'000	2020 S\$'000
Total revenue for reportable segments	42,397	39,889
Consolidated revenue	42,397	39,889
<u>Profit or loss before tax</u>	2021 S\$'000	2020 S\$'000
Total profit or loss for reportable segments from operations	10,060	10,778
Finance income	87	184
Finance expense	(146)	(154)
Share of results of a joint venture	(169)	-
Consolidated profit before tax	9,832	10,808
<u>Segment assets</u>	2021 S\$'000	2020 S\$'000
Total assets for reportable segments	96,476	88,141
Elimination	(38,690)	(30,281)
Consolidated total assets	57,786	57,860
<u>Segment liabilities</u>	2021 S\$'000	2020 S\$'000
Total liabilities for reportable segments	24,267	22,379
Elimination	(9,202)	(7,561)
Consolidated total liabilities	15,065	14,818

35 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 risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management is carried out by the corporate office - Finance under policies approved by the Board of Directors. The corporate office - Finance 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 risks.

The carrying amounts of financial assets and financial liabilities at the reporting date by categories are as follows:

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Financial assets designated at fair value through OCI (Note 9)	-	-	-	-
Financial assets at amortised cost				
Trade and other receivables *	2,550	2,828	6,079	4,520
Cash and cash equivalents	35,765	35,514	16,405	17,704
	38,315	38,342	22,484	22,224
Financial liabilities at amortised cost				
Trade and other payables ^	9,752	8,926	4,020	3,811
Lease liabilities	2,660	3,301	127	157
	12,412	12,227	4,147	3,968

* Excludes prepayments.

^ Excludes net GST payables.

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.

Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements 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 cash equivalents.

The tables below detail the credit quality of the Group's and the Company's financial assets, as well as maximum exposure to credit risk:

Group	12-month or lifetime ECL	Gross carrying amount S\$'000	Loss allowance S\$'000	Net carrying amount S\$'000
2021				
Trade receivables	Lifetime ECL	2,061	(46)	2,015
Other receivables	12-month ECL	535	-	535
		2,596	(46)	2,550
2020				
Trade receivables	Lifetime ECL	2,485	(80)	2,405
Other receivables	12-month ECL	423	-	423
		2,908	(80)	2,828

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

Company	12-month or Lifetime ECL	Gross carrying amount S\$'000	Loss allowance S\$'000	Net carrying amount S\$'000
2021				
Trade receivables	Lifetime ECL	4	-	4
Other receivables	12-month ECL	123	-	123
Amounts due from subsidiaries (non-trade)	12-month ECL	5,952	-	5,592
		6,079	-	6,079
2020				
Trade receivables	Lifetime ECL	13	-	13
Other receivables	12-month ECL	58	-	58
Amounts due from subsidiaries (non-trade)	12-month ECL	4,449	-	4,449
		4,520	-	4,520

(i) Trade receivables

The Group and the Company apply the SFRS(I) 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due. The expected loss rates are based on the historical credit loss experiences. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group and the Company have identified the Gross Domestic Product of Singapore, the country in which it operates to be the most relevant factor and accordingly adjusts the historical loss rates based on expected changes in this factor.

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 credit risks relating to outstanding balances from hospitals and insurance companies are not deemed to be significant based on the external credit ratings of the counterparties.

Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade receivables are presented as net impairment losses on trade receivables within other operating expenses. Subsequent recoveries of amounts previously written off are credited against the same line item. The closing loss allowances for trade receivables as at the reporting date reconcile to the opening loss allowances are disclosed in Note 11.

An ageing analysis of trade receivables, net of impairment losses at the reporting date is as follows:

The Group actively reviews the trade receivable balances and follows up on outstanding debts with the hospitals and insurance companies.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Trade receivables				
Not past due	1,762	1,471	4	13
Past due less than 1 month	101	440	-	-
Past due more than 1 month but less than 2 months	48	242	-	-
Past due more than 2 months	104	252	-	-
	2,015	2,405	4	13

(ii) Other receivables

The Group and the Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group and the Company measured the impairment loss allowance using 12-month ECL and determined the ECL is insignificant.

(iii) Amounts due from subsidiaries (non-trade)

Amounts due from subsidiaries (non-trade) are considered to have low credit risk as the Company has control over the operating, investing and financing activities of these entities. The use of loans and advances to assist with the subsidiaries' cash flow management is in line with the Group's capital management. There has been no significant increase in the credit risk of the amounts due from subsidiaries since initial recognition. In determining the ECL, management has taken into account the finances and business performance of the subsidiaries, and a forward-looking analysis of the financial performance of the subsidiaries.

Other than as disclosed, management has assessed that the Company is not exposed to significant credit loss in respect of the amounts due from the subsidiaries.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy companies or individuals with a good payment record with the Group and the Company. Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings and no history of default.

Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired except for trade and other receivables.

Cash and cash equivalents

Cash is placed with financial institutions which are regulated and have good credit ratings. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents to have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

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.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows.

Group	Carrying amount S\$'000	Contractual cash flows S\$'000	Less than 1 year S\$'000	Between 2 and 5 years S\$'000
2021				
Trade and other payables [^]	9,752	9,752	9,752	-
Lease liabilities	2,660	2,785	1,655	1,130
	12,412	12,537	11,407	1,130
2020				
Trade and other payables [^]	8,926	8,926	8,926	-
Lease liabilities	3,301	3,510	1,603	1,907
	12,227	12,436	10,529	1,907
Company				
2021				
Trade and other payables [^]	4,020	4,020	4,020	-
Lease liabilities	127	131	107	24
	4,147	4,151	4,127	24
2020				
Trade and other payables [^]	3,811	3,811	3,811	-
Lease liabilities	157	165	76	89
	3,968	3,976	3,887	89

[^] Excludes net GST payables.

The Group and the Company ensure that there are adequate funds to meet all their obligations in a timely and cost-effective manner.

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 and denominated in the respective functional currencies of the Group entities which is SGD.

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.

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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

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.

36 Capital management

The Group's objectives when managing capital are:

- (a) To safeguard the Group's ability to continue as a going concern;
- (b) To support the Group's stability and growth;
- (c) To provide capital for the purpose of strengthening the Group's risk management capability;
and
- (d) To provide an adequate return to shareholders.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital management and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

The Group currently has not adopted any formal dividend policy.

The Group is not subjected to externally imposed capital requirements.

The Group monitors capital using Gearing Ratio, which is calculated using total liabilities divided by total equity.

	Group	
	2021	2020
	S\$'000	S\$'000
Total liabilities	15,065	14,818
Total equity	42,721	43,042
Gearing ratio	35.3%	34.4%

37 Fair value measurement

Definition of fair value

SFRS(I) 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

Management performs valuations of financial instruments for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialist for complex valuations. Valuation techniques were selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. Management reports directly to Audit Committee. Valuation processes and fair value changes are discussed among the Audit Committee and the valuation team at least every year, in line with the Group's reporting dates.

The valuation techniques used for instruments categorised in Level 3 are described below:

Equity investment - FVOCI financial assets (Level 3)

The fair values of the equity investment classified as FVOCI financial assets are estimated using the ANA method, which estimates the equity value by adjusting the book values of assets and liabilities to reflect their current market values. Refer to Note 9 for the basis of using ANA method to estimate the fair values as at 31 December 2021. There is no movement in the FVOCI financial assets during the year.

There are no transfers between Level 1, 2 and 3 during the year.

Fair value of financial instruments

The carrying amounts of financial assets and liabilities at amortised cost with a maturity of less than one year (including trade and other receivables (excluding prepayments), cash and cash equivalents, and trade and other payables (excluding net GST payables)) approximate their fair values because of the short period to maturity.

The fair value disclosure of lease liabilities is not required.

38 Events after end of the reporting period

(1) Subscription of non-convertible redeemable preference shares in the share capital of a joint venture company

On 9 February 2022, the Company's direct wholly-owned subsidiary, SOG Mother & Baby Centre Pte. Ltd., has subscribed for 1,964,000 non-convertible redeemable preference shares ("RPS") in the share capital of the joint venture company, LYC SOG Mother & Child Sdn. Bhd. ("LSMC"), representing 49% of the total number of RPS issued by LSMC. The aggregate subscription price of MYR 1,964,000 (equivalent to S\$634,000) was paid.

The rationale for subscribing to the RPS is for LSMC to use the proceeds from the subscription for the setting-up and renovation of the postpartum confinement centre in Johor, Malaysia.

(2) Proposed final dividends

On 23 February 2022, the Board of Directors has recommended a final one-tier tax exempt dividend of 0.90 Singapore cents per share in respect of FY 2021.

(3) Voluntary unconditional cash offer from NewMedCo Group Ltd. for all the issued and paid-up ordinary shares in the capital of the Company

On 7 March 2022, an announcement was issued by United Overseas Bank Limited for and on behalf of NewMedCo Group Ltd. ("Offeror") relating to, *inter alia*, a voluntary unconditional cash offer ("Offer") for all the issued and paid-up ordinary shares ("Shares") in the capital of the Company other than any Shares held in treasury and those Shares held, directly or indirectly, by the Offeror as at the date of the Offer in accordance with Rule 15 of the Singapore Code on Takeovers and Mergers. The offer price is S\$0.295 per share.

**APPENDIX V – LETTER FROM THE IFA IN RELATION TO
THE STATEMENTS OF PROSPECTS**

**XANDAR
CAPITAL**

4 April 2022

SINGAPORE O&G LTD.

229 Mountbatten Road
#02-02 Mountbatten Square
Singapore 398007

Attention: The Board of Directors

VOLUNTARY UNCONDITIONAL CASH OFFER (THE “OFFER”) BY UNITED OVERSEAS BANK LIMITED FOR AND ON BEHALF OF NEWMEDCO GROUP LTD. (THE “OFFEROR”) TO ACQUIRE ALL THE ISSUED AND PAID-UP ORDINARY SHARES (THE “SHARES”) IN THE CAPITAL OF SINGAPORE O&G LTD. (THE “COMPANY”), OTHER THAN ANY SHARES HELD IN TREASURY AND THOSE SHARES HELD, DIRECTLY OR INDIRECTLY, BY THE OFFEROR AS AT THE DATE OF THE OFFER (THE “OFFER SHARES”)

For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular to shareholders of Singapore O&G Ltd. dated 4 April 2022 in connection with the Offer (the “Circular”).

1. This letter has been prepared in accordance with Rule 25 of the Singapore Code on Takeovers and Mergers (the “Code”) and for inclusion in the Circular.
2. As set out in Appendix VII to the Circular, the Company made the following statements which are deemed as statements of prospects under Rule 25 of the Code (the “**Statements of Prospects**”):

Date of release on the SGXNET	Statements of Prospects
11 August 2021	<i>Based on the current conditions and barring unforeseen circumstances, the Board of Directors expects the Group to remain profitable at the operational level in the next reporting period and the next 12 months.</i>
23 February 2022	<i>Based on the current conditions and barring unforeseen circumstances, the Board of Directors expects the Group to remain profitable at the operational level in the next reporting period and the next 12 months.</i>

Shareholders may wish to refer to the respective announcements of the Company for the full context of the Statements of Prospects.

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**APPENDIX V – LETTER FROM THE IFA IN RELATION TO
THE STATEMENTS OF PROSPECTS**



As set out in Appendix VII to the Circular, the Statements of Prospects were not made in conjunction with the Offer. The Directors have not issued any profit forecast for the Group. The Directors have not issued a profit forecast for the Group for the 12 months financial period ending 30 June 2022 and the 12 months financial period ending 31 December 2022 in connection with the Offer. Accordingly, the Statements of Prospects should not be regarded as a forecast of the future financial performance of the Group.

3. We have discussed the key bases and assumptions underlying the Statements of Prospects with the management and Directors of the Company as reproduced in Appendix VII to the Circular.
4. We have noted and have considered the letter dated 4 April 2022 addressed to the Board of Directors by Foo Kon Tan LLP in relation to the Statements of Prospects. A copy of the letter from Foo Kon Tan LLP is set out in Appendix VI to the Circular.
5. We have also examined the financial and related information in relation to the Statements of Prospects as provided by the Company. We have relied upon the accuracy and completeness of such financial and related information provided to us and have assumed such accuracy and completeness for the purpose of this letter. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not represent or warrant, and do not accept any responsibility for the accuracy or completeness of such information. We have also not undertaken any independent evaluation or appraisal of any of the assets or liabilities of the Group.
6. Based on the foregoing, we are of the opinion that the Statements of Prospects (for which the Directors are solely responsible) had been issued after due and careful enquiry.

Save as provided in this letter, we do not express any other opinion or view on the Statements of Prospects.

7. This letter is provided to the Directors for the sole purpose of complying with the Rule 25 of the Code. We do not accept any responsibility to any other person(s) other than the Directors, in respect of, or arising from, or in connection with this letter.

Yours faithfully
For and on behalf of
XANDAR CAPITAL PTE. LTD.

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

APPENDIX VI – LETTER FROM THE INDEPENDENT AUDITOR IN RELATION TO THE STATEMENTS OF PROSPECTS

Singapore O&G Ltd.
229 Mountbatten Road
#02-02 Mountbatten Square
Singapore 398007

Attention: The Board of Directors

4 April 2022

REPORT ON AGREED-UPON PROCEDURES IN RELATION TO THE STATEMENTS OF PROSPECTS OF SINGAPORE O&G LTD. (THE “COMPANY”) AND ITS SUBSIDIARIES (THE “GROUP”)

Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution

On 11 August 2021, the Company had made an announcement in relation to its unaudited interim financial results of the Group for the half year ended 30 June 2021, which included the following statement on the prospects of the Group:

“Based on the current conditions and barring unforeseen circumstances, the Board of Directors expects the Group to remain profitable at the operational level in the next reporting period and the next 12 months.”

On 23 February 2022, the Company had made an announcement in relation to its unaudited financial results of the Group for the financial year ended 31 December 2021, which included the following statement on the prospects of the Group:

“Based on the current conditions and barring unforeseen circumstances, the Board of Directors expects the Group to remain profitable at the operational level in the next reporting period and the next 12 months.”

The statements on the prospects of the Group, as issued on 11 August 2011 and 23 February 2022, are collectively referred to as the “Statements of Prospects” in the Circular dated 4 April 2022 to be issued to the shareholders of the Company in connection with the voluntary unconditional cash offer (“Offer”) by United Oversea Bank Limited, for and on behalf of NewMedCo Group Ltd. (the “Offeror”), to acquire all the issued and paid-up ordinary shares in the capital of the Company, other than any shares held in treasury and those shares held, directly or indirectly, by the Offeror as at the date of the Offer, in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (“Code”).

Our report is solely for the purpose of assisting the Board of Directors of the Company in determining whether the Statements of Prospects have been properly prepared in accordance with the assumptions determined by the management of the Company, as set out in Appendix VII of the Circular and whether they are consistent with the accounting policies adopted by the Group for the purpose of meeting regulatory requirements applicable under the Code and may not be suitable for another purpose. This report is intended solely for the Board of Directors of the Company, and should not be used by, or distributed to, any other parties.

APPENDIX VI – LETTER FROM THE INDEPENDENT AUDITOR IN RELATION TO THE STATEMENTS OF PROSPECTS

Responsibilities of the Engaging Party

The management of the Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement. The management of the Company is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the Singapore Standard on Related Services (SSRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the management of the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the ethical requirements in the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) and the independence requirements in Part 4A of the ACRA Code.

Our firm applies Singapore Standard on Quality Control (SSQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with the management of the Company in the terms of engagement dated 21 March 2022, on the Statements of Prospects of the Group.

- a) Compared for consistency the assumptions as outlined in Appendix VII of the Circular with the assumptions used in the forecast and budget prepared by the management of the Company;
- b) Obtained the schedule of forecast and budget prepared by the management of the Company and checked the arithmetic accuracy of the forecast and budget supporting the Statements of Prospects of the Group; and
- c) Read and compared for consistency the accounting policies on which the forecast and budget were prepared with the accounting policies as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2020.

We found no exceptions from performing the procedures.

Yours faithfully,

Foo Kon Tan LLP

**APPENDIX VI – LETTER FROM THE INDEPENDENT AUDITOR IN RELATION TO THE
STATEMENTS OF PROSPECTS**

Public Accountants and
Chartered Accountants
Singapore, 4 April 2022

24 Raffles Place
#07-03 Clifford Centre
Singapore 048621

APPENDIX VII – BASES AND ASSUMPTIONS OF THE STATEMENTS OF PROSPECTS

In the announcement of the unaudited results of the Company for the half year ended 30 June 2021 (“HY2021”) made on 11 August 2021, the following statement was made:

“Based on the current conditions and barring unforeseen circumstances, the Board of Directors expects the Group to remain profitable at the operational level in the next reporting period and the next 12 months.”

In the announcement of the unaudited results of the Company for the financial year ended 31 December 2021 (“FY2021”) made on 23 February 2022, the following statement was made:

“Based on the current conditions and barring unforeseen circumstances, the Board of Directors expects the Group to remain profitable at the operational level in the next reporting period and the next 12 months.”

The above statements of prospects (the “Statements of Prospects”), for which the Directors are solely responsible, were not made in connection with the Offer.

The Directors have not issued any profit forecast for the Group for the 12 months financial period ending 30 June 2022 and the 12 months financial year ending 31 December 2022 in connection with the Offer. Accordingly, the Statements of Prospects should not be regarded as a forecast of the future financial performance of the Group.

The Statements of Prospects referred to above, for which the Directors are solely responsible, were arrived at on bases consistent with the accounting policies adopted by the Group as set out in the audited consolidated financial statements of the Group for FY2020 (and there are no significant changes to the accounting policies of the Group for FY2021), and were made based on the following assumptions:

- (a) Save for the measures implemented by the Government of Singapore and the Government of Malaysia in Singapore and Malaysia respectively to prevent the spread of the Corona Virus Disease 2019 (“COVID-19”) pandemic which will affect the number of patients of our clinics, there will be no significant changes in existing political, economic, legal or regulatory conditions affecting the activities of the Group, the industry, and the countries in which the Group operates;
- (b) Save for the commencement of the operations of the postpartum confinement centre in Johor, Malaysia by our joint venture company, LYC SOG Mother & Child Sdn. Bhd. in end March 2022, there will be no significant changes in the principal activities, management and organisational structure of the Group;
- (c) There will be no material changes in the accounting policies of the Group;
- (d) There will be no material changes in applicable accounting standards, which may adversely affect the results of the Group;
- (e) There will be no material acquisitions or disposals of assets by the Group;
- (f) There will be no material changes in the relationships the Group has with its major suppliers and specialist medical practitioners which may affect the Group’s business;
- (g) There will be no material changes to the tax legislation, bases or rates of taxation, provident fund contributions, government levies and interest rate from those then prevailing;
- (h) The major operating cost of the Group is employee remuneration expense. It is assumed that there will be no material change in the existing employment benefits and incentive schemes of the Group and that there will be no significant changes to the existing group of specialist medical practitioners of the Group;
- (i) Save for the government grants for COVID-19 support schemes which are expected to be scaled down in the financial year ending 31 December 2022, there will be no material other income or other expense item;

APPENDIX VII – BASES AND ASSUMPTIONS OF THE STATEMENTS OF PROSPECTS

- (j) There will be no material changes in inflation rates;
- (k) There will be no material changes in the prevailing foreign currency exchange rates that will adversely affect the results of the Group; and
- (l) Save for the COVID-19 pandemic, there will be no pandemic diseases, natural disasters, acts of God that may affect the Group's operations and the competitive environment in which the Group operates.

APPENDIX VIII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

The rights of Shareholders in respect of capital, dividends and voting as extracted and reproduced from the Constitution are set out below.

All capitalised terms used in the following extracts shall have the same meanings ascribed to them in the Constitution, a copy of which is available for inspection at 229 Mountbatten Road #02-02 Mountbatten Square, Singapore 398007, during normal business hours from the date of this Circular and for the period during which the Offer remains open for acceptance.

1. Rights in respect of capital

SHARES

3. Subject to the Statutes, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Article 7, and to any special rights attached to any shares for the time being issued, the Directors may allot or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, Provided Always that: *Issue of shares*
- (i) (subject to any direction to the contrary that may be given by the Company in a General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 7(A) with such adaptations as are necessary shall apply; and
 - (ii) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same.
4. (A) Preference shares may be issued, by the Company subject to the listing rules at any relevant Stock Exchange upon which the Company may be listed. The total number of issued preference shares shall not exceed the total number of issued ordinary shares at any time. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and balance sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposition to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is in arrears for more than six months.
- (B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.
5. (A) Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the Statutes, be varied or abrogated either with the consent in writing of the holders of three-quarters of the total voting rights of the issued shares of the class or with the *Variation of rights*

APPENDIX VIII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting, all the provisions of these presents relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the total voting rights of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters of the total voting rights of the issued shares of the class concerned within two months of such General Meeting shall be as valid and effectual as a Special Resolution carried at such General Meeting. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

- (B) The repayment of preference capital other than redeemable preference capital, or any alteration of preference shareholders' rights, may only be made pursuant to a Special Resolution of the preference shareholders concerned Provided Always that where the necessary majority for such a Special Resolution is not obtained at the General Meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two months of the General Meeting, shall be as valid and effectual as a special resolution carried at the General Meeting.
- (C) The special rights attached to any class of shares having preferential rights shall not, unless otherwise expressly provided by the terms of issue thereof, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.
10. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these presents or by law) any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (as the case may be) the person whose name is entered in the Depository Register in respect of that share.
11. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination, as the Directors may determine) and subject to the

APPENDIX VIII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

provisions of the Statutes, the Company may issue preference shares which are, or at the option of the Company are liable, to be redeemed.

12. Subject to the provisions of these presents and of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company in a General Meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.
13. The Company shall not exercise any right in respect of Treasury Shares other than as provided by the Act. The rights in relation to Treasury Shares, are to be suspended except for the purposes of bonus shares, share splits and consolidations. Subject thereto, the Company may hold or deal with its Treasury Shares in the manner authorised by, or prescribed pursuant to, the Act.
14. The Company may pay commissions or issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.
15. Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten market days (as defined in Article 18) of the closing date (or such other period as may be approved by any relevant Stock Exchange upon which the Company may be listed) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

SHARE CERTIFICATES

16. Every share certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates and the amount paid up and the amount (if any) if unpaid thereon. No certificate shall be issued representing shares of more than one class.
17. (A) The Company shall not be bound to register more than three persons as the registered joint holders of a share except in the case of executors, trustees or administrators of the estate of a deceased member.

(B) In the case of a share registered jointly in the names of several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the registered joint holders shall be sufficient delivery to all.
18. Every person whose name is entered as a member in the Register of Members shall be entitled to receive within ten market days of the closing date of any application for shares (or such other period as may be approved by any relevant Stock Exchange upon which the Company may be listed) or within ten market days after the date of lodgement of a

APPENDIX VIII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

registrable transfer (or such other period as may be approved by any relevant Stock Exchange upon which the Company may be listed) one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where such a member transfers part only of the shares comprised in a certificate or where such a member requires the Company to cancel any certificate or certificates and issue new certificate(s) for the purpose of subdividing his holding in a different manner, the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and a maximum fee of S\$2 for each new certificate or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by any relevant Stock Exchange upon which the Company may be listed. For the purposes of this Article 18, the term "market day" shall mean a day on which such Stock Exchange is open for trading in securities

19. (A) Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register of Members may at his request be cancelled and a single new certificate for such shares issued in lieu without charge.
- (B) If any person whose name is entered in the Register of Members shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu two or more share certificates representing such shares in such proportions as he may specify, the Directors may, if they think fit, comply with such request. Such person shall (unless such fee is waived by the Directors) pay a maximum fee of S\$2 for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by any relevant Stock Exchange upon which the Company may be listed.
- (C) In the case of shares registered jointly in the names of several persons, any such request may be made by any one of the registered joint holders.
20. Subject to the provisions of the Statutes, if any share certificates shall be defaced, worn-out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of any relevant Stock Exchange upon which the Company may be listed or on behalf of its or their client or clients as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery of the old certificate and in any case on payment of such sum not exceeding S\$2 as the Directors may from time to time require, having regard to any limitation thereof as may be prescribed by any relevant Stock Exchange upon which the Company may be listed. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

TRANSFER OF SHARES

36. All transfers of the legal title in shares may be effected by the registered holders thereof by transfer in writing in the form for the time being approved by any relevant Stock Exchange upon which the Company may

APPENDIX VIII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

be listed. The instrument of transfer of any share shall be signed by or on behalf of the transferor and the transferee and be witnessed, provided always that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository. The transferor shall remain the holder of the shares concerned until the transfer is registered and the name of the transferee is entered in the Register of Members in respect thereof.

37. The Register of Members may be closed at such times and for such period as the Directors may from time to time determine Provided always that such Register shall not be closed for more than thirty days in any year Provided always that the Company shall give prior notice of such closure as may be required to any relevant Stock Exchange upon which the Company may be listed, stating the period and purpose or purposes for which the closure is made.
38. (A) There shall be no restriction on the transfer of fully paid up shares (except where required by law, the listing rules of any relevant Stock Exchange upon which the Company may be listed or the rules and/or bye-laws governing any such Stock Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve Provided always that in the event of the Directors refusing to register a transfer of shares, they shall within ten market days beginning with the day on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.
- (B) The Directors may in their sole discretion refuse to register any instrument of transfer of shares unless:
- (i) (subject to any direction to the contrary that may be given by the Company in a General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 7(A) with such adaptations as are necessary shall apply; and
 - (ii) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same.
 - (iii) the instrument of transfer is in respect of only one class of shares.
39. If the Directors refuse to register a transfer of any shares, they shall within ten market days after the date on which the transfer was lodged with the Company send to the transferor and the transferee notice of the refusal as required by the Statutes.
40. All instruments of transfer which are registered may be retained by the Company.
41. There shall be paid to the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any

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entry in the Register of Members affecting the title to any shares such fee not exceeding S\$2 as the Directors may from time to time require or prescribe.

42. The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company; Provided always that:
- (i) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
 - (ii) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and
 - (iii) references herein to the destruction of any document include references to the disposal thereof in any manner.

TRANSMISSION OF SHARES

43. (A) In the case of the death of a member whose name is entered in the Register of Members, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.
- (B) In the case of the death of a member who is a Depositor, the survivor or survivors where the deceased is a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.
- (C) Nothing in this Article shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.
44. Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register of Members may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably

APPENDIX VIII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

require to show his legal title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of such desire or transfer such share to some other person. All the limitations, restrictions and provisions of these presents relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the person whose name is entered in the Register of Members had not occurred and the notice or transfer were a transfer executed by such person.

45. Save as otherwise provided by or in accordance with these presents, a person becoming entitled to a share pursuant to Article 43(A) or (B) or Article 44 (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the member in respect of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member in the Register of Members or his name shall have been entered in the Depository Register in respect of the share.

CALLS ON SHARES

21. The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.
22. Each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.
23. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding ten per cent. per annum) as the Directors determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part.
24. Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of these presents be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment, all the relevant provisions of these presents as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
25. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.
26. The Directors may, if they think fit, receive from any member willing to advance the same all or any part of the moneys uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish pro tanto the liability upon the shares in respect of which it is made and upon the moneys so received (until and to the extent that the

APPENDIX VIII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum) as the member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, while carrying interest, confer a right to participate in profits.

FORFEITURE AND LIEN

27. If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.
28. The notice shall name a further day (not being less than fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith, the shares on which the call has been made will be liable to be forfeited.
29. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.
30. A share so forfeited or surrendered shall become the property of the Company and may be sold, reallocated or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit and at any time before a sale, re-allotment or disposition, the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer or effect the transfer of a forfeited or surrendered share to any such other person as aforesaid.
31. A member whose shares have been forfeited or surrendered shall cease to be a member in respect of the shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest thereon at eight per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of the shares at the time of forfeiture or surrender or waive payment in whole or in part.
32. The Company’s lien on shares (not being a fully paid share) and on the dividends from time to time declared in respect of such shares, shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such monies are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the member or deceased member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article

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33. The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.
34. The residue of the proceeds of such sale pursuant to Article 33 after the satisfaction of the unpaid calls and accrued interest and expenses of such sale shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assignees, or as he may direct. For the purpose of giving effect to any such sale, the Directors may authorise some person to transfer or effect the transfer of the shares sold to the purchaser.
35. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold or disposed to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository) or allottee thereof shall (subject to the execution of a transfer if the same is required) constitute a good title to the share and the share shall be registered in the name of the person to whom the share is sold, re-allotted or disposed of or, where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

ALTERATION OF CAPITAL

6. The Company may from time to time by Ordinary Resolution increase its capital by such sum as the resolution shall prescribe.
7. (A) Subject to any direction to the contrary that may be given by the Company in a General Meeting or except as permitted under the listing rules of any relevant Stock Exchange upon which the Company may be listed, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 7(A).

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- (B) Except so far as otherwise provided by the conditions of issue or by these presents, all new shares shall be subject to the provisions of the Statutes and of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.
8. The Company may by Ordinary Resolution:
- (i) consolidate and divide all or any of its share capital;
 - (ii) sub-divide its shares, or any of them, (subject, nevertheless, to the provisions of the Statutes), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares; or
 - (iii) subject to the provisions of the Statutes, convert any class of shares into any other class of shares.
9. (A) The Company may reduce its share capital or other undistributable reserve in any manner and with and subject to any incident authorised and consent required by law
- (B) Subject to and in accordance with the provisions of the Act, the Company may authorise the Directors in General Meeting to purchase or otherwise acquire shares issued by it on such terms as the Company may think fit and in the manner prescribed by the Act. If required by the Act, all shares purchased by the Company shall, unless held in treasury in accordance with the Act, be cancelled immediately upon purchase. On the cancellation of the shares aforesaid, the rights and privileges attached to those shares shall expire and the number of issued shares of the Company shall be diminished by the number of shares so cancelled. Where the shares purchased by the Company are not cancelled, the Company may hold or deal with any such share so purchased by it in such manner as may be permitted by, and in accordance with, the Act.

CONVERSION OF SHARES INTO STOCK

46. The Company may from time to time by Ordinary Resolution convert any paid up shares into stock and may from time to time by like resolution reconvert any stock into paid up shares.
47. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Articles and subject to which the shares from which the stock arose might previously to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine.
48. The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose, but no such privilege or advantage (except as regards participation in the profits or assets of the Company)

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shall be conferred by such number of stock units which would not, if existing in shares, have conferred such privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.

RESERVES

120. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any part of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same, the Directors shall comply with the provisions of the Statutes.

CAPITALISATION OF PROFITS AND RESERVES

133. (A) The Directors may, with the sanction of an Ordinary Resolution of the Company:
- (i) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of members or (as the case may be) the Depository Register at the close of business on the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares; and
 - (ii) capitalise any sum standing to the credit of any of the Company’s reserve accounts or other distributable reserve or any sum standing to the credit of the profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of members or (as the case may be) in the Depository Register at the close of business on the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.
- (B) The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under Article 133(A), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and

any agreement made under such authority shall be effective and binding on all concerned.

- (C) In addition and without prejudice to the powers provided for by Article 133(A) and 133(B), the Directors shall have power to issue shares for which no consideration is payable and to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit.

2. Rights in respect of dividends

DIVIDENDS

121. The Company may by Ordinary Resolution declare dividends but no such dividends shall exceed the amount recommended by the Directors.
122. If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed and/or preferential dividends on any class of shares carrying a fixed and/or preferential dividend (as the case may be) expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.
123. Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Article, no amount paid on a share in advance of calls shall be treated as paid on the share.
124. No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.
125. No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.
126. (A) The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
- (B) The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.

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- (C) The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor entitled thereto shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years had elapsed from the date of the declaration of such dividend or the date on which such other moneys are first payable.
127. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.
128. The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.
129. (A) Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:
- (i) the basis of any such allotment shall be determined by the Directors;
 - (ii) the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or

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revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Article;

- (iii) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and
 - (iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the "elected ordinary shares") and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of Article 133, the Directors shall capitalise and apply the amount standing to the credit of the Company's reserve accounts as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.
- (B) (i) The ordinary shares allotted pursuant to the provisions of paragraph (A) of this Article shall rank *pari passu* in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.
- (ii) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (A) of this Article, with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in these Articles, provisions whereby, in whole or in part, fractional 23 entitlements are disregarded or rounded up or down).
- (C) The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Article, determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or (as the case maybe) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors may think fit, and in such event the provisions of this Article shall be read and construed subject to such determination.

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- (D) The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Article, further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other members or class of members as the Directors may in their sole discretion decide and in such event the only entitlement of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.
- (E) Notwithstanding the foregoing provisions of this Article, if at any time after the Directors' resolution to apply the provisions of paragraph (A) of this Article in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and without assigning any reason therefor, cancel the proposed application of paragraph (A) of this Article.
130. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Notwithstanding the foregoing provisions of this Article and the provisions of Article 132, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.
131. If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.
132. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in a General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

3. Rights in respect of voting

GENERAL MEETINGS

49. An Annual General Meeting shall be held once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings.
50. The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.

NOTICE OF GENERAL MEETINGS

51. Subject to the relevant requirements of the Stock Exchange, any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by twenty-one days' notice in writing at the least and an Annual General Meeting and any other Extraordinary General Meeting by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereafter mentioned to all members and such other persons entitled under these presents to receive such notices from the Company; Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been fully called if it is so agreed:

- (i) in the case of an Annual General Meeting, by all the members entitled to attend and vote thereat; and
- (ii) in the case of an Extraordinary General Meeting, by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than ninety-five per cent of the total voting rights of all members having the right to vote at that meeting,

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to each Stock Exchange.

52. (A) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every notice a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the Company.
- (B) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.
- (C) In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of such business; and if any resolution is to be

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proposed as a Special Resolution, the notice shall contain a statement to that effect.

53. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:

- (i) declaring dividends;
- (ii) receiving and adopting the accounts, the reports of the Directors and Auditors and other documents required to be attached or annexed to the accounts;
- (iii) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
- (iv) re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting);
- (v) fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and
- (vi) fixing the fees of the Directors proposed to be passed under Article 79.

54. Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business. *Special business*

PROCEEDINGS AT GENERAL MEETINGS

55. The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present within five minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting.

56. No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two or more members.

57. If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week (or if that day is a public holiday, then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days' notice appoint. At the adjourned meeting, any one or more members present in person or by proxy shall be a quorum.

58. The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from

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which the adjournment took place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty days or more or sine die, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.

59. Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
60. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.
61. At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is required by the listing rules of any relevant Stock Exchange upon which the Company may be listed or (before or on the declaration of the result of the show of hands) demanded by:
- (i) the chairman of the meeting; or
 - (ii) not less than five members present in person or by proxy and entitled to vote; or
 - (iii) a member present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
 - (iv) a member present in person or by proxy holding not less than 10 per cent of the total number of paid-up shares of the Company (excluding Treasury Shares),

Provided always that no poll shall be demanded on the choice of a chairman or on a question of adjournment.

62. A demand for a poll may be withdrawn only with the approval of the meeting. Unless a poll is required, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets or electronic means) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.
63. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.

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64. A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTE OF MEMBERS

65. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the company, each member entitled to vote may vote in person or by proxy. On a show of hands, every member who is present in person or by proxy shall have one vote and on a poll, every member who is present in person or by proxy shall have one vote for every share which he holds or represents. For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company.
66. In the case of joint holders of a share, any one of such persons may vote, but if more than one of such persons is present at a meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members or (as the case may be) the Depository Register in respect of the share.
67. Where in Singapore or elsewhere, a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.
68. No member shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid.
69. No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.
70. On a poll, votes may be given personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

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71. (A) A member may appoint not more than two proxies to attend and vote at the same General Meeting Provided that if the member is a Depositor, the Company shall be entitled and bound:
- (i) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company; and
 - (ii) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.
- (B) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.
- (C) In any case where a 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.
- (D) A proxy need not be a member of the Company.
72. (A) An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:
- (i) in the case of an individual, shall be signed by the appointor or his attorney; and
 - (ii) in the case of a corporation, shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
- (B) The signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to Article 73, failing which the instrument may be treated as invalid.
73. An instrument appointing a proxy must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office) not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; Provided

APPENDIX VIII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.

74. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.
75. A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made Provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.
76. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of these presents be deemed to be present in person at any such meeting if a person so authorised is present thereat.
- Corporations
acting by
representatives*