



# WELCOMING NEW GROWTH POTENTIAL

Annual Report 2017

## About this REPORT

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Welcome to our third Annual Report. This Annual Report 2017 has been prepared based on the combined reporting format with the aim of communicating to our stakeholders in a holistic way on our business, our governance and how we have performed against our stated objectives in a clear, concise and 'reader-friendly' manner. It provides a snapshot of where we aspire to be and how we attain our business goals in a sustainable manner.

This report includes a 'Sustainability Report' section where it is prepared in accordance with the Global Reporting Initiative Standards: Core Options. The report provides facts on key non-financial indicators, i.e. environmental, social and governance performance that are of importance to our current business and future aspirations.

We seek to continually improve our future Annual Reports and your views are warmly welcomed. Please direct your feedback and comments to:



Mr. Eric Choo  
Chief Financial Officer  
Singapore O&G Ltd.  
229 Mountbatten Road  
#02-02 Mountbatten Square  
Singapore 398007



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

## About SOG

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Singapore O&G Ltd. ("**SOG**") is a public company listed on the Catalist board of the Singapore Exchange since 4 June 2015.

SOG or collectively with its subsidiaries (the "**Group**") is a leading group of specialist medical practitioners dedicated to women's and children's health and wellness, with a long and established track record in the Obstetrics and Gynaecology ("**O&G**") field in Singapore.

SOG is disciplined and focused in delivering a wide range of premier specialist services catering to the medical needs of women and children at affordable prices.

Currently, our spectrum of services include: pre-pregnancy counselling, delivery, pregnancy and post-delivery care, gynaecological and breast cancer, skin and aesthetic treatments, and paediatrics.

As at 31 December 2017, the Group has a total of twelve (12) specialist medical practitioners comprising:

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

The twelve specialist medical practitioners together form our four business segments, namely: O&G, Cancer-related, Dermatology and Paediatrics.

Recognising the needs of our patients of having holistic healthcare services under 'one-roof', a new Paediatrics segment was established in the financial year ended 31 December 2017 ("**FY 2017**"). We successfully recruited two Paediatricians, Dr. Lim Xue Yan and Dr. Irene Teo, who joined the Group in July and November 2017 respectively. With the new Paediatrics segment, we have also refined our SOG tagline from 'Caring for Women's Health' to 'Caring for Women's & Children's Health' to better reflect our business.

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*This Annual Report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Hong Leong Finance Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this Annual Report. This Annual Report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Annual Report including the correctness of any of the statements or opinions made or reports contained in this Annual Report.*

*The contact person for the Sponsor is Mr. Tang Yeng Yuen, Vice-President, Head of Corporate Finance, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581. Telephone number: (65) 6415 9886.*

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## Statement from Chairman



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

### Dear Fellow Shareholders,

It is my second year writing this statement in the capacity of the Chairman and I am delighted to share with you our achievements in FY 2017.

Despite the Zika virus outbreak and its recurrence in early 2017, and the slow down in medical tourism in 2017, the Group had performed well. We are extremely happy to welcome our new Paediatricians, Dr. Lim Xue Yan and Dr. Irene Teo, to our SOG family. The Group achieved a net profit after tax of S\$8.5 million for FY 2017 which represented a slight decrease of S\$0.3 million or 3.4% from S\$8.8 million for FY 2016. With much deliberation, the Board of Directors of SOG (the “**Board**”) is pleased

to declare a final one-tier tax exempt dividend of 0.89 Singapore cents per share in respect of FY 2017. Together with the interim dividend payment of 0.61 Singapore cents per share, the total dividend payment is 1.50 Singapore cents per share for FY 2017 representing 83.9% of the net profit after tax for FY 2017.

Together with Dr. Lee Keen Whye, we co-founded SOG and shared the same vision of bringing like-minded professionals together so that we can provide a spectrum of high quality medical services to our patients and their families. As the world is changing and getting more complex, it is very important that we thrive to work hard in

sustaining our business and add value to stakeholders on a long-term basis. We must look ahead and understand the evolving trends and circumstances that will affect our business, and move quickly to prepare for the future. At SOG, we greatly appreciate the relevance and importance of business sustainability and have published our 'Sustainability Report' for the second year. Our Sustainability Report can be found on Page 42 to 91 of this Annual Report 2017. The aim of our Sustainability Report is to demonstrate our commitment to the reporting of non-financial information and enhance disclosures to stakeholders including potential investors who seek sustainable investment in the areas of environmental, social and governance ("ESG").

For our sustainability reporting, SOG adopts a phased approach to continuously review and manage our ESG issues, set key performance indicators ("KPIs") for measurement and report on how we have performed for these KPIs. The Board and senior management take an active role in ensuring adherence to SGX's sustainability reporting guide, take full responsibility of our sustainability development and reporting, and seek to address and improve our material ESG issues each year. We set target for the KPIs for FY 2018 and we work to achieve them.

In strengthening our corporate governance as part of our sustainability development, the Board is pleased to appoint Mr. Ng Boon Yew as the Lead Independent Director, Chairman of the Audit Committee, and member of the Nominating and Remuneration Committees on 1 February 2018 in place of Mr. Christopher Chong Meng Tak. In addition, I will also end my two-year rotation Chairmanship at the coming Annual General Meeting and will pass on the role to my fellow Executive Director, Dr. Beh Suan Tiong. I will continue to serve on the Board as Executive Director and substantial shareholder.

Our ultimate goal is to provide life-long health and wellness for women. Recognising the needs of our patients and their families of having holistic healthcare services in SOG, we are proud to announce the formation of a new Paediatrics segment in FY 2017. The babies delivered by our Obstetricians, and the children of our

patients and their families, can now visit Dr. Lim Xue Yan and/or Dr. Irene Teo for paediatrics services. With this new growth potential, we have refined our SOG tagline to 'Caring for Women's and Children's Health' to better reflect our business.

We will continue to grow and strengthen our other three business segments namely, O&G, Cancer-related and Dermatology, to develop new lives (babies), and enhance, preserve and extend lives of our patients and their families.

Lastly, I would like to extend my heartfelt thanks to all our doctors, clinical and management staff for their dedication and professionalism, and our patients and their families for their confidence and trust in us. With all members of SOG family, we will continue to uphold our corporate values and serve every patient wholeheartedly.

### **Dr. Heng Tung Lan**

*Executive Chairman*

# Our Mission, Vision & Values

## Our Mission

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

## Our Vision

SOG is a leading group of specialist medical practitioners dedicated to women's and children's health and wellness.






We are expanding our specialties and aspire:

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

We seek to deal with all stakeholders in a transparent and fair manner. On a continuing basis, we attach great importance in the development of our specialist medical practitioners, clinical and management staff.

## Our Values

Our specialist medical practitioners, clinical and management staff are guided by the following values:

	<p><b>Accountability</b></p> <p>We are responsible for our actions and attitudes.</p>
	<p><b>Commitment to Excellence</b></p> <p>We are committed to do the best for our patients, their families and other stakeholders.</p>
	<p><b>Integrity</b></p> <p>We are open, honest and ethical, and we care for our patients and their families.</p>
	<p><b>Respect</b></p> <p>We embrace diversity and treat one another with dignity and empathy.</p>
	<p><b>Teamwork</b></p> <p>We work together in delivering the best outcomes and highest quality service.</p>

## Our Corporate Philosophy

### Developing a Holistic and Comprehensive Healthcare and Wellness Plan for Women and Children

At SOG, we have identified the Rain Tree to symbolise our robust business and growth we are gearing for. Rain Tree is tall and majestic but boasts a balanced and wonderful density. When it blooms, the crown of the tree is covered with pink-white flowers.

Like a Rain Tree, a seedling must first establish a sound foundation. As it grows into a young tree, it is important that it receives the essential elements for it to grow into a bigger tree and blooms with flowers eventually. During the growing process, the young tree can be propagated by grafting where different plants can be connected to achieve a set of combined attributes for a stronger tree. We strive to grow SOG in the same way (our "SOG Rain Tree").

With the foundation laid by our two very established and respected Obstetrician & Gynaecologists, namely Dr. Heng Tung Lan and Dr. Lee Keen Whye (the "Founders"), SOG was able to create joy and grow our O&G segment by bringing new healthy lives (babies) into the world. We further enhance, preserve and extend lives for our patients and their families through our Cancer-related and Dermatology segments. The Founders have established strong values that remain the core of the Group's beliefs and thereby, enable SOG to continue to attract new talents and retain existing talents.

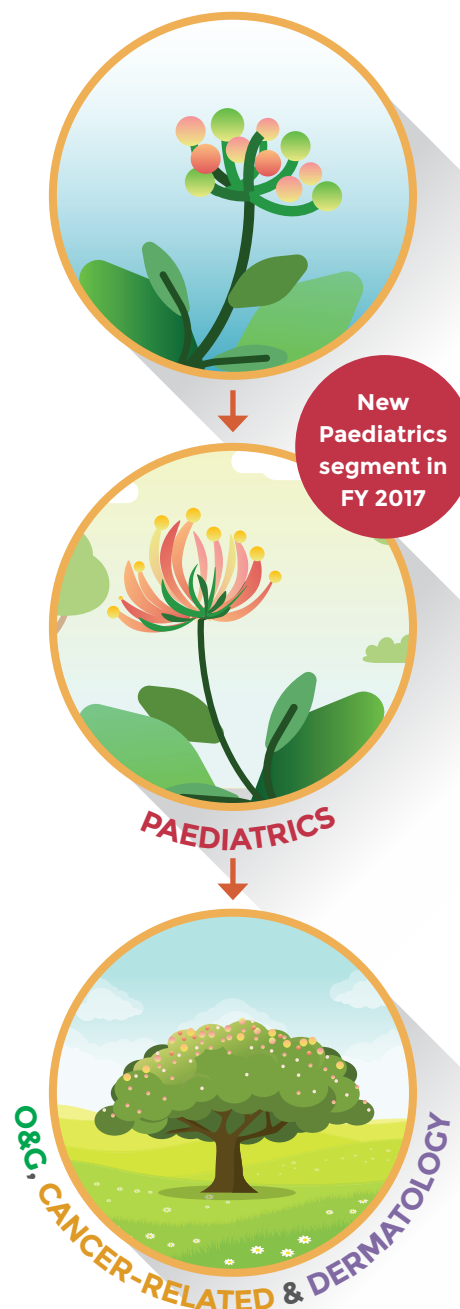
While we continue to grow and nurture our SOG Rain Tree, we saw some buds on the crown. In FY 2017, we were delighted to announce the formation of our new Paediatrics segment through the following steps:

1. Started our first SOG Paediatrics clinic at Parkway East Medical Centre #02-03 in July 2017. Dr. Lim Xue Yan is our first Paediatrician recruited.
2. Started our second SOG Paediatrics clinic in a residential neighbourhood area at 11A Boon Tiong Road #01-11. Dr. Irene Teo is our second Paediatrician recruited in November 2017.

Our Paediatrics segment will provide the continuing patient care and support to the newborns hand-down from our O&G Specialists.

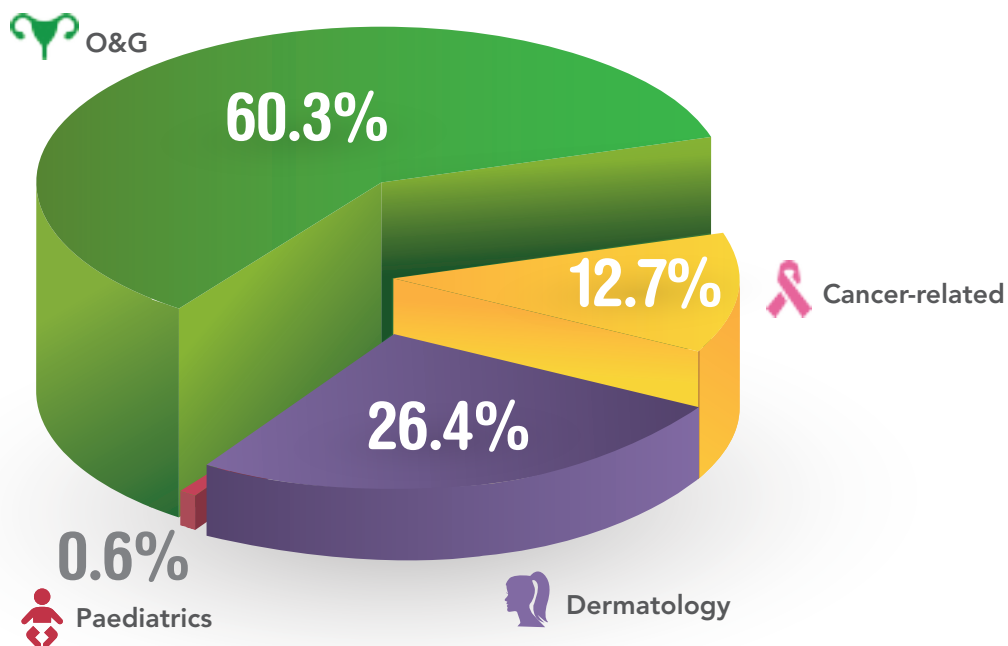
We also saw the remarkable growth of our Cancer-related segment in FY 2017. We are proud of our Cancer Specialists team which is made up of two Breast Surgeons and a GynaeOncologist.

We will continue to grow and strengthen our SOG Rain Tree.



# Our Business

## Revenue Contribution by Operating Segments



## Our Services

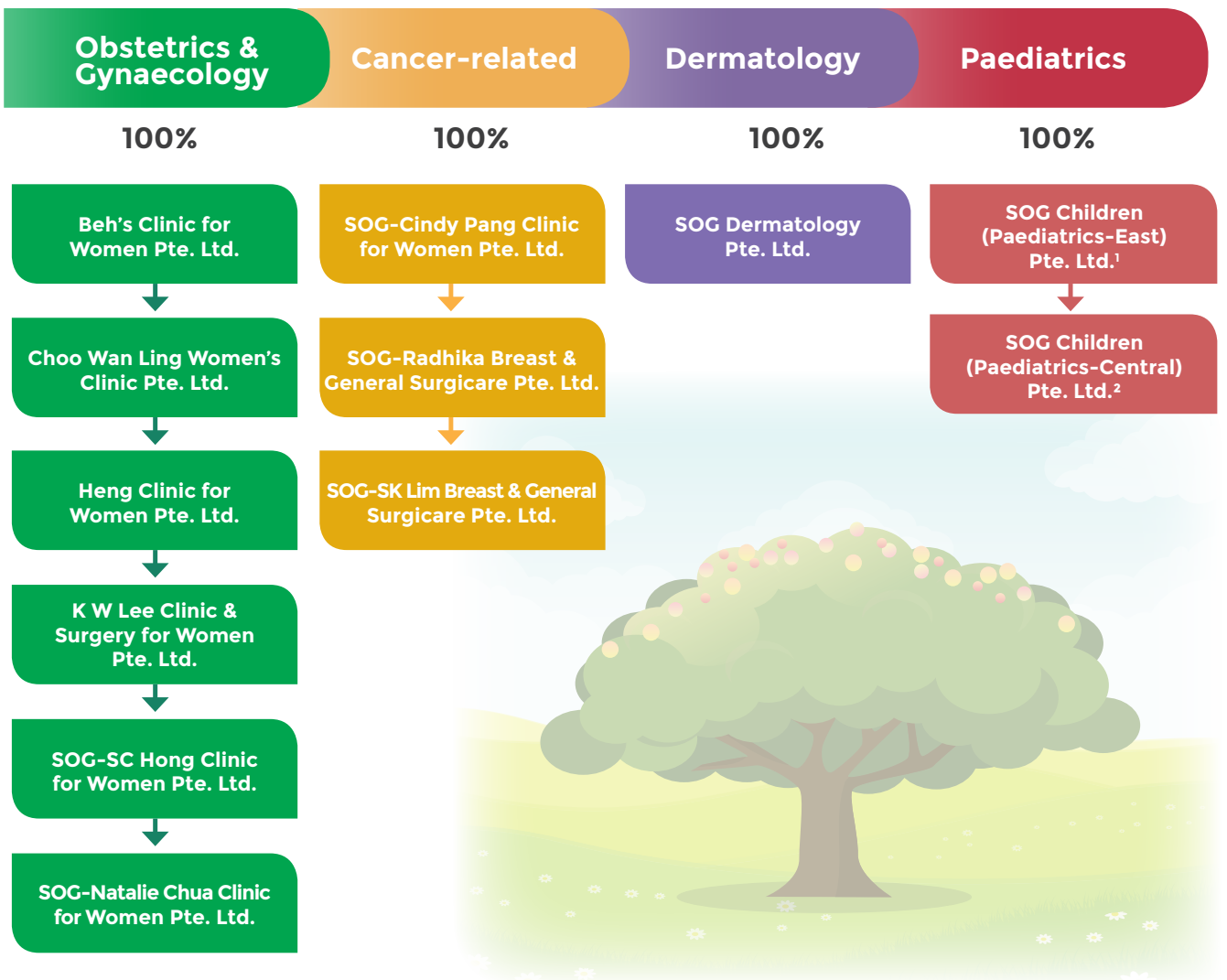
Obstetrics & Gynaecology		Cancer-related	Dermatology	Paediatrics
General obstetrics, labour & delivery	General gynaecology	Gynae-oncological surgery	General skin care	Newborn & well baby checks
Medical problems during pregnancy	Gynaecological surgery	Breast & general surgery	Aesthetics & dermatological procedures	Childhood immunisation routine & vaccinations
Obstetrical complication & its management	Female pelvic medicine / Urogynaecology & reconstruction surgery		Dermatological surgery & laser surgery	Acute paediatrics infections
				Common childhood conditions
				Child nutrients, growth and developmental assessment



# Our Group Structure



## Singapore O&G Ltd.



<sup>1</sup> SOG Children (Paediatrics) Pte. Ltd. was incorporated on 5 April 2017 and renamed to SOG Children (Paediatrics-East) Pte. Ltd. on 23 August 2017.

<sup>2</sup> SOG Children (Paediatrics-Central) Pte. Ltd. was incorporated on 23 August 2017.

## Statement from Chief Executive Officer



“With focus on medical excellence and sustainability developments, we take progressive steps in achieving our business goals and increasing shareholders’ returns.”

### Dear Fellow Shareholders,

During the interim period, I am assuming the role of the CEO until a new CEO is appointed. I am writing to sum up our performance for FY 2017 and what we hope to achieve in FY 2018.

Despite the outbreak of Zika virus in August 2016 to early 2017, the Group’s revenue grew by S\$1.2 million or 4.3% from S\$28.7 million for FY 2016 to S\$29.9 million for FY 2017. Revenue from our Cancer-related and O&G segments increased by S\$1.0 million and S\$0.6 million respectively. Our new Paediatrics segment, helmed by Dr. Lim Xue Yan and Dr. Irene Teo, started in July 2017 and

contributed a decent S\$0.1 million to the Group’s revenue in FY 2017. However, revenue from our Dermatology segment decreased by S\$0.5 million due to competition in medical tourism from our neighbouring countries.

In FY 2017, the Group’s profit from operations decreased by S\$0.5 million or 5.1% from S\$10.4 million for FY 2016 to S\$9.9 million for FY 2017 due mainly to a decrease in profit from operations of S\$0.5 million from our Dermatology segment, increase of S\$0.3 million operating costs from our corporate office, and ‘start-up’ losses of S\$0.2 million from our new Paediatrics segment. However, profit from

operations for our Cancer-related segment grew by S\$0.5 million or 133.7% from S\$0.4 million for FY 2016 to S\$0.9 million for FY 2017. We are proud of our Cancer Specialists team which is made up of two Breast Surgeons and a Gynaecologist.

The Group posted a net profit after tax of S\$8.5 million for FY 2017. The Board has recommended the payment of a final one-tier tax exempt dividend of 0.89 Singapore cents per share in respect of FY 2017 which is subject to the approval of shareholders at the general meeting on 20 April 2018. Together with the interim dividend payment of 0.61 Singapore cents per share on 4 September 2017, the total dividend payment is 1.50 Singapore cents per share for FY 2017 representing 83.9% of the net profit after tax for the year.

SOG will continue to grow our four business segments organically and/or by acquisition. We are continuously looking out to recruit medical practitioners with good values that are aligned to SOG's corporate values. With focus on medical excellence and sustainability developments, we take progressive steps in achieving our business goals and increasing shareholders' returns. We are working towards our key business goals and hope to achieve the following in FY 2018:

- » Recruit more O&G Specialists to enlarge our core O&G segment.
- » Build up the patient loads for our new Paediatrics segment with the number of babies delivered by our O&G Specialists and other O&G specialists outside of the Group.
- » Increase medical tourism by working with more international agencies.

A Search Committee has started the search for the new CEO and we will make the announcement when a suitable candidate is found and appointed.

In addition, I will be leading a team of our Gynaecologists namely, Dr. Beh Suan Tiong and Dr. Hong Sze Ching for training on High Intensity Focused Ultrasound to treat uterine fibroids. We will be one of the first to use this ultrasound-guided technology to treat uterine fibroids in the private hospital of Singapore in July 2018. This technology will serve the patients in the ASEAN region.

We are also very fortunate to appoint Mr. Ng Boon Yew as our Lead Independent Director, Chairman of the Audit Committee and member of the Nominating and Remuneration Committees. Mr. Ng is very well-respected in the field of corporate governance, finance and accounting. He has immense experience as a lecturer and mentor, and holds various directorships in high profile companies and organisations such as National Kidney Foundation and SingHealth Fund.

Lastly, I would like to express my gratitude to our patients and their families for their continuing support, our shareholders for their patience, our doctors, clinical and management staff for their hard work and dedication.

### **Dr. Lee Keen Whye**

*Executive Director/ Interim Chief Executive Officer*

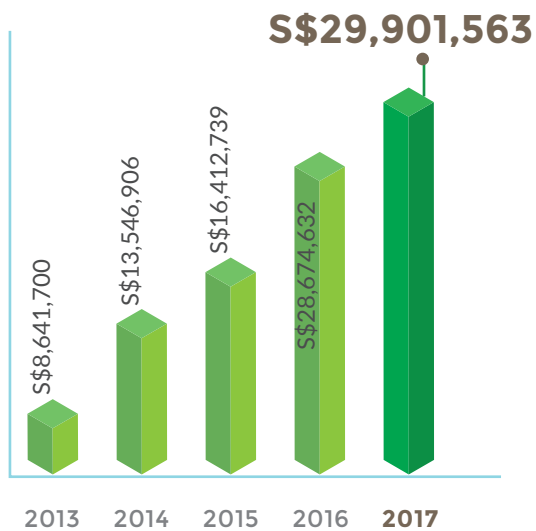
## Financial Highlights

### Review of the Group's Financial Performance

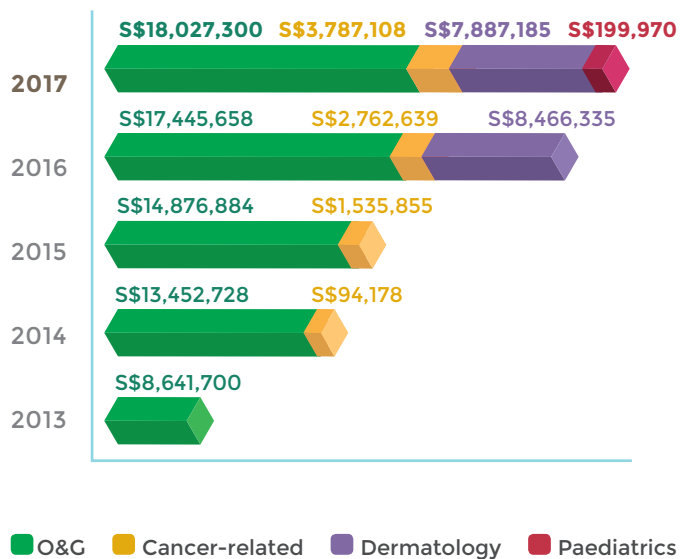
	FY 2017 (S\$)	FY 2016 (S\$)	Increase/ (Decrease) (S\$)	%	The increase or (decline) in FY 2017 as compared to FY 2016 is due mainly to:
Revenue	29,901,563	28,674,632	1,226,931	4.3%	<ul style="list-style-type: none"> <li>• Increase of S\$1.0 million and S\$0.6 million from our Cancer-related and O&amp;G segment respectively;</li> <li>• Revenue contribution of S\$0.1 million from our new Paediatrics segment; and</li> <li>• Decrease of S\$0.5 million from our Dermatology segment.</li> </ul>
Other operating income	215,007	266,009	(51,002)	(19.2%)	<ul style="list-style-type: none"> <li>• Lower government grants of S\$77,000; offset by</li> <li>• Higher sponsorship income of S\$4,000; and</li> <li>• Higher clinic rental rebates of S\$22,000 received from a lessor.</li> </ul>
Consumables and medical supplies used	(4,562,370)	(4,365,796)	196,574	4.5%	<ul style="list-style-type: none"> <li>• Increase in consumables and medical supplies used by our O&amp;G and Cancer-related segment arising from an increase in patient loads in FY 2017.</li> </ul>
Employee remuneration expense	(11,997,595)	(11,003,716)	993,879	9.0%	<ul style="list-style-type: none"> <li>• Increase of S\$0.6 million for variable incentive bonus of a few specialist medical practitioners;</li> <li>• Increase of S\$0.1 million from SK Lim Clinic which started in May 2016;</li> <li>• Increase of S\$0.2 million from SC Hong Clinic which started in July 2016; and</li> <li>• Employee remuneration expense of S\$0.1 million from our new Paediatrics segment.</li> </ul>
Depreciation of plant and equipment	(524,148)	(380,160)	143,988	37.9%	<ul style="list-style-type: none"> <li>• Three new ultrasound machines acquired by our O&amp;G and Cancer-related clinics in FY 2017;</li> <li>• Two new laser machines acquired for SOG Dermatology Clinic in June 2017 and August 2017; and</li> <li>• Renovation of Heng Clinic, our new corporate office and PAED-Central Clinic in May 2017, July 2017 and November 2017 respectively.</li> </ul>
Other operating expense	(3,162,978)	(2,794,993)	367,985	13.2%	<ul style="list-style-type: none"> <li>• Additional impairment charge of S\$0.1 million on our investment in an available-for-sale financial asset;</li> <li>• S\$0.1 million incurred by our new Paediatrics segment in FY 2017;</li> <li>• Increase in rental expense of S\$0.1 million for a few clinics and our new corporate office; and</li> <li>• Increase of S\$0.1 million in medical professional indemnity insurances for O&amp;G Specialists.</li> </ul>
<b>Profit from operations</b>	<b>9,869,479</b>	<b>10,395,976</b>	<b>(526,497)</b>	<b>(5.1%)</b>	
Finance income	57,373	135,880	(78,507)	(57.8%)	<ul style="list-style-type: none"> <li>• Lesser cash placed on fixed deposit.</li> </ul>

	FY 2017 (S\$)	FY 2016 (S\$)	Increase/ (Decrease) (S\$)	%	The increase or (decline) in FY 2017 as compared to FY 2016 is due mainly to:
Finance expense	(238,834)	(449,399)	(210,565)	(46.9%)	<ul style="list-style-type: none"> <li>Finance expense relates to the unwinding of the discount implicit (i.e. non-cash flows item) in the second and third cash tranche consideration of S\$4.0 million for each tranche due on 1 January 2017 and 1 January 2018 respectively for the acquisition of the entire rights, title and interest of Dr. Joyce Lim Teng Ee and in the business and medical practices of JL Companies.</li> </ul>
Net finance expense	(181,461)	(313,519)	(132,058)	(42.1%)	
Profit before income tax	9,688,018	10,082,457	(394,439)	(3.9%)	
Income tax expense	(1,180,958)	(1,278,779)	(97,821)	(7.6%)	<ul style="list-style-type: none"> <li>Lower profits in FY 2017.</li> </ul>
Profit for the year	8,507,060	8,803,678	(296,618)	(3.4%)	

Revenue

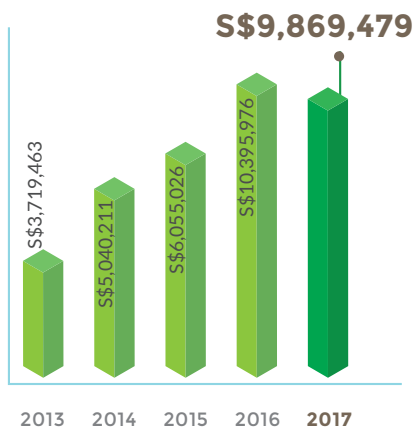


Revenue by Operating Segments



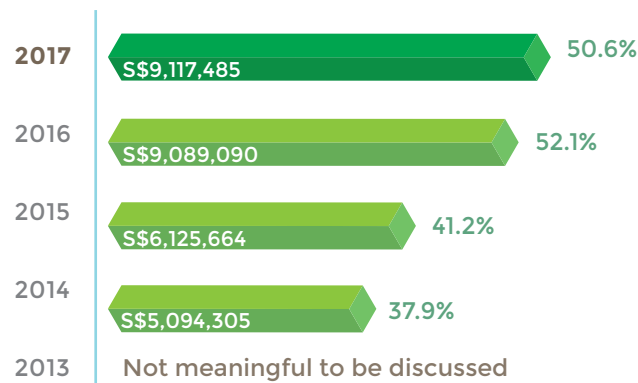
# Financial Highlights

## Profit from Operations

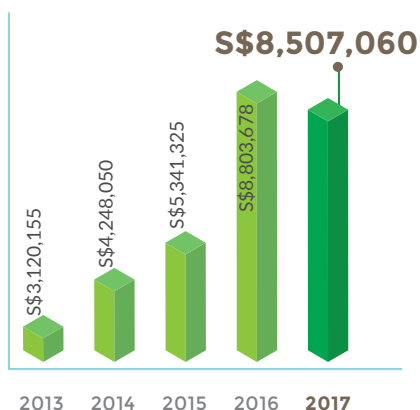


## Profit from Operations (Margins) by Operating Segments

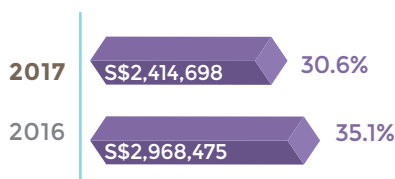
### O&G



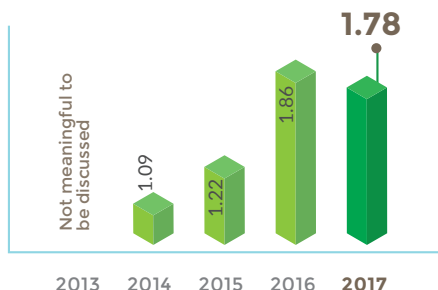
## Profit after Tax



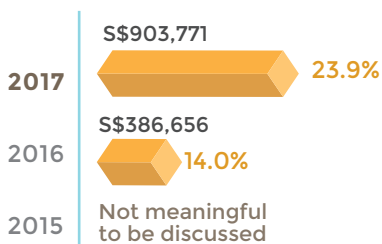
## Dermatology



## Basic and Diluted Earnings Per Share (Cents)



## Cancer-related



## Paediatrics

Not meaningful to be discussed

^ On 15 May 2017, the Company completed and effected the share split of every one (1) existing ordinary share in the capital of the Company held by shareholders of the Company into two (2) ordinary shares ("Share Split").

For better comparison of the Group's performance, the weighted average number of ordinary shares for the current and prior financial years have been adjusted for the increase in the number of ordinary shares resulting from the Share Split.

## Review of the Group's Financial Position

	31 December 2017 (S\$)	31 December 2016 (S\$)	Increase/ (Decrease) (S\$)	%	The increase or (decline) as at 31 December 2017 as compared to 31 December 2016 is due mainly to:
<b>Assets</b>					
<b>Non-current assets</b>					
Goodwill	26,929,999	26,929,999	-	-	<ul style="list-style-type: none"> <li>Goodwill comprises of:               <ul style="list-style-type: none"> <li>S\$446,000 and S\$396,000 for the acquisition of Beh's Clinic for Women Pte. Ltd. and Choo Wan Ling Women's Clinic Pte. Ltd. in 2014; and</li> <li>S\$26.1 million for acquisition of JL Companies in 2016.</li> </ul> </li> </ul>
Plant and equipment	1,638,262	1,554,794	83,468	5.4%	<ul style="list-style-type: none"> <li>Additions of S\$0.6 million; offset by</li> <li>Depreciation charge and write-offs of S\$0.5 million and S\$12,000 respectively in FY 2017.</li> </ul>
Available-for-sale financial assets	-	148,411	(148,411)	(100.0%)	<ul style="list-style-type: none"> <li>Relates to the 5% equity interest in SG Meditech Pte. Ltd. held by the Company.</li> <li>The carrying amount was fully impaired as at 31 December 2017.</li> </ul>
Deferred tax assets	12,019	10,450	1,569	15.0%	<ul style="list-style-type: none"> <li>Deductible temporary differences relating to the Group's plant and equipment.</li> </ul>
<b>Total non-current assets</b>	<b>28,580,280</b>	<b>28,643,654</b>			
<b>Current assets</b>					
Inventories	1,601,717	2,152,469	(550,752)	(25.6%)	<ul style="list-style-type: none"> <li>Lower inventories held by our SOG Dermatology segment as at 31 December 2017.</li> </ul>
Trade and other receivables	2,518,334	2,092,939	425,395	20.3%	<ul style="list-style-type: none"> <li>Prepayment of other operating expenses such as medical professional indemnity insurances and inventories.</li> </ul>
Cash and cash equivalents	16,426,295	21,376,324	(4,950,029)	(23.2%)	<ul style="list-style-type: none"> <li>Payment of S\$3.8 million (S\$4.0 million less FY 2015 final dividend of S\$234,617 paid to Dr. Joyce Lim in respect of 20,401,501 consideration shares allotted to her) and S\$4.0 million each for the second and third tranche cash consideration in January 2017 and December 2017 for the acquisition of JL Companies respectively;</li> <li>S\$3.7 million and S\$2.9 million paid for FY 2016 final dividend and FY 2017 interim dividend respectively; offset by</li> <li>S\$9.9 million net cash inflows from operating activities in FY 2017.</li> </ul>
<b>Total current assets</b>	<b>20,546,346</b>	<b>25,621,732</b>			
<b>Total assets</b>	<b>49,126,626</b>	<b>54,265,386</b>			

## Financial Highlights

	31 December 2017 (S\$)	31 December 2016 (S\$)	Increase/ (Decrease) (S\$)	%	The increase or (decline) as at 31 December 2017 as compared to 31 December 2016 is due mainly to:
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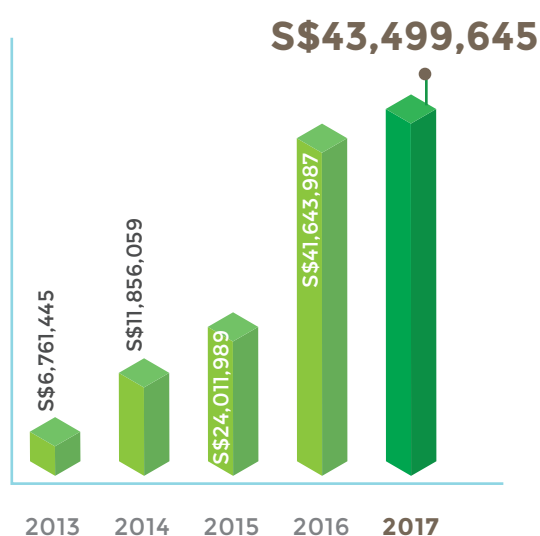
### Equity and Liabilities

<b>Capital and reserves</b>					
Share capital	29,645,500	29,645,500	-	-	
Capital reserve	1,771,070	1,771,070	-	-	<ul style="list-style-type: none"> <li>Represents the difference between the fair value of the purchase consideration of S\$3.1 million paid by SOG and the net assets of S\$1.3 million from Beh's Clinic for Women and Choo Wan Ling Women's Clinic acquired by SOG in 2014.</li> </ul>
Merger reserve	(1,695,311)	(1,695,311)	-	-	<ul style="list-style-type: none"> <li>Represents the difference between the consideration of S\$3.0 million paid by SOG and the net assets of S\$1.3 million from KW Lee Clinic &amp; Surgery and Heng Clinic for Women acquired by SOG.</li> </ul>
Retained earnings	13,778,386	11,922,728	1,855,658	15.6%	<ul style="list-style-type: none"> <li>Net profit after tax of S\$8.5 million for FY 2017; offset by</li> <li>FY 2016 final dividend payment of S\$3.7 million paid in May 2017; and</li> <li>FY 2017 interim dividend payment of S\$2.9 million paid in August 2017.</li> </ul>
<b>Total equity</b>	<b>43,499,645</b>	<b>41,643,987</b>			
<b>Non-current liabilities</b>					
Deferred tax liabilities	109,825	66,601	43,224	64.9%	<ul style="list-style-type: none"> <li>Timing differences in tax payables of the Group's plant and equipment.</li> </ul>
Trade and other payables	-	3,761,166	(3,761,166)	(100.0%)	<ul style="list-style-type: none"> <li>Balance as at 31 December 2016 relates to the present value of the third tranche cash consideration of S\$4.0 million for the acquisition of JL Companies due on 1 January 2018.</li> <li>As at 31 December 2017, this amount has been paid.</li> </ul>
<b>Total non-current liabilities</b>	<b>109,825</b>	<b>3,827,767</b>			
<b>Current liabilities</b>					
Trade and other payables	3,811,730	7,052,275	(3,240,545)	(46.0%)	<ul style="list-style-type: none"> <li>S\$3.8 million of contingent consideration which relates to the present value of third tranche cash consideration payable for the acquisition of JL Companies due on 1 January 2018 was paid in December 2017; offset by</li> <li>Increase of S\$0.6 million in accrual for FY 2017 variable incentive bonus for a few specialist medical practitioners.</li> </ul>

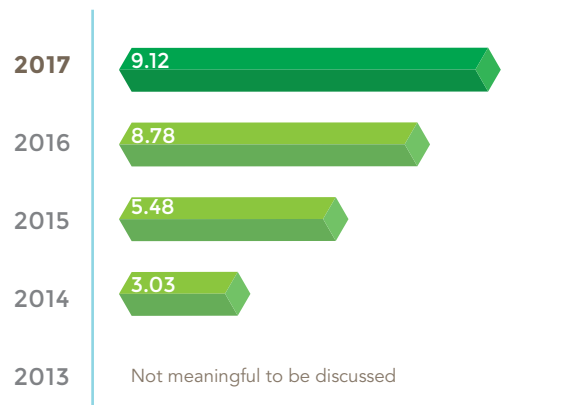


	31 December 2017 (S\$)	31 December 2016 (S\$)	Increase/ (Decrease) (S\$)	%	The increase or (decline) as at 31 December 2017 as compared to 31 December 2016 is due mainly to:
Deferred revenue	445,279	380,343	64,936	17.1%	<ul style="list-style-type: none"> <li>Deferred revenue relates to antenatal and aesthetics package fees collected upfront from patients for consultations and/or procedures that have yet to be performed.</li> <li>Increase in antenatal and aesthetics package fees received.</li> </ul>
Current tax liabilities	1,260,147	1,361,014	(100,867)	(7.4%)	<ul style="list-style-type: none"> <li>Balance as at 31 December 2017 comprises of income tax payables for FY 2017.</li> </ul>
Total current liabilities	5,517,156	8,793,632			
<b>Total liabilities</b>	<b>5,626,981</b>	<b>12,621,399</b>			
<b>Total equity and liabilities</b>	<b>49,126,626</b>	<b>54,265,386</b>			

## Net Asset Value



## Net Asset Value Per Share\* (Cents)



\* The calculation of net asset value per ordinary share as at 31 December 2014, 2015 and 2016 was adjusted for the Share Split. The number of ordinary shares after the Share Split is 476,803,002.

## Dividend

2017	S\$7,152,045	(Dividend per share: <u>1.50 cents</u> based on 476,803,002 shares for interim and final dividend)
2016	S\$7,390,447	(Dividend per share: <u>3.10 cents</u> based on 238,401,501 shares for interim and final dividend)
2015	S\$4,660,017	(Dividend per share: <u>2.03 cents</u> based on 218,000,000 shares for interim dividend, and 238,401,501 shares for final dividend)
2014	S\$1,482,400	(Dividend per share: <u>0.85 cents</u> based on 174,400,000 shares)
2013	Not meaningful to be discussed	

## Investor Relations

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

### Investor Relations Policy

SOG is committed to providing timely and consistent disclosures of financial results and significant corporate activities to its shareholders, investors, the financial community and the investing public. Communication with shareholders is managed by the Board of Directors and senior management.

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

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

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

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

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

### Dividend Policy

The Company currently does not have a dividend policy. However, the Company has declared and paid dividends each year since IPO. The form, frequency and amount of any proposed dividend will take into consideration the Group's operating results, financial position, committed capital expenditures and any other relevant considerations the Board of Directors may deem appropriate in the best interest of the Company.

For FY 2017, the Board of Directors is pleased to declare a final one-tier tax exempt dividend of 0.89 Singapore cents per share. Together with an interim dividend of 0.61 Singapore cents per share made on 4 September 2017, the total dividend payment is 1.50 Singapore cents per share for FY 2017 representing 83.9% of the net profit after tax of the year.

### Stakeholders Engagement

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



In FY 2017, SOG engaged eighteen (18) analyst briefings and fifty-four (54) fund manager meetings, where senior management was present to share the latest developments of the Company and addressed relevant queries.



<b>Analyst Briefings</b>			
	<b>One-on-one Meetings</b>	<b>Group Meetings</b>	<b>Total</b>
<b>2017</b>	<b>11</b>	<b>7</b>	<b>18</b>
2016	21	34	55
2015	27	16	43

<b>Fund Manager Meetings</b>			
	<b>One-on-one Meetings</b>	<b>Group Meetings</b>	<b>Total</b>
<b>2017</b>	<b>23</b>	<b>31</b>	<b>54</b>
2016	67	82	149
2015	33	51	84

SOG also actively participates in institutional-initiated investment events. In FY 2017, we participated in the following events:

<b>Date</b>	<b>Event</b>
4 January 2017	DBS Pulse of Asia
20 to 22 February 2017	SGX/UOB Non-Deal Roadshow
25 and 26 May 2017	Citi Asean C-Suite Conference
5 and 6 August 2017	ShareInvestor Invest Fair 2017
10 October 2017	UOB Asian Gems
11 November 2017	SGX Corporate Investor Forum

SOG was covered by DBS Vickers Securities, Maybank Kim Eng, PhillipCapital and UOB Kay Hian in FY 2017.

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

### **Review of our Monthly Trading Volume and Average Share Price in FY 2017**

<b>Month</b>	<b>Average Share Price (\$)</b>	<b>Volume (in million)</b>	<b>Remarks</b>
<b>Jan</b>	1.21	17.76	
<b>Feb</b>	1.30	10.37	
<b>Mar</b>	1.26	12.10	
<b>Apr</b>	1.36	6.16	
<b>May</b>	0.84	8.13	Share Split on 15 May 2017
<b>Jun</b>	0.66	4.01	
<b>Jul</b>	0.56	23.72	
<b>Aug</b>	0.47	13.08	
<b>Sep</b>	0.47	17.12	
<b>Oct</b>	0.50	32.17	
<b>Nov</b>	0.50	16.68	
<b>Dec</b>	0.45	6.78	

Source: Data extracted from Bloomberg L.P. (2018) terminal on 7 March 2018.

Based on the monthly trading volume in FY 2017, it was noted that the trading volume was the highest in October 2017 and followed by July 2017 which could be due to the slide-down effect of our share price after the Share Split on 15 May 2017.

The trading volume also appeared to be higher in the second half as compared to first half of 2017 as there were more research teams of the stock broking firms who initiated coverage on SOG.

## Statement from Chief Financial Officer



“FY 2017 was an excellent year for SOG where we were recognised for our corporate reporting and governance efforts.”

### Dear Shareholders,

It is my honour to write this statement and for the third year. In this statement, I will be discussing our assets and achievements in terms of corporate reporting and governance in FY 2017.

We are delighted to announce that we had achieved organic growth and established our new Paediatrics segment in FY 2017. Our Cancer-related segment delivered a remarkable growth as its profit from operations grew by 133.7% from S\$0.4 million for FY 2016 to S\$0.9 million for FY 2017. We are proud of our Cancer Specialist team which is made up of two Breast Surgeons and a GynaeOncologist.

With the new Paediatrics segment, the Group has a total of twelve (12) specialist medical practitioners as at 31 December 2017:

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

The twelve specialist medical practitioners together form our four business segments, namely: O&G, Cancer-related, Dermatology and Paediatrics. Together with our clinical and management staff, these twelve specialist medical practitioners form the most important asset of SOG. The specialist medical practitioners, clinical and management staff are our human capital and we empower them with the fullest latitude of professional freedom in carrying out their duties governed by SOG's corporate values and our commitment to stakeholders. Our business sustainability and performance are largely determined by the revenue and patient loads wholeheartedly served by each of our specialist medical practitioners.

As at 31 December 2017, the Group has a strong financial position with no borrowings and debt securities, and net asset value of S\$43.5 million representing an increase of S\$1.9 million or 4.5% from S\$41.6 million as at 31 December 2016. Net asset value per share increased by 0.39 Singapore cents or 4.5% from 8.73 Singapore cents as at 31 December 2016 to 9.12 Singapore cents

as at 31 December 2017. We will continue to build the Group's asset value, particularly our human capital asset, for business sustainability and strive to increase value to stakeholders on a long term basis.

FY 2017 was an excellent year for SOG where we were recognised for our corporate reporting and governance efforts. We are proud to receive the following recognition and awards in FY 2017:

- » **Best Annual Report Award (Silver) under the less than S\$300 million in market capitalisation category at the Singapore Corporate Award 2017**  
This award is organised by Singapore Institute of Directors ("SID"), Institute of Singapore Chartered Accountants ("ISCA") and the Business Times, and supported by Accounting and Corporate Regulatory Authority ("ACRA") and Singapore Exchange Limited ("SGX"). Judged by an eminent panel of business leaders in Singapore, this award gives recognition for excellent financial reporting presentation and wider scope of disclosures beyond the minimum regulatory requirements that are in tandem with the needs of investors and other stakeholders. This is the second consecutive year we receive the Best Annual Report award. We will continue to maintain and deliver greater transparency and standard in our financial reporting and disclosures to enhance the trust and confidence from our stakeholders.



- » **Best Inaugural Sustainability Report in Catalyst category at the Singapore Sustainability Report Award 2017**

This award is organised by SID and supported by SGX and Global Compact Network Singapore. This award seeks to encourage and recognise excellence in sustainability reporting among Singapore listed companies. We will continue to incorporate our sustainability efforts in our business and improve our FY 2018 Sustainability Report.



- » **Ranked 38th position in the Singapore Governance and Transparency Index ("SGTI") in 2017**

The SGTI is the leading index for assessing corporate governance practices of Singapore-listed companies and is collaborated by CPA Australia, NUS Business School's Centre for Governance, Institutions and Organisations, and SID. This ranking recognition serves to remind us of sustainable governance where stakeholders are now seeking for greater transparency and accountability for the integrity of companies.

- » **Transparency Award in small and mid market capitalisation category at the Securities Investors Association (Singapore) ("SIAS") 18th Investors' Choice Award 2017**

This award is organised by SIAS and seeks to encourage SGX-listed small and medium enterprises to be more transparent in helping investors make informed decisions.



With our Enterprise Risk Management system, we continue to perform a Risk Refresher exercise in FY 2017 to identify and assess the top ten risks of the Group. Our top ten risks are discussed on Pages 36 to 41 of this Annual Report 2017. We continue to monitor the risks identified and put in place mitigation measures to eliminate or reduce the impact of these risks. As the Risk Officer of the Company, I am responsible to provide periodic updates and reports of the risks including the response time and readiness of the mitigation measures to the Audit Committee that has been charged to oversee the risks of the Group.

We have made several changes to our FY 2016 Sustainability Report to align to SGX's guidelines and incorporate feedbacks from stakeholders. Our FY 2017 Sustainability Report is prepared in accordance with the Global Reporting Initiative Standards: Core Option, which is a set of international standards for reporting non-financial key performance indicators. Our FY 2017 Sustainability Report can be found on Pages 42 to 91 of this Annual Report 2017.

Moving forward, we will continue to incorporate and drive our business sustainability and management, both in financial and non-financial aspects, in delivering better financial results and increasing value to stakeholders in a sustainable approach.

**Eric Choo**  
Chief Financial Officer

## Our Specialist Medical Practitioners

SOG is powered by, and its principal assets are, a team of 12 specialist medical practitioners who serve their patients and families through sound specialised medical skills, strong ethics, and evidence based medicine. Our 12 specialist medical practitioners (in alphabetical order and by their specialization) are:

### O&G SPECIALISTS



#### OBSTETRICIAN & GYNAECOLOGIST

“ Besides specialising in antenatal, intrapartum and postnatal care, Dr. Beh’s special interest is in minimally invasive surgery for various gynaecological conditions. ”

#### Dr. Beh Suan Tiong

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

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

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

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

Dr. Beh currently operates at SOG-Beh Clinic for Women in Thomson Medical Centre, offers comprehensive pregnancy and gynaecological services for the complete healthcare needs of women.



OBSTETRICIAN & GYNAECOLOGIST

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

**Dr. Choo Wan Ling**

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

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


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

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

Dr. Choo is experienced in antenatal and gynaecological scans, antenatal care and risk assessment, prenatal screening, vaginal, assisted and caesarean delivery. She is an advocator of natural birth and breastfeeding. Being a mother to 2 girls herself, she is familiar with the difficulties some mothers-to-be go through during the pregnancy and after. She is also well versed in the management and treatment, both medical and surgical, of gynaecological issues (infection, endometriosis, uterine fibroids and ovarian cysts), Pap smear abnormalities, colposcopy, fertility challenges and treatment. She also has a special interest in menopausal care and female sexual dysfunction.

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

## Our Specialist Medical Practitioners



**OBSTETRICIAN & GYNAECOLOGIST**

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

**Dr. Heng Tung Lan**  
MBBS (Singapore), MMed (O&G),  
FAMS (Singapore)

Dr. Heng Tung Lan is a leading Consultant Obstetrician and Gynaecologist and a co-founder member of our Group. She graduated from the National University of Singapore with a Bachelor's degree in Medicine and Surgery in 1981 and started her traineeship in Obstetrics & Gynaecology at Kandang Kerbau Women's and Children's Hospital. She obtained her Master of Medicine (O&G) in 1988 and was admitted to the Academy of Medicine Singapore in 2004.

Dr. Heng established her private practice in September 1993 and has since built a solid reputation as a renowned physician well-liked and respected by her peers and patients. Although Dr. Heng has delivered many babies in her long career which spans over 30 years, she still finds each delivery special because of the joy each new baby brings to his or her family.

Dr. Heng is highly sought after for her medical and interpersonal skills. She specialises in pregnancy care and delivery, female health screening, menopause and female wellness enhancement. Known for her bubbly and

friendly disposition, she never fails to greet her patients with a smile and her positive energy. Despite practising as an Obstetrician & Gynaecologist for more than three decades, her sense of fulfillment and job satisfaction have not abated. More often than not, the children she saw into the world return to her to deliver their children.

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

Dr. Heng is effectively bilingual in English, Mandarin, and also conversant in several local dialects. She currently operates her practice, SOG-Heng Clinic for Women, at Parkway East Medical Centre and a shophouse unit in Cassia Crescent.





## OBSTETRICIAN &amp; GYNAECOLOGIST

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

**Dr. Hong Sze Ching**

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

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

Dr. Hong was a Consultant with KKH Minimally Invasive Surgery Unit since November 2013. She was awarded a Health Manpower Development Programme fellowship to further her training in this area with The Ottawa Hospital, Minimally Invasive Surgery Unit in 2015 where she underwent training in her areas of interest, namely management of endometriosis and advanced laparoscopic surgery. Apart from laparoscopic work, she

also specialises in obstetric care and management of general gynaecological conditions. She was awarded the SingHealth Health Quality Service Awards – Silver in 2015 in recognition for her dedication to patient care. She is currently a visiting consultant to KKH.

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

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

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

## Our Specialist Medical Practitioners



**OBSTETRICIAN & GYNAECOLOGIST**

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

**Dr. Lee Keen Whye**

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

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

Dr. Lee has dedicated his service to healthcare for over three decades. Besides providing pregnancy care and delivery services, Dr. Lee is passionate and highly skilled in endoscopic work, especially in hysteroscopy, laparoscopy and vaginal rejuvenation, and has done many international lectures and preceptored many endoscopic workshops in the region.

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

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

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

With immense experience in providing quality healthcare for women, Dr. Lee currently operates at SOG-K W Lee Clinic for Women in Gleneagles Medical Centre.



OBSTETRICIAN & GYNAECOLOGIST

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

**Dr. Chua Weilyn Natalie**

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

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

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

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

In addition, Dr. Chua believes strongly in informing her patients of the best birth options possible and she encourages breast feeding. She was the O&G Representative for the Association for Breastfeeding Advocacy between 2011 and 2013. Renowned for her caring demeanour, Dr. Chua is passionate in providing the best obstetric and gynaecological services to her patients. For her hard work, Dr. Chua was honoured with the Excellent Service Award by SingHealth in 2010 and was accorded a Fellow of the Academy of Medicine Singapore in 2013.

Dr. Chua currently operates her practice, SOG-Natalie Chua Clinic for Women, at Parkway East Medical Centre and a shophouse unit in Cassia Crescent.

## Our Specialist Medical Practitioners

### CANCER SPECIALISTS



#### OBSTETRICIAN & GYNAECOLOGIST (GYNAEONCOLOGY)

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

#### Dr. Pang Yi Ping Cindy

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

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

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

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

Darwin in 2013. Besides the management of a wide range of conditions involving the female reproductive system and providing antenatal care to expectant mothers, her main sub-specialty interest is in gynaecological cancer care.

Dr. Pang is an accredited colposcopist and trainer, having run a weekly pre-invasive disease (abnormal Pap smear and pre-cancerous change) clinic in the Obstetric and Gynaecology Centre at Singapore General Hospital. She also assists the division of graduate medical studies, National University Hospital in assessing trainees for in-hospital clinical training modules on colposcopy.

She is passionate about public education on prevention and early detection of female cancers and has been actively involved in several cancer prevention talks and campaigns. She represented Singapore General Hospital in the Women's Gynaecological Cancer Awareness Month Steering Committee organised by Singapore Cancer Society in 2015. Teaching and training medical trainees and junior doctors is also one of her dedications. She is a clinical instructor of Yong Loo Lin School of Medicine, as well as an Adjunct Professor at the Duke-NUS Graduate School of Medicine.

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



## GENERAL SURGEON (BREAST & ONCOPLASTIC SURGERY)

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

### Dr. Lim Siew Kuan

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

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

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

Dr. Lim did her sub-specialty training at the Center for Breast Cancer and National Cancer Center in Korea after receiving the Health Manpower Development Programme scholarship in 2013. During this one-year fellowship training, she learned the latest advancements in breast cancer management, as well as Breast Oncoplastics and

Reconstructive Surgery. In addition, Dr. Lim has also done observerships at several renowned hospitals in Korea and Japan (Yonsei Severance Hospital, Kameda Medical Center and Nakagami Hospital), to further her skills in minimally invasive breast surgery, and partial and full breast reconstruction. Dr. Lim is actively involved in research, and her work has been presented at international conferences, and published in various medical journals.

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

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

## Our Specialist Medical Practitioners



### GENERAL SURGEON (BREAST & ONCOPLASTIC SURGERY)

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

#### Dr. Radhika Lakshmanan

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

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

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

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

As a breast specialist trained in Reconstructive Oncoplastic Breast Surgery, her surgical technique allows for removal of cancerous tissue while attaining the optimal aesthetic outcome. Dr. Radhika is also an advocate of breast cancer awareness and frequently participates in seminars for both the public and medical fraternity. She is an active member of the Singapore Breast Cancer Foundation and Asian Breast Diseases Association, and she aims to improve awareness and shares her expertise in the Asia Pacific region.

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

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

## DERMATOLOGIST



### DERMATOLOGIST

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

#### Dr. Joyce Lim Teng Ee

MBBS (Malaysia), FRCPI,  
FAMS (Singapore)

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

Dr. Lim completed her dermatological training at the National Skin Centre, Singapore in 1991 and went on to sub-specialise in dermatologic surgery and laser surgery. She also did preceptorships under renowned dermatologists/dermatologic and laser surgeons in both Europe and the USA. Dr. Lim was the first Division Head, Dermatologic and Laser Surgery at the National Skin Centre, Singapore till 2000 when she left to start her own practice, Joyce Lim Skin and Laser Clinic at Paragon Medical Suites in Orchard Road, Singapore. She is currently an Adjunct Professor with USTI University, Kuala Lumpur, Malaysia.

Dr. Lim is an appointed member of the Pigment Disorders Academy (“PDA”) since its inception in 2003. The PDA is a group of renowned dermatologists worldwide who

have special interests in pigmentary disorders and who meets regularly to exchange information and discuss issues relating to skin pigmentary problems. From such meetings, various scientific papers have been published.

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

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

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

## Our Specialist Medical Practitioners

### PAEDIATRICIANS



#### PAEDIATRICIAN

“ Dr. Lim specialises in general paediatrics which includes newborn and well-baby screening, childhood immunisation, developmental assessment and behavioural care advice, nutrition and growth advice as well as management of common childhood conditions. ”

#### Dr. Lim Xue Yan

MBBS (Singapore), MRCPCH (UK),  
FAMS (Singapore)

Dr. Lim Xue Yan graduated from Yong Loo Lin School of Medicine, National University of Singapore in 2004 with a Bachelor of Medicine and Bachelor of Surgery degree. She was also awarded the Nestle Gold Medal in Paediatrics. Dr. Lim obtained her postgraduate qualification with the Royal College of Paediatrics and Child Health (UK) in 2010. She went on to attain accreditation with the Specialist Accreditation Board as a Specialist in Paediatrics Medicine in 2013 and was subsequently conferred Fellowship by the Academy of Medicine of Singapore.

Having trained in both Kandang Kerbau Women's and Children's Hospital and Singapore General Hospital, she has worked in the various sub-specialty departments for more than 10 years. Dr. Lim specialises in general paediatrics which includes newborn and well-baby screening, childhood immunisation, developmental assessment and behavioural care advice, nutrition and growth advice as well as management of common childhood conditions like asthma.

Besides clinical work, Dr. Lim is active in educating undergraduates and postgraduates. She was on the NUS Yong Loo Lin School of Medicine Undergraduate Training Committee since 2010, held the position of Chief Resident within the Department of Paediatrics from 2010 to 2012, Clinical Physician Faculty Member of the Paediatric Residency since 2013 and was the Deputy Programme Director of Transitional Year Residency from 2014 to 2015. She was also awarded the SingHealth Outstanding House Officer Award for her work excellence in 2005.

As a mother herself, Dr. Lim has a passion and love for children, spurring her to provide utmost care for her patients.

Dr. Lim currently operates at SOG Clinic for Children in Parkway East Medical Centre.





## PAEDIATRICIAN

“ Apart from specialising in general paediatrics, Dr. Teo has a special interest in paediatric dermatology. Being a mother of three has also equipped her with valuable experience in handling patients in a holistic manner. ”

**Dr. Irene Teo Ai Ngee**

MBBS (London), MRCPCH (UK),  
FAMS (Singapore)

Dr. Irene Teo graduated from the Royal Free and University College London in 2005 with a Bachelor of Medicine and Bachelor of Surgery degree. She obtained her postgraduate qualification with the Royal College of Paediatrics and Child Health in 2013. Dr. Teo went on to attain accreditation with the Specialist Accreditation Board as a Specialist in Paediatrics Medicine in 2016 and was subsequently conferred Fellowship by the Academy of Medicine Singapore.

Dr. Teo trained in various specialties in London hospitals, before joining Kangar Kerbau Women's and Children's Hospital ("KKH") in 2006. Apart from specialising in general paediatrics which includes newborn and well-baby screening, childhood immunisation, developmental assessment and behavioural care advice, nutrition and growth advice and management of common childhood conditions, Dr. Teo has a special interest in paediatric dermatology and was one of the speakers for the paediatric dermatology workshop 2017 at KKH. She also participates frequently in local and overseas conferences. In addition, she was awarded the Long Service Award by apostrophes for KKH in 2017 for more than 10 years of service.

Besides clinical work, Dr. Teo is active in educating undergraduates and postgraduates. She was a Paediatric Medicine Clinical Tutor for undergraduates from 2013 to 2016 and was a Clinical Lecturer in the Department of Paediatrics, Yong Loo Lin School of Medicine National University of Singapore. Dr. Teo strongly believes in the continual innovation of training methods to equip graduates with experience and skills necessary to provide patients with the highest standard of medical care. She had been appointed as a Physician Faculty Member by SingHealth to develop the SingHealth Residency Programme into a centre of excellence for postgraduate medical education and specialty training.

As a Paediatrician, Dr. Teo enjoys the interaction with children. Being a mother of three has also equipped her with valuable experience in handling patients in a holistic manner.

Dr. Teo currently operates at SOG Clinic for Children in a shophouse unit in Boon Tiong Road.

## Our Clinics

- 1 **SOG - KW Lee Clinic for Women**  
Gleneagles Medical Centre #08-15  
6 Napier Road  
Singapore 258499
- 2 **SOG - Radhika Breast & General Surgicare**  
Gleneagles Medical Centre #06-01  
6 Napier Road  
Singapore 258499
- 3 **Joyce Lim Skin & Laser Clinic**  
Paragon Medical Suites #11-16/20  
290 Orchard Road  
Singapore 238859
- 4 **SOG - SK Lim Breast & General Surgicare**  
Mount Elizabeth Novena Specialist Centre #06-53  
38 Irrawaddy Road  
Singapore 329563
- 5 **SOG - Choo Wan Ling Clinic for Women**  
Mount Elizabeth Novena Specialist Centre #10-30  
38 Irrawaddy Road  
Singapore 329563
- 6 **SOG - Cindy Pang Clinic for Women & GynaeOncology**  
Mount Elizabeth Novena Specialist Centre #08-25  
38 Irrawaddy Road  
Singapore 329563
- 7 **SOG - Beh Clinic for Women**  
Thomson Medical Centre #05-03  
339 Thomson Road  
Singapore 307677
- 8 **SOG - SC Hong Clinic for Women**  
Mount Alvernia Medical Centre Block D #07-62  
820 Thomson Road  
Singapore 574623
- 9 **SOG - Heng Clinic for Women**  
34 Cassia Crescent #01-80  
Singapore 390034
- 10 **SOG - Heng Clinic for Women**  
Parkway East Medical Centre #02-08  
319 Joo Chiat Place  
Singapore 427989
- 11 **SOG - Natalie Chua Clinic for Women**  
Parkway East Medical Centre #02-07  
319 Joo Chiat Place  
Singapore 427989
- 12 **SOG - Clinic for Children (East)**  
Parkway East Medical Centre #02-03  
319 Joo Chiat Place  
Singapore 427989
- 13 **SOG - Clinic for Children (Central)**  
11A Boon Tiong Road #01-11  
Singapore 161011





## Statement from Audit Committee



### Dear Shareholders,

On behalf of the Audit Committee, I am pleased to present our Audit Committee Report for the financial year ended 31 December 2017 ("FY 2017").

#### Audit Committee Memberships for FY 2017

There were three members in the Audit Committee during FY 2017 and they were all Independent Directors as follows:

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

Due to the resignation of Mr. Chong on 26 December 2017, I was appointed as the Lead Independent Director, Chairman of the Audit Committee and member of the Nominating and Remuneration Committees on 1 February 2018 in place of Mr. Chong.

Mr. Chan and I have extensive finance and accounting experience while Mr. Chooi has extensive operational and management experience. Based on the assessment of the Board of Directors (the "Board") and Sponsor, it was concluded that the Audit Committee members are appropriately qualified and possessed the necessary skills and experience to fulfill their role.

#### Key Activities of the Audit Committee for FY 2017

The Audit Committee operates within the terms of reference as described on Pages 127 to 128.

In FY 2017, the Audit Committee met formally four times and dealt with the following matters:

- » Review of the quarter, half-year and full-year financial statements of the Group that were approved by the Board for release via SGXNET.

- » Review the actual FY 2017 results against the FY 2017 budget of each business unit and segment.
- » Review the accounting treatment of goodwill and its impairment assessment, finance expense and financial information of the acquisition of the entire rights, title and interest of Dr. Joyce Lim Teng Ee and in the business and medical practices of JL Laser & Surgery Centre Pte. Ltd., JL Esthetic Research Centre Pte. Ltd., and JL Dermatology Pte. Ltd. (the “**JL Companies**”).
- » Review and provide comments for the proposed recruitment of specialist medical practitioners and their related financial forecasts.
- » Review and provide comments for potential merger and acquisition projects and investments.
- » Review of interested party transactions.
- » Review and approve the FY 2017 audit plans received from external and internal auditors.
- » Review the report of audit issues, audit report, and management letter points raised by external auditor, Foo Kon Tan LLP. The Audit Committee also held a private meeting with the external auditor without the presence of the Executive Directors and Management, and confirmed their independence.
- » Review the report of internal control issues and audit report presented by internal auditor, BDO LLP.
- » Review the Risk Refresher report in relation to our Enterprise Risk Management system presented by consultant, BDO LLP.
- » Review the scope of work for and the final Sustainability Report included in this Annual Report 2017.
- » Review the need for new accounting and operational policies.
- » Review of the significant accounting policies, notes to the financial statements and significant judgement applied in the preparation of the financial statements for FY 2017.
- » Review of the existing risk management and internal control framework for compliance with the relevant guidelines and regulations such as the Code of Corporate Governance 2012, Catalist Rules of the SGX-ST, Singapore Companies Act (Cap. 50) and the Guidebook for Audit Committees in Singapore.
- » Review and approve the FY 2017 Annual Report to ensure it is fair, balanced, readable and accessible to users.

## Engagement of the External Auditor

The external auditor is engaged to express an opinion on the Group’s financial statements. The external auditor’s responsibilities in relation to the audit of the Group’s FY 2017 financial statements are set out on Page 143 of the Independent Auditor’s Report.

Foo Kon Tan LLP was appointed on 12 November 2014 and has been the Group’s external auditor since the initial public offering of the Company. Foo Kon Tan LLP provides the Audit Committee with the relevant reports and advice throughout the year.

In accordance with the Catalist Rules of SGX-ST, we are satisfied that Foo Kon Tan LLP has adhered to the required partner rotation policy based on the best practices. The audit partner is Ms. Ang Soh Mui and she has performed four consecutive financial years audit of the Company and the Group since her appointment.

During the year, the performance of the external auditor was formally assessed by the Audit Committee in conjunction with the senior management. In making the assessment, the Audit Committee focused on how robust the audit was performed and the quality of the delivery of the audit. The Audit Committee is satisfied that the audit continues to be effective and provides an appropriate independent challenge of the senior management.

Based on the above, the Audit Committee has reviewed and is satisfied as to the objectivity and independence of the external auditor.

## Significant Accounting Matters of the Group

During the year, the Audit Committee reviewed the key areas of management’s estimates and judgement applied in the financial statements. This includes the impairment of goodwill arising from the acquisition of the JL Companies which is a key audit matter as highlighted on Page 142 of the Independent Auditor’s Report.

With respect to impairment of goodwill, the Audit Committee has reviewed the value-in-use calculation derived from cash flows projections prepared by management which includes the projected growth rate and discount rate. It was found to be appropriate and reasonable.

The Audit Committee concurs that the impairment of goodwill of the acquisition of the JL Companies is a key audit matter and had discussed this matter with the Board.

We hope this report provides a brief of the roles, responsibilities and key activities of the Audit Committee, and the significant accounting matters of the Group.

## Ng Boon Yew

*Chairman of the Audit Committee*

# Risk Identification and Management

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

The purpose of risk identification and management is to ensure that events that may adversely affect SOG's achievement of its business goals are identified promptly, contingency plans are laid, remedial actions, if required, are undertaken and responsibilities are properly distributed among decision-makers.

## Enterprise Risk Management System

SOG has implemented an Enterprise Risk Management ("ERM") system to identify and manage inter-dependencies between key risks, and how these are translated into management actions related to strategic and capital planning matters.

The following outlines the key processes in our ERM system:

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

On an annual basis, Management performs a Risk Refresher exercise to identify and assess the top ten (10) key risks of the Group. As our risk management approach is based on our understanding of our current risk exposure, appetite and external forces such as changes in business environment and technology, there are some changes in the ranking and new risks are identified to our top ten risks for FY 2017.

This section discusses the top ten key risks that have emerged in FY 2017 and which may have a significant impact on the Group's financial and operating performance. All stakeholders of the Company are advised to read these risks and take into consideration for decision making purposes.

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

Risk	Description of Risk	Impact to the Group	Likelihood of Occurrence	Risk Minimization Measures
		(Low, Medium, High)		

### Financial Risks

<p>1. <b>Different growth and investment strategies, and risk appetite among the leadership team resulting in ineffective business development and profitability of the Group</b></p> <p><b>[New risk in FY 2017]</b></p>	<p>The leadership team has diversified experiences and risk appetite for investments and the growth of the Group.</p> <p>The Group will have ineffective business development and affects the profitability if the investment and growth plans and strategies are executed inappropriately.</p>	<p><b>2017</b> Medium</p> <p>(FY 2016: Not applicable)</p>	<p><b>2017</b> Low</p> <p>(FY 2016: Not applicable)</p>	<p>The Board has an oversight role on all investments and the growth of the Group.</p> <p>The Board sets the policies and procedures, and corporate governance for all investment plans and strategies.</p> <p>Management will execute in accordance with such policies and procedures. Any deviations need to be justified to the Board for approval.</p>
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Risk	Description of Risk	Impact to the Group	Likelihood of Occurrence	Risk Minimization Measures
		(Low, Medium, High)		
<p><b>2. Loss of key personnel such as death, resignation or suspension of specialist medical practitioners</b></p>	<p>The Group will be adversely affected if any of our key personnel especially specialist medical practitioners are not able to consult, manage and treat our patients.</p>	<p><b>2017</b> High</p> <p>(FY 2016: High)</p>	<p><b>2017</b> Low</p> <p>(FY 2016: Low)</p>	<p>We recognise this as one of the key risks and have put in place succession and contingent plans such as recruiting new specialist medical practitioners of younger age groups.</p> <p>In FY 2017, we have recruited two young specialist medical practitioners:</p> <ul style="list-style-type: none"> <li>• Dr. Lim Xue Yan</li> <li>• Dr. Irene Teo</li> </ul> <p>On 30 January 2018, we announced the resignation of our former CEO, Dr. Ng Koon Keng. During the interim period, Dr. Lee Keen Whye, Executive Director of the Company, will assume the duties of the CEO. We would like to assure shareholders and potential investors that the Board has commenced the search for a new CEO and we will make an announcement when the new CEO is appointed.</p>
<p><b>3. Incorrect assumptions for investments, mergers, acquisitions or growth strategies resulting in poor returns or subsequent losses</b></p>	<p>All investments, mergers, acquisitions or growth strategies entails certain risks exposure and uncertainties.</p> <p>Some of these risks and uncertainties could have a direct significant impact to the Group's financial performance.</p>	<p><b>2017</b> Medium</p> <p>(FY 2016: Medium)</p>	<p><b>2017</b> Low</p> <p>(FY 2016: Low)</p>	<p>The Board has an oversight role on all investments, mergers and acquisitions presented by management.</p> <p>Due diligence will be conducted by independent professional firms for significant investments, mergers and acquisitions. Thereafter, management will then present the business case for the Board's review and approval.</p> <p>Management will also update the Board for future plans and growth strategies on a quarterly basis.</p>

# Risk Identification and Management

Risk	Description of Risk	Impact to the Group	Likelihood of Occurrence	Risk Minimization Measures
		(Low, Medium, High)		
<b>Operational Risks</b>				
<p><b>4. Professional malpractice and/or negligence by specialist medical practitioners or miscommunication on matters such as medical procedures and fees resulting in complaints from patients</b></p>	<p>The provision of healthcare services entails inherent risks of liability.</p> <p>While we have not been the subject of any material complaints, claims or regulatory actions arising from the provision of our healthcare services, we are exposed to the risks of the same being made against us, and the risks of litigation and potential liability arising from the conduct of our business and the provision of professional healthcare services.</p>	<p><b>2017</b> Medium</p> <p>(FY 2016: High)</p>	<p><b>2017</b> Low</p> <p>(FY 2016: Low)</p>	<p>All employees (including specialist medical practitioners) are constantly reminded to adhere to our Code of Conduct and Practices, and Code of Ethics, and treats our patients professionally and ethically.</p> <p>We have stringent processes to ensure we treat our patients professionally and ethically.</p> <p>We have a Medical Advisory Committee who oversees the governance and standards of the Group.</p>
<p><b>5. Expectation gaps particularly in aesthetic and dermatology business, creating patient dissatisfaction between the actual final result and result expected by patients</b></p>	<p>Gaps between meeting patient's expectations and what is actually possible in reality occur when there are too many demands placed on the specialist medical practitioners and/or the treatment.</p>	<p><b>2017</b> Medium</p> <p>(FY 2016: Medium)</p>	<p><b>2017</b> Low</p> <p>(FY 2016: Low)</p>	<p>In order to close or manage the expectation gaps, our specialist medical practitioners take the time to focus on the basics of management i.e. good communication.</p> <p>Our specialist medical practitioners also ensure that they undertake a two-way communication approach with their patients. It is also important to have a shared decision-making process where the specialist medical practitioner and patient make decisions together.</p>



Risk	Description of Risk	Impact to the Group	Likelihood of Occurrence	Risk Minimization Measures
		(Low, Medium, High)		
<b>6. Unforeseen complications during procedures or operations, negative feedback, breakdown of service quality such as patient care resulting in patient claims or loss of reputation</b>	Any negative comments or news such as complaints, allegations and legal actions against us will impact our reputation.	<b>2017</b> Medium  (FY 2016: Medium)	<b>2017</b> Low  (FY 2016: Low)	<p>We often conduct meetings to address ongoing operational issues and highlight the importance of key areas in our Code of Conduct and Practices, and Code of Ethics, and ensure our employees comply with these codes.</p> <p>Any non-compliance will result in disciplinary actions taken against the employee concerned.</p>
<b>7. Inability to attract new talent and retain existing talent</b>	<p>Our business operations is the provision of specialised medical services and healthcare professionals play a significant role.</p> <p>The demand for healthcare professionals is highly competitive in Singapore. If the Group is unable to recruit and retain sufficient healthcare professionals, it will impact our growth and sustainability.</p>	<b>2017</b> Low  (FY 2016: Low)	<b>2017</b> High  (FY 2016: High)	<p>We are continuously looking out for new talent especially specialist medical practitioners.</p> <p>We focus on staff retention and conduct employee feedback and townhall meetings to further understand the needs of our employees.</p> <p>Mutually beneficial terms in the employment contract will be an attraction for recruitment.</p>

## Risk Identification and Management

Risk	Description of Risk	Impact to the Group	Likelihood of Occurrence	Risk Minimization Measures
		(Low, Medium, High)		
<b>Operational Risks</b>				
<b>8. Lease renewals and relocation risks</b>	<p>Currently, we lease the premises of all of our medical clinics and corporate office. Upon the expiry of such lease terms, the landlords have the right to review and revise the terms and conditions of such lease agreements. Thus, we face the risk of an increase in rental or not being able to renew the leases on terms and conditions favourable to us or at all. Any increase in rental or relocation would increase our operating expenses and capital expenditures.</p>	<p><b>2017</b> Low</p> <p>(FY 2016: Medium)</p>	<p><b>2017</b> High</p> <p>(FY 2016: Medium)</p>	<p>We negotiate the terms and conditions of our lease agreements, at least 3 months, before the expiry of such lease terms. This is to ensure we have sufficient time to plan for relocation if the terms and conditions are not favourable.</p>
<b>Information Technology Risks</b>				
<b>9. Cyber security risks such as computer virus infections resulting in loss of data, and loss and/or leakage of patients' data and medical records</b>  <b>[New risk in FY 2017]</b>	<p>Cyber security is a major concern for all businesses in today's digital age.</p> <p>Any breaches of cyber security will pose undesirable threats and affect the business' brand positioning.</p>	<p><b>2017</b> Medium</p> <p>(FY 2016: Not applicable)</p>	<p><b>2017</b> Low</p> <p>(FY 2016: Not applicable)</p>	<p>We recognise the importance of having a strong cyber security infrastructure to defend our business from undesirable threats and maintain our brand positioning.</p> <p>We have put in place cyber security measures such as use of anti-virus software, put up of firewalls, perform updates of programs and systems regularly, use strong passwords and control access. Back up of data are also performed on a regular basis.</p>

Risk	Description of Risk	Impact to the Group	Likelihood of Occurrence	Risk Minimization Measures
		(Low, Medium, High)		
<b>Social and Environmental Risks</b>				
10. <b>Occurrence of major events such as infectious diseases, haze, uncertain global economic outlook resulting in lower patients visitations</b>	<p><u>Infectious diseases and haze</u> Outbreak of infectious diseases like Zika virus, Severe Acute Respiratory Syndrome, Middle East Respiratory Syndrome or any other contagious or virulent diseases like influenza (H5N1 and H7N9) or bird flu and haze, could have a material adverse impact on our operations and the health of our patients and their families.</p> <p><u>Other events such as uncertain global economic outlook</u> Our Group may be adversely affected by the uncertain economic outlook which will result in decline in the number of expatriates, immigrants and medical tourists to Singapore.</p>	<p><b>2017</b> Medium</p> <p>(FY 2016: Medium)</p>	<p><b>2017</b> Low</p> <p>(FY 2016: Low)</p>	<p><u>Infectious diseases and haze</u> Guidelines are in place both at the macro (MOH has stringent guidelines on preparedness) and micro, and clinic level.</p> <p>Employees are instructed on the procedures in such situations to protect our patients, their families and themselves.</p> <p>Contingent plans to tackle outbreak of infectious diseases are drawn up to help our clinics manage such risks.</p> <p><u>Other events such as uncertain global economic outlook</u> The Group will continue to focus on our domestic market and increase our local patient pool. We are constantly exploring different channels to reach out to new patients to gain market share.</p> <p>In view that most of our patients can use Medisave and/or insurance, the impact is lessened.</p>

# Sustainability Report

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

## Scope of this Report

<b>Reporting Boundaries and Standards</b>	<p>The Report is prepared in accordance with the international reporting framework, Global Reporting Initiative (“GRI”) Standards: Core Option, for defining report content, including:</p> <ul style="list-style-type: none"> <li>» <b>Materiality:</b> Focusing on issues that impact business growth and are of utmost importance to stakeholders;</li> <li>» <b>Stakeholder Inclusiveness:</b> Responding to stakeholder expectations and interests;</li> <li>» <b>Sustainability Context:</b> Presenting performance in the wider context of sustainability; and</li> <li>» <b>Completeness:</b> Including all information that is of significant economic, environmental and social impact to enable stakeholders to assess the Company’s performance.</li> </ul> <p>For reference to the GRI Content Index, please refer to Page 82.</p> <p>We use a consolidated operating approach to determine organisational boundaries. Our data is an aggregation of all our clinics and corporate office in Singapore, and our base year is FY 2016.</p>
<b>Report Period and Scope</b>	<p>This report covers data and information from 1 January 2017 to 31 December 2017 and discusses SOG’s achievements and performance towards Environmental, Social and Governance (“ESG”) issues.</p> <p>This report has been prepared in accordance to the GRI Standards: Core Option.</p>
<b>External Assurance on this Report</b>	<p>This report has not been audited by external auditors.</p> <p>However, we will consider seeking external assurance for our future sustainability reports to build trust and confidence in the areas of governance, management and stakeholder relations.</p>
<b>Accessibility</b>	<p>SOG continues to print only limited copies of our annual report as part of our environmental conservation efforts.</p> <p>Current electronic editions of the report is available at <a href="http://www.sog.com.sg">www.sog.com.sg</a></p>

## Our Strategic Approach to Sustainability

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

Our sustainability efforts are led by the Board of Directors and senior management who ensures that the Company’s business objectives are in line with our commitments to sustainable development. Senior management updates the Board of Directors on key performance and developments, at least on an annual basis.



The Board of Directors and senior management determined material topics where SOG can have the greatest economic, environmental and social impact, as well as the topics that are most important to our stakeholders. The Board also reviews and approves our annual report, which includes our sustainability report.

# Sustainability Report

## Stakeholders' Engagement

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

During the year, SOG engaged our key stakeholders through the following ways:

- » Conducted informal feedback sessions with some of our patients and their families.
- » Conducted meetings and interviews with various working groups, consisting of our specialist medical practitioners, clinical and management staff, and independent directors.
- » Engaged in conversations with current and potential investors especially institutional fund managers.

Our patients and their families are our top priority and we are committed to do the best for them through the Group's beliefs:

- » To create joy by bringing new healthy lives (babies) into the world.
- » To enhance, preserve and extend lives by treating and managing our patients and their families using only evidence-based medicine.
- » With sincerity, empathy and professionalism, to add value to our patients and their loved ones, and in turn create a culture of oneness among our colleagues and all those associated with SOG.

## Defining Our Materiality Issues

With the top ten risks identified in our Risk Refresher exercise in FY 2017 (please refer to Page 36), and from the results of our engagement with key stakeholders, we have performed a materiality analysis to identify challenges and issues that are important to our stakeholders and which are relevant to our businesses today and in the future.

Our material issues are identified and marked on the materiality matrix taking into consideration of the following:

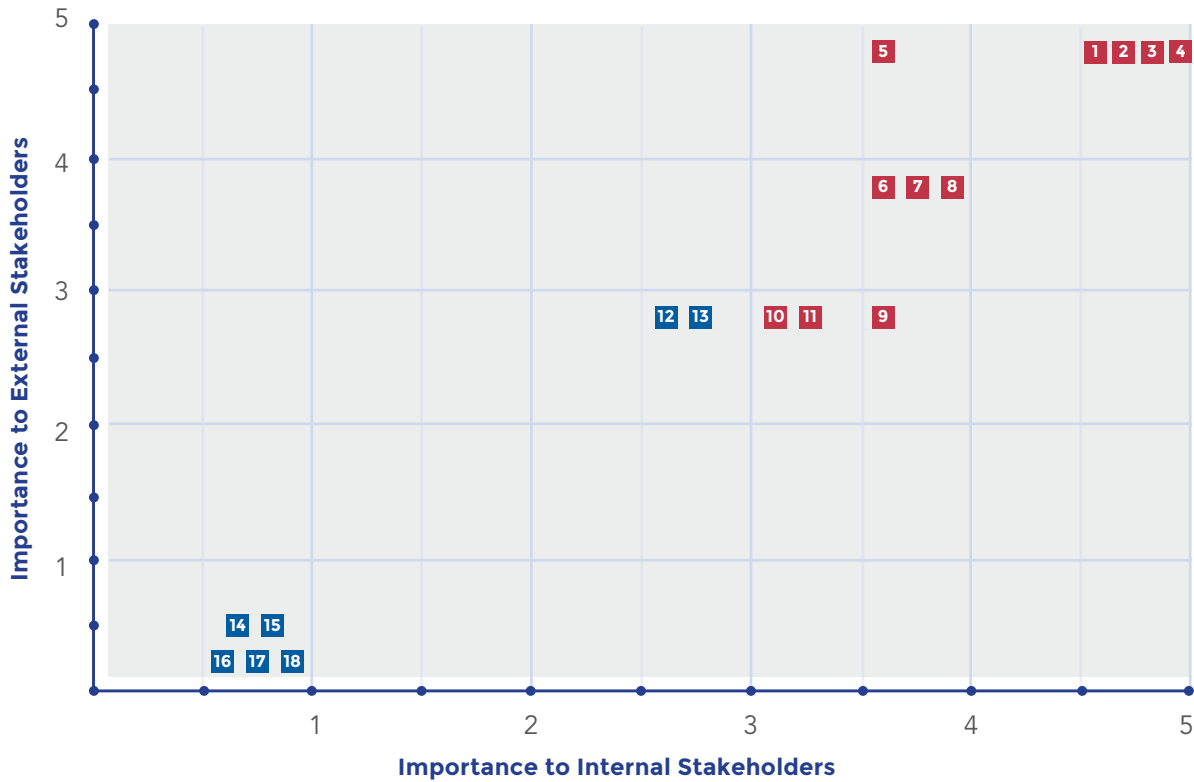
1. Those risks ranked as high impact and likelihood of occurrence to the Group, and
2. Those that are ranked as high and critical by both our internal and external stakeholders for sustainability issues.

Accordingly, we focus our sustainability efforts and reporting on these issues.

We have identified and compiled eighteen (18) relevant sustainability issues for developing this report. These issues were further deliberated and narrowed down through our engagement process with stakeholders. The senior management then reviewed the list of issues, identified and prioritised eleven (11) material issues based on importance to our stakeholders and the sustainability impact to our businesses.



## Our Materiality Matrix



Issue	Page	Issue	Page
1. Legal compliance and corporate governance	49	10. Biohazard and medical waste management	74
2. Service quality and responsibility	73	11. Supply chain and procurement practices	73
3. Patients and community engagement	74	12. Wages and local hiring	-
4. Health and safety	74	13. Business partners engagement	-
5. Economic contribution to society	49	14. Energy management	-
6. Anti-corruption and anti-fraud	72	15. Certified green clinic/office interior	-
7. Training and staff development	76	16. Environmental impact assessment and mitigation	-
8. Labour-management relations	78	17. Water conservation	-
9. Diversity and equal opportunities	78	18. Climate change and emission	-

# Sustainability Report

## Accountability to Stakeholders

In determining our stakeholders, we look at who are the individuals, groups or organisations that affect and/or could potentially be affected by our business activities, products or services, and associated performance.

We strive to be a corporate responsible citizen by working closely with our key stakeholders to understand their concerns and feedback. The stakeholder engagement provides valuable information for our sustainability reporting, particularly in determining the material environmental and social issues.

We will continue to engage our stakeholders more extensively and through different engaging channels to gather feedback and identify areas that are material, sustainable and necessary for future development.

Our Key Stakeholders	How We Engage Them	Key Topics / Concerns Discussed	Our Responses
<b>Our patients and their families</b>	<ul style="list-style-type: none"> <li>» Adhoc informal feedback from our patients and their families to our specialist medical practitioners and clinical staff</li> <li>» Annual public forum organised by SOG</li> <li>» Adhoc informal surveys conducted by management staff</li> </ul>	<ul style="list-style-type: none"> <li>» Medical-related topics in treating certain medical conditions and issues</li> <li>» Patient care and customer service satisfaction</li> </ul>	<p>Our specialist medical practitioners provides:</p> <ul style="list-style-type: none"> <li>» Proper explanation of the medical conditions and issues, and the required treatment and procedures for their patients</li> <li>» Ensure good patient care and satisfactory customer service to our patients and their families</li> </ul>
<b>Shareholders and Financial Community</b>	<ul style="list-style-type: none"> <li>» Quarterly results briefing</li> <li>» Annual General Meeting</li> <li>» Adhoc emails and tele-conferences</li> </ul>	<ul style="list-style-type: none"> <li>» Financial results</li> <li>» Key business developments such as recruitment of new specialist medical practitioners and acquisitions</li> <li>» Investor relations</li> </ul>	<ul style="list-style-type: none"> <li>» Publish concise and clear financial statement announcements</li> <li>» Update our key business developments on a timely basis via SGXNET</li> <li>» Adhere to our investor relations policies and procedures</li> </ul>



Our Key Stakeholders	How We Engage Them	Key Topics / Concerns Discussed	Our Responses
<b>Employees (including specialist medical practitioners)</b>	<ul style="list-style-type: none"> <li>» Adhoc townhall meetings</li> <li>» Annual performance appraisals</li> <li>» Adhoc team bonding and company events</li> <li>» Adhoc internal communication through emails and social media</li> </ul>	<ul style="list-style-type: none"> <li>» Patient care and customer service satisfaction</li> <li>» Staff performance and skills</li> <li>» Information update by management</li> <li>» Staff morale</li> </ul>	<ul style="list-style-type: none"> <li>» Continuously review our internal clinical policies and procedures to ensure patient care and customer service satisfaction</li> <li>» Provide regular feedback to staff in relation to their performance</li> <li>» Provide updates on the Group's direction and future plans</li> <li>» Continuously review our staff morale and have two-way communication to understand their problems</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>» Adhoc regular meetings</li> <li>» Adhoc emails and teleconferences</li> </ul>	<ul style="list-style-type: none"> <li>» Feedback on their products and services</li> <li>» Information of their new products or services</li> </ul>	<ul style="list-style-type: none"> <li>» Gather feedback from our patients and their families and pass on the feedback to our suppliers for improvement</li> <li>» Obtain clarifications or understanding of their products or services</li> </ul>
<b>Government and Regulatory Agencies</b>	<ul style="list-style-type: none"> <li>» Adhoc consultations</li> <li>» Adhoc discussions</li> </ul>	<ul style="list-style-type: none"> <li>» Regulatory and industry standards and guidelines</li> </ul>	<ul style="list-style-type: none"> <li>» Obtain clarifications or understanding of the new or revised regulatory and industry standards and guidelines</li> </ul>
<b>Local Community</b>	<ul style="list-style-type: none"> <li>» Annual community outreach activities such as SOG Community Day</li> </ul>	<ul style="list-style-type: none"> <li>» Partner with local not-for-profit charitable organisations to identify the target beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>» Identify the beneficiaries and the needs and support required</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>» Quarterly financial statement announcements and adhoc press releases</li> <li>» Adhoc communication through emails and teleconferences</li> </ul>	<ul style="list-style-type: none"> <li>» Financial results</li> <li>» Key business developments such as recruitment of new specialist medical practitioners and acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>» Ensure timely communication of our financial results, key business developments and any other reportable matters</li> </ul>

## Our Sustainability Value Model



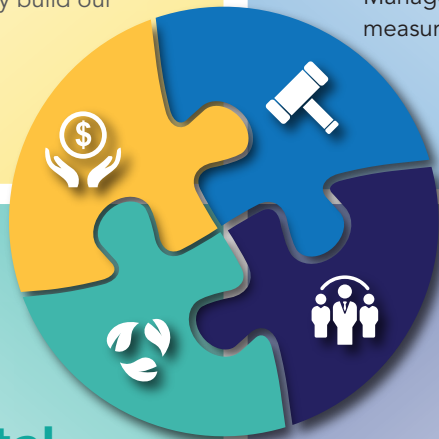
### Economic

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



### Legal Compliance and Corporate Governance

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



### Environmental

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



### Social

#### Employees (including Specialist Medical Practitioners)

- » **Recruitment and retention of talent** includes grooming them through mentorship, talent development and retention, and grievance mechanism.
- » **Occupational health and safety** implies adherence to government regulations such as Private Hospitals and Medical Clinics Act, Nurses and Midwives Act, Medicine Act, Singapore Medical Council Ethical Code and Ethical Guidelines.
- » **Personnel development** focuses on key performance indicators, trainings, employee feedback and conducting townhall meetings.

#### Community

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

## Economic

Currently, we operate thirteen (13) clinics in Singapore. Each clinic is operated by one of our specialist medical practitioners and overseen by SOG Corporate Office. We work closely with our specialist medical practitioners and clinical staff to identify and consider any sustainability opportunities and risks that may arise.

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

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

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

Our business model focuses on cost leadership without compromising our service level and priority on patient's care. We seek organic growth from the existing pool of specialist medical practitioners as well as through the acquisition of new synergistic businesses that reap good returns. For our new junior specialist medical practitioners, we seek to groom and grow them through the mentorship of our senior specialist medical practitioners as part of the Group's succession planning. Please refer to "Recruitment and Retention of Talents" on Page 75 for further discussion.

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

In today's highly volatile and complex business environment, SOG has gone beyond sustaining earnings to diligently embrace prudent financial management, capitalise on our assets and investments, and remain focus on our growth and sustainability strategies, in enhancing shareholders' value.

For more information on SOG's financial performance, please refer to Page 10.

## Legal Compliance and Corporate Governance

Legal compliance and corporate governance have always been one of the top priorities for SOG. The decision making process in SOG is strictly in line with legal and regulatory requirements, and in compliance with the Code of Corporate Governance issued by Monetary Authority of Singapore and the regulations and guidelines issued by Ministry of Health.

On 26 December 2017, the Company announced the resignation of the Lead Independent Director, Mr. Christopher Chong ("**Mr. Chong**"), due to personal reasons. In the same announcement, it was mentioned 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 ("**Dispute**"). As part of our commitment towards good corporate governance practices, the Company has kept the necessary government and regulatory agencies fully apprised of the investigation and the replies received from Mr. Chong during the Dispute.

On 6 March 2018, the Company updated the shareholders that the Company and Mr. Chong have, 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.

On 1 February 2018, the Company announced the appointment of Mr. Ng Boon Yew ("**Mr. Ng**") as the new Lead Independent Director, Chairman of the Audit Committee and member of the Nominating and Remuneration Committees. Please refer to Page 103 for the qualification, experiences and directorships of Mr. Ng.

Notwithstanding the above Dispute, the Group has not received any correspondences or notifications in relation to any non-compliance of legal and regulatory requirements or the Code of Corporate Governance from any government and regulatory agencies in FY 2017. Neither has the Audit Committee received any whistleblowing letters during the year.

For further details on Corporate Governance, please refer to Page 109.

# Sustainability Report

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

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for Not Achieving Maximum Points
<b>A. Board Responsibilities - 35%</b>					
<b>1.</b>	<b>Board size</b>				
(a)	Number of directors on board	<b>1</b>	1	If the Board comprises of at least 6 members but not more than 11.	Not applicable
<b>2.</b>	<b>Board independence</b>				
(a)	Proportion of independent directors on board	<b>2</b>	3	3 points, if proportion of independent directors on board is more than 50%.	The Company will consider appointing an additional independent director in the future to enhance its Board's independence.
(b)	Number of directors on board			2 points, if proportion of independent directors on board is equal to 50%.	
(c)	Number of independent directors on board				
<b>3.</b>	<b>CEO-Chairman separation</b>				
(a)	Is the chairman an independent director?	<b>1</b>	3	3 points, if chairman is independent,	The Chairman is not an Independent Director but the Company has appointed a Lead Independent Director. Given the nature of our business which is bespoke in nature, our Executive Chairman needs to have hands on understanding of the business. In order to provide further checks and balances, the Group has appointed a Lead Independent Director.
(b)	If the answer to the above is no, is the chairman a non-executive director and not related to the CEO?			2 points if chairman is non-independent and lead independent director is appointed,	
(c)	If chairman is the CEO, is related to the CEO, is a controlling shareholder or is an executive director, does the company have a lead independent director?			1 point, if chairman is executive and lead independent director is appointed.	

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for Not Achieving Maximum Points
<b>4.</b>	<b>Board competencies</b>				
(a)	Does at least one of the independent directors have experience in the industry the company is in?	<b>1</b>	1		
(b)	Does the company disclose a board diversity policy?	<b>1</b>	1		The Company discloses its Board Diversity Policy Statement together with the measurable objectives in the Annual Corporate Governance Report and on our website.
(c)	Does the company disclose the orientation programmes for new directors?	<b>1</b>	1		The Nominating Committee has made recommendation to provide an in-house training and preliminary courses to the existing and new directors.  The new directors will also receive a director's pack from the Company when he comes onboard.
<b>5.</b>	<b>Board duties and responsibilities</b>				
(a)	Does the company clearly state the roles and responsibilities of the board of directors?	<b>1</b>	1		The principal functions of the Board and matters reserved for the Board are clearly stated and disclosed in the Annual Report.
<b>6.</b>	<b>Board and committee meetings</b>				
(a)	How many times did the board meet during the year?	<b>1</b>	1	1 point, if the board meets at least 6 times during the year.	In FY 2017, the Board has 6 meetings.  During the year, the Board also had on numerous occasions used circular resolutions in writing to approve certain decisions.

# Sustainability Report

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for Not Achieving Maximum Points
(b)	How many times did the remuneration and nomination committee meet during the year?	1	1	If the remuneration and nominating committee each meets at least 2 times during the year.	In FY 2017, the Remuneration and Nominating Committee each met 2 times and used circular resolutions in writing to approve certain decisions.
(c)	How many times did the audit committee meet during the year?	1	1	1 point, if the audit committee meets at least 4 times during the year.	In FY 2017, the Audit Committee met 4 times.
(d)	Is individual director attendance at board and committee meetings given?	1	1		
<b>7.</b>	<b>Nominating Committee</b>				
(a)	Number of members in the committee	1	1		The Nominating Committee has three members, including the Chairman, who are Independent Directors.
(b)	Number of independent members in the committee				
(c)	Is the Chairman independent?				
(d)	Does the company set limits on the number of directorships that can be held?	1	1		The Company has set a limit of six (6) directorships.
<b>8.</b>	<b>Selection of directors</b>				
(a)	Is the skills/experience sought disclosed?	1	1		The resume of candidates were circulated to the Nominating Committee and the Board for review.
(b)	Is the process followed disclosed?	1	1		The Nominating Committee oversees and reviews the director selection process prior to the recommendation to the Board. The Board approves the appointment of Director.

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for Not Achieving Maximum Points
<b>9.</b>	<b>Board and individual director appraisal</b>				
(a)	For board appraisal, is the process disclosed in detail?	<b>1</b>	1		Each of the Directors of the Company is required to complete an annual board performance evaluation form after the financial year end. A summary report will be tabled at the Nominating Committee for review and discussion. The feedback, comments and recommendations by the Directors will be discussed constructively by the Nominating Committee and the Board.
(b)	For board appraisal, is the criteria disclosed?	<b>1</b>	1		As per the criteria set in Performance Evaluation Sheet and Self-Assessment checklist.
(c)	For individual director appraisal, is the process disclosed in detail?	<b>1</b>	1	Both the questions should be "Y", in order to get 1 point.	Each of the Directors of the Company is required to complete an annual individual performance assessment form after the financial year end. A summary report will also be tabled at the Nominating Committee meeting for review and discussion.
(d)	For individual director appraisal, is the criteria disclosed?				
(e)	Does the company conduct an annual performance assessment of the board committee?	<b>1</b>	1		
<b>10.</b>	<b>Remuneration Committee</b>				
(a)	Number of members in the committee	<b>1</b>	1		The Remuneration Committee has three members, including the Chairman, who are Independent Directors.
(b)	Number of independent members in the committee				
(c)	Is the chairman independent?				

# Sustainability Report

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for Not Achieving Maximum Points
<b>11.</b>	<b>Executive director/Top 5 executives' remuneration</b>				
(a)	Is the remuneration of executive directors disclosed? (E=Exact, B1=Bands of \$100K or less with upper limit, B2=Bands of between \$100K-\$250K with upper limit, B3=Bands of \$250K with upper limit, ND=Not disclosed)	<b>2</b>	2		Rounded to nearest S\$1.
(b)	Is the remuneration of CEO disclosed? (E=Exact, B1=Bands of \$100K or less with upper limit, B2=Bands of between \$100K-\$250K with upper limit, B3=Bands of \$250K with upper limit, ND=Not disclosed)	<b>1</b>	1		
(c)	Is the remuneration of top 5 executives disclosed? (E=Exact, B1=Bands of \$100K or less with upper limit, B2=Bands of between \$100K-\$250K with upper limit, B3=Bands of \$250K with upper limit, ND=Not disclosed)	<b>1</b>	2	2 points, if exact remuneration of key executives is disclosed,  1 point, if the disclosure is in \$250K bands, and the total remuneration of key executives and key executives' names are provided.	There are only 3 senior management. Their remuneration is shown in bands due to commercial sensitivities.
(d)	Are the names of the top 5 executives given?				
(e)	Is the aggregate remuneration paid to the top 5 key management personnel disclosed?				
(f)	Are short-term incentives used?	<b>-</b>	1		



Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for Not Achieving Maximum Points
(g)	Are long-term incentives used?	-	1		
(h)	Does the company disclose information on the link between remuneration paid to the executive directors and key management personnel, and performance?	1	1		
(i)	Does the Remuneration Committee periodically seek remuneration consultants' advice on remuneration matters for directors?	1	1		
<b>12.</b>	<b>Non-Executive director fees</b>				
(a)	Is the fees of non-executive directors disclosed? (E=Exact, ND=Not disclosed)	1	1		
(b)	Is the fee structure disclosed?	1	1		
<b>TOTAL: SECTION A</b>		<b>29</b>	<b>35</b>		

# Sustainability Report

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for Not Achieving Maximum Points
<b>B. Rights of Shareholders - 20%</b>					
<b>1.</b>	<b>Fundamental shareholder right</b>				
(a)	Does the company pay dividend (final/annual/interim/special dividends) to all its shareholders within 30 days after the declaration of dividends and/or after shareholders' approval of final dividends at shareholder general meetings?	<b>1</b>	1		
<b>2.</b>	<b>Right to participate effectively and vote in general shareholder meetings</b>				
(a)	Do shareholders have the opportunity, evidenced by an agenda item, to approve remuneration (fees, allowances, benefit-in-kind and other emoluments) or any increases in remuneration for the non-executive directors?	<b>1</b>	1		The Company seek Shareholders' approval for Independent Directors' fees.
(b)	Does the company disclose the voting and vote tabulation procedures used, declaring both before the meeting proceeds?	<b>1</b>	1		
(c)	Do shareholders have opportunities to ask questions in the latest AGM, and does the meeting minutes record details of shareholders' questions and answers?	<b>1</b>	1		Yes. The Company will prepare the minutes of the AGM that include substantial and pertinent comments or queries raised by shareholders relating to the agenda of the meetings and responses from the Board and the Management. The minutes of the AGM is published to the public shareholders via SGXNET on the day of the AGM together with the Corporate Presentation slides that were presented to the shareholders at the AGM.

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for Not Achieving Maximum Points
(d)	Does the company disclose the appointment of an independent party (scrutineers/inspectors) to count and validate the votes at the AGM?	2	2		
(e)	Does the company disclose the attendance of the chairman of the Board at the latest AGM?	1	1	Both the questions should be "Y", in order to get 1 point.	
(f)	Does the company disclose the attendance of the CEO/Managing Director at the latest AGM?				
(g)	Is poll voting used, instead of show of hands, for all resolutions at the latest AGM?	2	2		All resolutions in AGM are voted by poll.
<b>3.</b>	<b>Conduct of interested party transactions ("IPTs") and management of conflicts of interest</b>				
(a)	Does the company disclose policy that requires directors of the board to refrain from participation in board discussions and decision making process on a particular agenda when they have conflicts of interest?	1	1		
(b)	Does the company ensure that IPTs are conducted fairly and on arm's length basis?	2	2		
<b>4.</b>	<b>Institutional investors</b>				
(a)	Does the share ownership of institutional investors, other than controlling shareholders, exceed 5%?	1	1		

# Sustainability Report

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for Not Achieving Maximum Points
<b>5.</b>	<b>Shareholder participation</b>				
(a)	Does the company disclose that it allows shareholders who hold shares through nominees to appoint more than two proxies or to attend AGMs as observers without being constrained by the two-proxy rule?	<b>1</b>	1		
(b)	Does the company disclose detailed information on each agenda item for the AGM in the Notice?	<b>1</b>	1		
(c)	Does the company publish detailed information of the vote results?	<b>1</b>	1		
(d)	Are all the directors required to stand for re-election at least once every three years?	<b>1</b>	1		
(e)	Do shareholders or the board of directors approve the remuneration of the executive directors and/or the senior executives?	<b>1</b>	1		
<b>6.</b>	<b>Dividend payment</b>				
(a)	If dividends are paid, is there disclosure of company's policy on payment of dividends?	<b>2</b>	2		
(b)	If dividends are not paid, is there disclosure of reasons for not paying out dividends during the financial year?				
<b>TOTAL: SECTION B</b>		<b>20</b>	<b>20</b>		

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for Not Achieving Maximum Points
<b>C. Engagement of Stakeholders - 10%</b>					
<b>1.</b>	<b>Rights of stakeholders established through law and mutual agreements upheld</b>				
<b>1.1</b>	<b>Does the company disclose a policy and its relevant activities that:</b>				
(a)	Specify company's efforts to ensure customers' (patients') health and safety?	<b>1</b>	1		
(b)	Demonstrate the company's attempts to employ eco-friendly and sustainable value chain processes?	<b>1</b>	1		
(c)	Describe the company's interaction and cooperation with the relevant communities?	<b>1</b>	1		
(d)	Describe the company's anti-corruption programmes and procedures?	<b>1</b>	1		
(e)	Explain how the company protects creditors' rights?	<b>1</b>	1		
<b>2.</b>	<b>Stakeholders' avenue for redress for violation of rights</b>				
<b>2.1</b>	<b>Performance enhancing mechanisms for employee participation</b>				
(a)	Does the company disclose relevant policy to ensure the health, safety and welfare of its employees?	<b>1</b>	1		

# Sustainability Report

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for Not Achieving Maximum Points
(b)	Does the company provide training and development programmes for its employees?	1	1	Company should disclose both the details of the training and development programmes and relevant data on training and development programmes undergone by its employees.	
(c)	Does the company publish relevant results of such training and development programmes that its employees participated in?				
<b>3.</b>	<b>Stock options</b>				
(a)	Is the vesting period for stock options/ PSP (Performance Share Plan) 3 years or more?	-	1		Not applicable to the Company as SOG Employee Share Option Scheme and SOG Performance Share Plan were approved on 6 May 2015. As of to-date, no option or award is granted.
<b>4.</b>	<b>Whistleblowing policy</b>				
(a)	Does the company have a whistleblowing policy?	1	1		Yes. Reviewed by the Audit Committee.
(b)	If the answer to the above is yes, are key details of the policy disclosed and is anonymous reporting allowed?	1	1		
<b>TOTAL: SECTION C</b>		<b>9</b>	<b>10</b>		
<b>D. Accountability and Audit - 10%</b>					
<b>1.</b>	<b>Composition of the audit committee</b>				
(a)	Are all the audit committee members independent?	2	2	2 points, if all the members are independent,	The Audit Committee has three members and is chaired by the Lead Independent Director. All members are Independent Directors.
(b)	If the answer to the above is no, are the audit committee members non-executive with an independent chairman?			1 point if all the audit committee members are non-executive with an independent chairman.	

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for Not Achieving Maximum Points
(c)	Does the majority of the audit committee members have an accounting or finance background?	1	1		
(d)	Does the audit committee chairman have an accounting or finance background?	1	1		
<b>2.</b>	<b>Risk management and internal control system</b>				
(a)	Is there disclosure of the process and framework used to assess the adequacy of risk management and internal control systems?	1	1		
(b)	Is there disclosure that the internal auditor meets or exceeds the Institute of Internal Auditors standards?	1	1		
(c)	Does the annual report have a statement by the board or audit committee on the adequacy of the risk management and internal control systems (including operational, financial compliance, and information technology)?	1	1		
(d)	Does the company identify the in-house head/team of internal audit or the name of the external firm that conducts its internal audit?	1	1		Internal audit functions are outsourced to reputable and adequately resourced firm.

# Sustainability Report

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for Not Achieving Maximum Points
(e)	Is there a CEO/CFO certification of financial statements?	1	1	Both questions should be "Y", in order to get 1 point.	
(f)	Is there an assurance from the CEO and the CFO regarding the effectiveness of the company's risk management and internal control systems?				
<b>3.</b>	<b>External auditor and auditor report</b>				
(a)	Is the Audit Committee primarily responsible for proposing the appointment and removal of the external auditor?	1	1		
<b>TOTAL: SECTION D</b>		<b>10</b>	<b>10</b>		
<b>E. Disclosure and Transparency - 25%</b>					
<b>1.</b>	<b>Transparent ownership structure</b>				
(a)	Does the company disclose the direct and indirect (deemed) shareholdings of directors?	1	1		
<b>2.</b>	<b>Quality of Annual Report</b>				
<b>2.1</b>	<b>Does the company's annual report disclose the following items:</b>				
(a)	Corporate objectives	1	1		
(b)	Financial performance indicators	1	1		
(c)	Non-financial performance indicators	1	1		



Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for Not Achieving Maximum Points
(d)	Key risks (including operational risks) and how these risks are assessed and managed	1	1		
<b>3.</b>	<b>Disclosure of related party transactions ("RPTs") and interested person transactions ("IPTs")</b>				
(a)	Does the company disclose a detail policy that sets out procedures for the review and approval of material/ significant IPTs?	1	1		
(b)	For each material/ significant IPT, does the company identify all related parties and its relationship with each party?	1	1	Both the questions should be "Y", in order to get 1 point.	
(c)	For each material/ significant IPT, does the company disclose the nature and value of each transaction?				
(d)	Does the company disclose the type of material transactions that require board approval?	1	1		
<b>4.</b>	<b>Directorships/ Chairmanships in listed companies</b>				
(a)	Is there disclosure of all the directorships and chairmanships held by its directors at present and over the past 3 years?	2	2	Disclosure of 3 years = 2 points, Disclosure of only current year = 1 point.	The Company discloses all the directors and chairmanships held by its directors at present and over the past 5 years.
(b)	Is there disclosure of only the current directorships and chairmanships held by its directors?				

# Sustainability Report

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for Not Achieving Maximum Points
<b>5.</b>	<b>Timeliness of release of results</b>				
(a)	Financial year end	<b>2</b>	3	3 points, if released within 30 days,  2 points, if financial statements released within 31-60 days.	The Group released its financial results within 45 days and is significantly faster than the required 60 days.  As the Board requires the results to be reviewed by the Auditors prior to announcement, it is highly unlikely that the Group's results will be announced within 30 days.
(b)	Results release date				
(c)	Number of days taken to release the results				
(d)	Does the company release its audited annual/financial report no later than 60 days from the company's financial year end?	-	1		As the announcement is released after 30 days, it is highly unlikely for the Group to release its audited annual/financial report no later than 60 days from the Company's financial year end.
<b>6.</b>	<b>Medium of communication</b>				
<b>6.1</b>	<b>Does the company use the following modes of communication?</b>				
(a)	Analyst's briefing	<b>1</b>	1	At least either of the questions should be "Y" to get 1 point.	
(b)	Media briefing/press conferences				
<b>6.2</b>	<b>Corporate website</b>				
(a)	Are details of its code of conduct or ethics disclosed?	<b>1</b>	1		
(b)	Is the link provided on the SGX website and/or annual report?	<b>1</b>	1		

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

# Sustainability Report

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for Not Achieving Maximum Points
(b)	Does the company carry out adequate investor relations policy in order to ensure regular and effective convey of pertinent information to shareholders?	1	1		
<b>TOTAL: SECTION E</b>		<b>23</b>	<b>25</b>		
<b>TOTAL BASE SCORE (A, B, C, D, E)</b>		<b>91</b>	<b>100</b>		
<b>ADD: BONUSES</b>					
1.	Having a positive Corporate Governance confirmation	3	3		
2.	Disclosing information on the succession planning for the board and senior management	-	3		
3.	Having a board-level risk committee comprising independent directors	3	3		The Audit Committee also oversees the risk management framework of the Company.
4.	Having a comprehensive description of how the company assesses the independence of its directors and independent director should be independent from major shareholders	3	3		The Nominating Committee assessed the Independent Director's independence based on the Code of Corporate Governance guidelines.
5.	Having a policy which prevents non-executive directors from selling stock prior to leaving the company	2	2		
6.	Publishing an annual sustainability report	3	3		The Group has published an annual sustainability report and included in its Annual Report since FY 2016.
7.	Reducing share issue mandate	-	5		Currently, the Company has not reduced its share issue mandate. The Company may consider of reducing its share issue mandate in the near future.

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for Not Achieving Maximum Points
8.	Having a share trading policy which requires board approval for trading by directors and disclosing the policy	-	3		Currently, each director is required to inform the Company of any trading of shares of the Company. The Company will consider to implement a share trading policy in the near future.
9.	Setting the risk tolerance, or having a risk management policy describing the tolerance for various classes of risk by the board	2	2		The Group has implemented an Enterprise Risk Management framework and performed a risk refresher in FY 2017.
10.	All directors attended the latest AGM	3	3		
11.	External search done when appointing new directors	3	3		With the resignation of the former Lead Independent Director, Mr. Christopher Chong Meng Tak, the Company has carried out external search and background checks on the candidates before appointing the new Lead Independent Director, Mr. Ng Boon Yew.
12.	Disclosing detailed information on director training	3	3		
13.	Publishing its notice of AGM (with detailed agendas and explanatory circulars) at least 28 days before the meeting date	-	3		
14.	Adopting integrated reporting in its Annual Report	2	2		The Group has prepared its FY 2017 Annual Report based on the combined reporting format with a section on "Sustainability Report".

# Sustainability Report

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for Not Achieving Maximum Points
15.	Having assurance from the Board and/or the Remuneration Committee that the level and structure of remuneration align with the long-term interests and risk management policies of the company	2	2		
<b>TOTAL: BONUS SECTION</b>		<b>29</b>	<b>43</b>		
<b>LESS: PENALTIES</b>					
1.	Non-disclosure of director information	N/A			
2.	Tenure of independent directors (points)	N/A			
3.	Number of directorships held by independent directors	N/A			
4.	Number of external directorships held by CEO and Executive Directors	N/A			The external directorships are disclosed for CEO and Executive Directors.
5.	Presence of board interlocks	N/A			
6.	Same independent directors sitting on the nominating, remuneration and audit committee	N/A			With the appointment of the new Lead Independent Director, the Board and Board Committees have been re-constituted on 1 February 2018. The Company does not have same independent directors sitting on the nominating, remuneration and audit committee.
7.	CEO/MD/ED not subject to re-election	N/A			
8.	The Lead Independence Director ("LID"), if any, is not on the Nominating Committee or the LID failed to meet other independent directors separately	N/A			

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for Not Achieving Maximum Points
9.	Issuance of a profit warning within 30 days after the IPO or after a results announcement	N/A			
10.	Earnings restatements	N/A			
11.	Frequent turnover of senior management (CEO, Executive Directors & CFO) – More than one change within a year	N/A			
12.	Resignation of senior management (CEO, Executive Directors & CFO) without adequate disclosure of information regarding the circumstances, search for replacement and expected time frame for appointing a new person	N/A			<p>On 30 January 2018, the Company announced the receipt of a Letter of Resignation from Dr. Ng Koon Keng to resign as CEO of the Company to pursue other interests with effect from 31 January 2018.</p> <p>In the same announcement, the Company mentioned that the Board has commenced the search for a new CEO and will make announcement when the new CEO is appointed. In the meantime, Dr. Lee Keen Whye, Executive Director of the Company, will assume the duties of the CEO until a new CEO has been appointed.</p>
13.	Other directors resigning without disclosure of reasons	N/A			<p>On 26 December 2017, the Company announced the resignation of Lead Independent Director, Mr. Christopher Chong (“<b>Mr. Chong</b>”), due to personal reasons.</p> <p>In the same announcement, it was stated 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.</p>

# Sustainability Report

Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for Not Achieving Maximum Points
14.	Appointments or resignation of independent directors which are closely linked to controlling shareholders	N/A			
15.	Directors or senior management resigning and raising corporate governance-related concerns	N/A			
16.	External auditors unable to issue an opinion or raises red flag, allegations of fraud reported, unauthorised trading	N/A			
17.	Breach of listing rules	N/A			
18.	Retention or appointment of directors or senior management who have been subjected to regulatory actions	N/A			
19.	Significant interested party transactions involving major shareholders, directors or senior management or evidence of serious conflicts of interest (points)	N/A			
20.	Issue of share options to independent directors	N/A			
21.	Issue of share options when stock prices are at or near year end lows	N/A			
22.	Late announcement of stock option grants (points)	N/A			
23.	Investor relations issues	N/A			



Section	Questions	Self Assessment	Maximum Points	Guidelines	Reasons for Not Achieving Maximum Points
24.	Appointment of alternate IDs, insufficient disclosure of nominating process	N/A			
25.	Director attendance at board and committee meetings	N/A			
26.	Query on trading activity	-1			On 12 July 2017, the Company was queried by SGX-ST for its trading activity. On the same day, the Company has released an announcement to respond to the SGX-ST's query.
27.	Non-audit fees exceed audit fees if the company engages the same audit firm	N/A		If the non-audit fees exceed audit fees consecutively for last 2 years.	
28.	Chairman has also been the CEO in the last three years	N/A			
29.	Presence of a pyramid and/or cross holding ownership structure	N/A			
30.	Legal violations pertaining to labour/ employment/consumer/ insolvency/commercial/ competition or environmental issues	N/A			
31.	Directors or senior managers have an employment relationship with the current external auditor in the past 2 years	N/A			
<b>TOTAL MAXIMUM (BASE + BONUS):</b>		<b>119</b>	<b>143</b>		

N/A denotes not applicable.

For further details on Corporate Governance, please refer to pages 109 to 135.



# Sustainability Report

## Ethics and Integrity

We promote an ethical and 'act with integrity' culture throughout the Group and our clinics, and seek to conduct our business in an ethical manner and in compliance with the best practices. All directors, specialist medical practitioners, clinical and management staff are required to fully comply with our Code of Ethics.

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

All directors, specialist medical practitioners and key management personnel are required to complete and sign an annual declaration form declaring any and all direct or indirect interests they have in the Group or its associated companies. The Board of Directors are required to declare and confirm their direct or indirect directorships and any interested party transactions in relation to the Group on a quarterly basis.

## Anti-Corruption and Anti-Fraud

With zero-tolerance policy to bribery and corruption, we have put in place monitoring and management control systems to detect bribery, fraud or other malpractices. We have also established a whistle-blowing mechanism for employees (including specialist medical practitioners) and any other stakeholders concerned such as patients and their families, suppliers, competitors and contractors.

Historically, a direct whistle-blowing channel through email has been implemented to enable our stakeholders to get direct access to our Audit Committee Chairman. Subsequent to the year ended 31 December 2017, the Company has assessed the need to have more than one whistle-blowing channels. Our stakeholders can now use any of the following whistle-blowing channels:

### 1. Audit Committee Chairman

Mr. Ng Boon Yew

✉ boonyew@rafflescampus.edu.sg

### 2. Auditors

Foo Kon Tan LLP

Attention to Audit Partner-in-charge: Ms. Ang Soh Mui

✉ shirley.ang@fookontan.com

### 3. Sponsor

Hong Leong Finance Limited

Attention to Vice-President, Head of Corporate Finance:

Mr. Tang Yeng Yuen

✉ tangyy@hlf.com.sg

By doing so, our stakeholders can be assured that all reports or suspicions of potential breaches of our Code of Ethics, corruption and frauds are taken seriously by the Group. The whistleblowers can also be assured their identities are kept anonymous.

## Compliance with Laws and Regulations

We are proactive in ensuring compliance with all relevant laws and regulations. Our management team is responsible to review and monitor the Group's policies and practices in respect to legal and regulatory requirements across all clinics and corporate office. Any non-compliance of the relevant laws and regulations with the proposed resolutions will be reported to the Board of Directors on a quarterly basis. There is no incidence of non-compliance with the relevant laws and regulations.



### Target for FY 2018:

To continue to achieve full compliance with laws and regulations

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

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

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

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

For further discussion on cyber security risks such as computer virus infections resulting in loss of data, and loss and/or leakage of patients' data and medical records (Risk #9), please refer to Page 40.

There is no incidence of breach of PDPA, product and service mis-information and labelling, or marketing communications.



**Target for FY 2018:**

To continue to achieve full compliance with PDPA

### Risk Management

We recognise the importance of risk management and how business risks may adversely affect the Group's financial and operating performance.

The Group has implemented an ERM system and performed annual Risk Refresher exercise to identify, assess and manage the top ten risks in FY 2017.

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

For further details on risk identification and management, please refer to Page 36.

### Supply Chain and Procurement Policies

Our supply chain constitutes mainly the suppliers for our consumables and medical supplies for our thirteen (13) clinics. We maintained a stringent evaluation criteria on the suppliers for our consumables and medical supplies based on the list of approved health products from Health Science Authority of Singapore ("HSA") and product and service quality guidelines issued by HSA and other regulatory bodies.

For instance, we never use drugs that are expired. We believe in transparency in our supply chain and our approach is to positively engage with suppliers if we find any issues. Any non-compliance with the guidelines of any local and international health authorities will result in us terminating the procurement contracts and business relationships.

There is no incidence of non-compliance with the guidelines of any local and international health authorities for our consumables and medical supplies used.



**Target for FY 2018:**

To continue to achieve full compliance with the guidelines of any local and international health authorities for our consumables and medical supplies used

### Service Quality and Responsibility

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

We ensure our specialist medical practitioners and clinical staff practise good medicine and treat our patients professionally and ethically. We also educate and give full efforts in explaining to our patients and their families the patients' medical conditions and treatment they will be undergoing.

Moving forward, we will consider to implement tools such as survey to monitor and track our service quality and patient's satisfaction level. With the results, we will then set performance target to improve our service quality and patient's satisfaction level.

# Sustainability Report

## Environment

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

Specifically, we look into ways to 'reduce', 're-use' and 'recycle' of papers, and conserve water and energy, in reducing our operating costs. However, these costs are assessed to be insignificant to the Group.

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

### **Biohazard and Medical Waste Management**

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

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

The water supply, liquid and/or chemical products and consumables we used for our business operations or medical procedures are carefully monitored and responsibly discharged.

Statistics or information on biohazard and medical waste are difficult to be obtained as our clinics are operating within the premises of hospitals or other shared facilities, and the waste is disposed collectively with other tenants. Moving forward, we will review and work with the management of the hospitals or other facilities to determine how such statistics and information can be collected for our monitoring purposes.

In FY 2017, there were no incidents of non-compliance with the rules and regulations from MOH and NEA.



#### **Target for FY 2018:**

To continue to achieve full compliance with the rules and regulations from MOH and NEA

## Social

### **People**

The success of our business is highly dependent on the commitment of our specialist medical practitioners. Likewise, our specialist medical practitioners could not function without the support from clinical staff, and the Group could not grow without our management team. Thus, we view all our employees as equally important and together they form the human capital asset of the Group. Hence, we emphasize on the following areas in relation to our employees:

### **1 Health and Safety (Employees/ Patients/ Public)**

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

Be it for the patients, employees (including specialist medical practitioners) or the external healthcare support team and the public, our specialist medical practitioners are responsible to ensure their respective clinics are in compliance with the required government regulations. The specialist medical practitioners receive periodic updates from the relevant government agencies. Any relevant updates will be highlighted and discussed at our quarterly meetings.

All our medical support team are carefully trained in the proper handling of all medical equipment, disposal of biohazard and medical waste management, and any occurrence of major events such as infectious diseases and haze. For further discussion on the occurrence of major events such as infectious diseases and haze (Risk #10), please refer to Page 41 for further discussion.

We have put in place processes to identify and monitor for any incidences of non-compliance. Our specialist medical practitioners are required to make a declaration if they are aware of such non-compliance incidences on a quarterly basis.

Our patients and their families are our top priority. We seek the most appropriate medical products and treatments which serve the needs of our patients. All consumables and medical supplies used on our patients must be approved by the HSA.

All our medication dispensed are carefully labelled with the instructions for proper consumption and usage.

In FY 2017, there were no incidents of health and safety issue to our employees, patients and public, and no workplace injury or work-related fatalities in our operations.

All incidences are reported to SOG Corporate Office, and investigated if deemed necessary. Safety measures are put in place if bio-hazards are identified.

Key Performance Indicators	FY 2017	Target for FY 2018
Lost Days Rate	0%	0%
Absentee Rate	0%	0%



**Target for FY 2018:**  
To continue to achieve zero incidence of health and safety issue

## 2 Recruitment and Retention of Talents

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

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

Our recruitment policy is based on meritocracy, pre-requisite skills and academic qualifications required to perform the required job scope. During the recruitment process, we have implemented stringent assessment criteria to ensure we recruit the people, particularly for specialist medical practitioners, with the same SOG's values.

We focus on talents retention by providing fair and sustainable financial and non-financial incentives, and learning and development opportunities. Our compensation and benefits policies are determined by guidelines proposed by senior management and approved by SOG's Remuneration Committee. All our employees are subject to annual performance review and receive constant performance feedbacks from their immediate superiors.

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

In FY 2017, we recruited 3 clinical staff due to the opening of our two new Paediatrics clinics.

Our hiring and turnover rates for the last 2 years are as follows:

Year	Hiring Rate	Turnover Rate
2017	28%	17%
2016	20%	7%



**Target for FY 2018:**  
We aim to reduce our turnover rate to 10%

Number of Headcount	Specialist Medical Practitioners	Clinical Staff	Management Staff	Total
As at 31 December 2017	12	38	14	64
As at 31 December 2016	10	34	11	55
As at 31 December 2015	7	23	9	39
As at 31 December 2014	7	18	10	35
As at 31 December 2013	3	12	4	19

# Sustainability Report



### 3 Training and Staff Development (including Specialist Medical Practitioners)

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

#### » Mentorship

We have a strong culture of mentorship throughout our organisation. Our senior management leads and develops the organisation in achieving the goals and vision of the Group. Our senior specialist medical practitioners provides guidance and professional support to our junior specialist medical practitioners. On a quarterly basis, our specialist medical practitioners meet to discuss operational issues and senior specialist medical practitioners share their experiences and provide mentorship to the junior specialist medical practitioners.

Our senior nurses provide on-the-job-training and coaching to our junior nurses and clinical assistants.

#### » Training and Skills Upgrading Opportunities

We are constantly developing our employees through providing regular feedbacks and trainings. We believe that everyone needs to know their areas of improvement. For those with high potential, career tracks are developed and opportunities are given to help them advance progressively in SOG.

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



#### **Target for FY 2018:**

We aim to provide more trainings to our clinical staff by increasing the average number of training hours per FTE by 20%, and maintain the same average number of training hours for our specialist medical practitioners and management staff



## Average hours of training per year per employee (Specialist medical practitioner):

2017

Gender	No. of Specialist Medical Practitioners Headcount <sup>^</sup>	No. of Medical Conferences	No. of Days	No. of Training Hours*	Average No. of Training Hours per FTE <sup>^</sup>
Male	2	4	14	112	56.0
Female	10	17	49	392	39.2
<b>Total</b>	<b>12</b>	<b>21</b>	<b>63</b>	<b>504</b>	<b>95.2</b>

2016

Gender	No. of Specialist Medical Practitioners Headcount <sup>^</sup>	No. of Medical Conferences	No. of Days	No. of Training Hours*	Average No. of Training Hours per FTE <sup>^</sup>
Male	2	1	2	16	8.0
Female	8	17	49	384	48.0
<b>Total</b>	<b>10</b>	<b>18</b>	<b>50</b>	<b>400</b>	<b>56.0</b>



## Average hours of training per year per employee (Clinical staff):

2017

Gender	No. of Clinical Staff Headcount <sup>^</sup>	No. of Training Conferences	No. of Days	No. of Training Hours*	Average No. of Training Hours per FTE <sup>^</sup>
Male	0	0	0	0	0
Female	38	3	5	40	1.1
<b>Total</b>	<b>38</b>	<b>3</b>	<b>5</b>	<b>40</b>	<b>1.1</b>

2016

Gender	No. of Clinical Staff Headcount <sup>^</sup>	No. of Trainings	No. of Days	No. of Training Hours*	Average No. of Training Hours per FTE <sup>^</sup>
Male	0	0	0	0	0
Female	34	4	72	576	16.9
<b>Total</b>	<b>34</b>	<b>4</b>	<b>72</b>	<b>576</b>	<b>16.9</b>



## Average hours of training per year per employee (Management staff):

2017

Gender	No. of Management Staff Headcount <sup>^</sup>	No. of Trainings	No. of Days	No. of Training Hours*	Average No. of Training Hours per FTE <sup>^</sup>
Male	7	9	9	72	10.3
Female	7	8	9	72	10.3
<b>Total</b>	<b>14</b>	<b>17</b>	<b>18</b>	<b>144</b>	<b>20.6</b>

2016

Gender	No. of Management Staff Headcount <sup>^</sup>	No. of Trainings	No. of Days	No. of Training Hours*	Average No. of Training Hours per FTE <sup>^</sup>
Male	5	2	2	16	3.2
Female	6	3	3	24	4.0
<b>Total</b>	<b>11</b>	<b>5</b>	<b>5</b>	<b>40</b>	<b>7.2</b>

\*Assume 8 training hours per day.

<sup>^</sup>The number of headcount represents the full-time employees ("FTE") of the Group as at 31 December.

# Sustainability Report

## 4 Diversity and Equal Opportunities

We advocate gender diversity in our Board and across the Group. We set out the approach in our Board Diversity Policy Statement to achieve continued strong current and future business performance by promoting diversity on the Board and later, amongst the specialist medical practitioners and management of the Company.

The Board has established the following measurable objectives for workforce diversity in FY 2017:

Measurable Objectives	Progress
1. To have women on the Board.	<ul style="list-style-type: none"> <li>Our Executive Chairman is a woman.</li> <li>Dr. Heng Tung Lan has served two-year term from 2016 to 2017 as the Executive Chairman.</li> </ul>
2. To have women on board our senior management team.	<ul style="list-style-type: none"> <li>There are currently three senior management members, and one of whom is a woman.</li> </ul>
3. Due to the nature of the healthcare industry, we have more female than male employees. Where possible, recruit more male employees for our business.	<ul style="list-style-type: none"> <li>As at 31 December 2017, the Group has a total of 64 employees (including specialist medical practitioners); and of whom, 55 and 9 are female and male employees respectively.</li> </ul>



Currently, we have one female director among our six (6) board members as well as a good representation of two (2) male doctors and ten (10) female doctors among our specialist medical practitioners.

Dr. Heng Tung Lan (“**Dr. Heng**”) is one of our founders and Executive Directors of the Company. She is an Obstetrician and Gynaecologist and is one of the ten female doctors among our specialist medical practitioners. Dr. Heng has served two-year term from 2016 to 2017 as the Executive Chairman, and will be passing the chairmanship to Dr. Beh Suan Tiong at the coming Annual General Meeting. However, she will remain on the Board as the Executive Director and is one of our substantial shareholders.

We ensure there are fair work practices, and remuneration are ascertained based on individual work performance and not on any gender consideration. The chairmanship of the Board of Director is rotated on a two-year basis to ensure fair opportunities for leadership within the Board. No form of discrimination is tolerated within the Group.

In FY 2017, there were no incidents of discrimination and corrective actions taken.



### Target for FY 2018:

To continue to achieve zero incidents of discrimination and corrective actions taken

## 5 Labour-Management Relations (including Specialist Medical Practitioners)

It is important to have effective communication between management and employees so that employees are more engaged with the organisation, and have a more positive attitude towards their work and our patients and their families. They are provided with frequent management updates and at least one-week of notice period for any new or changes in the Group’s policies and procedures.

We often engage our employees in the following ways:

### » Quarterly Meetings for Specialist Medical Practitioners

Management conducts quarterly meetings for our specialist medical practitioners to discuss on business development, finance, human resource and administrative, marketing and operational matters.



### Target for FY 2018:

To continue to conduct at least 4 meetings for specialist medical practitioners

### » Regular Townhall Meetings

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



### Target for FY 2018:

To continue to conduct at least 1 townhall meeting to connect all employees

### » Informal and Small Group Meetings

Informal and small group meetings are often held by management for feedback on employee’s concerns and grievances.



## Community

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

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

### Public Forums

We are committed to organise at least one public forum annually. Since 2014, SOG has been organising annual public forums where our specialist medical practitioners share their knowledge and expertise, and when our medical and healthcare suppliers set up their booths to educate the public on their products and services.

Such educational and informative public forums bring our specialist medical practitioners, medical and healthcare suppliers together to provide the public with valuable insights and information on major health topics of interest. Our public forums are usually fully subscribed as we can cater to audiences of 200 to 250.

	2017	Let's Talk About Her Health (held on 14 October 2017)
	2016	Pregnancy – A Journey Like No Other (held on 8 October 2016)
	2015	Take Charge of Your Life (held on 31 October 2015)
	2014	A Pregnancy Journey – A Jubilee Celebration (held on 13 September 2014)

### Educational Health Talks

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

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

Year	No. of Specialist Medical Practitioners	No. of Health Talks
2017	8	34
2016	6	22
2015	5	31
2014	4	5



# Sustainability Report

## SOG Community Day

At SOG, we believe in providing long-term committed support to the under-privileged. In FY 2017, we kept to our commitment and continued to support Touch Community Services (“**Touch Community**”).

It was our second year to hold our annual SOG Community Day at Touch Community (Senior Group at Geylang Bahru). We brought in two Children Groups from Touch Community to mingle with the Senior Group.

On 5 October 2017, SOG hosted an afternoon Mid-Autumn Festival party for 150 under-privileged seniors living in Geylang Bahru rented flats and 50 under-privileged children from Clementi and Hougang. The seniors and children were engaged in a fun-filled afternoon of the “Story of Chang Er” skit by SOG staff, mooncakes cutting and singing competition, complete with the festive-

themed mascots such as Chang Er and Jade Rabbits, a photo booth and sumptuous high-tea.

The seniors each received a S\$20 NTUC FairPrice voucher and goodies bag containing necessities that would come in handy for their daily lives while the children each received a MacDonald Happy Meal and stationeries for school. SOG staff also distributed the items door-to-door to seniors who have mobility issues and were unable to join in the party.

The total contribution for our Community Day 2017 amounted to S\$20,000. From planning to execution of Community Day, we volunteered over 295 manhours involving our Board of Directors, specialist medical practitioners, clinical and management staff.



SOG staff preparing and packing of goodies bag for our Community Day.



Performance by Touch Community (Children Group) with our mascots.



Touch Community (Senior and Children Group) awaiting for our performance.



SOG celebrated Mid-Autumn Festival with our beneficiary at Geylang Bahru.

In addition, we also donated S\$10,000 in support of "The Giving Family Festival" held on 4 and 5 November 2017. This event was organised by Touch Community in support of 28,000 beneficiaries including youth-at-risk, vulnerable families, people with special needs and the disadvantaged seniors.



Chairman, Dr. Heng Tung Lan, receiving the token of appreciation from CEO, Mr. James Tan, Touch Community on 4 November 2017.



Token of appreciation handmade by beneficiary.

### Supporting the Community Work of Others

As we established our new Paediatrics segment in FY 2017, we felt that we need to give care and support to the under-privileged children group.

SOG was the supporting partner of Cordlife's Donation Drive 2017 which was held from 20 November to 6 December 2017. The beneficiary of the donation drive was Singapore Children's Society and it aimed to spread the festive cheer to the children during the Christmas season. During the donation drive, our clinics appealed to our patients and their families to make a difference in a child's life by way of cash donation, donation of items such as food, toiletries, stationery and clothing, and/or purchase a bag of love from HonestBee.



Cordlife's Donation Drive 2017 flyer displayed at our clinics.

# Sustainability Report

## Global Reporting Initiative Content Index

GRI Standard Number	Disclosure Number	Page Reference and Reasons for Omission, if Applicable
<b>GRI 101: Foundation 2016</b>		
<b>General Disclosures</b>		
<b>Organisational Profile</b>		
GRI 102 : General Disclosures 2016	102-1 Name of the organization	Cover page
GRI 102 : General Disclosures 2016	102-2 Activities, brands, products, and services	Cover page, 16
GRI 102 : General Disclosures 2016	102-3 Location of headquarters	Cover page
GRI 102 : General Disclosures 2016	102-4 Location of operations	32 & 33
GRI 102 : General Disclosures 2016	102-5 Ownership and legal form	Cover page
GRI 102 : General Disclosures 2016	102-6 Markets served	32 & 33
GRI 102 : General Disclosures 2016	102-7 Scale of the organization	Cover page, 32 & 33
GRI 102 : General Disclosures 2016	102-8 Information on employees and other workers	20 - 31, 75 - 77
GRI 102 : General Disclosures 2016	102-9 Supply chain	73
GRI 102 : General Disclosures 2016	102-10 Significant changes to the organization and its supply chain	73
GRI 102 : General Disclosures 2016	102-11 Precautionary principle or approach	36 - 42
GRI 102 : General Disclosures 2016	102-12 External initiatives	43, 82 - 91
GRI 102 : General Disclosures 2016	102-13 Membership of associations	20 - 31
<b>Strategy</b>		
GRI 102 : General Disclosures 2016	102-14 Statement from senior decision-maker	2 & 3, 8 & 9, 18 & 19, 34 & 35
<b>Ethics and Integrity</b>		
GRI 102 : General Disclosures 2016	102-16 Values, principles, standards, and norms of behavior	4, 43, 72
<b>Governance</b>		
GRI 102 : General Disclosures 2016	102-18 Governance structure	43, 49

GRI Standard Number	Disclosure Number	Page Reference and Reasons for Omission, if Applicable
<b>Stakeholder Engagement</b>		
GRI 102 : General Disclosures 2016	102-40 List of stakeholder groups	46 - 47
GRI 102 : General Disclosures 2016	102-41 Collective bargaining agreements	N/A
GRI 102 : General Disclosures 2016	102-42 Identifying and selecting stakeholders	46
GRI 102 : General Disclosures 2016	102-43 Approach to stakeholder engagement	44
GRI 102 : General Disclosures 2016	102-44 Key topics and concerns raised	46, 47
<b>Reporting Practice</b>		
GRI 102 : General Disclosures 2016	102-45 Entities included in the consolidated financial statements	7, 42
GRI 102 : General Disclosures 2016	102-46 Defining report content and topic Boundaries	42
GRI 102 : General Disclosures 2016	102-47 List of material topics	44, 45
GRI 102 : General Disclosures 2016	102-48 Restatements of information	No restatements of information
GRI 102 : General Disclosures 2016	102-49 Changes in reporting	No significant changes in reporting
GRI 102 : General Disclosures 2016	102-50 Reporting period	42
GRI 102 : General Disclosures 2016	102-51 Date of most recent report	42
GRI 102 : General Disclosures 2016	102-52 Reporting cycle	42
GRI 102 : General Disclosures 2016	102-53 Contact point for questions regarding the report	Cover page
GRI 102 : General Disclosures 2016	102-54 Claims of reporting in accordance with the GRI Standards	Cover page, 42
GRI 102 : General Disclosures 2016	102-55 GRI content index	82 - 91
GRI 102 : General Disclosures 2016	102-56 External assurance	42

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GRI Standard Number	Disclosure Number	Page Reference and Reasons for Omission, if Applicable
<b>Topic Specific Disclosures</b>		
<b>Economic Performance</b>		
GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2 & 3, 8 & 9, 18 & 19
GRI 103 : Management Approach 2016	103-2 The management approach and its components	2 & 3, 8 & 9, 18 & 19
GRI 103 : Management Approach 2016	103-3 Evaluation of the management approach	10 - 15
GRI 201 : Economic Performance 2016	201-1 Direct economic value generated and distributed	10 - 15
GRI 201 : Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	36 - 41, 49
GRI 201 : Economic Performance 2016	201-3 Defined benefit plan obligations and other retirement plans	74 - 77
GRI 201 : Economic Performance 2016	201-4 Financial assistance received from government	10
<b>Market Presence</b>		
GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Not applicable as our business operation is only in Singapore.
GRI 103 : Management Approach 2016	103-2 The management approach and its components	
GRI 103 : Management Approach 2016	103-3 Evaluation of the management approach	
GRI 202 : Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Not applicable as there is no minimum wage system in Singapore.
GRI 202 : Market Presence 2016	202-2 Proportion of senior management hired from the local community	20 - 31, 106, 107
<b>Procurement Practices</b>		
GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its Boundary	73
GRI 103 : Management Approach 2016	103-2 The management approach and its components	73
GRI 103 : Management Approach 2016	103-3 Evaluation of the management approach	73

GRI Standard Number	Disclosure Number	Page Reference and Reasons for Omission, if Applicable
GRI 204 : Procurement Practices 2016	204-1 Proportion of spending on local suppliers	10 Majority of our business expenditures in Singapore is with locally registered companies.
<b>Anti-Corruption</b>		
GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its Boundary	72
GRI 103 : Management Approach 2016	103-2 The management approach and its components	72
GRI 103 : Management Approach 2016	103-3 Evaluation of the management approach	72
GRI 205 : Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	72
GRI 205 : Anti-Corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	72
GRI 205 : Anti-Corruption 2016	205-3 Confirmed incidents of corruption and actions taken	72
<b>Environment</b>		
<b>Materials</b>		
GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its Boundary	73
GRI 103 : Management Approach 2016	103-2 The management approach and its components	73
GRI 103 : Management Approach 2016	103-3 Evaluation of the management approach	73
GRI 301 : Materials 2016	301-1 Materials used by weight or volume	Not applicable as it is deemed to be immaterial.
GRI 301 : Materials 2016	301-2 Recycled input materials used	Not applicable as it is deemed to be immaterial.

# Sustainability Report

GRI Standard Number	Disclosure Number	Page Reference and Reasons for Omission, if Applicable
<b>Energy</b>		
GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its Boundary	74
GRI 103 : Management Approach 2016	103-2 The management approach and its components	74
GRI 103 : Management Approach 2016	103-3 Evaluation of the management approach	74
GRI 302 : Energy 2016	302-1 Energy consumption within the organization	Not applicable as it is deemed to be immaterial.
GRI 302 : Energy 2016	302-2 Energy consumption outside of the organization	Not applicable as it is deemed to be immaterial.
GRI 302 : Energy 2016	302-3 Energy intensity	Not applicable as it is deemed to be immaterial.
<b>Water</b>		
GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its Boundary	74
GRI 103 : Management Approach 2016	103-2 The management approach and its components	74
GRI 103 : Management Approach 2016	103-3 Evaluation of the management approach	74
GRI 303 : Water 2016	303-1 Water withdrawal by source	Not applicable as it is deemed to be immaterial.
<b>Effluent and Waste</b>		
GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its Boundary	74
GRI 103 : Management Approach 2016	103-2 The management approach and its components	74
GRI 103 : Management Approach 2016	103-3 Evaluation of the management approach	74
GRI 306 : Effluents and Waste 2016	306-1 Water discharge by quality and destination	74
GRI 306 : Effluents and Waste 2016	306-2 Waste by type and disposal method	74
GRI 306 : Effluents and Waste 2016	306-4 Transport of hazardous waste	74
<b>Environmental Compliance</b>		
GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its Boundary	48, 74
GRI 103 : Management Approach 2016	103-2 The management approach and its components	48, 74



GRI Standard Number	Disclosure Number	Page Reference and Reasons for Omission, if Applicable
GRI 103 : Management Approach 2016	103-3 Evaluation of the management approach	48, 74
GRI 307 : Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	74
<b>Social</b>		
<b>Employment</b>		
GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its Boundary	48, 74
GRI 103 : Management Approach 2016	103-2 The management approach and its components	48, 74
GRI 103 : Management Approach 2016	103-3 Evaluation of the management approach	48, 74
GRI 401 : Employment 2016	401-1 New employee hires and employee turnover	75
GRI 401 : Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	74 - 77
GRI 401 : Employment 2016	401-3 Parental leave	75
<b>Labour-Management Relations</b>		
GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its Boundary	48, 78
GRI 103 : Management Approach 2016	103-2 The management approach and its components	48, 78
GRI 103 : Management Approach 2016	103-3 Evaluation of the management approach	48, 78
GRI 402 : Labour-Management Relations 2016	402-1 Minimum notice periods regarding operational changes	78

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GRI Standard Number	Disclosure Number	Page Reference and Reasons for Omission, if Applicable
<b>Occupational Health and Safety</b>		
GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its Boundary	48, 74
GRI 103 : Management Approach 2016	103-2 The management approach and its components	48, 74
GRI 103 : Management Approach 2016	103-3 Evaluation of the management approach	48, 74
GRI 403 : Occupational Health and Safety 2016	403-1 Workers representation in formal joint management-worker health and safety committees	74
GRI 403 : Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	74
GRI 403 : Occupational Health and Safety 2016	403-3 Workers with high incidence or high risk of diseases related to their occupation	74
<b>Training and Education</b>		
GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its Boundary	48, 76
GRI 103 : Management Approach 2016	103-2 The management approach and its components	48, 76
GRI 103 : Management Approach 2016	103-3 Evaluation of the management approach	48, 76
GRI 404 : Training and Education 2016	404-1 Average hours of training per year per employee	76, 77
GRI 404 : Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	76, 77
GRI 404 : Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	75
<b>Diversity and Equal Opportunity</b>		
GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its Boundary	78
GRI 103 : Management Approach 2016	103-2 The management approach and its components	78

GRI Standard Number	Disclosure Number	Page Reference and Reasons for Omission, if Applicable
GRI 103 : Management Approach 2016	103-3 Evaluation of the management approach	78
GRI 405 : Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	78
GRI 405 : Diversity and Equal Opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	Not applicable as employee's remuneration are ascertained based on individual work performance and not gender consideration.
<b>Non-discrimination</b>		
GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its Boundary	78
GRI 103 : Management Approach 2016	103-2 The management approach and its components	78
GRI 103 : Management Approach 2016	103-3 Evaluation of the management approach	78
GRI 406 : Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	78
<b>Human Rights Assessment</b>		
GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its Boundary	74
GRI 103 : Management Approach 2016	103-2 The management approach and its components	74
GRI 103 : Management Approach 2016	103-3 Evaluation of the management approach	74
GRI 412 : Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	Not applicable as there is no such occurrence.
<b>Local Communities</b>		
GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its Boundary	48, 79
GRI 103 : Management Approach 2016	103-2 The management approach and its components	48, 79
GRI 103 : Management Approach 2016	103-3 Evaluation of the management approach	48, 79

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GRI Standard Number	Disclosure Number	Page Reference and Reasons for Omission, if Applicable
GRI 413 : Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	79 - 81
GRI 413 : Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	79 - 81
<b>Customer Health and Safety</b>		
GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its Boundary	73, 74
GRI 103 : Management Approach 2016	103-2 The management approach and its components	73, 74
GRI 103 : Management Approach 2016	103-3 Evaluation of the management approach	73, 74
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<b>Marketing and Labeling</b>		
GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its Boundary	73, 74
GRI 103 : Management Approach 2016	103-2 The management approach and its components	73, 74
GRI 103 : Management Approach 2016	103-3 Evaluation of the management approach	73, 74
GRI 417 : Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	73, 74, 75
GRI 417 : Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	73, 74, 75
GRI 417 : Marketing and Labeling 2016	417-3 Incidents of non-compliance concerning marketing communications	73, 74, 75
<b>Customer Privacy</b>		
GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its Boundary	72, 73
GRI 103 : Management Approach 2016	103-2 The management approach and its components	72, 73

GRI Standard Number	Disclosure Number	Page Reference and Reasons for Omission, if Applicable
GRI 103 : Management Approach 2016	103-3 Evaluation of the management approach	72, 73
GRI 418 : Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	73
<b>Socioeconomic Compliance</b>		
GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its Boundary	48, 72, 73
GRI 103 : Management Approach 2016	103-2 The management approach and its components	48, 72, 73
GRI 103 : Management Approach 2016	103-3 Evaluation of the management approach	48, 72, 73
GRI 419 : Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	72, 73

**Note:**

SOG takes a phased approach for our sustainability reporting and the adoption of GRI indicators. We will review the relevance of each indicators to our operations annually.

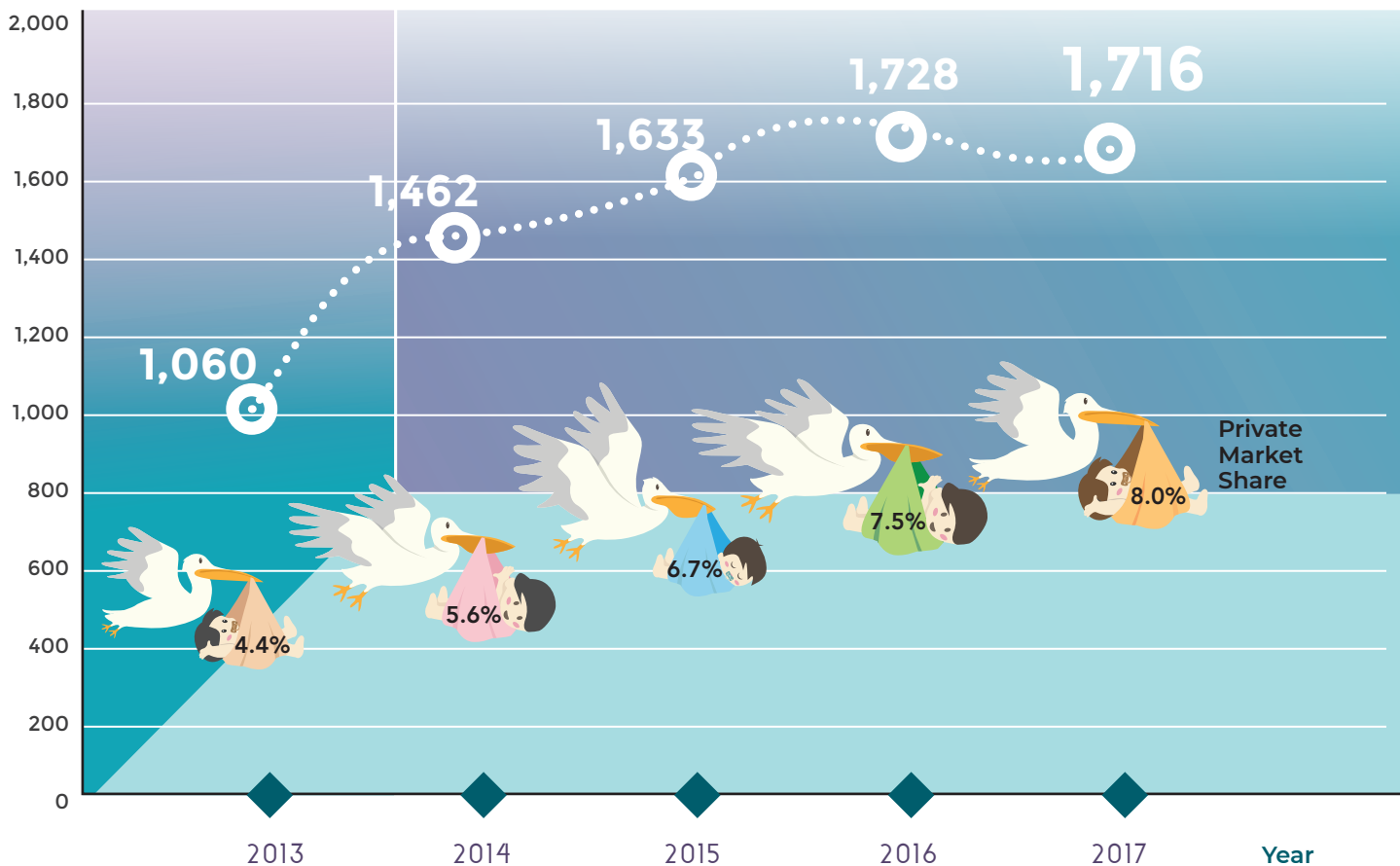
# Sustainable Development Strategies



## Delivering New Lives (Babies) in Singapore

### 2017 Highlights

No. of babies delivered by SOG



Our O&G segment delivered 1,716 babies or 8.0% market share of the private sector healthcare market. This is an increase of 0.5% market share of the private sector healthcare market as compared to FY 2016.

Despite the outbreak of Zika virus in August 2016 and its recurrence in early 2017, coupled with the low birth rate in Singapore, the number of babies delivered by our O&G segment in FY 2017 remained consistent with FY 2016.

## 2018 Outlook

Due to the 'baby boom' from 1950s to mid-1960s in Singapore, many of these 'baby boomers' were married and started having children. Consequently, there was an echo effect in the late 1980s and 1990s where births also reached elevated level. Many of these 'echo baby boomers' are now about 20 to 30 years old and they are entering the peak childbearing ages. However, some of the 'echo baby boomer' couples are holding back on parenthood as they have other life goals such as to pursue their passions, prefer to having their own home or be financially established before settling down. Thus, it resulted in them marrying or having babies later.

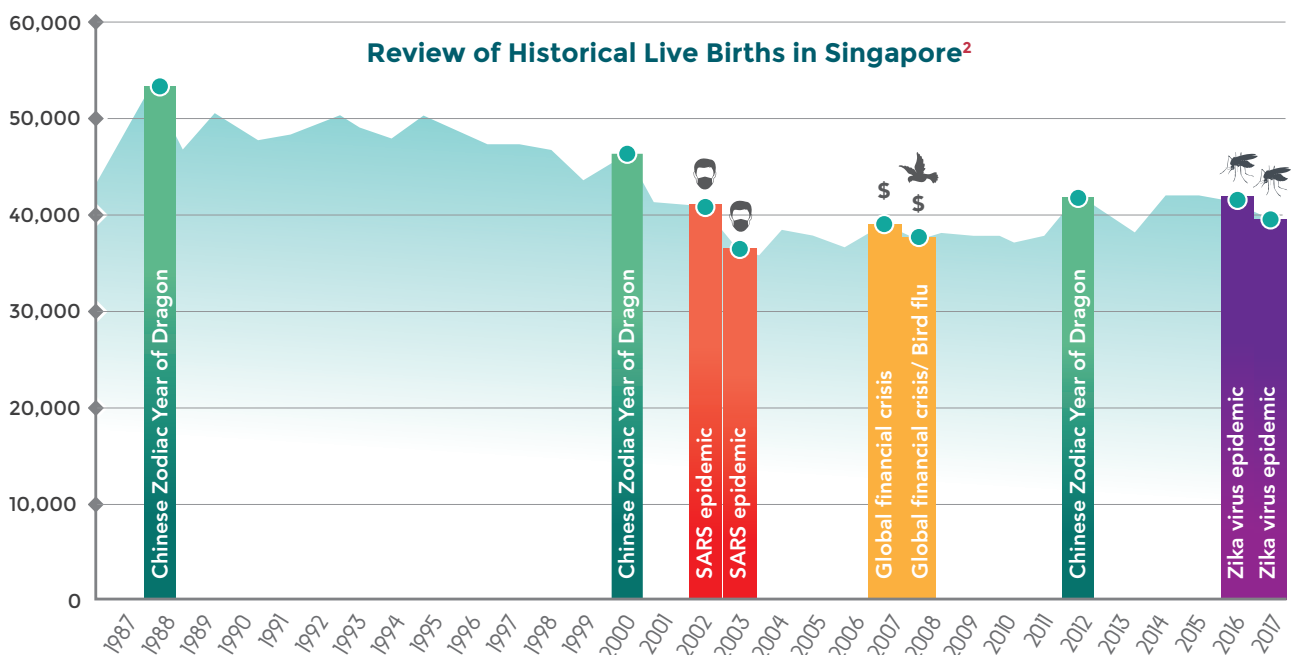
In encouraging couples to get married and have babies, Singapore government has recently introduced more assistance and support<sup>1</sup>:

1. Help couples get their own homes more quickly.
  - » Housing and Development Board will start to launch 1,100 flats with shorter waiting times (of around 2.5 years) in 2018, with another 2,000 to be launched in 2019.
  - » Provide more flexibility in grant and loan processes.
2. Increase provision of affordable and quality infant care and childcare places, with 40,000 new full-day pre-school places over the next 5 years.

3. Extend and enhance the Work-Life Grant to provide more support to businesses to encourage the adoption of Flexible Work Arrangements for employers to implement practices that enhance family-friendliness.
4. Provide more assistance for those who face difficulties conceiving.
  - » The support for Assisted Reproduction Technology treatment for eligible couples will be raised from S\$6,300 to S\$7,700 for fresh cycles and from S\$1,200 to S\$2,200 for frozen cycles from 1 April 2018.
5. Enhance healthcare support with MediShield Life extended to cover serious pregnancy and delivery-related complications.

With the Singapore Government's assistance and support, we believe that they will entice couples to get married and have babies, and this would position our O&G segment well in gaining market share in the number of babies delivered and thereby increase the contribution to the Group.

### No. of Live Births



<sup>1</sup> Source: <https://www.channelnewsasia.com/news/singapore/singapore-total-fertility-rate-new-low-1-16-10002558>

<sup>2</sup> Source: <https://www.singstat.gov.sg/statistics/visualising-data/charts/number-of-births-and-deaths>

## Sustainable Development Strategies

From the above historical 30-year live births data, it is noted that:

1. A spike in live births in the Chinese zodiac years of Dragon i.e. 1988, 2000 and 2012. According to Chinese astrology, the dragon's qualities such as honesty, magnanimity, courage and power manifest in individuals born in the year of Dragon.
2. Global financial crisis in 2007 and 2008 did not seem to have an impact to the number of live births in Singapore. The number of live births increased by 1,173 or 3.1% from 38,317 for 2006 to 39,490 for 2007 and increased by 336 or 0.9% from 39,490 for 2007 to 39,826 for 2008. However, we cannot infer conclusively that there is no effect as there is usually more than one factor affecting a couple's decision to have or not to have a baby in any particular year.
3. The Severe Acute Respiratory Syndrome ("SARS") and Zika virus epidemic affect the number of live births in Singapore. With the outbreak of SARS epidemic in 2002, the number of live births decreased by 691 or 1.7% from 41,451 for 2001 to 40,760 for 2002, and a further decrease of 3,275 or 8.0% from 40,760 for 2002 to 37,485 for 2003.

Similarly, the outbreak of Zika virus epidemic also resulted in a decline in the number of live births. The number of live births decreased by 1,010 or 2.4% from 42,263 for 2015 to 41,253 for 2016, and 1,648 or 4.0% from 41,253 for 2016 to 39,605 for 2017.

### Continuing Patient Care and Support to the New Lives (Babies) and Children

#### 2017 Highlights

Our new Paediatrics segment was established in July 2017 to provide the continuing patient care and support to the newborns hand-down from our O&G Specialists, and children of our patients and their families.

Our Paediatricians, Dr. Lim Xue Yan and Dr. Irene Teo, had performed baby checks on 193 newborns, and seen 308 infants and children in the last six months of FY 2017. Dr. Irene Teo only started operations towards the end of November 2017. As this is our new segment, the number of patients seen by our Paediatricians is expected to continue to grow in 2018.

#### 2018 Outlook

As our Paediatrics segment was only established in the second half of FY 2017, we will see a full financial year's contribution to the Group for FY 2018.

The outlook for our Paediatrics segment has a direct correlation with that of the O&G segment i.e. market share in the number of babies delivered. With the increase in market share in terms of number of babies delivered in Singapore by our O&G segment, the contribution from our Paediatrics segment to the Group would also increase.





## Enhancing, Preserving and Extending Lives for Our Patients and Their Families

### 2017 Highlights

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

Our Dermatology segment has added another dimension to the Group's revenue stream and provided enhancing and synergistic possibilities to our core O&G business. This segment is headed by Dr. Joyce Lim who is a renowned skin specialist (Dermatologist).

Our patients from O&G segment who have skin problems due to pregnancy or going through hormonal changes either at puberty or during menopause can now consult Dr. Joyce Lim. With the referrals from our O&G Specialists, this has added on to the patient load of Joyce Lim Skin & Laser Clinic at Paragon Medical Suites. Over the past two years, Dr. Joyce Lim has seen and treated a significant number of patients:

Year	No. of Patients
2017	6,213
2016	6,963

Due to the slow-down in Singapore's medical tourism, it affected our Dermatology segment in FY 2017. However, with the support of our local patients seeking aesthetics consultation and treatment, our Dermatology segment contributed S\$2.4 million (FY 2016: S\$3.0 million) to the Group's operating profit for FY 2017.

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

Our Cancer-related segment forms the pillar of medical services for patients seeking attentive and effective treatment for cancers, particularly breast and gynaecological cancers. Our Cancer Specialist team, comprising two Breast Surgeons and one Gynae-Oncologist, aims to provide holistic and altruistic options to support our patients in their fight against cancer.

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

Year	No. of Specialist Medical Practitioners	No. of Patients	No. of Surgeries Performed
2017	3	2,930	335
2016	3	1,781	292
2015	2	1,003	170

In FY 2017, we saw the remarkable growth of our Cancer-related segment. Profit from operations from our Cancer-related segment grew by 133.7% from S\$0.4 million for FY 2016 to S\$0.9 million for FY 2017.

### 2018 Outlook

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

For our Dermatology segment, we are braced for challenges such as slow-down in Singapore's medical tourism to maintain or improve our financial performance in FY 2018. Notwithstanding the challenges, we will continue to review our current expansion and growth strategies, and implement new marketing initiatives, in achieving better financial results for FY 2018. We will continue to look out for talents to help grow our Dermatology segment.

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

With cancer cases on the rise, we will continue to strengthen our team of Cancer Specialists and equip them with the necessary skills and medical technology to support our patients' fight against cancer.

We are pleased with the growth of our cancer-related segment in FY 2017 and our Cancer Specialists establishing their bases in the various hospitals and medical centres. While we continue to implement effective marketing initiatives, we expect an increasing trend in our patient load.

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



## Future Plans

**Our strategic business approach is centered on a four-pronged strategy:**

**Expansion of new services based on our vision of 'Caring for women's and children's health and wellness'**



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



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



**Diversify and grow our patient bases to target more corporate clients and medical tourists**

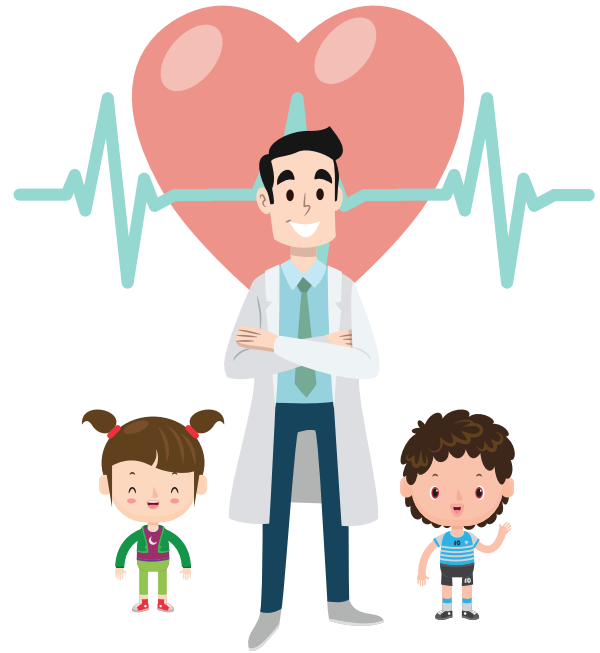


## Where Are We Now

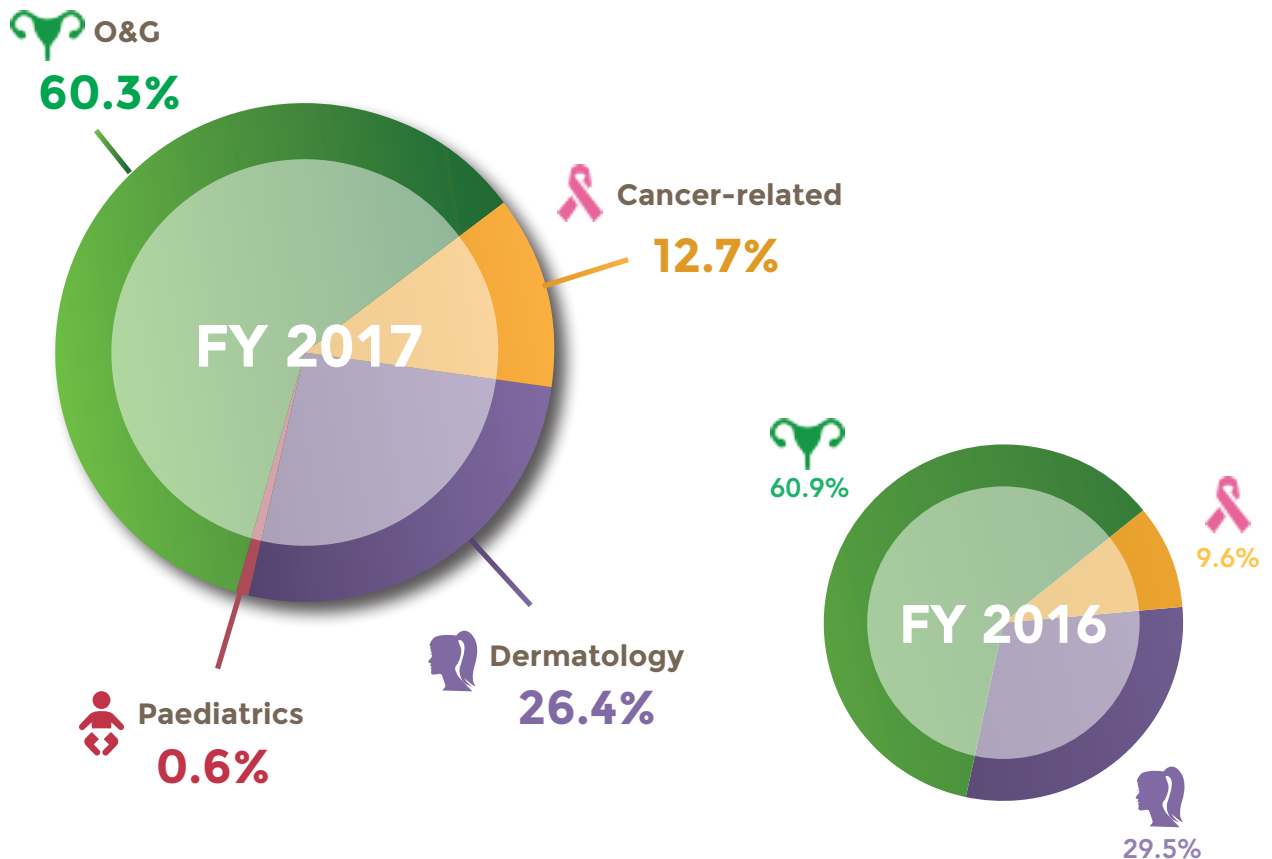
As a leading group of specialist medical practitioners dedicated to women's and children's health and wellness, we strive to provide the full suite of services for our patients and their families. In FY 2017, we established our new Paediatrics segment to provide continuing patient care and support to the newborns hand-down from our O&G Specialists, and children of our patients and their families.

As at 31 December 2017, the Group has four business segments: (1) O&G, (2) Cancer-related, (3) Dermatology, and (4) Paediatrics.

In comparison to the previous financial year, the revenue and profit from operations contribution from our twelve (12) specialist medical practitioners for FY 2017 are as follows:

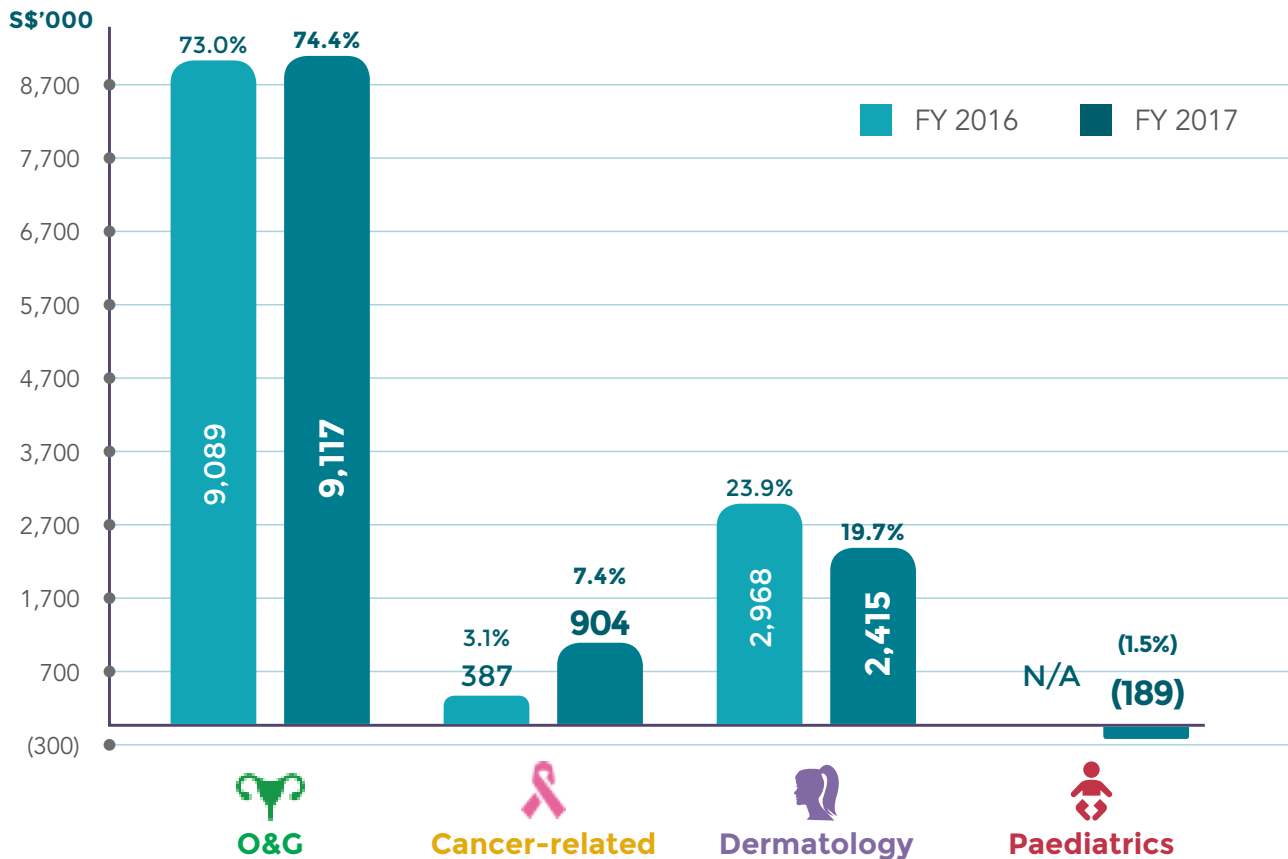


## Revenue by Segment



## Future Plans

### Profit from Operations by Segment



N/A: Not applicable as Paediatrics is a new segment for FY 2017.

In FY 2017, we saw the remarkable growth of our Cancer-related segment. Profit from operations from our Cancer-related segment grew by 133.7% from S\$0.4 million for FY 2016 to S\$0.9 million for FY 2017. We will continue to grow our Cancer-related segment to be a significant pillar of our revenue stream and one that will also make an impact on our patient's lives.

The number of babies delivered by our O&G segment in FY 2017 remained consistent with FY 2016. The Group delivered 1,716 babies in FY 2017 as compared to 1,728 babies in FY 2016. The Group will continue to build the patient loads of our junior O&G Specialists to increase our market share in Singapore.

The slow-down in Singapore's medical tourism affected our Dermatology segment in FY 2017. Our Dermatology segment delivered profit from operations of S\$2.4 million for FY 2017. The Group will continue to look out for talents to help grow our Dermatology segment.

Our new Paediatrics segment will continue to grow in FY 2018. As Dr. Lim Xue Yan and Dr. Irene Teo joined the Group in July and November 2017 respectively, we will only see the full year financial contribution in FY 2018.

## What We Aim to Achieve in the Future



We take a progressive approach in achieving our future plans and aim to:

- » Continue to recruit more O&G Specialists to enlarge our core O&G segment of the Group.
- » With the number of babies delivered by SOG each year, we hope to build up the patient load for our new Paediatrics segment. Our patients and their families can now return to SOG for paediatrics care.
- » Increase the level of our inter-clinic referrals through synergy awareness.
- » Look out for overseas opportunities, especially in areas where not just financial but also, the humanitarian and other ancillary perspective.
- » Continue to grow our non-O&G business segments to increase their revenue and profit contribution to the Group.

## Board of Directors



### Dr. Heng Tung Lan

*Executive Chairman*

#### Board of Director

Date of appointment as Director: 18 Oct 2011

Length of service as Director (as at 31 December 2017):  
6 years 2 months

#### Board committees served on

» Nil

#### Academic & Professional Qualification

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

#### Present Directorships (as at 31 December 2017)

##### Our Group

- » Heng Clinic for Women Pte. Ltd.
- » SOG Children (Paediatrics-Central) Pte. Ltd.
- » SOG Children (Paediatrics-East) Pte. Ltd.
- » SOG Dermatology Pte. Ltd.
- » SOG-Natalie Chua Clinic for Women Pte. Ltd.
- » SOG-SC Hong Clinic for Women Pte. Ltd.
- » SOG-SK Lim Breast & General Surgicare Pte. Ltd.

##### Other Companies

» Nil

#### Past Directorships in Listed Companies held over the preceding 5 years (1 January 2013 to 31 December 2017)

» Nil

## Dr. Lee Keen Whye

*Executive Director*

### Board of Director

Date of appointment as Director: 6 January 2011  
 Length of service as Director (as at 31 December 2017):  
 6 years 11 months

### Board committees served on

» Nil

### Academic & Professional Qualification

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

### Present Directorships (as at 31 December 2017)

#### Our Group

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

#### Other Companies

- » Avesa Pte. Ltd.
- » Lee & Lee Clinic Pte. Ltd.
- » Singa Hotel Development Pte. Ltd.
- » Singa Hotel Nagoya Pte. Ltd.
- » Singa Management Pte. Ltd.
- » Singa Project Development Pte. Ltd.
- » Singa SV Investment Pte. Ltd.
- » Singa Wealth Pte. Ltd.
- » 3LA-HK Pte. Ltd.
- » 3LA-SB Pte. Ltd.
- » 3LA-SU Pte. Ltd.

### Past Directorships in Listed Companies held over the preceding 5 years (1 January 2013 to 31 December 2017)

» Nil



## Board of Directors



### Dr. Beh Suan Tiong

*Executive Director*

#### Board of Director

Date of appointment as Director: 14 May 2015

Length of service as Director (as at 31 December 2017):

2 years 7 months

#### Board committees served on

» Nil

#### Academic & Professional Qualification

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

#### Present Directorships (as at 31 December 2017)

##### Our Group

- » Beh's Clinic for Women Pte. Ltd.
- » SOG Children (Paediatrics-Central) Pte. Ltd.
- » SOG Children (Paediatrics-East) Pte. Ltd.

##### Other Companies

- » Behealthy LLP

#### Past Directorships in Listed Companies held over the preceding 5 years (1 January 2013 to 31 December 2017)

» Nil



## Mr. Ng Boon Yew

*Lead Independent Director*

### Board of Director

Date of appointment as Director: 1 February 2018  
 Length of service as Director (as at 31 December 2017):  
 Not applicable

### Board committees served on

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

### Academic & Professional Qualification

- » Associate member of the Institute of Chartered Accountant in England & Wales
- » Associate Member of the Institute of Chartered Secretaries and Administrators
- » Associate Member of the Institute of Taxation
- » Fellow of CPA Australia
- » Fellow of the Institute of Singapore Chartered Accountants
- » Fellow of the Association of Chartered Certified Accountants

### Present Directorships (as at 31 December 2017)

#### Our Group

- » Nil

#### Other Companies

- » Bismac Consultants Pte. Ltd.
- » Equal-Ark Singapore Ltd.
- » Excelsior Education Management Sdn. Bhd.
- » Excelsior International Education Pte. Ltd.
- » Kee Song Biotechnology Ltd.
- » National Kidney Foundation
- » Pek Chuan Development Pte. Ltd.
- » Pek Tiong Seng Foundation
- » Raffles Campus Foundation Ltd.
- » Raffles Campus Pte. Ltd.
- » Raffles Campus (Malaysia) Pte. Ltd.
- » Raffles Campus Sdn. Bhd.
- » Raffles Campus (Seri Alam) Sdn. Bhd.
- » SingHealth Fund Limited
- » Singapore Raffles Education Co. Ltd.

### Past Directorships in Listed Companies held over the preceding 5 years (1 January 2013 to 31 December 2017)

- » Datapulse Technology Limited
- » Fischer Tech Ltd.



## Board of Directors



### Mr. Chan Heng Toong

*Independent Director*

#### **Board of Director**

Date of appointment as Director: 14 May 2015

Length of service as Director (as at 31 December 2017):  
2 years 7 months

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

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

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

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

#### **Present Directorships (as at 31 December 2017)**

##### Our Group

- » Nil

##### Other Companies

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

#### **Past Directorships in Listed Companies held over the preceding 5 years (1 January 2013 to 31 December 2017)**

- » Nil

## Mr. Chooi Yee-Choong

*Independent Director*

### Board of Director

Date of appointment as Director: 14 May 2015

Length of service as Director (as at 31 December 2017):  
2 years 7 months

### Board committees served on

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

### Academic & Professional Qualification

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

### Present Directorships (as at 31 December 2017)

#### Our Group

- » Nil

#### Other Companies

- » Nil

### Past Directorships in Listed Companies held over the preceding 5 years (1 January 2013 to 31 December 2017)

- » Nil



## Senior Management



## Mr. Eric Choo

*Chief Financial Officer*

Mr. Eric Choo ("**Mr. Choo**") joined SOG in June 2014 as the Financial Controller, and was redesignated to Chief Financial Officer in November 2017. He was part of the team behind the initial public offering of the Company.

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

Mr. Choo began his career as an Accountant with Pacific Healthcare Holdings Ltd in 2002. Prior to joining our Group, he was an Audit Senior Manager with KPMG Singapore. Mr. Choo has over nine (9) years of audit and assurance experience working as an Auditor in Singapore and the United States, and his professional experience includes providing audit and assurance services to public companies listed on the Singapore Exchange and stock exchanges in United States. During his tenure with KPMG Singapore, Mr. Choo was involved in several sustainability advisory and assurance projects.

Mr. Choo holds a Bachelor of Business (Accountancy) degree from the Royal Melbourne Institute of Technology and is a member of the Institute of Singapore Chartered Accountants and CPA Australia. He has over fifteen (15) years of experience in the accounting and finance sector.

## Ms. Heng Tong Bwee

*Chief Administration Officer*

Ms. Heng Tong Bwee ("**Ms. Heng**") was appointed as the Chief Administration Officer in November 2013. She is responsible for the human resources and administration functions including the supervision and management of the staff, and the planning and implementation of various administrative systems of the Group. She has been with the Company since incorporation.

Ms. Heng holds a Bachelor in Accountancy degree from the National University of Singapore. After qualifying, Ms. Heng was the People's Association's Internal Auditor from December 1977 to May 1981. She then left to join Foo Kon & Tan (now known as Foo Kon Tan LLP) as an Auditor from May 1981 to January 1984. From January 1984 to October 1989, she was an Audit Manager with Harry Tan & Partners. She was a director at Transview Decor Pte Ltd and A-Plan Management Pte Ltd since 1989 and 1990 respectively, and resigned from both companies in 2013. She was appointed as a director of Heng Clinic for Women since March 2005.

# Corporate Information

## Board of Directors

Dr. Heng Tung Lan (Executive Chairman)  
 Dr. Lee Keen Whye (Executive Director)  
 Dr. Beh Suan Tiong (Executive Director)  
 Mr. Ng Boon Yew (Lead Independent Director)\*  
 Mr. Chan Heng Toong (Independent Director)  
 Mr. Chooi Yee-Choong (Independent Director)

## Audit Committee

Mr. Ng Boon Yew (Chairman)\*  
 Mr. Chan Heng Toong  
 Mr. Chooi Yee-Choong

## Remuneration Committee

Mr. Chooi Yee-Choong (Chairman)\*  
 Mr. Ng Boon Yew\*  
 Mr. Chan Heng Toong

## Nominating Committee

Mr. Chan Heng Toong (Chairman)  
 Mr. Ng Boon Yew\*  
 Mr. Chooi Yee-Choong

## Company Secretary

Ms. Loo Choon Keow  
 (a member of the Singapore Association of the  
 Institute of Chartered Secretaries and Administrators)

## Registered Office

229 Mountbatten Road  
 #02-02 Mountbatten Square  
 Singapore 398007

## Principal Place of Business and Contact Details

229 Mountbatten Road  
 #02-02 Mountbatten Square  
 Singapore 398007  
 Telephone Number: +65 6440 4123  
 Facsimile Number: +65 6440 8240

## Share Registrar and Share Transfer Office

Tricor Barbinder Share Registration Services  
 (a division of Tricor Singapore Pte. Ltd.)  
 80 Robinson Road #02-00  
 Singapore 068898

## Sponsor

Hong Leong Finance Limited  
 16 Raffles Quay  
 #01-05 Hong Leong Building  
 Singapore 048581

## Auditors

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

## Principal Bankers

United Overseas Bank Limited  
 DBS Bank Ltd

### Note:

\* With the resignation of Mr. Christopher Chong Meng Tak ("Mr. Chong"), former Lead Independent Director, on 26 December 2017, the Board of Directors (the "Board") appointed Mr. Ng Boon Yew as Lead Independent Director, Chairman of the Audit Committee and member of the Nominating and Remuneration Committees of the Company with effect from 1 February 2018.

Simultaneously, the Board and the Board Committees were also re-constituted on 1 February 2018. Mr. Chooi Yee-Choong took over from Mr. Chong as the Chairman of the Remuneration Committee of the Company.

# Corporate Governance Report

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

This Corporate Governance report (the “Report”) describes the Group’s ongoing efforts during the financial year ended 31 December 2017 (“FY 2017”), in keeping pace with the evolving corporate governance practices and complying with the Code of Corporate Governance 2012 (the “Code”) and where applicable, the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (the “Catalist Rules”), the Companies Act (Cap. 50 of Singapore) (the “Companies Act”) and the Audit Committee Guidance Committee Guidebook, focusing on areas such as internal controls, risk management, financial reporting, internal and external audit. The Board confirms that the Company has adhered to the principles and guidelines as set out in the Code. Where there are deviations from the Code, appropriate explanations are provided.

## (A) BOARD MATTERS

### The Board’s Conduct of Affairs

#### Principle 1

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

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

The principal functions of the Board are:

- providing entrepreneurial leadership, reviewing and setting the strategic directions and broad policies, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and monitoring the organisational performance towards them;
- approving the Group’s annual budgets, key operational matters, investment and divestment proposals, corporate or financial restructuring, material acquisitions and disposals of assets and making decisions in the interests of the Group, interested person transactions of a material nature, convening of shareholders’ meetings and major funding proposals;
- establishing and reviewing the adequacy and integrity of the Company’s framework of risk management systems, internal controls and financial reporting systems to safeguard the shareholders’ interest and the Company’s assets;
- identifying the key stakeholder groups and recognising that their perceptions affect the Company’s reputation;
- considering sustainability issues such as environmental and social factors, as part of its strategic formulation;
- ensuring the Group’s compliance with relevant laws, regulations, policies, directives, guidelines, internal codes of conduct and obligations to shareholders;
- approving all Board appointments or re-appointments and appointments of any person who has authority and responsibility for planning, directing and controlling the activities of the Company (“key management personnel”) as well as evaluating their performance and reviewing their compensation packages;
- ensuring accurate, adequate and timely reporting to, and communication with shareholders;
- setting the Group’s values and standards of conduct and assuming the responsibility for the satisfactory fulfilment of social responsibilities of the Group; and

# Corporate Governance Report

- reviewing the performance of the Group towards achieving adequate shareholder value including but not limited to the declaration of interim and final dividends, if applicable, approval of financial results of the Group and the audited financial statements and timely announcements of material transactions.

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

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

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

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

There was no new director appointed during FY 2017. However, on 26 December 2017, the Company announced the resignation of the Lead Independent Director, Mr. Christopher Chong Meng Tak, due to personal reasons. On 1 February 2018, the Company announced the appointment of Mr. Ng Boon Yew as the new Lead Independent Director, Chairman of AC, member of NC and RC.

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

## Briefings and Updates Provided for Directors in FY 2017

- (a) The external auditor, Foo Kon Tan LLP, regularly briefed AC members on developments in accounting, financial reporting and governance standards.
- (b) The CEO updated the Board at each meeting on business, strategic developments and key trends in the women's and children's healthcare industry and initiated discussions on the direction of the Company.
- (c) The Company Secretary / Sponsor briefed the Board on the updates and changes to the Catalist Rules of the SGX-ST throughout FY 2017 which were relevant to the Company.

The Directors also attended other appropriate courses, conferences and seminars and these included programmes conducted by the Singapore Institute of Directors, of which the Company is a member of.



# Corporate Governance Report

The Board normally meets at least four times a year with additional meetings convened as and when necessary. During FY 2017, the Company held six (6) Board meetings.

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

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

The number of meetings held by the Board and Board Committees in FY 2017 and the attendance of directors at these meetings are disclosed below:

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

<sup>^</sup>In FY 2017, the Board had six (6) meetings. During the year, the Board also had on numerous occasions used circular resolutions in writing to approve certain decisions.

\*Attendance of Executive Directors by invitation of the Board Committees.

<sup>#</sup>Resigned on 26 December 2017.

<sup>@</sup>Appointed on 1 February 2018.

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

## Board Composition and Guidance

### Principle 2

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

As at the date of this Report, the Board comprises three (3) Executive Directors and three (3) Independent Directors.

# Corporate Governance Report

The current members of the Board and their membership on the Board Committees of the Company are as follows:

Name of Directors	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Dr. Heng Tung Lan	Executive Chairman	–	–	–
Dr. Lee Keen Whye	Executive Director	–	–	–
Dr. Beh Suan Tiong	Executive Director	–	–	–
Mr. Christopher Chong Meng Tak <sup>#</sup>	Lead Independent Director	Chairman	Member	Chairman
Mr. Chan Heng Toong	Independent Director	Member	Chairman	Member
Mr. Chooi Yee-Choong	Independent Director	Member	Member	Chairman <sup>^</sup>
Mr. Ng Boon Yew <sup>*</sup>	Lead Independent Director	Chairman	Member	Member

<sup>#</sup>Resigned as a Director of the Company on 26 December 2017.

<sup>^</sup>Appointed as Chairman of the RC of the Company with effect from 1 February 2018.

<sup>\*</sup>Appointed as Lead Independent Director, Chairman of the AC and member of the NC and RC of the Company with effect from 1 February 2018.

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

The NC, with the concurrence of the Board, is of the opinion that the current Board size of six (6) Directors is adequate for effective deliberation and decision making and that the Board possesses the appropriate diversity. The Board's composition has an appropriate balance and diversity skills, experience, gender and knowledge to discharge its responsibilities. The NC also takes into account gender diversity in relation to the composition of the Board, as well as a mix of nationality, skills, knowledge, expertise and experience to provide core competencies in areas such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and patient-based experience or knowledge that are relevant to the direction of the expansion of the Group. The current Board comprises, a female Executive Chairman who is one (1) of the three (3) Executive Directors, and who are specialist medical practitioners, a finance specialist, an accountant and one with extensive experience in commercial industries. Among the six (6) Directors, two (2) come with significant experience in corporate governance and one (1) with compliance and internal controls.

Further details on the key information and profile of each Director, including their academic and professional qualifications, shareholdings in the Company and its subsidiaries, dates of first appointment as a Director, directorships or chairmanships both present and those held over the preceding five (5) years in other listed companies and other major appointments or principal commitments, are presented under the "Directors' Report" and "Board of Directors" sections of this Annual Report.

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

The Company will consider appointing an additional Independent Director in the future to enhance its Board's independence.

# Corporate Governance Report

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

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

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

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

## Chairman and Chief Executive Officer/Executive Director

### Principle 3

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

The Chairman and CEO roles in the Company are assumed by different individuals. There is a clear division of the roles and responsibilities between the Chairman and CEO, which ensures a balance of power and authority at the top of the Company.

The Chairman, Dr. Heng Tung Lan, is the Executive Chairman while the role of the CEO was held by Dr. Ng Koon Keng ("**Dr. Ng**"). Dr. Ng was not a Director of the Company.

Dr. Ng resigned as a CEO of the Company on 31 January 2018. The Board has commenced the search for a new CEO and in the interim, Dr. Lee Keen Whye, Executive Director of the Company, has assumed the duties of the CEO until a new CEO is appointed.

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

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

# Corporate Governance Report

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

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

## *Lead Independent Director*

As the Executive Chairman and CEO are both part of the Medical and Management team respectively, the Board has appointed a Lead Independent Director to lead and co-ordinate the activities of the Independent Directors of the Company. Mr. Ng Boon Yew ("**Mr Ng**") was appointed as Lead Independent Director on 1 February 2018 in place of Mr. Christopher Chong Meng Tak who resigned as a Director of the Company on 26 December 2017.

The Lead Independent Director assists the Board in ensuring effective corporate governance in managing the affairs of the Board and the Company.

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

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

## **Board Membership**

### Principle 4

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

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

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

- Mr. Chan Heng Toong (Chairman)
- Mr. Chooi Yee-Choong (Member)
- Mr. Ng Boon Yew (Member)

The Lead Independent Director is a member of the NC.

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

- reviewing and recommending candidates for appointments to the Board and Board Committees (excluding the appointment of existing members of the Board to Board Committees);
- reviewing and approving any new employment of related persons and proposed terms of their employment;
- reviewing and recommending candidates to be nominees on the boards and board committees of the listed companies and entities within the Group;

# Corporate Governance Report

- re-nominating of directors for re-election in accordance with the Articles of Association at each annual general meeting having regard to the director's contribution and performance (including alternate directors, if applicable);
- reviewing and determining annually, and as and when circumstances require, if a director is independent;
- considering whether or not a director of the Company is able to and has been adequately carrying out his duties and responsibilities, including time and effort contributed to the Company, attendance at meetings of the Board and Board Committees, participation at meetings and contributions of constructive, analytical, independent and well-considered views, and taking into consideration the director's number of listed company board representations and other principal commitments;
- developing of a process for evaluation of the performance of the Board, its Board Committees and directors and deciding how the Board's performance may be evaluated and proposing objective performance criteria, as approved by the Board that allows comparison with its industry peers, and addressing how the Board has enhanced long-term shareholder's value. These performance criteria should not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the onus should be on the Board to justify this decision;
- recommending to the Board the review of Board's succession plans for Directors, in particular, the Chairman and the CEO;
- recommending the appointment of key management positions, reviewing succession plans for key positions within the Group and overseeing the development of key executives and talented executives within the Group;
- reviewing and assessing from time to time whether any director or any person involved in the day-to-day management of the Group is related to, or is appointed pursuant to an agreement or arrangement with, a Controlling Shareholder and/or its Associates; and
- reviewing the training and professional development programmes for the Board.

During FY 2017, the NC held two (2) meetings to review the above matters. NC has been mandated by the Board to meet at least once a year.

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

- reviewing if the Directors have met the key performance indicators ("KPIs") set for them which include attendance at meetings, attendance at courses designed to enhance Directors' awareness and visiting the clinics, meeting staff and attending the open forum sessions held by the Company;
- assessment by other Directors of the Board; and
- self-assessment.

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

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

# Corporate Governance Report

In its search and selection process for new Directors, the NC has a process that considers the attributes of the existing Board members, such as balance and diversity of skills, knowledge and experience on the Board, and the requirements of the Group. The process will include obtaining and comparing resumes from at least 5 candidates and scoring them against a pre-determined score card, carrying out background checks, preliminary and secondary interviews by the NC Chairman, Chairman of the Board and other NC members before the candidates are shortlisted for the NC formal consideration for appointment to the Board.

The NC is most likely to use various independent external parties to help it source for new directors such as executive recruitment consultants, and will also tap on to the resources of the Directors' personal contacts and the Company's sponsors and their recommendations for potential candidates, and associations such as the Singapore Institute of Directors that are independent of the Group or any of its Directors.

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

## Annual Review of Director's Independence in FY 2017

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

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

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

As at the date of this Report and in respect of FY 2017, the NC has reviewed and is satisfied with the independence of the Company's Independent Directors, Mr. Ng Boon Yew, Mr. Chan Heng Toong and Mr. Chooi Yee-Choong. None of the Independent Directors have any relationship including immediate family relationship with the Directors, the Company or its 10% shareholders.

Each of the Independent Directors has also confirmed his independence. The Board concurred with the NC's assessment that the Independent Directors continue to meet the "independence" criteria.

## Re-nomination of Directors

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

# Corporate Governance Report

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

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

- (1) Dr Beh Suan Tiong pursuant to Article 91
- (2) Mr. Chooi Yee-Choong pursuant to Article 91
- (3) Mr. Ng Boon Yew, pursuant to Article 97

Each and every retiring director has abstained from deliberating and recommending on his own re-election.

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

#### Directors' Time Commitments & Multiple Board Representations

The NC also considers annually whether Directors who serve on multiple boards are able to commit the necessary time to discharge their responsibilities as Directors of the Company. The NC has taken into account the results of the assessment of the effectiveness of the individual Director, and the respective Director's actual conduct on the Board in making this determination and is satisfied that sufficient time and attention are being given by each Director to the affairs of the Group, notwithstanding that some of the Directors may have multiple board representations and other principal commitments. The NC requires each of the Directors to disclose and discuss with the Chairman of the NC and the Board before accepting any new appointment as a Director of a listed company. In addition, each Director is required to disclose and update their directorships and/or shareholdings in other companies. In view of the foregoing, the NC has determined the maximum number of listed company board representations which any Director may hold is not more than six (6) directorships.

#### Directors' Training

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

During FY 2017, our Directors have attended various training programmes, forums and seminars as follows:

<u>Names of Directors</u>	<u>Title of Seminar/Forum/Course</u>	<u>Date of Attendance</u>
Dr. Heng Tung Lan	SID Directors' Conference 2017	12 September 2017
	Listed Company Director Essentials	11 July 2017
Dr. Lee Keen Whye	Listed Company Director Essentials	17 May 2017
Dr. Beh Suan Tiong	Listed Company Director Essentials	11 July 2017
Mr. Chan Heng Toong	Launch of Singapore Governance and Transparency Index (SGTI) 2017	1 August 2017
Mr. Chooi Yee-Choong	Listed Company Director Essentials	11 July 2017

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

# Corporate Governance Report

## Succession Planning for the Board and Senior Management

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

### Board Performance

#### Principle 5

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

The Board has implemented a process where the NC assesses the performance and effectiveness of the Board as a whole and its Board Committees in its monitoring role and the attainment of the strategic objectives set by the Board as well as the contribution of individual Directors to the effectiveness of the entire Board. The qualitative measures include the effectiveness of the Board in its monitoring and the attainment of the strategic objectives set by the Board. The evaluation exercise is carried out annually by way of the Director Assessment Checklist and Performance Evaluation Sheet, which are circulated to the Board members for completion. The Company Secretary will collate the checklists and provide an independent summary of the ratings or score points of each Board member and individual Director's performance criteria. Thereafter, the NC will review the summary evaluation and ascertain key areas for improvements and requisite follow-up actions to ensure continuous improvement of the corporate governance of the Company and effectiveness of the Board as a whole and the contribution of each Director. The NC provides the outcome of the review process to the Board. The feedback, comments and recommendations by Directors will be discussed constructively by the NC and the Board.

#### Board Performance Criteria

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

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

#### Individual Director's Performance Criteria

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

- interactive skills (whether the Director works well with other Directors and participates actively);
- knowledge (the Director's industry and business knowledge, functional expertise, whether the Director provides valuable inputs, the Director's ability to analyse, communicate and contribute to the productivity of meetings, and understanding of finance and accounts, are taken into consideration);
- Director's duties (the Director's board committee work contribution, whether the Director takes his role as Director seriously and works to further improve his own performance, whether he listens and discusses objectively and exercises independent judgement, and meeting preparation, are taken into account);
- availability (the Director's attendance at board and board committee meetings, whether the Director is available when needed, and his informal contribution via email, telephone, written notes, etc., are considered); and



# Corporate Governance Report

- overall contribution, bearing in mind that each Director is appointed for his strength in certain areas which taken together provides the Board with the required mix of skills and competencies.

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

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

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

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

## Access to Information

### Principle 6

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

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

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

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

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

## (B) REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

### Principle 7

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

# Corporate Governance Report

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

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

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

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

- Mr. Chooi Yee-Choong (Chairman)
- Mr. Chan Heng Toong (Member)
- Mr. Ng Boon Yew (Member)

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

- reviewing and recommending to the Board for approval the policy for determining the remuneration of the executives of the Group, including that of the Executive Directors and key management personnel;  
  
\*“Key management personnel” shall mean the CEO, senior management, specialist medical practitioners and other persons having authority and responsibility for planning, directing and controlling the activities of the Company and the Group.
- reviewing the on-going appropriateness and relevance of the executive remuneration policy and other benefit programmes including the terms of renewal for those Executive Directors whose current employment contracts will expire or had expired;
- reviewing and recommending to the Board a general framework of remuneration for the Board and key management personnel. The RC would also review and recommend to the Board the specific remuneration package for each director as well as the entire specific remuneration package and service contract terms for each member of key management. The RC's recommendations would be submitted for endorsement by the entire Board. The RC would cover all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind, retirement rights, severance packages and service contracts having regard to the executive remuneration policy for each of the companies within the Group;
- reviewing the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC would aim to be fair and avoid rewarding poor performance;
- reviewing and recommending to the Board the termination payments, retirement payments, gratuities, ex-gratia payments, severance payments and other similar payments, where applicable, to each member of key management personnel;

# Corporate Governance Report

- seeking expert advice inside the Company and/or external professional advice on remuneration of all directors and to ensure that existing relationships, if any, between the Company and its appointed consultants will not affect the independence and objectivity of the consultants. The Company should also disclose the names and firms of the remuneration consultants in the annual remuneration report, and include a statement on whether the remuneration consultants have any such relationships with the Company;
- determining, reviewing and recommending the design of all option plans, stock plans and/or other equity based plans that the Group proposes to implement, to determine each year whether awards will be made under such plans, to review each award as well as the total proposed awards under each plan in accordance with the rules governing each plan and to review and keep under review performance hurdles and/or fulfillment of performance hurdles under such plans;
- reviewing the remuneration framework (including Directors' fees) for the Independent Directors of the Company; and
- reviewing the remuneration of employees who are related to the Directors, CEO and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities.

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

The RC will hold at least one (1) meeting a year. During FY 2017, the RC has held two (2) meetings. In determining remuneration packages of Executive Directors and key management personnel, the RC will ensure that Directors and key management personnel are adequately but not excessively rewarded. The RC will also consider amongst other things, the performance of the Group, as well as their performance, responsibilities, skills, expertise and contribution to the Group's performance in order to align their interests with those of the shareholders and to promote the long-term success of the Group, linking their remuneration to corporate and individual performance. The RC will also consider whether the remuneration packages are competitive against the industry practice and norms and sufficient to ensure that the Group is able to attract and retain the best available executive talents.

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

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

No remuneration consultants were engaged by the Company in FY 2017.

## Level and Mix of Remuneration

### Principle 8

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

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

# Corporate Governance Report

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

## Service Agreements of Executive Directors

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

## Independent Directors' Fees

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

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

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

During FY 2017, no share options and shares awards have been granted to the Executive Directors and key management personnel.

For FY 2017, the RC has reviewed the level and mix of remuneration for the Executive Directors as well as that of the key management personnel (other than the Directors) of the Group to ensure that the level and mix are appropriate to attract, retain and motivate the required talents for the Group and are sufficiently linked to performance. During the financial year, the performance conditions and criteria used to determine the Executive Directors and key management personnel entitlements under the short-term and long-term incentive scheme have been met.

## Disclosure on Remuneration

### Principle 9

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

# Corporate Governance Report

## Level and Mix of Remuneration

The following information relates to the level and mix of remuneration of the Directors and key management personnel of the Group during FY 2017:

Name of Directors	Fee	Salaries	Variable/ Performance bonus for FY 2017	Employer CPF Contribution	Benefits -in-kind	Long-term Incentives <sup>1</sup>	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<b>Executive Directors:</b>							
Dr. Heng Tung Lan	–	1,000,000	104,102	9,900	–	–	1,114,002
Dr. Lee Keen Whye	–	384,000	–	6,480	–	–	390,480
Dr. Beh Suan Tiong	–	444,000	29,429	15,587	–	–	489,016
<b>Independent Directors:</b>							
Mr. Christopher Chong Meng Tak*	50,314	–	–	–	–	–	50,314
Mr. Chan Heng Toong	45,000	–	–	–	–	–	45,000
Mr. Chooi Yee-Choong	42,000	–	–	–	–	–	42,000

Note:

\* Resigned with effect from 26 December 2017. Director's fees were pro-rated based on the calendar days served.

### Chief Executive Officer

Name of key management personnel:	Salaries	Variable / Performance bonus for FY 2017	Employer CPF Contribution	Benefits -in-kind	Long-term Incentives <sup>1</sup>	Total
	%	%	%	%	%	%
Dr. Ng Koon Keng <sup>^</sup>	75.8	21.5	2.7	–	–	100.0

Note:

<sup>1</sup> Long-term incentives relate to awards granted pursuant to the SOG Share Option Scheme and SOG Performance Share Plan. There were no awards granted to the employee by the Company during FY 2017.

<sup>^</sup>Resigned on 31 January 2018.

Dr. Ng's remuneration package was tied to several KPIs set by the Board which include the following KPIs and these KPIs are reviewed by the NC and the Board on an annual basis:

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

### Top Five (5) Key Management Personnel

For FY 2017, besides the three (3) Executive Directors and CEO, there are only two (2) key management personnel in the Company.

# Corporate Governance Report

The following shows the annual remuneration of two (2) key management personnel i.e. Chief Financial Officer and Chief Administrative Officer of the Company (who are not Directors and CEO) for the financial year under review:

Name of key management personnel:	Salaries	Variable / Performance bonus for FY 2017	Employer CPF Contribution	Benefits -in-kind	Long-term incentives <sup>1</sup>	Total
	%	%	%	%	%	%
<u>Above S\$100,000 and below S\$250,000 per annum</u>						
Mr. Eric Choo	69.0	23.0	8.0	–	–	100.0
Ms. Heng Tong Bwee	68.8	23.9	7.3	–	–	100.0

Note:

<sup>1</sup> Long-term incentives relate to awards granted pursuant to the SOG Share Option Scheme and SOG Performance Share Plan. There were no awards granted to the employees by the Company during FY 2017.

In aggregate, the total remuneration (including CPF contribution thereon and bonus) paid to the top two (2) key management personnel for FY 2017 is S\$342,921.

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

Remuneration of Employees who are Immediate Family Members of a Director or the CEO

For FY 2017, saved as disclosed in the following table which shows the breakdown of the remuneration (in percentage terms), there is no other employee who is an immediate family member of a Director or the CEO and whose remuneration exceeds S\$50,000. "Immediate family members" means the spouse, child, adopted child, step-child, brother, sister and parent.

Name of Employee & Position	Relationship with the Director, CEO and/ or Substantial Shareholders	Salary <sup>2</sup> %	Bonus %	Total %
Ms. Heng Siok Hong Veronica (Clinic Manager)	Wife of Dr. Beh Suan Tiong, an Executive Director and Substantial Shareholder	100.0	–	100.0
Ms. Heng Tong Bwee (Chief Administrative Officer)	Sister of Dr. Heng Tung Lan, Executive Chairman and Substantial Shareholder	76.1	23.9	100.0
Mr. Lai Kangwei (Operations Executive)	Nephew of Dr. Heng Tung Lan, Executive Chairman and Substantial Shareholder  Son of Ms. Heng Tong Bwee	78.6	21.4	100.0

Note:

<sup>2</sup> Inclusive of Employer's Central Provident Fund Contributions.

Share Option Scheme and Performance Share Plan

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

The information on the Scheme and the Plan are disclosed in the Directors' Report on Page 137.

# Corporate Governance Report

## (C) ACCOUNTABILITY AND AUDIT

### Accountability

#### Principle 10

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

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

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

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

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

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

### Risk Management and Internal Controls

#### Principle 11

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

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

The Company has implemented an Enterprise Risk Management ("ERM") system and performed a Risk Refresher exercise in FY 2017 which was reviewed by the AC. The AC has tasked the CFO to assume the responsibility of the risk management function and to take charge and monitor the key risks of the Group. The CFO also oversees and ensures that risks are being managed appropriately by its respective business units across the Group. The senior management has assessed and reviewed the Group's business and operational environment in order to identify areas of significant business and financial risks, such as operational health & safety, compliance, procedural, information technology and data security, credit risks, foreign exchange risks, liquidity risks and interest rate risks, as well as appropriate measures to control and mitigate these risks.

#### Risk Identification and Management

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

# Corporate Governance Report

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

Our ERM system is set up to identify and manage inter-dependencies between key risks, and how these are translated into management actions related to strategic and capital planning matters.

The following outline the key processes in our ERM system:

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

Please refer to Page 36 of the Annual Report for full details of this segment on risk identification and management.

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

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

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

Based on the internal controls established and maintained by the Company, and the reviews performed by the AC, Management, internal and external auditors as well as confirmation from CEO and CFO, the Board, and with the concurrence from the AC, is of the opinion that the Group's risk management system and internal controls addressing financial, operational, compliance and information technology controls, and risk management systems are adequate and effective as at 31 December 2017 to meet the needs of the Group in its current business environment.

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

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

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



# Corporate Governance Report

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

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

## Audit Committee

### Principle 12

*The board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.*

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

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

- Mr. Ng Boon Yew (Chairman)\*
- Mr. Chan Heng Toong (Member)
- Mr. Chooi Yee-Choong (Member)

*\* Appointed on 1 February 2018. Mr Christopher Chong Meng Tak was Chairman of the AC until his resignation on 26 December 2017.*

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

During FY 2017, the AC has held four (4) meetings. The matrix on the frequency of the meetings and the attendance of the Directors at these meetings is disclosed on Page 111. The Executive Directors and senior management, as well as the internal and external auditors, were invited to attend the AC meetings.

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

- reviewing with the external auditors their audit plan, their evaluation of the systems of internal controls, their audit report, their letter to Management and Management's responses;
- reviewing with the internal auditors their internal audit plans and their evaluation of the adequacy of the internal controls and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the Company's Annual Report, where necessary;
- reviewing the internal control procedures to ensure co-ordination between the external auditors and the Management, and reviewing the co-operation from Management and assistance given to facilitate their respective audits and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the external auditors may wish to discuss (in the absence of Management, where necessary);
- reviewing the quarter, half year and annual financial statements and results announcements of the Group before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards and compliance with the Catalist Rules and other relevant statutory or regulatory requirements;

# Corporate Governance Report

- reviewing and discussing with the external and internal auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations which has or is likely to have material impact on the Group's operating results or financial position, and Management's response;
- considering the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the external auditors;
- reviewing transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);
- reviewing potential conflicts of interests (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
- reviewing the effectiveness and adequacy of the administrative, operating, internal accounting and financial control procedures;
- reviewing the Group's key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the Annual Reports or if the findings are material, immediately announced via SGXNET;
- undertaking such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- reviewing annually the cost effectiveness of the audit, independence, objectivity and performance of the internal and external auditors;
- reviewing arrangements by which employees of the Group may in confidence, raising concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the investigations of such matter and for appropriate follow-up; and
- reviewing the Group's compliance with such functions and duties as may be required under the relevant statutes of the Catalist Rules, including such amendments made thereto from time to time.

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

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

During FY 2017, the AC carried out its functions which include the following:

- reviewed the internal and external audit plans, including the nature and scope of work before commencement of these audits;
- met up with the Group's internal and external auditors during the year under review without the presence of Management to discuss their findings set out in their respective reports to the AC. Both the internal and external auditors had confirmed that they had access to and received full co-operation and assistance from Management and no restrictions were placed on the scope of auditors;
- reviewed and approved the consolidated statement of comprehensive income, statements of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and auditors' reports;
- reviewed the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems;

# Corporate Governance Report

- reviewed the non-audit services provided by the external auditors and was satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors as well as the cost effectiveness of the audit before confirming their re-nomination; and
- reviewed the whistleblowing policy of the Company.

The following fees amounting to S\$163,500 were approved by the Board for payment to the external auditors:

Audit fees	S\$163,500
Non-audit fees	Nil

The external auditors had confirmed their independence.

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

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

## External Auditors

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

There are no non-audit services provided to the Company by the external auditors for the financial year ended 31 December 2017, as such in the AC's opinion, the external auditors remain independent.

After considering the adequacy of the resources and experience of the current auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group and the number and experience of supervisory and professional staff assigned to the particular audit, the AC has recommended to the Board the re-appointment of Foo Kon Tan LLP as the external auditor for the Company's audit obligations for the financial year ending 31 December 2018.

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

## Whistle-blowing Policy

The Group has adopted a whistle-blowing policy which provides well-defined and accessible channels in the Group through which employees and any other stakeholders concerned such as patients and their families, suppliers, competitors and contractors may raise concern about fraudulent activities, malpractices or improper conduct within the Group, in a responsible and effective manner. There were no whistleblowing reports received for the FY 2017.

## **Internal Audit**

### Principle 13

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

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

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

# Corporate Governance Report

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

The AC has reviewed the adequacy and effectiveness of BDO LLP, as outsourced internal auditors and is satisfied that it is adequately resourced in delivering the internal audit services and has appropriate standing within the Group.

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

## (D) SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

### Shareholder Rights

#### Principle 14

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

### Communication with Shareholder

#### Principle 15

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

### Conduct of Shareholder Meetings

#### Principle 16

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

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

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

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

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

# Corporate Governance Report

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

Shareholders at such meetings are given a presentation by Management and then are invited to put forth any questions they may have on the motions to be debated and decided upon or on any other reasonable subject related to the business of the Group.

The Company believes in encouraging shareholder participation at its general meetings. Currently, the Articles of the Company allows all shareholders to appoint up to two (2) proxies to attend the general meetings and to vote on their behalf through proxy forms sent in advance, at least 72 hours prior to the meeting. The legislation has since been amended, among other things, pursuant to Section 181 of the Companies Act, certain members, defined as "relevant intermediary" are allowed to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominees and custodial services and CPF Board which purchases shares on behalf of the CPF investors. As the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided not to implement voting in absentia by mail, email or fax until issues on security and integrity are satisfactorily resolved.

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

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

The Company will prepare the minutes of the AGM and general meetings that include substantial and pertinent comments or queries raised by shareholders relating to the agenda of the meetings and responses from the Board and the Management. The minutes of the AGM is published to the public shareholders via SGXNET on the day of the AGM together with the Corporate Presentation slides that were presented to the shareholders at the AGM.

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

## Dividend Policy

The Company currently does not have a dividend policy. However, the Company has declared and paid dividends each year since IPO. The Board, as announced in the Company's full year results announcement released via SGXNET on 14 February 2018, has recommended a final one-tier tax exempt dividend of 0.89 Singapore cents per share for shareholders' approval at the forthcoming AGM. Together with the interim dividend of 0.61 Singapore cents per share paid on 4 September 2017, the total dividend for FY 2017 (of 1.50 Singapore cents per share) represents 83.9% of the Group's net profit after tax for the year to the shareholders.

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

## Ongoing Information for Shareholders

The Group maintains a website at:

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

# Corporate Governance Report

The website includes a section labelled “Investor Relations” which provides investors with all the information they may require in one easy to access location. The section also has an email alert function so investors can be alerted to any important announcements and developments without having to check the website regularly. The Company has implemented its ERM system and completed its risk refresher for FY 2017, and this incorporates the Company’s Whistleblowing Policy Statement and the Code of Ethics which are available to the public on the Company’s website. These policies and other relevant information in the website are updated frequently.

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

Stakeholders are welcome to contact the Company, the CEO and the CFO on the email addresses provided on our website.

## Responsiveness to Communications from Shareholders

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

## Notice Period of Meetings to Shareholders

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

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

### Dealings in Securities

In compliance with Rule 1204(19) of the Catalist Rules of the SGX-ST on best practices in respect of dealing in securities, the Group has in place an internal code of conduct which prohibits the directors, key management personnel of the Group and their connected persons from dealing in the Company’s share during the “black-out” period i.e. being one (1) month immediately preceding the announcement of the Group’s financial results respectively, or if they are in possession of unpublished price-sensitive information of the Group such on a potential acquisition or transaction. In addition, directors, key management personnel and connected persons are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. In addition, the Company discourages the Directors and employees from dealing in the Company’s securities on short-term considerations and has set up a policy which prevents Independent Directors from selling/ disposing their shares prior to leaving the Group. The Group confirmed that it has adhered to its internal securities code of compliance for FY 2017.

### Material Contracts

Save for the respective service agreements entered into between the Executive Directors and the Company, the Company with Dr. Choo Wan Ling and the Company with JL Dermatology Pte. Ltd., as mentioned below, there was no material contract of the Company and its subsidiaries involving the interests of any Director or controlling shareholders which are either still subsisting at the end of FY 2017 or, if not then subsisting, entered into since the end of previous financial year.

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

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

# Corporate Governance Report

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

Pursuant to a Sale and Purchase Agreement dated 31 December 2015, SOG acquired through its wholly-owned subsidiary, SOG Dermatology Pte. Ltd. ("**SOG DERM**"), the entire rights, title and interest in, *inter alia*, the business and medical practices of Dr. Joyce Lim Teng Ee, JL Laser & Surgery Centre Pte. Ltd. ("**JLLSC**"), JL Esthetic Research Centre Pte. Ltd. ("**JLERC**") and JL Dermatology Pte. Ltd. ("**JLD**" and together with JLLSC and JLERC, collectively known as the "**JL Companies**"), in the JL Companies' business and medical practices on 1 January 2016. With the completion of the Sale and Purchase Agreement dated 31 December 2015, JLD shall provide the services through Dr. Joyce Lim Teng Ee to SOG DERM, to manage, carry on and maintain the business and medical practices for a term of eight (8) years ("**Term**"). Upon expiry of the Term, the services may be renewed for a further two (2) years on similar terms and conditions as may be agreed between SOG DERM and Dr. Joyce Lim Teng Ee.

## *Non-Compete Undertaking from the Executive Directors*

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

## Interested Person Transactions

The Group has adopted an internal policy governing procedures for identification, approval and monitoring of interested person transactions ("**IPTs**") and to ensure that all transactions with interested persons are reported on a timely manner to the AC at its quarterly meetings. The transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company did not enter into any IPTs which require shareholders' approval under Catalist Rules of SGX-ST regulating IPTs in FY 2017.

The AC with the concurrence of the Board confirmed that there were no other IPTs as at 31 December 2017 pursuant to the disclosure under Rule 920 of the SGX-ST Catalist Rules as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$
	226,560	-

## Nature of transaction

Leasing of Gleneagles Clinic from Lee & Lee Clinic Pte. Ltd. and Avesa Pte. Ltd.

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

Pursuant to the IPO on 4 June 2015, the Company received net proceeds of S\$9.2 million (after deducting listing and processing fees, professional fees and placement commission and other expenses) from the placement of new shares.

# Corporate Governance Report

As at the date of this Annual Report, the use of IPO proceeds is as follows:

Use of IPO proceeds	Amount allocated S\$'000	Amount utilised S\$'000	Amount unutilised S\$'000
Expansion of business operations*	3,000	(481)	2,519
Investments in healthcare professionals and synergistic businesses^	6,000	(6,000)	–
Working capital purposes	200	–	200
	<b>9,200</b>	<b>(6,481)</b>	<b>2,719</b>

Note:

\*The amount of S\$0.5 million for the expansion of business operations category has been utilised for the set-up cost of the following new clinics:

- S\$0.2 million for SK Lim Clinic, located at Mount Elizabeth Novena Specialist Centre #06-53 in May 2016;
- S\$0.2 million for SC Hong Clinic, located at Mount Alvernia Medical Centre #07-62 in July 2016; and
- S\$0.1 million for PAED-Central Clinic, located at 11A Boon Tiong Road #01-11 in November 2017.

^The amount of S\$6.0 million for the investments in healthcare professionals and synergistic businesses category has been utilised to pay the first tranche cash consideration of S\$6.0 million for the acquisition of the JL Companies.

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

Non-Sponsor Fees

In compliance with Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's Sponsor, Hong Leong Finance Limited during FY 2017.

Code of Conduct & Practices

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

Code of Ethics

The Group has adopted an ethics policy that clearly states the ethics upon which the Group, its senior management and employees shall operate on. The policy describes in detail how we are to do business and provides protection for all our stakeholders as well as procedures for reporting and dealing with breaches in our policy. There were no reported breaches of the Code of Ethics in FY 2017.

Personal Data Privacy Policy

The Group has adopted a privacy policy to better manage the sensitivities around patient records and other data. The policy states that all patient data is sensitive and lists the type of data we can collect only, unless a specific circumstance requires other additional data. For instance we are not to collect data on the patient's partner or their sexual history unless there is clear and immediate requirement. The policy provides guidelines on who can access the data, how it should be kept and under what circumstances it can be shared. There were no reported breaches of the Personal Data Privacy Policy in FY 2017.



# Corporate Governance Report

## Corporate Responsibility Statement

The statement makes clear that the Group seeks to be a good corporate citizen. The Group views being a good corporate citizen as being law abiding, meeting all reasonable expectations of stakeholders (and in the event an expectation cannot be met, why it could not be met and what we are doing about it), paying our fair share towards society and volunteering time and resources to improve the society we operate in. In FY 2017, we have complied with all Singapore laws and regulations that apply to us:

- We believe we have met all reasonable expectations set out under the Code of Corporate Governance.
- We have paid dividends and made provision of approximately S\$1.3 million for income taxes.
- We have organised a free public forum and our specialist medical practitioners have given various educational talks to corporates, schools and other organisations to promote health and wellness for women and children.
- We have supported and made donations to charities.

## Sustainability Report

The Company has set out a Sustainability Report section in this Annual Report which can be found on Page 42 to 91.

# Confirmation In Relation To The Consolidated Financial Statements For The Financial Year Ended 31 December 2017 And The Internal Control Systems (Including Risk Management) In Compliance With Guideline 11.3 Of The Code Of Corporate Governance 2012

Date: 14 February 2018

The Board of Directors  
SINGAPORE O&G LTD.  
229 Mountbatten Road  
#02-02 Mountbatten Square  
Singapore 398007

Dear Sirs

CONFIRMATION IN RELATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND THE INTERNAL CONTROL SYSTEMS (INCLUDING RISK MANAGEMENT) IN COMPLIANCE WITH GUIDELINE 11.3 OF THE CODE OF CORPORATE GOVERNANCE 2012 (THE "CODE")

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

1. The financial records of the Group have been properly maintained and the consolidated financial statements for the financial year ended 31 December 2017 give a true and fair view of the Group's operations and finances; and
2. The Group's risk management and internal control systems were sufficiently effective.

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

Yours faithfully

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Dr. Lee Keen Whye  
*Interim Chief Executive Officer*

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Eric Choo  
*Chief Financial Officer*

# Directors' Statement

For The Financial Year Ended 31 December 2017

We are pleased to submit this statement to the members of the Company together with the audited financial statements for the financial year ended 31 December 2017.

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 2017 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

## NAMES OF DIRECTORS

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

Dr. Heng Tung Lan (Executive Chairman)  
 Dr. Lee Keen Whye (Executive Director)  
 Dr. Beh Suan Tiong (Executive Director)  
 Ng Boon Yew (Lead Independent Director) (Appointed on 1 February 2018)  
 Chan Heng Toong (Independent Director)  
 Chooi Yee-Choong (Independent Director)

## DIRECTORS' INTEREST IN SHARES OR DEBENTURES

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

	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
	As at 1.1.2017	As at 31.12.2017 and 21.1.2018	As at 1.1.2017	As at 31.12.2017 and 21.1.2018
	<b>Number of ordinary shares</b>			
<b>The Company – Singapore O&amp;G Ltd.</b>				
Dr. Heng Tung Lan	70,176,807	140,453,614	–	–
Dr. Lee Keen Whye <sup>(1)</sup>	41,703,428	75,406,856	3,052,262	6,104,524
Dr. Beh Suan Tiong <sup>(2)</sup>	23,954,226	48,008,452	236,000	472,000
Christopher Chong Meng Tak <sup>(3)</sup>	100,000	– <sup>(3)</sup>	–	–
Chan Heng Toong	100,000	200,000	–	–
Chooi Yee-Choong	300,000	600,000	–	–

### Notes:

- <sup>(1)</sup> Dr. Lee Keen Whye is deemed to have an interest in the shareholding of Dr. Wong Chui Fong and vice versa by virtue of their relationship as husband and wife.
- <sup>(2)</sup> Dr. Beh Suan Tiong is deemed to have an interest in the shareholding of Veronica Heng Siok Hong and vice versa by virtue of their relationship as husband and wife.
- <sup>(3)</sup> Mr. Christopher Chong Meng Tak resigned on 26 December 2017.

# Directors' Statement

For The Financial Year Ended 31 December 2017

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

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

There are no changes to the above shareholdings as at 21 January 2018.

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

## SHARE OPTIONS SCHEME AND PERFORMANCE SHARE PLAN

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

### SOG Employee Share Option Scheme

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

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

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

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

# Directors' Statement

For The Financial Year Ended 31 December 2017

## SHARE OPTIONS SCHEME AND PERFORMANCE SHARE PLAN (CONT'D)

### SOG Performance Share Plan

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

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

The Plan allows the Company to target specific performance objectives and to provide an incentive for participants to achieve these targets. The Directors believe that the plan will provide the Company with a flexible approach to provide performance incentives to the 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 issued shares (excluding shares held by the Company as treasury shares) from time to time.

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

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

## SHARE OPTIONS GRANTED

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

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

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

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

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

# Directors' Statement

For The Financial Year Ended 31 December 2017

## AUDIT COMMITTEE

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

Ng Boon Yew (Chairman) (Appointed on 1 February 2018)  
Chan Heng Toong  
Chooi Yee-Choong  
Christopher Chong Meng Tak (Chairman) - resigned on 26 December 2017

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

- (i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditor. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;
- (ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- (iii) the quarterly 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 2017 as well as the auditor's report thereon;
- (iv) effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditor;
- (v) met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;
- (vi) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- (vii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- (viii) reviewed the nature and extent of non-audit services provided by the external auditor;
- (ix) recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- (x) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and
- (xi) interested person transactions (as defined in Chapter 9 of the Catalist Rules).

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

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

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.

# Directors' Statement

For The Financial Year Ended 31 December 2017

## INDEPENDENT AUDITOR

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

On behalf of the Directors

.....  
DR. HENG TUNG LAN

.....  
NG BOON YEW

Dated: 19 March 2018

# Independent Auditor's Report

To The Members Of Singapore O&G Ltd.

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Singapore O&G Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2017, 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, Cap. 50 (the "Act") and Singapore Financial Reporting Standards ("FRSs") so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2017, 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 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	<p>Under FRS 36, Impairment of Assets, the Group is required to annually test the amount of goodwill for impairment. This annual impairment test is important to our audit as the balance of S\$26.9 million (2016: S\$26.9 million) as of 31 December 2017 is material to the consolidated financial statements. We focus on goodwill impairment testing of cash-generating units ("CGUs") relying on estimated value-in-use ("VIU") based on estimated future cash flows. The cash flows projection involved significant management judgement, and is based on assumptions that are affected by expected future market and economic conditions.</p> <p>The key assumptions for the VIU calculations are the discount rate, growth rate and expected changes to the fee charged by the specialist medical practitioners for their medical services and their direct costs during the forecast periods. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in fee charges and direct costs are based on past trend and expectations of future market changes.</p>	<p>We assessed the Group's processes for the determination of the scope of work of management's expert, and the review and acceptance of the valuations reported by management's expert. We performed the following:</p> <ol style="list-style-type: none"> <li>Evaluated the competence, capabilities and objectivity of the expert;</li> <li>Obtained an understanding of the work of management's expert; and</li> <li>Evaluated the appropriateness of that management expert's work as audit evidence for the relevant assertions.</li> </ol> <p>In addition, we also engaged auditor's expert to assist us in evaluating the assumptions, methodologies and data used in the VIU by comparing them against external data on developments in the market and assessing historical accuracy of management's estimates. 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 macroeconomic assumptions used in the impairment analysis, in particular, the discount rate and growth rate, and compare the expectations to those used by management.</p>



# Independent Auditor's Report

To The Members Of Singapore O&G Ltd.

## Key Audit Matters (Cont'd)

Key Audit Matter	Risk	Our responses and work performed
Impairment of goodwill (Cont'd)		<p>We reviewed the budget prepared by management by comparing the actual results to previously forecasted results. We have also performed sensitivity test to determine the available headroom of the CGU, where a reasonably possible change in assumptions could cause the recoverable amount to be less than the carrying amount.</p> <p>Based on our procedures, we noted management's key assumptions to be within a reasonable range of our expectations.</p> <p>We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements. The Group's disclosures on goodwill and its impairment testings are included in Note 5 to the financial statements.</p>

## Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

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

## Responsibilities of Management and Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's or the Company'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 the Company 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.

# Independent Auditor's Report

To The Members Of Singapore O&G Ltd.

## Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 or the Company'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 Company or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

## Report on Other Legal and Regulatory Requirements

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

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

Foo Kon Tan LLP  
Public Accountants and  
Chartered Accountants

Singapore, 19 March 2018

# Statements of Financial Position

As At 31 December 2017

	Note	The Group		The Company	
		2017 S\$	2016 S\$	2017 S\$	2016 S\$
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Goodwill	5	26,929,999	26,929,999	–	–
Plant and equipment	6	1,638,262	1,554,794	128,580	91,709
Available-for-sale financial assets	7	–	148,411	–	148,411
Deferred tax assets	16	12,019	10,450	–	7,652
Investment in subsidiaries	4	–	–	34,330,536	34,328,536
		<b>28,580,280</b>	<b>28,643,654</b>	<b>34,459,116</b>	<b>34,576,308</b>
<b>Current Assets</b>					
Inventories	8	1,601,717	2,152,469	–	–
Trade and other receivables	9	2,518,334	2,092,939	3,677,889	1,994,016
Cash and cash equivalents	10	16,426,295	21,376,324	7,065,907	10,548,940
		<b>20,546,346</b>	<b>25,621,732</b>	<b>10,743,796</b>	<b>12,542,956</b>
<b>Total Assets</b>		<b>49,126,626</b>	<b>54,265,386</b>	<b>45,202,912</b>	<b>47,119,264</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share capital	11	29,645,500	29,645,500	29,645,500	29,645,500
Capital reserve	12	1,771,070	1,771,070	1,771,070	1,771,070
Merger reserve	13	(1,695,311)	(1,695,311)	–	–
Retained earnings		13,778,386	11,922,728	11,919,885	7,568,998
<b>Total Equity</b>		<b>43,499,645</b>	<b>41,643,987</b>	<b>43,336,455</b>	<b>38,985,568</b>
<b>Non-Current Liabilities</b>					
Deferred tax liabilities	16	109,825	66,601	1,561	–
Trade and other payables	14	–	3,761,166	–	3,761,166
		<b>109,825</b>	<b>3,827,767</b>	<b>1,561</b>	<b>3,761,166</b>
<b>Current Liabilities</b>					
Trade and other payables	14	3,811,730	7,052,275	1,864,896	4,372,530
Deferred revenue	15	445,279	380,343	–	–
Current tax liabilities		1,260,147	1,361,014	–	–
		<b>5,517,156</b>	<b>8,793,632</b>	<b>1,864,896</b>	<b>4,372,530</b>
<b>Total Liabilities</b>		<b>5,626,981</b>	<b>12,621,399</b>	<b>1,866,457</b>	<b>8,133,696</b>
<b>Total Equity and Liabilities</b>		<b>49,126,626</b>	<b>54,265,386</b>	<b>45,202,912</b>	<b>47,119,264</b>

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

# Consolidated Statement of Comprehensive Income

For The Financial Year Ended 31 December 2017

	Note	2017 S\$	2016 S\$
Revenue	3	29,901,563	28,674,632
Other operating income	17	215,007	266,009
Consumables and medical supplies used	18	(4,562,370)	(4,365,796)
Employee remuneration expense	19	(11,997,595)	(11,003,716)
Depreciation of plant and equipment	6	(524,148)	(380,160)
Other operating expenses	20	(3,162,978)	(2,794,993)
<b>Profit from operations</b>		<b>9,869,479</b>	<b>10,395,976</b>
Finance income		57,373	135,880
Finance expense	21	(238,834)	(449,399)
<b>Net finance expense</b>		<b>(181,461)</b>	<b>(313,519)</b>
<b>Profit before income tax</b>		<b>9,688,018</b>	<b>10,082,457</b>
Income tax expense	22	(1,180,958)	(1,278,779)
<b>Profit for the year</b>		<b>8,507,060</b>	<b>8,803,678</b>
Other comprehensive income, at nil tax		–	–
<b>Total comprehensive income for the year</b>		<b>8,507,060</b>	<b>8,803,678</b>
Earnings per share attributable to equity holders of the Company:			
- Basic (Cents)	24	1.78	1.86
- Diluted (Cents)	24	1.78	1.86

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

# Consolidated Statement of Changes in Equity

For The Financial Year Ended 31 December 2017

	Share capital S\$	Capital reserve S\$	Merger reserve S\$	Retained earnings S\$	Total S\$
At 1 January 2016	14,428,020	1,771,070	(1,695,311)	9,508,210	24,011,989
<b>Total comprehensive income for the year</b>					
Profit for the year	–	–	–	8,803,678	8,803,678
Other comprehensive income, at nil tax	–	–	–	–	–
	–	–	–	8,803,678	8,803,678
<b>Transactions with owners of the Company, recognised directly in equity</b>					
<i>Contributions by and distributions to owners of the Company</i>					
Issue of ordinary shares related to business combination (Note 11)	15,217,480	–	–	–	15,217,480
Dividends paid to shareholders (Note 23)	–	–	–	(6,389,160)	(6,389,160)
<b>Total contributions by and distribution to owners</b>	15,217,480	–	–	(6,389,160)	8,828,320
<b>At 31 December 2016</b>	<b>29,645,500</b>	<b>1,771,070</b>	<b>(1,695,311)</b>	<b>11,922,728</b>	<b>41,643,987</b>
At 1 January 2017	29,645,500	1,771,070	(1,695,311)	11,922,728	41,643,987
<b>Total comprehensive income for the year</b>					
Profit for the year	–	–	–	8,507,060	8,507,060
Other comprehensive income, at nil tax	–	–	–	–	–
	–	–	–	8,507,060	8,507,060
<b>Transactions with owners of the Company, recognised directly in equity</b>					
<i>Contributions by and distributions to owners of the Company</i>					
Dividends paid to shareholders (Note 23)	–	–	–	(6,651,402)	(6,651,402)
<b>Total contributions by and distribution to owners</b>	–	–	–	(6,651,402)	(6,651,402)
<b>At 31 December 2017</b>	<b>29,645,500</b>	<b>1,771,070</b>	<b>(1,695,311)</b>	<b>13,778,386</b>	<b>43,499,645</b>

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

# Consolidated Statement of Cash Flows

For The Financial Year Ended 31 December 2017

	Note	2017 S\$	2016 S\$
<b>Cash Flows from Operating Activities</b>			
Profit before taxation		9,688,018	10,082,457
Adjustments for:			
Depreciation of plant and equipment	6	524,148	380,160
Plant and equipment written-off	6	11,219	1,758
Impairment of investment in available-for-sale financial assets	7	148,411	–
Interest expense	21	238,834	449,399
Interest income		(57,373)	(135,880)
Operating profit before working capital changes		10,553,257	10,777,894
Changes in inventories		550,752	69,204
Changes in trade and other receivables		(488,585)	(528,647)
Changes in trade and other payables		(7,222,409)	1,489,653
Cash generated from operations		3,393,015	11,808,104
Income taxes paid		(1,240,170)	(1,455,508)
<b>Net cash generated from operating activities</b>		<b>2,152,845</b>	<b>10,352,596</b>
<b>Cash Flows from Investing Activities</b>			
Acquisition of subsidiaries, net of cash acquired	4	–	(6,000,000)
Purchase of plant and equipment (Note A)	6	(572,035)	(845,430)
Interest received		120,563	49,174
<b>Net cash used in investing activities</b>		<b>(451,472)</b>	<b>(6,796,256)</b>
<b>Cash Flows from Financing Activities</b>			
Dividends paid to shareholders		(6,651,402)	(6,389,160)
<b>Net cash used in financing activities</b>		<b>(6,651,402)</b>	<b>(6,389,160)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(4,950,029)</b>	<b>(2,832,820)</b>
Cash and cash equivalents at beginning of year		21,376,324	24,209,144
<b>Cash and cash equivalents at end of year</b>	10	<b>16,426,295</b>	<b>21,376,324</b>

## Notes:

- (A) During the financial year ended 31 December 2017, the Group acquired plant and equipment with an aggregate cost of S\$618,835 (2016: S\$994,327) of which S\$46,800 (2016: S\$148,897) was included in trade payables. Cash payment of S\$572,035 (2016: S\$845,430) was made to purchase plant and equipment.
- (B) With effect from 1 January 2017, the Amendments to FRS 7 Statements of Cash Flow comes with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. No reconciliation is required as the Group's cash flows from financing activities arise from dividends payment to its shareholders only.

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

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 1 The Company

The financial statements of the Group and of the Company for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

Singapore O&G Ltd. (the "Company") is a company incorporated in Singapore. The address of the Company's registered office is at 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.

## 2(a) Basis of preparation

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

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

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

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

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

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

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

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

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

### Significant accounting estimates and judgements

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

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

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 2(a) Basis of preparation (Cont'd)

### Significant judgements in applying accounting policies

#### (a) Income tax

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

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's current tax liabilities at the reporting date was S\$1,260,147 (2016: S\$1,361,014). The carrying amounts of the Group's and the Company's deferred tax assets and liabilities are disclosed in Note 16 of the financial statements.

#### (b) Impairment of loans and receivables

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

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

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

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

The amount of the impairment loss recognised for available-for-sale financial assets is disclosed in Note 7 to the financial statements.

#### (d) Determination of operating segments

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

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

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

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

	2017	2016
	S\$	S\$
Beh's Clinic for Women Pte. Ltd. ("BEH")	446,094	446,094
Choo Wan Ling Women's Clinic Pte. Ltd. ("CWL")	396,201	396,201
SOG Dermatology Pte. Ltd. ("DERM")	26,087,704	26,087,704
	<u>26,929,999</u>	<u>26,929,999</u>



# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 2(a) Basis of preparation (Cont'd)

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

#### Impairment tests for cash-generating units containing goodwill (Note 5) (Cont'd)

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets prepared by management covering a five-year period for BEH and CWL and an eight-year period with terminal value for DERM. Cash flows beyond the budgeted periods are extrapolated using the estimated rates stated below:

	Beh's Clinic for Women Pte. Ltd.	Choo Wan Ling Women's Clinic Pte. Ltd.	SOG Dermatology Pte. Ltd.
	%	%	%
Gross profit margin	92.0	88.2	75.0
Growth rate	5.3	5.6	11.1
Terminal growth rate	-	-	1.6
Discount rate	10.5	10.5	10.5

The recoverable amounts of CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates, terminal growth rate and expected changes to fee charged by the specialist medical practitioners and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in rates, fee charges and direct costs are based on past practices and expectations of future market changes.

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

The above estimates are particularly sensitive in the following areas in relation to the above CGUs:

- An increase of one percentage point in the discount rate used would decrease the value-in-use of BEH, CWL and DERM by S\$4.6 million (2016: S\$6.0 million) and accordingly, no impairment is required.
- A 1% decrease in future growth profit margin would decrease the value-in-use of BEH, CWL and DERM by S\$2.3 million (2016: S\$7.7 million) and accordingly, no impairment is required.

The carrying amount of goodwill as at 31 December 2017 amounted to S\$26,929,999 (2016: S\$26,929,999).

#### Impairment tests for plant and equipment

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

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

A decrease of 5% (2016: 5%) in the value-in-use of the Group's plant and equipment would have decreased the Group's profit by S\$81,913 (2016: S\$77,740). The carrying amounts of the Group's and the Company's plant and equipment are disclosed in Note 6 to the financial statements.

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 2(a) Basis of preparation (Cont'd)

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

#### Depreciation of plant and equipment

The costs of plant and equipment are depreciated on a straight-line basis over the estimated economic useful lives of the assets. The Group estimates the useful lives of the assets based on commercial factors which could change significantly as a result of technical innovations and competitor actions in response to severe market conditions. Changes to the expected level of usage, maintenance programmes and technical developments could impact the economic useful lives of the assets; therefore future depreciation charges could be revised. The carrying amounts of the Group's and the Company's plant and equipment at the reporting date were S\$1,638,262 (2016: S\$1,554,794) and S\$128,580 (2016: S\$91,709) respectively. If depreciation on the Group's plant and equipment increases/decreases by 10% (2016: 10%) from management's estimate, the Group's profit for the year will decrease/increase by approximately S\$52,415 (2016: S\$38,016).

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

Determining whether investments in subsidiaries are impaired requires an estimation of the value-in-use of the investments. The value-in-use calculation requires the Company to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

Determining whether amounts due from subsidiaries are impaired requires an estimation of the amounts and timing of future cash flows based on historical loss experience for assets with similar credit risk using the effective interest rate.

At the reporting date, the carrying amounts of investments in subsidiaries are S\$34,330,536 (2016: S\$34,328,536) and amounts due from subsidiaries (non-trade) are S\$3,460,029 (2016: S\$1,732,832).

Management has evaluated the recoverability of the investment based on such estimates. If the present value of estimated future cash flows decrease by 10% (2016: 10%) from management's estimates, the Company's allowance for impairment of investments in and amounts due from subsidiaries will increase by S\$3,433,054, (2016: S\$3,432,854) and S\$346,003 (2016: S\$173,283) respectively.

#### Allowance for inventory obsolescence

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

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

If the net realisable values of the inventory decrease/ increase by 10% (2016: 10%) from management's estimates, the Group's profit will decrease/ increase by S\$160,172 (2016: S\$215,247). The carrying amounts of the Group's and the Company's inventory are disclosed in Note 8 to the financial statements.

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

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

When valuing unquoted AFS, the cost or latest financing price of the investments will be taken into consideration, but that will not be the sole determinant of fair value. Cost or latest financing price may be a good indication of fair value upon purchase or the latest financing round. However, after some period of time, the cost or the latest financing price becomes less reliable as an approximation of fair value. Therefore, the management will assess whether the fair value has changed, taking into account changes in circumstances such as the current performance of the investee company, whether market, economic or company-specific conditions have significantly improved or deteriorated since the time of the original investment. These estimated values may differ significantly from the values that would have been used had a readily available market for such investments existed, or had such investments been liquidated, and the differences could be material to the financial statements. The carrying amounts of the specific assets at the end of the reporting period affected by this assumption are S\$Nil (2016: S\$148,411).

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 2(a) Basis of preparation (Cont'd)

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

#### Fair value of unquoted available-for-sale financial assets (Cont'd)

The Group has recognised an impairment loss arising from the AFS as disclosed in Note 7 (2016: If the discount rate of the present value of estimated future cash flows decrease by 10% from management's estimates, the Group's changes in fair value of available-for-sale financial assets will increase by S\$49,000).

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

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the consideration transferred for business combination. Where the contingent consideration meets the definition of a derivation and thus financial liability, it is subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor. As part of the purchase price allocation for the JL Acquisition, the Group identified an element of contingent consideration. The carrying amount of the contingent consideration on business combination at the end of the reporting period is disclosed in Note 14 to the consolidated financial statements. The Group has fully paid the entire contingent consideration before 31 December 2017 (2016: Based on stated formula in the Sale and Purchase Agreement for JL Acquisition, if the NPAT Target is not achieved by 5%, the Group's contingent consideration will decrease by S\$1.08 million (Note 4)).

## 2(b) Interpretations and amendments to published standards effective in 2017

On 1 January 2017, the Group adopted the amended FRSs that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS. This includes the following FRSs which are relevant to the Group.

Reference	Description
Amendments to FRS 7	Statement of Cash Flows

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

## 2(c) SFRS(I) not yet effective

### Convergence with International Financial Reporting Standards (IFRS)

In December 2017, the Accounting Standards Council Singapore has issued Singapore Financial Reporting Standards (International) (SFRS(I)). Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore are required to apply SFRS(I) for annual periods beginning on or after 1 January 2018.

The Group has performed a preliminary assessment of the impact of SFRS(I) for the transition to the new reporting framework. Other than the adoption of the new standards that are effective on 1 January 2018, the Group expects that the adoption of the new framework will have no material impact on the financial statements in the year of initial application.

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 2(c) SFRS(I) not yet effective (Cont'd)

The following are the new or amended SFRS(I) issued that are not yet effective but may be early adopted for the current financial year:

Reference	Description	Effective date (Annual periods beginning on)
Amendments to SFRS(I) 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
SFRS(I) 9	Financial Instruments	1 January 2018
SFRS(I) 15	Revenue from Contracts with Customers	1 January 2018
Clarifications to SFRS(I) 15	Revenue from Contracts with Customers	1 January 2018
SFRS(I) 16	Leases	1 January 2019

### Amendments to SFRS(I) 2 Classification and Measurement of Share-based Payment Transactions

The amendments to SFRS(I) 2 Share-based Payment clarifies how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

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

Companies are required to apply the amendments for annual periods beginning on or after 1 January 2018.

The Group has not implemented its share-based plan as at 31 December 2017.

### SFRS(I) 9 Financial Instruments

SFRS(I) 9 Financial Instruments replaces FRS 39 and it is a package of improvements introduced by SFRS(I) 9 which include a logical model for:

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

SFRS(I) 9 is effective for annual periods beginning on or after 1 January 2018.

Loans and receivables currently accounted for at amortised cost will continue to be accounted for using amortised cost model under SFRS (I) 9. For financial assets currently held at fair value, the Group expects to continue to perform fair value measurement of these assets at the end of each reporting period under SFRS (I) 9.

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model or a significant increase in the impairment loss allowance.

The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information; and is gathering data to quantify the potential impact arising from the adoption.

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 2(c) SFRS(I) not yet effective (Cont'd)

### SFRS(I) 15 and Clarifications to SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a comprehensive framework for determining how much and when revenue is recognised. It also establishes principles to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. In addition, it also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

When effective, SFRS(I) 15 replaces existing revenue recognition guidance, including FRS 18 Revenue, FRS 11 Construction Contracts, INT FRS 113 Customer Loyalty Programmes, INT FRS 115 Agreements for the Construction of Real Estate, INT FRS 118 Transfers of Assets from Customers and INT FRS 31 Revenue – Barter Transactions Involving Advertising Services.

SFRS(I) 15 is effective for annual periods beginning on or after 1 January 2018.

Clarifications to SFRS(I) 15 Revenue Contracts with Customers clarify how to:

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

The amendments have the same effective date as the Standard, SFRS(I) 15, i.e. on 1 January 2018.

The Group does not expect significant changes to the basis of revenue recognition for its revenue from the provision of specialised medical services (namely obstetrics and gynaecology, cancer-related, dermatology and paediatrics services) since these are recognised when the services are rendered in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

There is unlikely to be any significant financing component arising from the rendering of the specialised medical services to the patients since the Group is engaged in a cash service business. Credit terms are only extended to hospitals in Singapore and insurance companies and such credit terms are generally in line with the industry norm.

### SFRS(I) 16 Leases

SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and financial liabilities to pay rentals with a term of more than 12 months unless the underlying asset is of low value.

SFRS(I) 16 substantially carries forward the lessor accounting requirements in FRS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor.

When effective, SFRS(I) 16 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 Determining whether an Arrangement contains a Lease, INT FRS 15 Operating Leases - Incentives, and INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019.

The Group has operating leases relating to office and clinic premises.

The Group expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. This would increase the gearing ratio of the Group.

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 2(d) Significant accounting policies

### Consolidation

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

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

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

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

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

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

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

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

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

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

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

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

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 2(d) Significant accounting policies (Cont'd)

### Consolidation (Cont'd)

#### Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group. The consideration for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities assumed and the equity interests issued by the Group.

The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

For each acquisition, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration given, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Goodwill" for the accounting policy on goodwill.

#### Disposal

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

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

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

### Intangible assets

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

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

#### Goodwill

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

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 2(d) Significant accounting policies (Cont'd)

### Intangible assets (Cont'd)

#### Goodwill (Cont'd)

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

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

### Plant and equipment and depreciation

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

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

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

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

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

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

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

### Investment in subsidiaries

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

### Financial assets

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

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



# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 2(d) Significant accounting policies (Cont'd)

### Financial assets (Cont'd)

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

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

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

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

### Loans and receivables

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

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

### Available-for-sale financial assets

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

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

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

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

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

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

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 2(d) Significant accounting policies (Cont'd)

### Financial assets (Cont'd)

#### Determination of fair value

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

#### Inventories

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

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

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

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

#### Impairment of non-financial assets

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

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

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

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.

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 2(d) Significant accounting policies (Cont'd)

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

With the exception of goodwill,

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

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

### Share capital

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

### Dividends

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

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

### Financial liabilities

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

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

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

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

### Trade and other payables

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

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 2(d) Significant accounting policies (Cont'd)

### Leases

*Where the Group is the lessee,*

#### Operating leases

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

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

*Where the Group is the lessor,*

#### Operating leases

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

### Income taxes

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

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

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

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

Deferred income tax is measured:

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

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

### Revenue recognition

#### Provision of specialised medical services

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

#### Rental income

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

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 2(d) Significant accounting policies (Cont'd)

### Revenue recognition (Cont'd)

#### Finance income

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

#### Dividend income

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

### Employee benefits

#### Short-term employee benefits

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

#### Pension obligations

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

#### Employee leave entitlements

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

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

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

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

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

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

#### Key management personnel

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

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 2(d) Significant accounting policies (Cont'd)

### 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 reporting entity.

### Government grants

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

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

### Functional and presentation currency

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

### Conversion of foreign currencies

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

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 2(d) Significant accounting policies (Cont'd)

### Conversion of foreign currencies (Cont'd)

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.

### Operating segments

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

## 3 Principal activities and revenue

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

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

The Group	2017 S\$	2016 S\$
Obstetrics and Gynaecology revenue	18,027,300	17,445,658
Dermatology revenue	7,887,185	8,466,335
Cancer-related revenue	3,787,108	2,762,639
Paediatrics revenue	199,970	–
	29,901,563	28,674,632

## 4 Investment in subsidiaries

The Company	2017 S\$	2016 S\$
Unquoted equity shares, at cost	34,330,536	34,328,536

### (i) JL Acquisition

On 31 December 2015, the Company completed the acquisition of the entire rights, title and interest of Dr. Joyce Lim Teng Ee ("Dr. Joyce Lim") and in the business and medical practices of JL Laser & Surgery Centre Pte. Ltd. ("JLLSC"), JL Esthetic Research Centre Pte. Ltd. ("JLERC") and JL Dermatology Pte. Ltd. ("JLD"), and together with JLLSC and JLERC, (collectively known as the "Targets"), in the Target's business and medical practices (the "JL Acquisition") and the effective date of control of the Targets was on 1 January 2016. The total purchase consideration was S\$28,294,630 and the breakdown is as follows:

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

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 4 Investment in subsidiaries (Cont'd)

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

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

Pursuant to the completion of the JL Acquisition, SOG Dermatology Pte. Ltd. ("DERM"), a wholly-owned subsidiary of the Company incorporated on 18 December 2015, had taken over and control the entire rights, title and interests in the Target's business and medical practices on 1 January 2016. The cost of investment in DERM amounted to S\$28,295,630 (2016: S\$28,295,630) as at 31 December 2017.

The Group had completed the purchase price allocation ("PPA") exercise for the JL Acquisition and goodwill of S\$26,087,704 was recognised in the financial year ended 31 December 2016 (FY 2016).

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

### (a) Consideration transferred

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

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

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

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



# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 4 Investment in subsidiaries (Cont'd)

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

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

The valuation techniques used for measuring the fair value of material assets acquired in FY 2016 were as follows:

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

#### (c) Effect on cash flows of the Group at acquisition date

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

#### (d) Acquisition-related cost

The Group incurred acquisition-related costs of S\$115,000 relating to external legal fees for due diligence. These costs had been included in other operating expenses in the Group's statement of comprehensive income in FY 2016.

#### (e) Contingent consideration

The second tranche cash consideration shall be reduced by the same amount received in respect of the consideration shares, in the event that the Company declared distribution or dividend in connection with the financial year ended 31 December 2015 ("FY 2015"). The final dividend for FY 2015 received by Dr. Joyce Lim in respect of the 20,401,501 consideration shares allotted is S\$234,617. The Company paid the second tranche cash consideration of S\$3.8 million (S\$4.0 million less final dividend for FY 2016 received by Dr. Joyce Lim of S\$0.2 million) in January 2017.

The third tranche cash consideration is subject to the Targets' net profit after tax ("NPAT"). In the event that the Targets do not achieve an audited net profit after tax ("NPAT") of at least S\$2.5 million, with a tolerance threshold of S\$0.2 million (the "NPAT Target") for FY 2016, the third tranche cash consideration shall be reduced by a sum amounting to 10 times the difference between the Targets' NPAT and NPAT Target. The NPAT Target has been achieved for FY 2016 (Note 4(i)(f)). The Company paid the third tranche cash consideration of S\$4.0 million in December 2017.

The Group has included S\$3,765,383 and S\$3,761,166 as current and non-current contingent consideration related to the second and third tranche cash consideration respectively, which represents its fair value as at 31 December 2016. The discount implicit on the second and third tranche cash consideration amounting to S\$238,834 (2016: S\$449,399) was charged as finance expense in the profit or loss for FY 2017.

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 4 Investment in subsidiaries (Cont'd)

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

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

With reference to the NPAT Target under Note 4(i)(e) and with the effective date of control on 1 January 2016, DERM contributed S\$8,466,335 and S\$2,576,755 to the Group's revenue and net profit after tax respectively for FY 2016.

### (ii) Group subsidiaries

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

Entity	Principal activities	Country of incorporation	Percentage of interest held	
			2017 %	2016 %
Beh's Clinic for Women Pte. Ltd.	Provision of obstetrical and gynaecological services	Singapore	100	100
Choo Wan Ling Women's Clinic Pte. Ltd.	Provision of obstetrical and gynaecological services	Singapore	100	100
Heng Clinic for Women Pte. Ltd.	Provision of obstetrical and gynaecological services	Singapore	100	100
K W Lee Clinic & Surgery for Women Pte. Ltd.	Provision of obstetrical and gynaecological services	Singapore	100	100
SOG-Natalie Chua Clinic for Women Pte. Ltd.	Provision of obstetrical and gynaecological services	Singapore	100	100
SOG-SC Hong Clinic for Women Pte. Ltd.	Provision of obstetrical and gynaecological services	Singapore	100	100
SOG Dermatology Pte. Ltd.	Provision of dermatological services	Singapore	100	100
SOG-Cindy Pang Clinic for Women Pte. Ltd.	Provision of cancer-related and general surgery services	Singapore	100	100
SOG-Radhika Breast and General Surgicare Pte. Ltd.	Provision of cancer-related and general surgery services	Singapore	100	100
SOG-SK Lim Breast & General Surgicare 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	–
SOG Children (Paediatrics - East) Pte. Ltd.	Provision of paediatrics services	Singapore	100	–

All entities are audited by Foo Kon Tan LLP.

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 5 Goodwill

	2017	2016
The Group	S\$	S\$
<b>Cost and carrying value</b>		
At beginning of year	26,929,999	842,295
Additions	–	26,087,704
At end of year	<u>26,929,999</u>	<u>26,929,999</u>

### Impairment tests for goodwill

As at 31 December 2017, the carrying amount of goodwill is attributable to the Group's cash-generating units ("CGU") comprising of Beh's Clinic for Women Pte. Ltd. ("BEH"), Choo Wan Ling Women's Clinic Pte. Ltd. ("CWL") and SOG Dermatology Pte. Ltd. ("DERM").

	2017	2016
The Group	S\$	S\$
Beh's Clinic for Women Pte. Ltd.	446,094	446,094
Choo Wan Ling Women's Clinic Pte. Ltd.	396,201	396,201
SOG Dermatology Pte. Ltd.	26,087,704	26,087,704
	<u>26,929,999</u>	<u>26,929,999</u>

The recoverable amount of the CGU was determined based on value-in-use calculation. The value-in-use calculation is a discounted cash flow model using cash flow projections based on financial budget prepared by management covering a five-year period for BEH and CWL and an eight-year period with terminal value for DERM. Cash flows for the budgeted period were extrapolated using the estimated growth rates stated below. The growth rates do not exceed the long-term average growth rates in which the CGUs operate.

Key assumptions used for value-in-use calculations:

	Beh's Clinic for Women Pte. Ltd.	Choo Wan Ling Women's Clinic Pte. Ltd.	SOG Dermatology Pte. Ltd.
2017	%	%	%
Gross profit margin <sup>(1)</sup>	92.0	88.2	75.0
Growth rate <sup>(2)</sup>	5.3	5.6	11.1
Terminal growth rate <sup>(3)</sup>	–	–	1.6
Discount rate <sup>(4)</sup>	10.5	10.5	10.5
2016	%	%	%
Gross profit margin <sup>(1)</sup>	92.0	88.2	80.0
Growth rate <sup>(2)</sup>	2.8	10.3	8.0
Terminal growth rate <sup>(3)</sup>	–	–	1.8
Discount rate <sup>(4)</sup>	11.9	11.9	11.9

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

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

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

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

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 5 Goodwill (Cont'd)

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

The discount rate was a pre-tax measure based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU. A long-term growth rate into perpetuity has been determined based on the long-term average growth rate of Singapore's Gross Domestic Product.

These assumptions were used for the analysis of each CGU within the business segment. Management determined budgeted gross profit margin and average annual growth rate based on expectation of future outcomes taking into account past experience. Revenue growth was projected taking into account the average growth level experienced over the past years. The annual growth rate and terminal growth rate used were consistent with the forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments.

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

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

## 6 Plant and equipment

The Group	Office equipment S\$	Furniture and fittings S\$	Medical equipment S\$	Renovation S\$	Computer and software S\$	Total S\$
<u>Cost</u>						
At 1 January 2016	12,873	43,208	674,802	378,596	79,406	1,188,885
Business combination	3,268	730	255,036	4,671	–	263,705
Additions	20,498	10,946	586,218	344,864	31,801	994,327
Write-off	(459)	(2,604)	–	(15,484)	–	(18,547)
At 31 December 2016	36,180	52,280	1,516,056	712,647	111,207	2,428,370
Additions	10,889	4,460	330,123	226,473	46,890	618,835
Write-off	(4,688)	(3,273)	(77,817)	(44,805)	(4,650)	(135,233)
At 31 December 2017	42,381	53,467	1,768,362	894,315	153,447	2,911,972
<u>Accumulated depreciation</u>						
At 1 January 2016	5,470	16,832	184,997	234,405	68,501	510,205
Depreciation for the year	6,987	11,603	237,028	90,400	34,142	380,160
Write-off	(459)	(1,788)	–	(14,542)	–	(16,789)
At 31 December 2016	11,998	26,647	422,025	310,263	102,643	873,576
Depreciation for the year	7,527	11,054	336,486	131,427	37,654	524,148
Write-off	(4,568)	(3,009)	(77,736)	(34,051)	(4,650)	(124,014)
At 31 December 2017	14,957	34,692	680,775	407,639	135,647	1,273,710
<u>Net book value</u>						
At 31 December 2017	27,424	18,775	1,087,587	486,676	17,800	1,638,262
At 31 December 2016	24,182	25,633	1,094,031	402,384	8,564	1,554,794

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 6 Plant and equipment (Cont'd)

The Company	Office equipment S\$	Furniture and fittings S\$	Medical equipment S\$	Renovation S\$	Computer and software S\$	Total S\$
<u>Cost</u>						
At 1 January 2016	–	17,112	174,985	51,550	47,289	290,936
Additions	8,282	6,876	6,921	57,509	2,983	82,571
Write-off	–	(139)	–	(8,860)	–	(8,999)
Disposals	–	(1,144)	(100,985)	–	(1,688)	(103,817)
At 31 December 2016	8,282	22,705	80,921	100,199	48,584	260,691
<b>Additions</b>	<b>3,180</b>	<b>560</b>	<b>52,000</b>	<b>61,360</b>	<b>8,994</b>	<b>126,094</b>
<b>Write-off</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(44,805)</b>	<b>(886)</b>	<b>(45,691)</b>
<b>At 31 December 2017</b>	<b>11,462</b>	<b>23,265</b>	<b>132,921</b>	<b>116,754</b>	<b>56,692</b>	<b>341,094</b>
<u>Accumulated depreciation</u>						
At 1 January 2016	–	6,016	77,580	24,572	41,049	149,217
Depreciation for the year	1,717	6,043	21,762	35,054	8,474	73,050
Write-off	–	(84)	–	(8,860)	–	(8,944)
Disposals	–	(724)	(41,929)	–	(1,688)	(44,341)
At 31 December 2016	1,717	11,251	57,413	50,766	47,835	168,982
<b>Depreciation for the year</b>	<b>2,321</b>	<b>5,883</b>	<b>27,065</b>	<b>38,258</b>	<b>4,942</b>	<b>78,469</b>
<b>Write-off</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(34,051)</b>	<b>(886)</b>	<b>(34,937)</b>
<b>At 31 December 2017</b>	<b>4,038</b>	<b>17,134</b>	<b>84,478</b>	<b>54,973</b>	<b>51,891</b>	<b>212,514</b>
<u>Net book value</u>						
<b>At 31 December 2017</b>	<b>7,424</b>	<b>6,131</b>	<b>48,443</b>	<b>61,781</b>	<b>4,801</b>	<b>128,580</b>
At 31 December 2016	6,565	11,454	23,508	49,433	749	91,709

In FY 2016, plant and equipment transferred at net book value to the Company from its subsidiary amounted to S\$70,974. Plant and equipment transferred at net book value from the Company to its subsidiaries amounted to S\$59,476. There was no transfer of plant and equipment in FY 2017.

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 7 Available-for-sale financial assets

	2017	2016
The Group and the Company	S\$	S\$
<i>Available-for-sale financial assets measured at fair value</i>		
<i>Unquoted equity investment</i>		
At 1 January and 31 December	250,000	250,000
Allowance for impairment of available-for-sale financial assets:		-
At 1 January	(101,589)	(101,589)
Impairment loss for the year	(148,411)	-
	<u>(250,000)</u>	<u>(101,589)</u>
Net amount of available-for-sale financial assets	<u>-</u>	<u>148,411</u>
Presented as:		
<b>Non-Current Assets</b>		
Available-for-sale financial assets	<u>-</u>	<u>148,411</u>

### Shares in unquoted equity investment

The Company invested S\$250,000 (2016: S\$250,000) to acquire 5% of the ordinary shares of SG Meditech Pte. Ltd. ("SG Meditech"), intended as a third party investment to the Singapore Government National Research Foundation Technology's Incubation Scheme ("the Scheme"). Under the Scheme, SG Meditech is developing a device aimed at providing a more sustainable solution to improve the cord blood collection process.

### Impairment testing (FY 2017)

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 investees included in a valuation report issued by an independent valuer. The ANA method was adopted by the independent valuer on the basis that SG Meditech has going concern issue after considering the following:

- (i) SG Meditech has been loss making for the last 3 years;
- (ii) SG Meditech does not have any signed customer contracts as at 31 December 2017;
- (iii) SG Meditech has been in a net liability position for the last 3 years;
- (iv) SG Meditech appears not to have sufficient cash to sustain its business operations for the next twelve months;
- (v) SG Meditech's Independent Auditor, Tan Kia Yew & Co issued an emphasis of matter opinion on SG Meditech's ability to continue its operation as a going concern in its audited financial statements for the financial year ended 30 June 2017.

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 the assessment performed by the independent valuer and management, the adjusted net assets value of SG Meditech approximates its fair value as at 31 December 2017. As SG Meditech is in a net liability position as at 31 December 2017, the fair valuation of SG Meditech is determined to be S\$Nil by the independent valuer. Based on the impairment assessment, an impairment loss of S\$148,411 (2016: S\$Nil) was recognised in the profit or loss for FY 2017.

### Impairment testing (FY 2016)

The discounted cash flow analysis method was used in FY 2016. The cash flow projections were prepared using the yield to maturity of comparative unquoted equity investments to determine the estimated discount rates. The weighted average cost of capital ("WACC") rates of 40%, 35% and 25% were applied to the cash flow projections for the first year, the second and third year, and the fourth year and terminal value respectively.

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

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

### Impairment testing (FY 2016) (Cont'd)

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

Significant judgement is applied by management in determining the recoverability of the unquoted equity shares. Judgements in identifying impairment losses include a review of the current performance of the investee company and whether market, economic or company-specific conditions have significantly improved or deteriorated since the time of the original investment. The review of the financial performance and position of SG Meditech are also performed based on historical financial information which may not be indicative of SG Meditech's recoverable amounts as of the reporting date. The recoverable amounts may differ significantly from the carrying amounts at the reporting date had a readily available market for such equity investment existed, or had such equity investment been liquidated, and the differences could be material to the financial statements. Based on the impairment assessment, no impairment was considered necessary for FY 2016.

## 8 Inventories

	The Group		The Company	
	2017	2016	2017	2016
	S\$	S\$	S\$	S\$
Medical supplies, at cost	1,601,717	2,152,469	–	–

There were no write-down in value of inventories and no write-off of inventories during FY 2017 and FY 2016.

During FY 2016, the Company sold inventories amounting to S\$21,212 to its subsidiary.

## 9 Trade and other receivables

	The Group		The Company	
	2017	2016	2017	2016
	S\$	S\$	S\$	S\$
Trade receivables	1,490,445	1,361,429	4,651	16,586
Impairment losses:				
At 1 January	(22,914)	–	(4,364)	–
Allowance for the year	(17,999)	(22,914)	(2,923)	(4,364)
Allowance reversed	22,914	–	4,364	–
At 31 December	(17,999)	(22,914)	(2,923)	(4,364)
Net trade receivables	1,472,446	1,338,515	1,728	12,222
Amounts due from subsidiaries (non-trade)	–	–	3,460,029	1,732,832
Deposits	417,393	344,285	142,410	98,582
Other receivables	23,517	86,707	21,205	86,707
Loans and receivables	1,913,356	1,769,507	3,625,372	1,930,343
Prepayments	604,978	323,432	52,517	63,673
	2,518,334	2,092,939	3,677,889	1,994,016

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 9 Trade and other receivables (Cont'd)

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

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

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

Trade receivables have credit terms of between 30 and 90 (2016: 30 and 90) days.

	The Group		The Company	
	2017	2016	2017	2016
	S\$	S\$	S\$	S\$
Not past due and not impaired	<b>1,225,598</b>	<b>1,144,958</b>	<b>1,284</b>	<b>2,323</b>

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

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

	The Group		The Company	
	2017	2016	2017	2016
	S\$	S\$	S\$	S\$
<u>Past due but not impaired:</u>				
Past due less than 1 month	<b>43,654</b>	103,652	–	4,535
Past due more than 1 month but less than 2 months	<b>68,477</b>	17,166	–	535
Past due more than 2 months	<b>134,717</b>	72,739	<b>444</b>	4,829
	<b>246,848</b>	<b>193,557</b>	<b>444</b>	<b>9,899</b>

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

	The Group		The Company	
	2017	2016	2017	2016
	S\$	S\$	S\$	S\$
<u>Trade receivables</u>				
Gross amount	<b>17,999</b>	22,914	<b>2,923</b>	4,364
Allowance for impairment losses	<b>(17,999)</b>	(22,914)	<b>(2,923)</b>	(4,364)
	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

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

Bad debts written off directly in the profit or loss during FY 2017 amounted to S\$13,604 (2016: S\$1,601) for the Group.

Refer to Note 28 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. No impairment losses have been recognised at the reporting dates in view of the good credit history of the subsidiaries.



# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 10 Cash and cash equivalents

	The Group		The Company	
	2017	2016	2017	2016
	S\$	S\$	S\$	S\$
Cash on hand	7,500	6,700	600	600
Cash at bank	10,418,795	11,369,624	2,065,307	548,340
Fixed deposits	6,000,000	10,000,000	5,000,000	10,000,000
	<b>16,426,295</b>	<b>21,376,324</b>	<b>7,065,907</b>	<b>10,548,940</b>

The fixed deposits mature within 2 months (2016: 1 month) after the end of the reporting date with a weighted average interest rate of 1.19% (2016: 1.72%) per annum.

In January 2017 and December 2017, the Company paid the second and third tranche purchase consideration, S\$3.8 million (S\$4.0 million less final dividend for FY 2016 received by Dr. Joyce Lim of S\$0.2 million) and S\$4.0 million respectively in cash, for the JL Acquisition.

Subject to the shareholders' approval at the Annual General Meeting on 20 April 2018, the Company will pay a final one-tier tax exempt dividend of 0.89 Singapore cents per share in respect of FY 2017 (Note 32). The final dividend amounting to S\$4.2 million will be paid subsequent to the end of the reporting period.

## 11 Share capital

The Group and the Company	2017	2016	2017	2016
	No. of shares		S\$	S\$
<b>Issued and fully paid, with no par value</b>				
At 1 January	238,401,501	218,000,000	29,645,500	14,428,020
Issuance of new shares	–	20,401,501	–	15,217,480
At 31 December	<b>238,401,501</b>	<b>238,401,501</b>	<b>29,645,500</b>	<b>29,645,500</b>
No. of shares after Share Split *	<b>476,803,002</b>	<b>476,803,002</b>		

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

\* On 15 May 2017, the Company has completed and effected the share split of every one (1) existing ordinary share in the capital of the Company held by shareholders of the Company into two (2) ordinary shares ("Share Split"). Following the completion of the Share Split, the total number of issued shares in the Company increased from 238,401,501 shares to 476,803,002 shares.

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

## 12 Capital reserve

### The Group and the Company

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

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 13 Merger reserve

### The Group

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

## 14 Trade and other payables

	The Group		The Company	
	2017 S\$	2016 S\$	2017 S\$	2016 S\$
<u>Non-current</u>				
Contingent consideration	–	3,761,166	–	3,761,166
<u>Current</u>				
Trade payables	644,158	839,749	270,640	282,273
Accrued operating expense	2,489,857	1,813,596	504,212	189,162
Amounts due to subsidiaries (non-trade)	–	–	1,077,020	119,021
Amounts due to a director (non-trade)	244,000	244,000	–	–
Other payables	433,715	389,547	13,024	16,691
Contingent consideration	–	3,765,383	–	3,765,383
	<b>3,811,730</b>	<b>7,052,275</b>	<b>1,864,896</b>	<b>4,372,530</b>

The contingent consideration relates to the present value of second and third tranche cash consideration of S\$4.0 million each as at 31 December 2016 for the JL Acquisition due on 1 January 2017 and 1 January 2018 respectively. The Company has paid both tranches of purchase consideration in cash in January 2017 and December 2017 respectively (Note 10).

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

Trade payables have credit terms of 30 days (2016: 30 days).

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

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

## 15 Deferred revenue

	The Group		The Company	
	2017 S\$	2016 S\$	2017 S\$	2016 S\$
Fees received, represented as:				
Current liabilities	445,279	380,343	–	–

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 deferred income. For 'Antenatal' maternity package, the deferred income is amortised over the remaining pregnancy period till the birth of the baby. For dermatology and vaccination packages, the deferred income is recognised as revenue when the medical services are rendered to patients.

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 16 Deferred taxation

	The Group		The Company	
	2017 S\$	2016 S\$	2017 S\$	2016 S\$
<b>Deferred tax assets</b>				
At 1 January	10,450	–	7,652	–
Recognised in profit or loss (Note 22)	1,569	10,450	(5,609)	7,652
At 31 December	<b>12,019</b>	<b>10,450</b>	<b>2,043</b>	<b>7,652</b>
<b>Deferred tax liabilities</b>				
At 1 January	66,601	85,536	–	–
Recognised in profit or loss (Note 22)	43,224	(18,935)	3,604	–
At 31 December	<b>109,825</b>	<b>66,601</b>	<b>3,604</b>	<b>–</b>
<b>The Company</b>				
Net Deferred tax liabilities/ (assets)			<b>1,561</b>	<b>(7,652)</b>

Deferred tax (assets) and liabilities comprised the following:

The Group	Assets		Liabilities	
	2017 S\$	2016 S\$	2017 S\$	2016 S\$
Plant and equipment	(12,019)	(10,450)	105,827	66,601
Interest receivables	–	–	3,998	–
Deferred tax (assets)/liabilities	<b>(12,019)</b>	<b>(10,450)</b>	<b>109,825</b>	<b>66,601</b>
<b>The Company</b>				
Plant and equipment	(2,043)	(7,652)	–	–
Interest receivables	–	–	3,604	–
Deferred tax assets	<b>(2,043)</b>	<b>(7,652)</b>	<b>3,604</b>	<b>–</b>

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 16 Deferred taxation (Cont'd)

The balance comprises tax on the following temporary differences:

### Deferred tax assets

The Group	Plant and equipment S\$	Total S\$
At 1 January 2016	–	–
Recognised in profit or loss	(10,450)	(10,450)
At 31 December 2016	(10,450)	(10,450)
Recognised in profit or loss	(1,569)	(1,569)
At 31 December 2017	<b>(12,019)</b>	<b>(12,019)</b>

### Deferred tax liabilities

The Group	Deferred revenue S\$	Plant and equipment S\$	Interest receivable S\$	Total S\$
At 1 January 2016	64,548	20,988	–	85,536
Recognised in profit or loss	(64,548)	45,613	–	(18,935)
At 31 December 2016	–	<b>66,601</b>	–	<b>66,601</b>
Recognised in profit or loss	–	<b>39,226</b>	<b>3,998</b>	<b>43,224</b>
At 31 December 2017	–	<b>105,827</b>	<b>3,998</b>	<b>109,825</b>

The Company	Plant and equipment S\$	Interest receivable S\$	Total S\$
At 1 January 2016	–	–	–
Recognised in profit or loss	(7,652)	–	(7,652)
At 31 December 2016	(7,652)	–	(7,652)
Recognised in profit or loss	5,609	3,604	9,213
At 31 December 2017	<b>(2,043)</b>	<b>3,604</b>	<b>1,561</b>

## 17 Other operating income

The Group	2017 S\$	2016 S\$
Government grant	74,168	145,878
Rental rebate	87,980	66,114
Sponsorship income	22,060	38,701
Sundry income	30,799	15,316
	<b>215,007</b>	<b>266,009</b>

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 18 Consumables and medical supplies used

The Group	2017 S\$	2016 S\$
Changes in inventories	550,752	(1,874,017)
Inventories purchased	2,528,620	4,906,810
Laboratory test and charges	1,249,363	1,076,544
Hospital facility charges	223,658	198,420
Others	9,977	58,039
	4,562,370	4,365,796

## 19 Employee remuneration expense

The Group	2017 S\$	2016 S\$
Directors' remuneration other than fee		
- Directors of the Company	2,099,531	2,318,255
- Directors of subsidiaries	6,447,789	5,450,016
- Central Provident Fund contributions	135,167	117,663
Key management personnel (Other than directors)		
- Salaries and other related costs	816,903	782,703
- Central Provident Fund contributions	39,780	39,456
Other than directors and key management personnel		
- Salaries and other related costs	2,148,579	2,027,738
- Central Provident Fund contributions	309,846	267,885
	11,997,595	11,003,716

## 20 Other operating expenses

The Group	2017 S\$	2016 S\$
Advertisement	57,326	40,040
Audit fees paid/payable to auditor of the Company	163,500	157,000
Bad debts written off (trade)	13,604	1,601
Credit card charges	293,569	280,544
Entertainment expenses	38,141	48,884
Impairment of investment in available-for-sale financial assets	148,411	-
Insurance	283,178	218,932
Operating lease expenses	1,386,653	1,205,961
Office supplies	33,391	52,021
Plant and equipment written off	11,219	1,758
Professional and legal fees	286,038	381,177
(Reversal of)/ impairment loss on trade receivables, net	(4,915)	22,914
Other expenses	452,863	384,161
	3,162,978	2,794,993

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 21 Finance expense

The Group	2017 S\$	2016 S\$
Interest expense		
- unwinding of the discount implicit in the second tranche cash consideration for JL Acquisition	–	224,825
- unwinding of the discount implicit in the third tranche cash consideration for JL Acquisition	238,834	224,574
	238,834	449,399

## 22 Income tax expense

The Group	2017 S\$	2016 S\$
<b>Current tax expense</b>		
Current year	1,259,787	1,361,014
Overprovision of current taxation in respect of prior years	(120,484)	(52,850)
	1,139,303	1,308,164
<b>Deferred tax expense/(credit)</b>		
Origination and reversal of temporary differences (Note 16)	41,655	(29,385)
	1,180,958	1,278,779

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on profits as a result of the following:

The Group	2017 S\$	2016 S\$
Profit before taxation	9,688,018	10,082,457
Tax at statutory rate of 17% (2016: 17%)	1,646,963	1,714,018
Tax effect on non-deductible expenses	121,410	131,400
Effect of partial tax exemption and tax relief	(466,931)	(509,908)
Overprovision of current taxation in respect of prior years	(120,484)	(52,850)
Utilisation of deferred tax assets on temporary difference not recognised in previous years	–	(3,881)
	1,180,958	1,278,779

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 23 Dividends

	2017	2016
The Company	S\$	S\$
Ordinary dividends paid		
- Final tax-exempt (one-tier) dividend paid in respect of the previous financial year of 1.57 cents (2016: 1.15 cents) per share	3,742,904	2,741,617
- Interim tax-exempt (one-tier) dividend paid in respect of the current financial year of 0.61 cents (2016: 1.53 cents) per share	2,908,498	3,647,543
	<u>6,651,402</u>	<u>6,389,160</u>

A final dividend in respect of the current financial year of 0.89 cents per share amounting to S\$4,243,547 will be recommended at the Annual General Meeting to be held on 20 April 2018. 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 2018. The payment of this dividend will not have any tax consequences for the Group.

## 24 Earnings per share

The earnings per share is calculated based on the consolidated profits attributable to owners of the parent divided by the weighted average number of shares in issue of 476,803,002 (2016: 474,252,814) shares during the financial year. The weighted average number of ordinary shares for the current and prior financial years have been adjusted for the increase in the number of ordinary shares resulting from the Share Split on 15 May 2017.

Fully diluted earnings per share were calculated on the consolidated profits attributable to owners of the parent company divided by 476,803,002 (2016: 474,252,814) ordinary shares. The number of ordinary shares is calculated based on the weighted average number of shares in issue during the financial year adjusted for the effects of all dilutive share options and contingently issuable shares. The Company does not have potentially dilutive shares during FY 2017 and FY 2016.

The Group	2017	2016
Profit attributable to equity holders of the Company (S\$)	8,507,060	8,803,678
Weighted average number of ordinary shares	476,803,002	474,252,814
Basic and diluted earnings per share based on the weighted average number of ordinary shares (Cents)	1.78	1.86

## 25 Significant related party transactions

- (a) Other than as disclosed elsewhere in the financial information, significant transactions with related parties are as follows:

	2017	2016
The Group	S\$	S\$
<b>Transactions with shareholders cum director</b>		
Rental expenses paid/payable to Lee and Lee Clinic Pte Ltd #	226,560	272,160
Rental expenses paid/payable to Avesa Pte Ltd #	-	50,000
Rental expense paid/payable to director	73,500	90,000

# This relates to an entity in which a director cum shareholder has financial interest.

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 25 Significant related party transactions (Cont'd)

(b) Key management personnel (including Directors) compensation

The Group	2017 S\$	2016 S\$
Salary costs	9,364,223	8,550,974
Central Provident Fund Contributions	174,947	157,119
	9,539,170	8,708,093

## 26 Operating lease commitments

The Group and the Company as lessee

At the end of the reporting period, the Group and the Company were committed to making the following rental payments in respect of non-cancellable operating leases of office and clinic premises with an original term of more than one year:

	The Group		The Company	
	2017 S\$	2016 S\$	2017 S\$	2016 S\$
Within one year or less	1,383,565	988,211	141,216	40,000
Within two to five years	1,354,305	1,748,656	113,136	47,500
	2,737,870	2,736,867	254,352	87,500

Operating leases expire between 31 May 2018 and 5 May 2021 at fixed rental.

## 27 Operating segments

For management purposes, the Group is organised into the following reportable operating segments as follows:

- (1) Obstetrics and Gynaecology segment relates to general obstetrics, labour and delivery, general gynaecology and surgery, female pelvic medicine, urogynaecology and reconstructive surgery.
- (2) Cancer-related segment relates to medical services for gynae-oncology, breast and general surgery.
- (3) Dermatology segment relates to the provision of aesthetic dermatological procedures, dermatologic and laser surgery and general skin care.
- (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 function.

There are no operating segments that have been aggregated to form the above reportable operating segments.

No presentation of geographical information has been presented as the Group's operations are only in Singapore.

The CEO monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as set out below, is measured differently from operating profit or loss in the consolidated financial statements.

Group financing and income taxes are managed on a group basis and are not allocated to operating segments. Sales between operating segments are carried out at arm's length.



# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 27 Operating segments (Cont'd)

	Obstetrics and Gynaecology		Dermatology		Cancer-related		Paediatrics		Corporate		Elimination		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>														
External	18,027,300	17,445,658	7,887,185	8,466,335	3,787,108	2,762,639	199,970	-	-	-	-	-	29,901,563	28,674,632
Inter-segment	87,496	82,023	-	580	-	115	-	-	-	-	(87,611)	(82,603)	-	-
Total revenue	18,114,796	17,527,681	7,887,185	8,466,335	3,787,108	2,763,219	200,085	-	-	-	(87,611)	(82,603)	29,901,563	28,674,632
<b>Segment Results</b>														
Segment profit/(loss) from operations	9,117,485	9,089,090	2,414,698	2,968,475	903,771	386,656	(189,487)	-	(2,376,988)	(2,048,245)	-	-	9,869,479	10,395,976
Finance income													57,373	135,880
Finance expense													(238,834)	(449,399)
Profit before income tax													9,688,018	10,082,457
Income tax expense													(1,180,958)	(1,278,779)
Profit for the year													8,507,060	8,803,678
<b>Other information</b>														
Segment assets	7,807,683	9,104,611	31,385,699	31,785,369	2,253,211	1,730,768	608,788	-	45,202,913	46,963,201	(38,143,687)	(35,477,424)	49,114,607	54,106,525
Unallocated assets													12,019	158,861
Consolidated total assets													49,126,626	54,265,386
Segment liabilities	3,786,554	2,954,362	559,370	515,332	1,912,092	1,581,578	789,543	-	1,864,896	8,133,696	(4,655,446)	(1,991,184)	4,257,009	11,193,784
Unallocated liabilities													1,369,972	1,427,615
Consolidated total liabilities													5,626,981	12,621,399
Additions of plant and equipment arising from business combination	-	-	-	263,705	-	-	-	-	-	-	-	-	-	263,705
Additions of plant and equipment	217,831	347,547	72,078	356,557	104,371	207,652	98,461	-	126,094	82,571	-	-	618,835	994,327
Depreciation of plant and equipment	219,019	153,603	128,775	80,986	93,976	72,521	3,909	-	78,469	73,050	-	-	524,148	380,160
Write-off of plant and equipment	465	762	-	-	-	941	-	-	10,754	55	-	-	11,219	1,758
Impairment of available-for-sale financial assets	-	-	-	-	-	-	-	-	148,411	-	-	-	148,411	-
(Reversal of) impairment loss on trade receivables, net	(5,719)	18,545	-	-	2,245	5	-	-	(1,441)	4,364	-	-	(4,915)	22,914
Finance income													57,373	135,880
Finance expense													(238,834)	(449,399)

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 27 Operating segments (Cont'd)

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

	2017	2016
	S\$	S\$
<u>Revenue</u>		
Total revenue for reportable segments	29,901,563	28,674,632
Consolidated revenue	<u>29,901,563</u>	<u>28,674,632</u>
<u>Profit or loss</u>		
Total profit or loss for reportable segments	9,869,479	10,395,976
Finance income	57,373	135,880
Finance expense	(238,834)	(449,399)
Consolidated profit before tax	<u>9,688,018</u>	<u>10,082,457</u>
<u>Segment assets</u>		
Total assets for reportable segments	87,258,294	89,583,949
Deferred tax assets	12,019	10,450
Available-for-sale financial assets	–	148,411
Elimination	(38,143,687)	(35,477,424)
Consolidated total assets	<u>49,126,626</u>	<u>54,265,386</u>
<u>Segment liabilities</u>		
Total liabilities for reportable segments	8,912,455	13,184,968
Deferred tax liabilities	109,825	66,601
Current tax liabilities	1,260,147	1,361,014
Elimination	(4,655,446)	(1,991,184)
Consolidated total liabilities	<u>5,626,981</u>	<u>12,621,399</u>

## 28 Financial risk management

The Group and the Company have documented financial risk management policies. These policies set out the Group's and the Company's overall business strategies and its risk management philosophy. The Group and the Company are exposed to financial risks arising from their operations. The key financial risks included credit risk and liquidity risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's and the Company's financial performance.

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 risk. Market risk exposures are measured using sensitivity analysis indicated below.

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 28 Financial risk management (Cont'd)

The carrying amounts of financial assets and financial liabilities at the reporting date by categories are as follows:

	The Group		The Company	
	2017	2016	2017	2016
	S\$	S\$	S\$	S\$
<b>Available-for-sale</b>				
Available-for-sale financial assets at fair value	–	148,411	–	148,411
<b>Loans and receivables at amortised cost</b>				
Trade and other receivables, excluding prepayments	1,913,356	1,769,507	3,625,372	1,930,343
Cash and bank balances	16,426,295	21,376,324	7,065,907	10,548,940
	<b>18,339,651</b>	<b>23,145,831</b>	<b>10,691,279</b>	<b>12,479,283</b>
	<b>18,339,651</b>	<b>23,294,242</b>	<b>10,691,279</b>	<b>12,627,694</b>
<b>Financial liabilities at amortised cost</b>				
Trade and other payables, excluding deferred revenue	3,811,730	3,286,892	1,864,896	607,147
<b>Financial liabilities at fair value</b>				
Contingent consideration	–	7,526,549	–	7,526,549
	<b>3,811,730</b>	<b>10,813,441</b>	<b>1,864,896</b>	<b>8,133,696</b>

### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group or the Company to incur a financial loss. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group and the Company adopt the policy of dealing only with hospitals and insurance companies of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group and the Company adopt the policy of dealing only with high credit quality counterparties.

The Group's and the Company's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 28 Financial risk management (Cont'd)

### Credit risk (Cont'd)

#### Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The Group's and the Company's major classes of financial assets are trade and other receivables (excluding prepayments), and cash and bank balances. Cash is placed with financial institutions which are regulated and have good credit ratings. Further details of credit risks on trade and other receivables are disclosed in Note 9.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

	2017	2016
The Group	S\$	S\$
<b>Financial assets</b>		
Loan and receivables	1,913,356	1,769,507
Cash and bank balances	16,426,295	21,376,324
	<b>18,339,651</b>	<b>23,145,831</b>
<b>The Company</b>		
<b>Financial assets</b>		
Loan and receivables	3,625,372	1,930,343
Cash and bank balances	7,065,907	10,548,940
	<b>10,691,279</b>	<b>12,479,283</b>

### Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash to meet its working capital requirement.

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 28 Financial risk management (Cont'd)

### Liquidity risk (Cont'd)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows.

The Group	Carrying amount S\$	Total S\$	Less than 1 year S\$	Between 2 and 5 years S\$
<b>At 31 December 2017</b>				
Trade and other payables	3,811,730	3,811,730	3,811,730	–
<b>At 31 December 2016</b>				
Trade and other payables	3,286,892	3,286,892	3,286,892	–
Contingent consideration	7,526,549	7,765,383	3,765,383	4,000,000
	10,813,441	11,052,275	7,052,275	4,000,000
<b>The Company</b>				
<b>At 31 December 2017</b>				
Trade and other payables	1,864,896	1,864,896	1,864,896	–
<b>At 31 December 2016</b>				
Trade and other payables	607,147	607,147	607,147	–
Contingent consideration	7,526,549	7,765,383	3,765,383	4,000,000
	8,133,696	8,372,530	4,372,530	4,000,000

The Group and the Company ensure that there are adequate funds to meet all their obligations in a timely and cost-effective manner.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company are not exposed to any cash flow risk as they do not have any monetary financial instruments with variable interest rates.

### Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group and the Company are not exposed to foreign currency risks because their transactions and related financial assets and financial liabilities are mainly transacted in the respective functional currencies of the Group entities which is SGD.

### Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate due to changes in market prices.

The Group and the Company are not exposed to any movement in market price risk as they do not hold any quoted or marketable financial instruments.

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 29 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.

	2017	2016
The Group	S\$	S\$
Total liabilities	5,626,981	12,621,399
Total equity	43,499,645	41,643,987
Gearing ratio	12.9%	30.3%

## 30 Fair value measurement

### Definition of fair value

FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### **Fair value measurement of financial instruments**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 30 Fair value measurement (Cont'd)

### Fair value measurement of financial instruments (Cont'd)

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 December 2017 and 2016:

The Group and the Company	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
<b>At 31 December 2017</b>				
<u>Financial assets</u>				
Available-for-sale financial assets				
- Unquoted equity investment	-	-	-	-
<b>Net fair value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2016</b>				
<u>Financial assets</u>				
Available-for-sale financial assets				
- Unquoted equity investment	-	-	148,411	148,411
<u>Financial liabilities</u>				
Contingent consideration	-	-	(7,526,549)	(7,526,549)
<b>Net fair value</b>	<b>-</b>	<b>-</b>	<b>(7,378,138)</b>	<b>(7,378,138)</b>

The table does not include fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

### Measurement of fair value of financial instruments

Management performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialist for complex valuations. Valuation techniques were selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. Management reports directly to Audit Committee. Valuation processes and fair value changes are discussed among the Audit Committee and the valuation team at least every year, in line with the Group's reporting dates.

The valuation techniques used for instruments categorised in Level 3 are described below:

#### Equity investment – available-for-sale (Level 3)

The fair values of the equity investment classified as available-for-sale are estimated using the ANA method for FY 2017, which estimates the equity value by adjusting the book values of assets and liabilities to reflect their current market values. Refer to Note 7 for the basis of using ANA method to estimate the fair values in FY 2017.

Discounted cash flow approach was adopted in FY 2016, which discounts the contractual cash flows using discount rates derived from observable market interest rates of similar investments with similar risk. The weighted average cost of capital ("WACC") rates of 40%, 35% and 25% were applied to the cash flow projections for the first year, the second and third year, and the fourth year and terminal value respectively.

There are no transfers between Level 1, 2 and 3 during the reporting periods.

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 30 Fair value measurement (Cont'd)

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

The following table provides information about the sensitivity of the fair value measurement to changes in the most significant inputs in FY 2016:

Significant unobservable input	Estimate of the input	Sensitivity of the fair value measurement to input
<u>Available-for-sale financial assets</u>		
WACC	40%, 35% and 25% was applied to the cash flow projections for the first year, the second and third year, and the fourth year and terminal value respectively	An increase by 10%/(decrease by 10%) of the WACC would (decrease)/increase fair value by S\$49,000
<u>Contingent consideration</u>		
NPAT Target	S\$2.5 million with a tolerance threshold of S\$0.2 million for FY 2016	If the NPAT Target is not achieved by 5%, the contingent consideration will decreased by S\$1.08 million

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

	Available-for-sale financial assets	
	2017	2016
<b>The Group and the Company</b>	<b>S\$</b>	<b>S\$</b>
At 1 January	148,411	148,411
Allowance for impairment of available-for-sale financial assets	(148,411)	-
At 31 December	-	148,411
	<b>Contingent consideration</b>	
	2017	2016
<b>The Group and the Company</b>	<b>S\$</b>	<b>S\$</b>
At 1 January	(7,526,549)	-
Acquisition through business combination	-	(7,077,150)
Finance expense	(238,834)	(449,399)
Payment	7,765,383	-
At 31 December	-	(7,526,549)

### Fair value of financial instruments

The carrying amounts of other financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and bank balances, and trade and other payables) approximate their fair values because of the short period to maturity.



# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 31 Share based payment

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

### SOG Employee Share Option Scheme

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

- (i) Each participant who is a controlling shareholder or his associate shall not exceed 10% of the shares available under the Scheme;
- (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 Chooi Yee-Choong (Chairman), Chan Heng Toong and Ng Boon Yew, all Independent Directors of the Company.

There were no options granted under SOG ESOS since inception of the plan.

### SOG Performance Share Plan

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

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

The Plan allows the Company to target specific performance objectives and to provide an incentive for participants to achieve these targets. The Directors believe that the plan will provide the Company with a flexible approach to provide performance incentives to the 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.

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2017

## 31 Share based payment (Cont'd)

### SOG Performance Share Plan (Cont'd)

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

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

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

There were no options granted under SOG PSP since inception of the plan.

## 32 Events after end of the reporting period

### The Group and the Company

#### (1) Proposed final dividends

On 14 February 2018, the Board of Directors has recommended a final one-tier tax exempt dividend of 0.89 Singapore cents per share in respect of FY 2017.

#### (2) Dispute with Mr. Christopher Chong Meng Tak

The Company and its former Lead Independent Director, Mr. Christopher Chong Meng Tak ("Mr. Chong"), had 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 ("Dispute"). As at 31 December 2017, the Company had not made any provision or adjustments to the financial statements as the outcome of the Dispute was uncertain.

Subsequent to 31 December 2017, the Company and Mr. Chong have, 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.

# Shareholdings Statistics

As At 13 March 2018

Total number of issued shares (excluding treasury shares)	-	476,803,002
Number of treasury shares	-	Nil
Class of shares	-	Ordinary shares
Voting rights	-	One vote per share
Number of subsidiary holdings	-	Nil

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size Of Shareholdings	No. Of Shareholders	%	No. Of Shares	%
1 – 99	0	0.00	0	0.00
100 – 1,000	63	2.76	44,200	0.01
1,001 – 10,000	1,028	44.99	6,758,000	1.42
10,001 – 1,000,000	1,173	51.33	60,498,000	12.69
1,000,001 AND ABOVE	21	0.92	409,502,802	85.88
<b>Total</b>	<b>2,285</b>	<b>100.00</b>	<b>476,803,002</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

No.	Shareholder's Name	No. Of Shares Held	%
1	HENG TUNG LAN	140,453,614	29.46
2	DBS NOMINEES PTE LTD	80,849,890	16.96
3	LEE KEEN WHY	45,406,856	9.52
4	JOYCE LIM TENG EE	40,923,002	8.58
5	CHOO WAN LING	36,784,278	7.71
6	BEH SUAN TIONG	24,008,452	5.04
7	STF INVESTMENTS LTD	10,350,700	2.17
8	WONG CHUI FONG	6,104,524	1.28
9	HSBC (SINGAPORE) NOMINEES PTE LTD	2,991,500	0.63
10	UOB KAY HIAN PTE LTD	2,877,000	0.60
11	HENG TONG BWEE	2,661,886	0.56
12	VSTL INVESTMENT LTD	2,500,000	0.52
13	RAFFLES NOMINEES (PTE) LTD	2,365,100	0.50
14	CHUA WEILYN NATALIE	2,191,800	0.46
15	PHILLIP SECURITIES PTE LTD	1,808,200	0.38
16	CITIBANK NOMINEES SINGAPORE PTE LTD	1,500,200	0.31
17	ZEN PROPERTY MANAGEMENT PTE LTD	1,339,900	0.28
18	OCBC SECURITIES PRIVATE LTD	1,171,500	0.25
19	MAYBANK KIM ENG SECURITIES PTE LTD	1,141,600	0.24
20	PANG YI PING CINDY	1,060,000	0.22
	<b>Total</b>	<b>408,490,002</b>	<b>85.67</b>

# Shareholdings Statistics

As At 13 March 2018

## SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
	No. Of Shares	%	No. Of Shares	%
HENG TUNG LAN	140,453,614	29.46	NIL	0.00
LEE KEEN WHYE	45,406,856	9.52	36,104,524 <sup>(1)</sup>	7.57
BEH SUAN TIONG	24,008,452	5.04	24,472,000 <sup>(2)</sup>	5.13
JOYCE LIM TENG EE	40,923,002	8.58	NIL	0.00
CHOO WAN LING	36,784,278	7.71	NIL	0.00

Notes:

- (1) Dr. Lee Keen Whye has a deemed interest in the shareholdings of 6,104,524 shares held by his wife, Dr. Wong Chui Fong and the shareholdings of 30,000,000 shares are held in his name under DBS Nominees Pte Ltd account.
- (2) Dr. Beh Suan Tiong has a deemed interest in the shareholdings of 472,000 shares held by his wife, Ms. Heng Siok Hong Veronica and the shareholdings of 24,000,000 shares are held in his name under DBS Nominees Pte Ltd account.

## PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Based on information available to the Company as at 13 March 2018, 26.26% of the issued ordinary shares of the Company are held in the hands of the public. Accordingly, the Company has complied with the Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the SGX-ST.

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Singapore O&G Ltd. (the "Company") will be held at Conrad Centennial Hotel, Level 2, North Ballroom, 2 Temasek Boulevard, Singapore 038982 on Friday, 20 April 2018 at 9.00 a.m. to transact the following business:

## AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2017 and the Directors' Statement and the Independent Auditor's Report thereon. **(Resolution 1)**
2. To declare a tax exempt (one-tier) final dividend of 0.89 Singapore cents per ordinary share for the financial year ended 31 December 2017. **(Resolution 2)**
3. To re-elect Dr. Beh Suan Tiong, a director who is retiring pursuant to Article 91 of the Company's Articles of Association.

Dr. Beh shall, upon re-election as Director of the Company, remain as the Executive Director and take over the role of Chairman of the Board of Directors of the Company upon conclusion of this meeting. There are no relationships (including immediate family relationships) between Dr. Beh and the other Directors of the Company.

See Explanatory Note (a) **(Resolution 3)**

4. To re-elect Mr. Chooi Yee-Choong, a director who is retiring pursuant to Article 91 of the Company's Articles of Association.

Mr. Chooi shall, upon re-election as Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee of the Company, and shall be considered independent for the purposes of Rule 704(7) of the SGX-ST Rules of Catalist.

See Explanatory Note (b) **(Resolution 4)**

5. To re-elect Mr. Ng Boon Yew, a director who is retiring pursuant to Article 97 of the Company's Articles of Association.

Mr. Ng shall, upon re-election as Director of the Company, remain as the Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee of the Company, and shall be considered independent for the purposes of Rule 704(7) of the SGX-ST Rules of Catalist.

See Explanatory Note (c) **(Resolution 5)**

6. To approve the Independent Directors' fees of not exceeding S\$138,000 for the financial year ended 31 December 2017. **(Resolution 6)**
7. To re-appoint Messrs Foo Kon Tan LLP as Auditor of the Company to hold office until the next AGM of the Company, and to authorise the Directors to fix the remuneration of Messrs Foo Kon Tan LLP. **(Resolution 7)**

## AS SPECIAL BUSINESS

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

8. **Authority to allot and issue shares (the "Share Issue Mandate")**

"That, pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the SGX-ST Rules of Catalist, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to allot and issue:

- (i) shares in the capital of the Company whether by way of bonus, rights or otherwise; or

# Notice of Annual General Meeting

- (ii) convertible securities; or
- (iii) additional convertible securities arising from adjustments made to the number of convertible securities previously issued in the event of rights, bonus or otherwise; or
- (iv) shares arising from the conversion of convertible securities in (ii) and (iii) above,

provided always that the aggregate number of shares and convertible securities to be issued pursuant to this Resolution does not exceed one hundred percent (100%) of the total number of issued shares excluding treasury shares and subsidiary holdings or such other limit as may be prescribed by the SGX-ST as at the date of this Resolution, of which the aggregate number of shares and convertible securities in the Company to be issued other than on a pro rata basis to the then existing shareholders of the Company shall not exceed fifty percent (50%) of the total number of issued shares excluding treasury shares and subsidiary holdings or such other limit as may be prescribed by the SGX-ST as at the date of this Resolution, and unless revoked or varied by the Company in a general meeting, such authority shall continue in full force until the conclusion of the next AGM or such date by which the next AGM is required by law to be held, whichever is earlier. For the purposes of this Resolution and Rule 806(3) of the SGX-ST Rules of Catalist, the percentage of the total number of issued shares and excluding treasury shares and subsidiary holdings at the date of this Resolution after adjusting for:

- (a) new shares arising from the conversion or exercise of convertible securities;
- (b) new shares arising from the exercising share options outstanding or subsisting at the time of passing this Resolution, provided the options were granted in compliance with the SGX-ST Rules of Catalist; and
- (c) any subsequent bonus issue, consolidation or subdivision of shares."

See Explanatory Note (d)

(Resolution 8)

## 9. Authority to grant options and to issue shares under the SOG Employee Share Option Scheme

"That, pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the SOG Employee Share Option Scheme (the "**Scheme**") and to allot and issue such shares as may be required to be issued pursuant to the exercise of the options granted or to be granted under the Scheme provided always that the aggregate number of shares issued and issuable in respect of all options granted or to be granted under the Scheme, all awards granted or to be granted under the SOG Performance Share Plan and all shares, options or awards granted or to be granted under any other share option schemes or share plans of the Company, shall not exceed fifteen percent (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company from time to time."

See Explanatory Note (e)

(Resolution 9)

## 10. Authority to grant awards and to issue shares under the SOG Performance Share Plan

"That, pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to grant awards in accordance with the provisions of the SOG Performance Share Plan (the "**Plan**") and to allot and issue from time to time such shares as may be required to be issued pursuant to the Plan provided always that the aggregate number of shares to be issued pursuant to the Plan, when added to the number of shares issued and issuable or existing shares delivered and deliverable in respect of all awards granted or to be granted under the Plan, all options granted or to be granted under the Scheme and all shares, options or awards granted under any other share scheme of the Company, shall not exceed fifteen percent (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company from time to time."

See Explanatory Note (f)

(Resolution 10)

# Notice of Annual General Meeting

11. To transact any other ordinary business which may be properly transacted at an AGM.

BY ORDER OF THE BOARD

Loo Choon Keow (Ms)  
Company Secretary  
5 April 2018

Singapore

## Explanatory Notes:

- (a) In relation to Resolution 3 proposed above, Dr. Beh Suan Tiong is an Executive Director and substantial shareholder of the Company. Apart from that, there is no relationship (including immediate family relationships) between Dr. Beh and the other Directors and the Company and the detailed information on Dr. Beh is set out in the section entitled "Board Membership" in the Corporate Governance Report of the Company's 2017 Annual Report.
- (b) In relation to Resolution 4 proposed above, there is no relationship (including immediate family relationships) between Mr. Chooi Yee-Choong and the other Directors, the Company or its 10% shareholders and the detailed information on Mr. Chooi is set out in the section entitled "Board Membership" in the Corporate Governance Report of the Company's 2017 Annual Report.
- (c) In relation to Resolution 5 proposed above, there is no relationship (including immediate family relationships) between Mr. Ng Boon Yew and the other Directors, the Company or its 10% shareholders and the detailed information on Mr. Ng is set out in the section entitled "Board Membership" in the Corporate Governance Report of the Company's 2017 Annual Report.
- (d) The Ordinary Resolution 8 above, if passed, will empower the Directors of the Company from the date of the Meeting until the date of the next AGM, or the date by which the next AGM is required by law to be held or when varied or revoked by the Company in general meeting, whichever is earlier, to allot and issue shares and convertible securities in the Company up to an amount not exceeding in total, one hundred percent (100%) of the issued shares excluding treasury shares and subsidiary holdings at the time of passing of this resolution, of which up to fifty percent (50%) may be issued other than on a pro-rata basis to shareholders.
- (e) The Ordinary Resolution 9 above, if passed, will empower the Directors to grant options and to allot and issue shares upon the exercise of such options granted or to be granted in accordance with the Scheme provided that the number of shares which the Directors may allot and issue under this Resolution, together with any shares issued and issuable in respect of all options granted or to be granted under the Scheme, pursuant to the vesting of any awards granted under the Plan and any shares, options or awards granted or to be granted under any other share schemes of the Company, shall not, in aggregate, exceed fifteen percent (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company from time to time.
- (f) The Ordinary Resolution 10 above, if passed, will empower the Directors to vest awards and to allot and issue shares pursuant to the vesting of such awards in accordance with the Plan provided that the number of shares which the Directors may allot and issue under this Resolution, together with any shares issued and issuable in respect of all awards granted under the Plan and all options granted or to be granted under the Scheme and any shares, options or awards granted or to be granted under any other share schemes of the Company, shall not, in aggregate, exceed fifteen percent (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company from time to time.

# Notice of Annual General Meeting

## Notes:

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

**"Relevant intermediary"** means: (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

2. A proxy need not be a member of the Company.
3. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
4. The instrument appointing a proxy must be deposited at the Share Registration office of the Company at 80 Robinson Road, #11-02, Singapore 068898 not later than 48 hours before the time set for the Annual General Meeting.

## Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the **"Purposes"**), (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

## Books Closure Date and Payment Date for Final Dividend

Subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting, the Share Transfer Books and Register of Members of the Company will be closed at 5:00 p.m. on 2 May 2018 for the purpose of determining entitlements of ordinary shareholders to the tax exempt (one-tier) Final Dividend of 0.89 Singapore cents per ordinary share for FY 2017.

Duly completed registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #02-00, Singapore 068898, up to 5:00 p.m. on 2 May 2018 will be registered before entitlements to the Final Dividend are determined. Members whose securities accounts with The Central Depository (Pte) Ltd. are credited with the Company's ordinary shares as at 5:00 p.m. on 2 May 2018 will be entitled to the Final Dividend. Payment of the Final Dividend, if approved by the members at the forthcoming Annual General Meeting to be held on 20 April 2018 will be made on 18 May 2018.



# SINGAPORE O&G LTD.

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

## IMPORTANT

1. Pursuant to Section 181(1C) of the Companies Act, Cap. 50 of Singapore (the "Companies Act"), Relevant Intermediaries may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy SINGAPORE O&G LTD. shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF/SRS investors should contact their respective Agent Banks/SRS Operations if they have any queries regarding their appointment as proxies.
5. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the accompanying Notice of Annual General Meeting.

## PROXY FORM

\*I/We \_\_\_\_\_ (Name) \*NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_

being \*a member/members of SINGAPORE O&G LTD. (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport No	Proportion of shareholdings represented by proxy (%)

\*and/or (delete as appropriate)

Name	Address	NRIC/ Passport No	Proportion of shareholdings represented by proxy (%)

or failing which, the Chairman of the Annual General Meeting of the Company (the "AGM"), as \*my/our \*proxy/proxies to attend, speak and vote for \*me/us on \*my/our behalf, at the AGM to be held at Conrad Centennial Hotel, Level 2, North Ballroom, 2 Temasek Boulevard, Singapore 038982 on 20 April 2018 at 9.00 a.m. and at any adjournment thereof.

\*I/We direct \*my/our \*proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the \*proxy/proxies will vote or abstain from voting at \*his/her/their discretion, as \*he/she/they will on any other matter arising at the AGM and any adjournment thereof.

Please tick here if more than two proxies will be appointed (Please refer to note 4). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

NOTE: Each resolution at the AGM will be voted on by way of a poll.

No.	Ordinary Resolutions	For**	Against**
1.	Adoption of Audited Financial Statements for the financial year ended 31 December 2017 and the Directors' Statement and the Independent Auditor's Report thereon.		
2.	Declaration of a tax exempt (one-tier) final dividend of 0.89 Singapore cents per ordinary share for the financial year ended 31 December 2017		
3.	Re-election of Director pursuant to Article 91 - Dr. Beh Suan Tiong		
4.	Re-election of Director pursuant to Article 91 - Mr. Chooi Yee-Choong		
5.	Re-election of Director pursuant to Article 97 - Mr. Ng Boon Yew		
6.	Approval of the Independent Directors' fees of not exceeding S\$138,000 for the financial year ended 31 December 2017		
7.	Re-appointment of Messrs Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
8.	Authority to allot and to issue shares pursuant to the Share Issue Mandate		
9.	Authority to grant options and to issue shares under SOG Employee Share Option Scheme		
10.	Authority to grant awards and to issue shares under SOG Performance Share Plan		

Notes:

\* Please delete accordingly.

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

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018



Total No. of Shares held	No. of Shares
In CDP Register	
In Register of Members	

\_\_\_\_\_  
\*Signature(s) of Member(s)/ Common Seal of Corporate shareholder

**IMPORTANT:** Please read notes overleaf

**Notes:**

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.  
(b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy nor proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Cap. 50 of Singapore.

AFFIX  
STAMP

**The Company Secretary  
SINGAPORE O&G LTD.**

C/O Tricor Barbinder Share Registration Services  
(A division of Tricor Singapore Pte. Ltd.)  
80 Robinson Road  
#11-02  
Singapore 068898

5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the Share Registration office of the Company at 80 Robinson Road, #11-02 Singapore 068898 not later than 48 hours before the time set for the Annual General Meeting.
6. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
7. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.
8. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

**Personal Data Privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the accompanying Notice of Annual General Meeting.



## **Singapore O&G Ltd.**

(Company Registration No: 201100687M)

229 Mountbatten Road  
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(65) 6440 8240



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