



SINGAPORE O&G LTD.

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(Company Registration No. 201100687M)

ANNUAL GENERAL MEETING 2022 – QUESTIONS AND RESPONSES

The Board of Directors (the “**Board**”) of Singapore O&G Ltd. (“**SOG**”, the “**Company**” or collectively with its subsidiaries, the “**Group**”) wishes to provide our responses to the following questions received from the Securities Investors Association (Singapore) (“**SIAS**”) and the shareholders of the Company for the period from 31 March 2022 to 8 April 2022 in relation to the Company’s upcoming Annual General Meeting on 22 April 2022:

Question 1

[Received from SIAS]

On 9 March 2022, the board announced that it has appointed Xandar Capital Pte. Ltd. as the independent financial adviser (“IFA”) to advise the directors of the company who are considered to be independent for the purpose of making a recommendation to shareholders in respect of the offer.

(i) What was the process to shortlist and select Xandar Capital Pte. Ltd. as the IFA?

Our Response

The Executive Directors, Dr. Beh Suan Tiong and Dr. Heng Tung Lan, are part of the promoter group which has agreed with Hanaan Health Group Ltd. to form a consortium through the Offeror to undertake the offer. Both Executive Directors were not involved in the process to shortlist and select the IFA and accordingly have abstained from voting on all resolutions regarding the offer, which includes, amongst others, the appointment of the IFA.

Xandar Capital Pte. Ltd. was introduced to the Company by one of the Company’s professional advisers. The Independent Directors (“**IDs**”) assessed that Xandar Capital Pte. Ltd. has the relevant experience and good track record acting as IFA for corporate actions undertaken by various SGX listed companies.

(ii) How were the scope and the terms of reference for the IFA determined?

Our Response

The scope and terms of reference for the IFA are determined pursuant to Rules 24 and 25 of the Singapore Code on Take-overs and Mergers (“**Code**”). The Company’s appointed Legal Adviser for the offer undertook the review of the mandate received from the IFA and advised the IDs that it met the requirements of the Code.

(iii) In particular, what is the level of involvement of the independent directors on the IFA process, including the assessment on the offer and the choice of comparable companies/transactions?

Our Response

The IDs were well engaged in the IFA process and held meetings to discuss the approach undertaken by the IFA in their assessment and evaluation of the offer. The IDs’ views and comments were taken into account by the IFA in the issued IFA letter dated 4 April 2022.

Question 1 (Cont'd)

- (iv) **What is the level of involvement of the promoters, if any, on the choice of Xandar Capital as the IFA, the terms of reference for the IFA and on the IFA advice?**

Our Response

As disclosed in our response to Question 1(i), the promoters (including the two (2) Executive Directors) were not involved in all matters relating to the IFA, including the IFA's advice and have abstained from voting on all resolutions relating thereto

Question 2

[Received from SIAS]

Would the board/management provide shareholders with greater clarity on the following operational and financial matters? Specifically:

- (i) **O&G: Management has stated that the group delivered 1,816 babies (or a decrease of 11.5% from 2,053 deliveries in 2020) “owing to the dip in Singapore’s birth rate for 2021. However, according to Singstats, the number of births in 2020 and 2021 was largely the same. In fact, during the Budget debate, the Minister in the Prime Minister's Office (PMO) Indranee Rajah had also disclosed that Singapore's preliminary resident birth numbers at around 34,200 in 2021 are similar to that of 2020, defying expectations of a bigger fall amid the pandemic. Can the board elaborate why management had stated that there was a “dip in Singapore’s birth rate for 2021” which led to fewer deliveries for the group? Did the group lose its market share? Will the board be looking into the reasons that deliveries fell despite Singapore’s birth rates holding steady?**

Our Response

Based on the Singapore Demographic Bulletin information available on Immigration and Checkpoints Authority's website, the number of live births in Singapore decreased by 0.1%¹ in 2021 as compared to 2020. As for live births in private sector hospitals, the number of live births decreased by 420 babies or 2.1%¹ in the same period. As the Group is a private healthcare provider, our management discussion and analysis drew reference to the live births in private sector hospitals. As discussed in our Annual Report 2021, the Group posted a decline in market share of the private sector deliveries from 10.2% in 2020 to 9.2% in 2021.

We would like to share that our O&G specialists provide more than the delivery of babies. They provide a comprehensive suite of services catering to the health of the female reproductive system, throughout a woman's lifecycle, from fertility planning, general gynaecology, gynaecological surgery, female pelvic medicine, urogynaecology and reconstruction surgery. These services also contributed significantly to the profitability of the O&G segment.

- (ii) **Cancer-related: There was a decrease of \$0.4 million from the Cancer-related segment due mainly to cessation of SOG – SK Lim Breast & General Surgicare clinic's service in February 2021. Did the company update the market and shareholders of the cessation of the clinic? Dr. Lim Siew Kuan (Breast and General Surgeon) was recruited by the group in May 2016. Can management elaborate further on the reasons for the cessation of SOG – SK Lim Breast & General Surgicare clinic after just 5 years? Has the group put in place any non-compete agreements?**

Our Response

The Company updated the shareholders on the departure of Dr. Lim Siew Kuan in response to a question raised by a shareholder in relation to the FY2020 Annual General Meeting which was announced on SGXNET on 21 April 2021 and recapped during the FY2020 Annual General Meeting. At the same time, the Company provided updates on the successful recruitment of two (2) new Specialist Medical Practitioners (“SMPs”) for the Cancer-related segment.

¹ <https://www.ica.gov.sg/stats>

Question 2 (ii) (Cont'd)

Our Response (Cont'd)

The cessation of SOG – SK Lim Breast & General Surgicare clinic is due to the completion of the SMP's service term with the Company and she did not seek renewal of her service agreement. There are appropriate non-competition clauses included in the SMP's service agreement.

- (iii) Dermatology: Revenue and profit margin from the Dermatology segment rebounded due to higher patient load as non-essential services were permitted by MOH. Revenue increased by 31.5% from \$6.7 million for FY2020 to \$8.8 million for FY2021. Profit and profit margins similarly rebounded to \$1.69 million and 19.2% respectively. Long-standing shareholders would be glad that the dermatology business that was acquired after the company was listed (JL Acquisition in January 2016) is finally turning around although the company is now the subject of a voluntary unconditional cash offer in which Dr. Joyce Lim is also one of the promoters. Has the patient load recovered to the pre-pandemic levels? Is the group coming up with more products in its SOG Dermatology Collection?**

Our Response

The Dermatology segment has posted better financial results as compared to FY 2020 and this is due mainly to an increase in patient load from the lifting of the suspension of non-essential medical services during the Circuit Breaker (“CB”) period in Singapore from 7 April 2020 to 1 June 2020, as well as the deferment of certain medical services in Phase 1 of post CB period from 2 June 2020 to 18 June 2020, implemented by the Government of Singapore in response to the Corona Virus Disease 2019 (“COVID-19”) pandemic in FY 2020, whereas the impact from the COVID-19 measures in FY 2021 was significantly lesser during the Phase 2 (Heightened Alert) from 16 May 2021 to 13 June 2021 and Phase 3 reopening of the Singapore economy thereafter. With the lifting of most restrictions for fully vaccinated visitors entering Singapore, we expect to receive more medical tourists and increase our patient load.

In August 2020, the Group has successfully launched the SOG Dermatology Collection – ‘Stretch Mark Control Cream’ and ‘Skin Firming Oil’ products. These products are useful for our obstetrics patients and pregnant mothers. Since the product launch, we have received many good and positive feedback from our customers. We will continue to review our product offering to our customers.

- (iv) Employee remuneration expense: Compared to revenue growth of 6.3%, employee remuneration expense increased at a faster pace of 9.6% or \$1.9 million. For FY2021, net profit after tax attributable to shareholders decreased by \$1.1 million or 11.9% from \$9.5 million for FY2020 to \$8.4 million for FY 2021. How does the board ensure that shareholders and employees (especially the specialists who are also shareholders) get their fair share of the company's growth via retained profits and/or dividends?**

Our Response

Broadly, the Remuneration Committee (“RC”), guided by the key terms of reference, reviews and recommends to the Board a general remuneration framework for the Group (including the SMPs). Focusing on both the long- and short-term goals of the business, this general framework includes but is not limited to salaries, allowances, bonuses, share-based incentives and awards, benefits in kind, and service contracts.

In driving the business sustainability, the Company focuses on talent retention by providing fair and sustainable financial and non-financial incentives. The success of our business is highly dependent on the commitment of our SMPs. Their medical knowledge, degree of commitment and job satisfaction are key to our economic sustainability. In the competitive landscape in which SOG operates, our conviction is to achieve a fine balance between sustainable long-term growth and contribution to the community in which we operate and short-term gains on the bottom line.

The Company also strive to maintain good stewardship of the resources we manage and generate good and sustainable shareholders' value.

Question 3

[Received from SIAS]

As disclosed in the corporate governance report, the company's internal audit function is outsourced to BDO LLP ("IA"). The IA reports directly to the chairman of the audit committee (AC) and administratively to management.

The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit.

(i) What was the level of involvement by the AC in determining the internal audit plan?

Our Response

The AC reviews and approves the internal audit plan annually to ensure the adequacy of the scope of the audit. The internal audit plan complements that of the external auditor's and together, they form a robust, risk-based audit approach to facilitate the AC's review of the adequacy and effectiveness of the Group's risk management and internal control systems.

(ii) How long is the internal audit cycle?

Our Response

The internal audit cycle for significant subsidiaries or processes is at least once every three (3) years.

(iii) What was the scope of the internal audit plan for FY2021? Are all the operating subsidiaries and the joint venture included in the internal audit?

Our Response

The scope of the internal audit plan for FY2021 was determined based on key risks and controls that were addressed for material operating processes and entities by our IA within the internal audit cycle which is reviewed and approved by the audit committee.

(iv) What are some of the key findings by the internal auditors?

Our Response

The IA has reported a few medium and low rated internal control weaknesses. These weaknesses are not fundamental and have insignificant impact individually and collectively.

Question 4

[Received from Shareholder: Mr. Liew Hin Choy]

Why is the price for privatisation so low?

Our Response

Please refer to the Company's Offeree Circular to shareholders dated 4 April 2022 filed with SGX (or you may refer to this link <https://sog.listedcompany.com/news.html/id/2380956>). The Offeree Circular contains the advice of the Independent Financial Advisor to the Independent Directors, and the recommendation of the Independent Directors in respect of the Offer.

BY ORDER OF THE BOARD

DR. BEH SUAN TIONG
EXECUTIVE CHAIRMAN
13 April 2022

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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