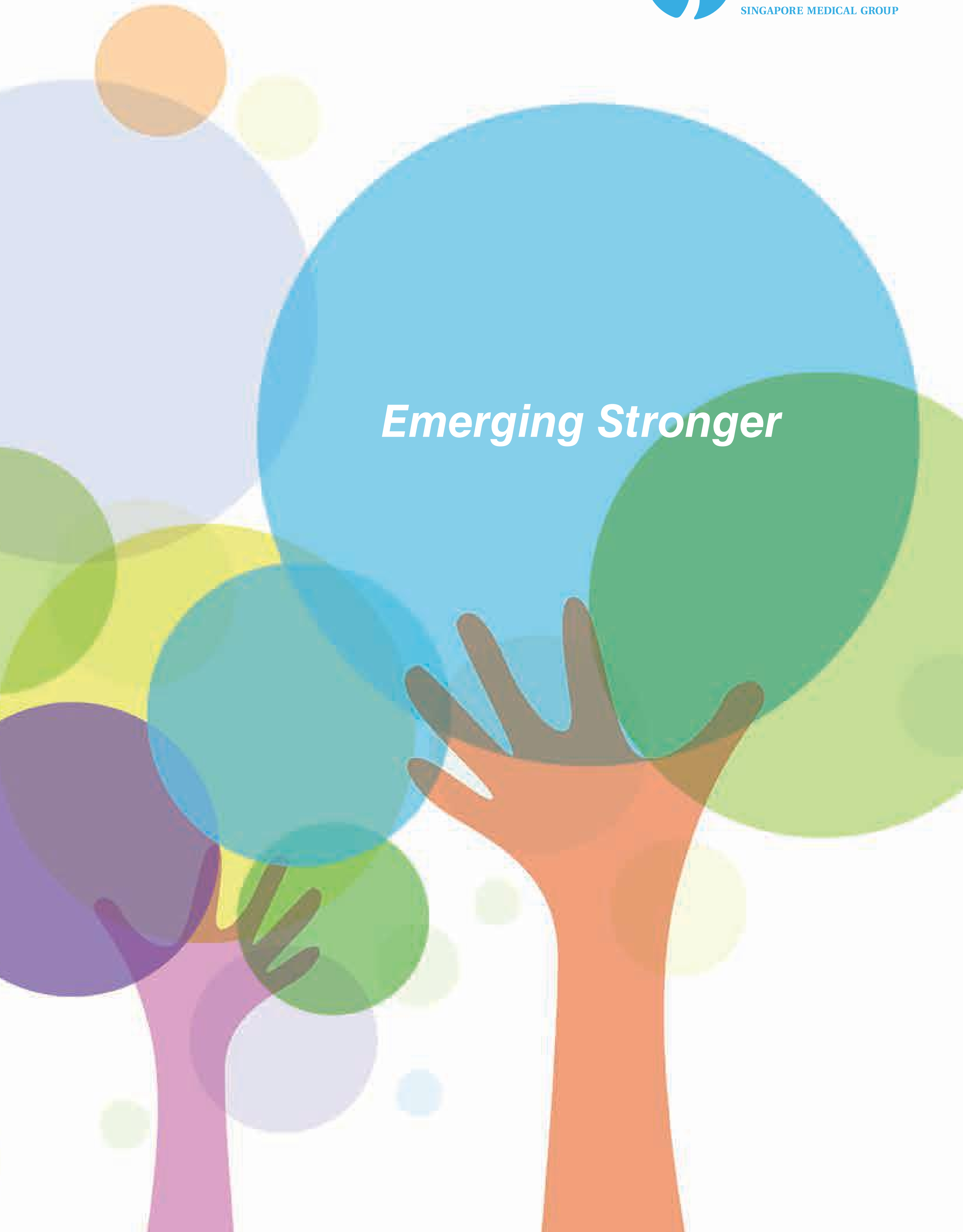
ANNUAL REPORT 2021

SMG
SINGAPORE MEDICAL GROUP

Emerging Stronger



CONTENTS

VISION, MISSION, VALUES AND **STRATEGIC SERVICE INTENT**

VISION

Asia's Best Healthcare Network

SMG SINGAPORE MEDICAL GROUP

CORE VALUES

Service
Passion
Innovation
Respect
Integrity
Teamwork

MISSION

Excellent clinical outcomes

Great patient experience

SMG SINGAPORE MEDICAL GROUP

We
Communicate
Anticipate
Responsive
Empathy
... because you matter

The Cancer Centre
Cardiac Centre International
SMG Diabetes, Thyroid & Endocrine Clinic
SMG Urology Centre with Beng Surgery
Lifescan Imaging
Lifescan Medical Centre
hidoc
The Breast Clinic
The Obstetrics & Gynaecology Centre
SMG Women's Health
Wellness & Gynaecology Centre by Dr Julinda Lee
Astra Laparoscopic & Robotic Centre For Women and Fertility
Astra Women's Specialists
Kids Clinic
LSC Eye clinic
The Dental Studio
SW1 Clinic

FINANCIAL **HIGHLIGHTS**

REVENUE
(S$'000)

2021	**100,840**
2020	87,340
2019	94,672
2018	85,069
2017	68,001

EBITDA (excluding other gain and loss)
(S$'000)

2021	**26,431**
2020	23,848
2019	26,622
2018	19,010
2017	12,945

PROFIT BEFORE TAX
(S$'000)

2021	**18,070**
2020	10,528
2019	16,069
2018	14,104
2017	9,483

PROFIT FOR THE YEAR
(S$'000)

2021	**15,716**
2020	9,097
2019	13,635
2018	12,915
2017	8,732

EARNINGS PER SHARE
(cents)

2021	**3.23**
2020	1.81
2019	2.83
2018	2.74
2017	2.02

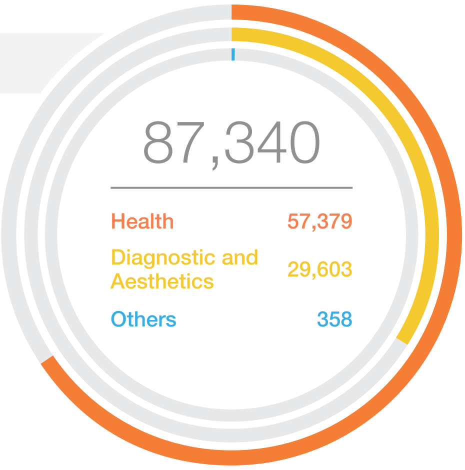
NET ASSET VALUE PER SHARE
(cents)

2021	**34.53**
2020	31.93
2019	30.22
2018	27.21
2017	23.57

PERFORMANCE AT A GLANCE

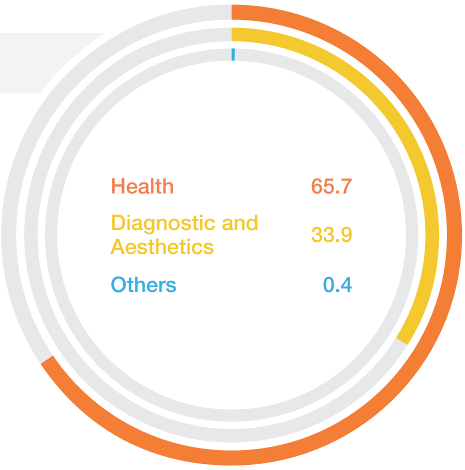
SEGMENT REVENUE (S$'000)

2020

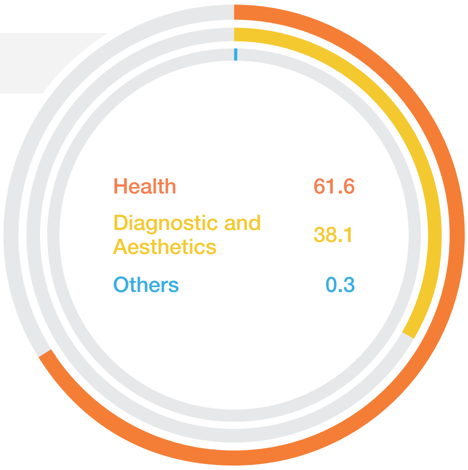


2021

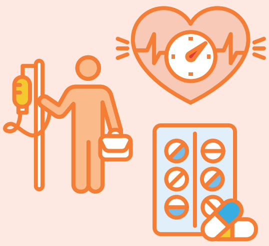
2020



2021

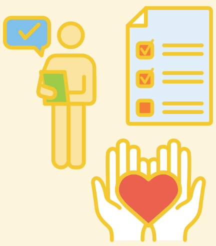


SEGMENT REVENUE (Y-O-Y Incremental %)



Health

8%



Diagnostic and Aesthetics

30%

Others

(20)%

MESSAGE TO SHAREHOLDERS

DEAR SHAREHOLDERS,

The ongoing global pandemic and the rise of the more recent Omicron variant continued to weigh on our operations for the financial year ended 31 December 2021 ("**FY2021**"). We were impacted by the stop-start nature of restrictions both locally and overseas while the absence of medical tourism dampened financial performance.

Despite the uncertainty and challenging business landscape, the diversified and resilient business we have built over the years was able to deliver as we achieved revenue growth of 15.5% year-on-year ("**yoy**") to a record S$100.8 million while our net profit attributable to owners of the Company surged to S$15.6 million for FY2021.

These all-time highs in top and bottom line were achieved despite the absence of medical tourism which historically contributed to 15%-20% of our annual revenue.

While we are delighted with the results, this is just the beginning as we continue to chart growth both in Singapore and overseas as we look to emerge stronger from the pandemic.

A RECORD YEAR FUELLED BY PAST ORGANIC GROWTH INITIATIVES

In 2017, the number of specialists within the Group amounted to 35. Today, that number has swelled to 53 as we have continued to aggressively recruit specialists, open new clinics and expand existing capacity within key specialist verticals.

These efforts effectively laid the foundation for us to capture structural shifts in demand while taking advantage of pent up and sustained demand following the onset of the pandemic within the domestic market in Singapore. Moreover, as a result of COVID-19, consumers have become increasingly more health conscious, shifting discretionary spend towards health screening services, diagnostics and aesthetics, to name a few.

Against this backdrop, our Diagnostic and Aesthetics segment, driven by strong domestic demand, grew 29.8% yoy to S$38.4 million. To add further fuel to this growth, we also made the strategic and timely decision to increase the capacity within our diagnostics vertical by 20% in May 2021.

Our Health segment was also resilient, growing 8.3% yoy to S$62.1 million due to a combination of organic growth at existing clinics and overall lower patient volume in FY2020 where non-essential medical services were deferred, and certain clinics were temporarily closed.

POSITIONING FOR A NEW ERA OF GROWTH IN VIETNAM

We remain excited about our investments in high-growth markets overseas.

In September 2021, we increased our investment in Vietnam, acquiring the 50% stake we did not already own in our joint venture, SMG International (Vietnam) Pte. Ltd., for an aggregate consideration of S$3.04 million. This investment effectively raised our equity interest in CityClinic Asia Investments Pte. Ltd. ("**CCAI**"), the entity which operates three medical centres under the CarePlus Vietnam brand in Ho Chi Minh City, to 42%.

Today, the CarePlus footprint spans strategically across Ho Chi Minh City including two 15,000 square feet centres in the Tan Binh District and District 7. In 4Q2020, CarePlus opened its third site which covers 10,000 square feet in Ho Chi Minh City's prime District 1. These three specialist centres provide multi-disciplinary healthcare services which focuses on health screening, paediatrics, women's health, and cardiology, amongst others. Essentially, we are exporting Singapore's best healthcare practices out and into the region.

We are excited about the opportunity Vietnam presents as the country remains one of the fastest growing economies in Southeast Asia with real domestic GDP growth expected to average a rapid 6.1% annually from 2019-2025[1]. Against the backdrop of a rapidly advancing economy, a large pool of expatriates, alarming rates of cancer and a total fertility rate of 2.0 which is amongst the highest in Asia and almost double that of Singapore's 1.1 total fertility rate[2], Vietnam presents a unique opportunity for the Group's next phase of overseas growth.

Since our initial entry into Vietnam in 2017, we have grown CarePlus' footprint from one medical centre to three while growing revenue by more than several multiples over the period.

As we increase our interest in Vietnam, we are also positioning the Group to potentially improve future earnings with the additional stake in this rapidly expanding business.

INDONESIA & AUSTRALIA GARNERS MOMENTUM

In Indonesia, our joint venture eye clinic, Ciputra SMG Eye Clinic, was modelled after our LSC Eye Clinic, one of the largest and most established private laser vision correction centres in Singapore. Despite lockdowns during the year, the two eye clinics in Jakarta and Surabaya continued to grow in revenue and profitability despite the challenging COVID-19 environment.

In Australia, the CHA-SMG partnership continued to grow its fertility and women's health platform through its investment in CFC Global Pty Ltd which operates the City Fertility group of clinics. Presently, we are in the process of closing an earnings accretive acquisition which will expand the Group's footprint in Australia.

As a result of the continued growth in our overseas investments, the Group reported a 98.2% yoy increase in the share of profits from joint ventures and associates from S$0.5 million for FY2020 to S$0.9 million for FY2021.

We expect this overseas momentum to continue in the year ahead as our strategies for growth gain traction amid an easing of restrictions and the shift to an endemic phase of tackling the COVID-19 virus in 2022.

GROWTH STRATEGIES FOR FY2022

An ageing population, rising affluence, and the increasing prevalence of chronic diseases continue to provide tailwinds across the private healthcare landscape. Looking ahead, we are committed and focused on the suburban expansion of our specialist services, especially in key verticals where we see strong demand.

In particular, we are looking to further strengthen our position as a leading specialist healthcare provider within the women's and children's space through the hiring of new obstetricians, gynaecologists and paediatricians. We will also be focused on the opening of new clinics to further strengthen our hub and spoke model. Today, our flagship women's health centre is located at Mount Elizabeth Specialist Centre in Novena with a growing network of 14 specialist clinics that extend across the heartlands.

In addition to strengthening women's and children's vertical, our aesthetics segment continues to experience overwhelming demand. Accordingly, plans are in motion to expand our existing footprint and further solidify our leadership position in the aesthetics market.

On the inorganic front, we continue to explore investments and potential earnings accretive acquisitions, backed by a healthy cash balance of S$26.6 million as at 31 December 2021 and a net cash position of S$22.9 million (31 December 2020: S$15.8 million). Our strengthened financial position bodes well for us and provides us with the impetus to explore inorganic growth opportunities in Singapore and the region.

COMMITMENT TO REWARDING SHAREHOLDERS

On behalf of the Board of Directors, we are delighted to declare a final dividend of 0.65 cents per share (FY2020: 0.4 cents per share) and a special dividend of 0.25 cents per share to reward shareholders for their continued support.

This increase in our final dividend and the announcement of a special dividend for FY2021 was the result of our improved financial performance after a transition year following the onset of the pandemic.

We remain humbled and grateful to shareholders for their unwavering support as we grappled with the impact from the pandemic. Your support in us has provided us with the confidence to navigate the difficult business conditions in which tough decisions were made to ensure our long-term sustainability.

APPRECIATION

We would also like to take this opportunity to express our heartfelt gratitude to all our employees for their dedication and commitment in providing the best possible care for our patients, despite the challenges brought about by the pandemic.

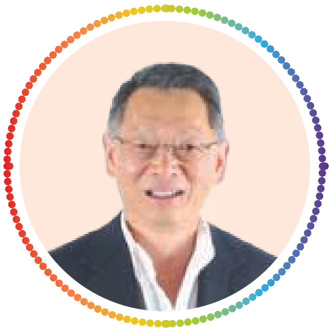
Following a record year, we look forward to achieving new highs in FY2022.

MR TONY TAN CHOON KEAT
Non-Executive Chairman

DR BENG TECK LIANG
Executive Director and Chief Executive Officer

1 Economist Intelligence Unit, 2021
2 World Bank Data: The World Bank, Fertility rate, total births (per woman) – Vietnam

BOARD OF DIRECTORS



MR TONY TAN CHOON KEAT

Non-Executive Chairman

Mr Tan is the Non-Executive Chairman of SMG and is responsible for providing leadership to the Board of Directors of the Group and overall strategic guidance. Mr Tan was a Non-Independent Non-Executive Director of IGB Corporation Bhd until 2019. Mr Tan has vast experience in the healthcare industry. He was the founder and Managing Director of Parkway Holdings Limited, Singapore until 2000 and Deputy Chairman until his retirement in 2005. During his service, he initiated acquisitions and developments by Parkway Holdings Limited both in Singapore and overseas to build its healthcare franchise from initially a property developer to one of the largest private healthcare providers in Asia. He was also the Chairman and major shareholder of Island Hospital Sdn Bhd in Malaysia until 2015. He holds a Bachelor of Chemical Engineering from the University of Surrey, England and a Master's in Business Administration from the University of California, Berkeley, United States.

DR BENG TECK LIANG

Executive Director and Chief Executive Officer

Dr Beng has been CEO and Executive Director of SMG since 2013. He previously led multi-billion dollar businesses and large teams in the information technology and healthcare sectors across Asia Pacific and Japan over the last 2 decades as a senior manager in Multi-national corporations like Hewlett Packard (HP) and General Electric (GE). Dr Beng started his professional career as a Medical Officer with the Singapore Ministry of Health after graduating from the University of Manchester Medical School in the United Kingdom. He also holds a Master's in Business Administration from the Booth School of Business, University of Chicago and is an alumnus of Harvard Business School.

MR HO LON GEE

Lead Independent Director

Mr Ho Lon Gee is an Independent Director of the SMG's Board and the Chairman of the Audit Committee since June 2009. Mr Ho was the Chief Executive Officer (CEO) of Tricor Singapore Pte Ltd until his retirement on 31 December 2021 where as CEO, he was responsible for the management of Tricor Group of companies in Singapore from 2004 to 2021. From 1982 to 2004, he was an Auditor and Partner at PricewaterhouseCoopers Singapore where he headed the SME Enterprise Audit Group and the Corporate Services Practice. Mr Ho is a Chartered Accountant and a member of the Institute of Singapore Chartered Accountants. He is also a member of the Singapore Institute of Directors.

MR JIMMY YIM WING KUEN

Independent Director

Mr Jimmy Yim is an Independent Director and chairs the Nominating and Remuneration Committees. He has been a member of the Board of SMG since June 2009. Mr Yim is the Chairman of the Board of Drew & Napier LLC and simultaneously Managing Director of the much celebrated Dispute Resolution practice of Drew and Napier LLC, an all-service legal practice in Singapore, established in 1889. Mr Yim was admitted to the Singapore Bar in 1983 and is one of the earliest batches of Senior Counsel being appointed in January 1998. His practice covers a wide range of civil and commercial law, corporate law and international commercial arbitrations. Amongst his several appointments include being Fellow of the Singapore Institute of Arbitrators and Regional Arbitrator with the Singapore International Arbitration Centre (SIAC). Apart from SMG, Mr Yim also sits on the board of Low Keng Huat (Singapore) Limited. He is recommended by name in numerous professional journals and ranking agencies in the area of dispute resolution and construction law as a leading disputes lawyer in Singapore and regionally.

DR WONG SENG WENG

Executive Director

Dr Wong Seng Weng is currently the Medical Director and Consultant Medical Oncologist of The Cancer Centre at SMG. He holds the appointments of Executive Director of the Board of Directors and Chairman of the Medical Board of SMG. Dr Wong obtained his basic medical degree from the National University of Singapore (NUS) under the Lim Boon Keng and Tan Siak Kew Scholarships and graduated on the Dean's List for outstanding academic achievement. He completed his post-graduate training in Internal Medicine and obtained his Membership of the Royal College of Physicians of the United Kingdom (MRCP UK). Thereafter, he achieved Specialist Accreditation with the Ministry of Health Singapore and was admitted as Fellow of the Academy of Medicine of Singapore (FAMS) and College of Physicians of Singapore. He was previously Consultant Medical Oncologist and Senior Partner of the Raffles Cancer Centre at Raffles Hospital. He is also an Adjunct Clinician Scientist at the Agency for Science, Technology and Research (A*STAR) and is part of the editorial advisory board of MIMS Oncology. Dr Wong is a member of the American Society of Clinical Oncology (ASCO) as well as the European Society for Medical Oncology (ESMO) and Singapore Society of Oncology.

MS STEFANIE YUEN THIO

Independent Director

Ms Stefanie Yuen Thio is the Joint Managing Partner of TSMP Law Corporation and heads its corporate practice. She was admitted to the Singapore Bar in 1994 and her areas of expertise include mergers and acquisitions, equity capital markets, corporate transactions and regulatory advice. She is regularly named by legal journals as a leading practitioner in her areas of specialisation.

Ms Yuen Thio is also the Chairwoman of ESR Funds Management (S) Limited which manages ESR-REIT. She is a director of ARA Trust Management (USH) Pte Ltd and ARA Business Trust Management (USH) Pte Ltd, the Manager of ARA US Hospitality Trust and heads the Audit Committee.

Ms Yuen Thio is active in the charity sector and currently serves as a board member of the Community Foundation of Singapore. She also serves on the Development Committee of the Singapore Art Museum.

Ms Yuen Thio has been a Fellow of the Singapore Institute of Directors since 2016 and was appointed by the Monetary Authority of Singapore to the Corporate Governance Council 2017 to review the Code of Corporate Governance. From 2014 to 2017, she was a member of the Expert Panel, Centre for Cross-Border Commercial Law in Asia. She was also a member of the Singapore Governance and Transparency Index Advisory Panel from June 2016 to May 2018.

SMG MANAGEMENT TEAM

DR BENG TECK LIANG

Executive Director and Chief Executive Officer

MS WONG SIAN JING

Chief Financial Officer

Dr Beng has been CEO and Executive Director of SMG since 2013. He previously led multi-billion dollar businesses and large teams in the information technology and healthcare sectors across Asia Pacific and Japan over the last 2 decades as a senior manager in Multi-national corporations like Hewlett Packard (HP) and General Electric (GE). Dr Beng started his professional career as a Medical Officer with the Singapore Ministry of Health after graduating from the University of Manchester Medical School in the United Kingdom. He also holds a Master's in Business Administration from the Booth School of Business, University of Chicago and is an alumnus of Harvard Business School.

Ms Wong Sian Jing is the Chief Financial Officer of the Group, responsible for managing the entire spectrum of the Group's financial, taxation and treasury functions. Prior to joining the Group on 28 September 2011, she was the Senior Vice President – Group Operations and Finance of Asiasons WFG Financial Limited. Ms. Wong has more than 15 years of professional experience with two international accounting firms where she provided assurance and advisory services to clients from a wide range of industries. She has also been actively involved in capital market transactions including initial public offerings, mergers and acquisitions and cross border offerings. She is a member of the Institute of Singapore Chartered Accountants and a Fellow Member of the Association of Chartered Certified Accountants.

MR MERVYN LIM WE JIN

Chief Operating Officer

Mr Mervyn Lim is Chief Operating Officer of the Group, responsible for general clinic operations and group functions – marketing, sales, information technology and human resources. Mervyn has over two decades of regional experience in the technology and healthcare sectors. He started his career in mobile technology with SingTel and GfK, before joining the healthcare industry in 2006, with Merck Sharp and Dohme and Laerdal Medical. Mervyn held commercial leadership and program management roles, and led businesses and joint ventures in ASEAN and Greater China. Prior to joining SMG, Mervyn was Vice President and General Manager at ResMed for sleep and respiratory digital health solutions, where he led emerging markets and strategic business development for Asia Pacific and Latin America. Mervyn steered the development of digital health solutions and home care services across Asia. He has served as Chair of Digital Health ASEAN at the Asia Pacific Medical Technology Association (APACMed), advancing digitalization of healthcare with policy and industry stakeholders. Mervyn is an alumnus of National University of Singapore and University of Hull, and completed advanced programs with Drucker School of Management, INSEAD and Imperial College.

OPERATIONS **REVIEW**

The Group's operations continued to be impacted by the global COVID-19 pandemic.

Firstly, border restrictions across the region severely curtailed medical tourism during FY2021. These restrictions weighed on the operations of several specialist verticals such as oncology and cardiology. As historically, medical tourism accounts for 15% to 20% of annual revenue, certain verticals saw a decline in overall patient loads.

Secondly, due to the stop-start nature of COVID-19 restrictions in Singapore along with the sharp increase in cases due to the rise of the Omicron variant, the Group's operations were challenged on multiple fronts. However, through the adoption of enhanced safe management practices and social distancing measures, the Group's resiliency and adaptive approach amid the challenges ensured that its clinics remained fully operational throughout the course of FY2021.

Notwithstanding the challenging business landscape, the Group continued to chart growth initiatives with the opening of new clinics and recruitment of specialists to fuel organic expansion.

DIAGNOSTICS & AESTHETICS

Diagnostics

The Group's flagship diagnostics vertical continued to strengthen its position as a leading one-stop health screening and radiology healthcare service provider. Under the *Lifescan* brand, the Group operates two diagnostic imaging and screening centres which span more than 12,000 square feet over two sites in Singapore. *Lifescan* provides patients and doctors with quality diagnostic studies and imaging-guided procedures performed by a team of experienced radiologists and healthcare professionals.

In light of rising domestic demand for imaging and health screening services, the Group made a strategic decision to capitalise on the opportunity for growth by expanding its radiology capacity by 20% in May 2021. Looking ahead, the Group will continue to explore the expansion of its radiology services amid an increasingly more health-conscious population and the resultant rising demand for health screening services.

Aesthetics

Compared to FY2020 when the Group's Aesthetics segment suffered from forced closures as a result of Circuit Breaker COVID-19 restrictions, the Group's Aesthetics segment remained fully operational in FY2021. Moreover, pent-up demand for aesthetics services following the easing of restrictions in FY2020 continued into FY2021 as the Group's Aesthetics segment witnessed sustained demand during the year.

Heading into the new financial year, the Group continues to explore avenues to expand its flagship SW1 aesthetics brand which at present, has a presence in Orchard Road and Singapore's central business district, backed by a team of four medical aesthetics practitioners and two plastic surgeons.

During the last quarter of FY2021, the Group introduced Singapore's first experimental facial spa, *Skin Pple*, which focuses on providing cutting-edge facial treatments and innovative skincare products.

Eye

With a longstanding reputation as one of the leading eye centres in Singapore and the region, the Group's LSC Eye Clinic saw strong demand from patients seeking Lasik treatment and various refractive surgery procedures. The Group continues to

1) Lifescan Imaging at Paragon

2) SW1 Clinic at OUE Downtown Gallery

3) LSC Eye Clinic at Paragon Medical

4) SW1 Clinic at OUE Downtown Gallery

OPERATIONS **REVIEW**

leverage on effective marketing initiatives and the experience of its two reputable ophthalmologists to drive sustainable growth within the eye cluster.

Dental

In FY2021, the Group continued to improve the operations of and further strengthen it's *The Dental Studio* brand which operates three dental clinics in Singapore. In particular, the Group executed strategic marketing initiatives across each of its dental clinics to capture rising demand for dental services in Singapore. These efforts, coupled with the further streamlining of its dental operations contributed to growth within the dental vertical in FY2021. In the year ahead, the Group is exploring opportunities to expand *The Dental Studio* further into the heartlands.

HEALTH

The Group continued to chart steady growth with the opening of new specialist clinics and hiring new specialists in key and complementary verticals within the Health segment.

Women's Health

In the Women's Health segment, the Group continues to strengthen its position as one of the largest obstetrics and gynaecology player in the private sector with 12 obstetricians and gynaecologists and one breast oncoplastic surgeon across 14 locations. During the year, the Group focused on increasing the patient load of existing specialists and the aggressive recruitment of new specialists. These efforts have started to bear fruit, translating into the securing of a new pipeline of specialists who will join the Group in FY2022. Accordingly, the Group expects to launch additional dedicated women's health clinics in FY2022.

Paediatrics

Following the addition of a new paediatrics clinic in the Eastern region of Singapore in FY2020, the Group continues efforts to further the expansion of its *Kids Clinic* brand of paediatric

1) The Dental Studio at Paragon Medical

2) Astra Women's Specialists at Punggol

3) Kids Clinic & Astra Women's Specialists at Tampines Grande clinics in strategic heartland locations. Firm plans are in place to introduce new locations in FY2022, coupled with the ongoing recruitment of paediatric specialists.

Oncology

In FY2021, while continuing to be heavily impacted by the lack of medical tourists, the Group's oncology vertical remained stable as the Group was able to pursue the growth of its local patient pool and increase its market share amongst local patients. The Group remains cautiously optimistic that border restrictions will loosen in FY2022, paving the way for the eventual return of medial tourists seeking oncology related services.

Core Clinic

Leveraging on SMG's extensive network of over 25 medical specialties and more than 50 specialists, the Group entered into a joint venture with Aurum Land Pte. Ltd. ("**Aurum**") to launch *Core Clinic*, a new and innovative medical coworking space targeting specialist healthcare practitioners. Co-located with *Core Collective*, Aurum's renowned fitness, wellness and lifestyle coworking centre of excellence, *Core Clinic* will provide cost-effective and flexible medical coworking spaces, allowing medical specialists to gain greater access to a unique ecosystem of patients and professionals in a prime location spanning 7,000 square feet in Katong i12 Mall. This new site will effectively create an ecosystem of top wellness practitioners, creating synergies and cross-selling opportunities between medical doctors and *Core Collective's* network of allied healthcare, fitness and wellness practitioners

Annabelle Psychology

In the last quarter of FY2021, the Group made an investment into Annabelle Psychology Pte. Ltd. ("**Annabelle Psychology**") amid growing demand for mental health services in Singapore. Highly complementary with SMG's existing specialist verticals, the investment for a 20% stake in Annabelle Psychology will effectively broaden the Group's service offering while creating an exclusive two-way referral system to facilitate greater access to a larger patient pool. In addition, the investment will allow Annabelle Psychology to grow its existing team of 16 clinicians and accelerate the expansion of its operations with a third site in 2022.

1) The Cancer Centre at Paragon Medical

2) Annabelle Psychology at Winstedt Newton

3) Core Clinic co-loccated with Core Collective i12 Katong

4) Annabelle Psychology at Royal Square Medical Centre

FINANCIAL REVIEW

CONSOLIDATED INCOME STATEMENT

The Group reported total revenue of $100.8 million for the financial year ended 31 December 2021 ("**FY2021**") as compared to $87.3 million for the financial year ended 31 December 2020 ("**FY2020**"). Revenue has increased mainly due to lower patient volume in FY2020 as a result of deferment of non-essential medical services and the temporary closure of certain clinics during the Circuit Breaker period in Singapore from April to June 2020, and the organic growth of the existing clinics.

Gross profit increased by 16.4% from $38.0 million for FY2020 to $44.3 million for FY2021 mainly due to increase in revenue.

Distribution and selling expenses increased by 4.1% which was largely driven by increase in revenue, offset by lower administrative fees paid due to the decline in medical tourism arising from the COVID-19 pandemic. Administrative expenses increased by 19.1% mainly due to: (i) increase in staff costs arising from lower wage credits received under the Job Support Scheme, increase in headcount due to the opening of new clinics, and higher bonus payout and salary adjustments; and (ii) increase in professional fees paid arising from exploration of potential business opportunities. Financial expenses decreased by 50.5% as a result of lower interest expense incurred on loans and borrowings with the repayment of loan principal, no accretion of interest on deferred purchase consideration as all deferred purchase consideration had been paid in July 2020, and no interest expense incurred for the convertible loan which was fully repaid in May 2020.

The Group recorded an increase in share of profit of joint ventures and associates by 98.2% from $0.5 million for FY2020 to $0.9 million for FY2021. This is mainly due to higher profits earned by the joint venture entity, PT Ciputra SMG, offset by lower profits earned by the associated company, CHA SMG (Australia) Pte. Ltd. ("**CSA**").

The Group recorded other gain of $1.5 million in FY2021 compared to other loss of $3.0 million in FY2020. Other gain for FY2021 comprises gain on remeasuring previously held equity in joint venture entity to fair value on business combination upon the Group's acquisition of the remaining 50% equity interest in SMG International (Vietnam) Pte. Ltd. ("**SIV**") of $2.7 million, less impairment loss recognised for loans to an associated company, CityClinic Asia Investments Pte. Ltd. ("**CCAI**"), of $1.2 million as it is unlikely that the loans will be recovered due to the cessation of the aesthetics business in Vietnam. Other loss for FY2020 relates to impairment loss recognised on goodwill arising from the acquisition of 3 Paediatrics clinics in 2017 of $3.0 million as a result of the projected decline in earnings of the Paediatrics Business arising from the negative impact of the pandemic.

Income tax expense increased by 64.5% mainly due to higher taxable profit for the current financial year.

Overall, the Group registered a net profit of $15.7 million for FY2021 as compared to a net profit of $9.1 million for FY2020.

CONSOLIDATED BALANCE SHEET

ASSETS

Total assets of the Group increased to $201.8 million as at 31 December 2021 from $190.5 million as at 31 December 2020 mainly due to: (i) increase in property, plant and equipment mainly arising from the addition of a magnetic resonance imaging ("**MRI**") equipment at the imaging centre in Novena; (ii) increase in right-of-use assets; (iii) increase in investment in joint ventures mainly arising from the setting up of a new joint venture entity, Aurum SMG Pte. Ltd., in October 2021; (iv) increase in investment in associates mainly due to the re-designation of the investment in CCAI, previously recorded under other investment, as investment in associates upon the completion of the acquisition of SIV, the subscription and conversion of redeemable convertible preference shares of CSA, and subscription of new ordinary shares in associated companies, Cardioscan Asia Pte. Ltd. and Annabelle Psychology Pte. Ltd.; (v) increase in trade receivables; and (vi) increase in cash and cash equivalents. The increase is offset by decrease in other investment where the investment was re-designated as investment in associates and decrease in other receivables which was partly contributed by an impairment loss recognised for the loans to an associated company during the financial year.

Net asset value per ordinary share was 34.5 cents as at 31 December 2021 compared to 31.9 cents as at 31 December 2020.

Net working capital increased from a surplus of $5.5 million as at 31 December 2020 to a surplus of $9.5 million as at 31 December 2021. This is mainly due to the decrease in the current portion of loans and borrowings arising from repayment of loan principal and increase in cash and cash equivalents.

LIABILITIES

Total liabilities decreased from $37.0 million as at 31 December 2020 to $35.3 million as at 31 December 2021 due to decrease in loans and borrowings with the repayment of loan principal, offset by increase in trade and other payables, contract liabilities, lease liabilities, income tax payables and deferred tax liabilities.

SHAREHOLDERS' EQUITY

Shareholders' equity increased from $154.1 million as at 31 December 2020 to $167.9 million as at 31 December 2021 mainly due to: (i) increase in share capital of the Company mainly arising from the issuance of shares for the acquisition of the remaining 50% equity interest in SIV in September 2021; and (ii) a higher profit recorded for FY2021, offset by: (i) the recognition of fair value loss on equity instrument designated at fair value through other comprehensive income; and (ii) final dividends for the financial year ended 31 December 2020 paid to shareholders in May 2021.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Mr Tony Tan Choon Keat (Non-Executive Chairman)

Dr Beng Teck Liang (Executive Director and Chief Executive Officer)

Mr Ho Lon Gee (Lead Independent Director)

Mr Jimmy Yim Wing Kuen (Independent Director)

Dr Wong Seng Weng (Executive Director)

Ms Stefanie Yuen Thio (Independent Director)

AUDIT COMMITTEE

Mr Ho Lon Gee (Chairman)

Mr Jimmy Yim Wing Kuen (Member)

Mr Tony Tan Choon Keat (Member)

Ms Stefanie Yuen Thio (Member)

REMUNERATION COMMITTEE

Mr Jimmy Yim Wing Kuen (Chairman)

Mr Ho Lon Gee (Member)

Mr Tony Tan Choon Keat (Member)

NOMINATING COMMITTEE

Mr Jimmy Yim Wing Kuen (Chairman)

Mr Ho Lon Gee (Member)

Mr Tony Tan Choon Keat (Member)

COMPANY SECRETARIES

Chan Wan Mei

Chan Lai Yin

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SHARE REGISTRAR

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

Ernst and Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Audit Partner in charge: Mr Adrian Koh
(since financial year ended 31 December 2021)

PRINCIPAL BANKERS

DBS Bank Ltd
Oversea-Chinese Banking Corporation Limited

CATALIST SPONSOR

UOB Kay Hian Private Limited
8 Anthony Road
#01-01
Singapore 229957

SUSTAINABILITY **REPORT**

STATEMENT FROM THE BOARD

The Board is pleased to present Singapore Medical Group Limited's Sustainability Report for the financial year 2021. At SMG, we recognise the importance of creating long-term value for our stakeholders and believe that it can be achieved through sustainable business practices and our commitment to being a responsible player in the society.

The Board strives to align the Group's policies and practices with best-in-class standards in the Economic, Environmental, Social and Governance ("EESG") themes, thus allowing us to achieve a balance between financial results, social engagement and environmental initiatives whilst ensuring the strategic growth of the Group. The Group conducted formal materiality assessment to better manage non-financial risks such as patient safety, patient privacy and corporate governance, and, have selected six of the highest ranked material factors for reporting. We will continue to support the Group's sustainability efforts through active engagement with senior management who will spearhead the Group's sustainability matters.

Moving forward, we urge our stakeholders to share our Group's commitment to transparency and to work towards a common goal of improving the economic, environmental and social well-being of the communities we operate in.

INTRODUCTION

ABOUT THE REPORT

Singapore Medical Group Limited is delighted to present our Sustainability Report which is prepared with reference to the Global Reporting Initiatives ("GRI") Standards: Core option, a global recognised sustainability framework. Adopting the objective of SGX in being responsible for the communities we operate in, the Group aspires to accomplish more in the area of sustainability.

In this report, we cover our non-financial performance and initiatives established in our Singapore operations from 1 January 2021 to 31 December 2021 ("FY2021"), with 1 January 2020 to 31 December 2020 ("FY2020") as the year of comparison.

This report has not been assured as this is still optional under SGX rules. However, as our Group matures and develops in our sustainability journey, we aim to seek independent verification of our Sustainability Report. Eventually, our Group would like to provide a more extensive coverage of our business operations in our future Sustainability Reports.

We welcome feedback for this report and on any matters related to our sustainability performance. Feedback can be sent to our Chief Financial Officer, Ms. Wong Sian Jing at 6836 3385 or sianjing.wong@smg.sg.

STAKEHOLDER ENGAGEMENT

As part of ongoing efforts to better understand and manage the concerns of stakeholders and to deliver continued healthcare excellence, SMG has taken into consideration all of its stakeholders across its value chain and prioritised them into the following Table 1. In doing so, the Group is poised to anticipate and respond to any Environmental, Social and Governance ("ESG") challenges that may arise.

Table 1: SMG's Stakeholder Engagement

Stakeholder	Engagement Mode and Frequency	Stakeholder's Key Concerns	Our Response
Shareholders	• Annual General Meeting ("AGM") • Extraordinary General Meeting when required • Half-yearly release of results • Corporate announcements throughout the year • Timely response to direct queries received via electronic mail by Investor Relations team	• Business growth and strategy of the Group • Delivery of Business performance • Sustainable returns	• The Group seeks to address such concerns through timely and transparent updates on the Group's performance and key developments that are made available on SGXNet • Internal tracking is also in place to ensure prompt response to queries received
Employees	• Employee satisfaction online survey once a year • Regular staff meetings with management	• Career progression and self-development opportunities • Effective management of expectations and needs of customers and patients	• The Group recognises that employees are their most valuable assets and ensures that employees' expectations are met through active engagement • At SMG, employees are provided with many opportunities to develop their skill-sets and knowledge through on-the-job learning
Customers/Patients	• Engagement of external vendors to conduct survey via phone or electronic mail regularly • Providing various channels to collect patients feedback such as dedicated email contacts and feedback hotlines	• Management of issues such as patient and product safety, quality of service provided as well as the overall experience at the clinics • Adequate handling of personal data and information.	• SMG is built on the foundation of having customers and patients at the heart of everything we do. We strive to maintain quality and service excellence in our offerings through review of customer satisfaction surveys conducted internally or by independent vendors to ensure expectations are met

SUSTAINABILITY REPORT

Stakeholder	Engagement Mode and Frequency	Stakeholder's Key Concerns	Our Response
Suppliers	• Meetings when necessary	• Increased focus on responsible sourcing • Healthy relationship maintained through liaisons and mutual understanding	• The Group engages in open communication with key suppliers in ensuring that their practices meet the necessary regulatory requirements • Constantly explore alternative supplies that have positive impacts to both the environment and the Group.
Regulators (Ministry of Health ("MOH"), The National Environment Agency ("NEA"), SGX, Inland Revenue Authority of Singapore ("IRAS"), Accounting and Corporate Regulatory Authority ("ACRA"))	• Proactively share feedback and data with regulators when necessary	• Compliance with relevant regulatory requirements	• The Group is aware that any non-compliance with regulations may result in undesirable repercussions for the business and thus ensures that all relevant regulatory requirements are met through layers of internal checks

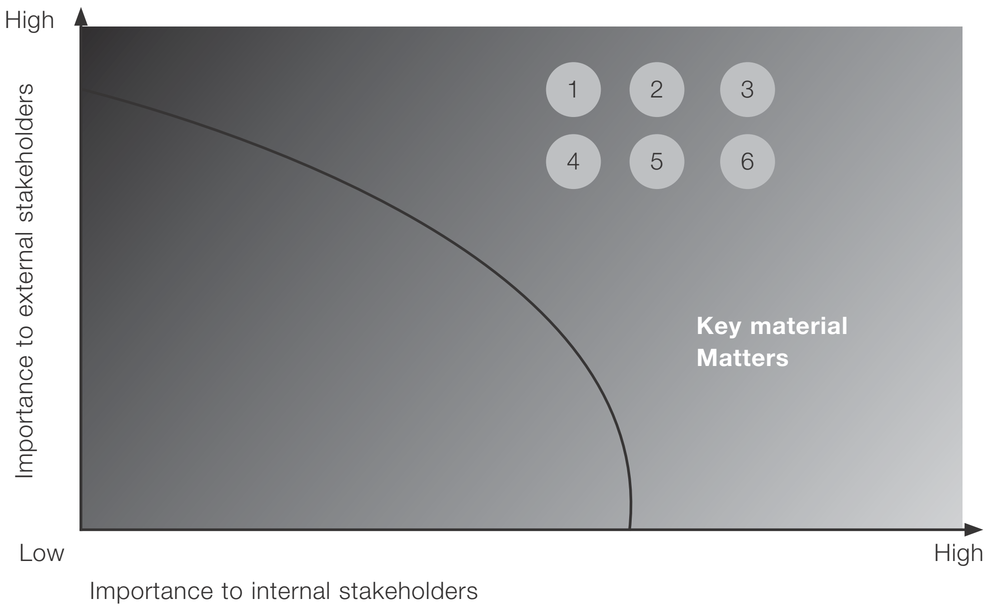
MATERIALITY ASSESSMENT

The outcome from this materiality assessment allows us to understand the perspectives of our stakeholders. We are better able to address the concerns from our stakeholders and identify where their interests lie through this process. The process of our materiality assessment is summarised as follows:

Step One: Identification	Step Two: Prioritisation	Step Three: Validation	Step Four: Review
▸ **Desktop analysis of Sustainability reports published by other peers** ▸ **Interviews with relevant personnel across departments** ▸ **Develop a list of Economic, Environmental Social and Governance (EESG) matters**	▸ **Conduct of anonymous voting exercise** ▸ **Relevant personnel rates and prioritises EESG matters** ▸ **Both internal and external stakeholder's perspectives are taken in consideration**	▸ **Board validates and approves material matters presented by the management identified in step two**	▸ **Approved material matters will continue to be re-assessed in subsequent reporting periods to ensure that the reported topics remain relevant and material**

The outcome of the assessment is reflected below in Figure 2. The six materials selected below are of priority to SMG.

Figure 2: SMG's Materiality Matrix



MAPPING OF MATERIAL MATTERS

Material Matters		Corresponding GRI Standard Topics
1	**Marketing and labelling**	**GRI 417-1: Requirements for product and service information and labeling**
2	**Patient privacy**	**GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data**
3	**Patient safety and satisfaction**	**GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services**
4	**Occupational health and safety**	**GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities**
5	**Effluents and wastes**	**GRI 306-2: Waste by type and disposal method** **GRI 306-4: Transport of hazardous waste**
6	**Anti-corruption / Conflict of interests**	**GRI 205-3: Confirmed incidents of corruption and actions taken**

PATIENT WELFARE

MARKETING AND LABELING

Marketing and labeling are pertinent and imperative to SMG in ensuring that accurate and non-misleading information is provided to customers, patients and the community alike who place their trust and confidence in the Group's wide network of medical professionals. We ensure that products and information portrayed meet the relevant guidelines and regulatory standards.

SUSTAINABILITY **REPORT**

For services provided by our clinics and specialist centres, the Group strives to provide all patients with relevant information in aiding informed decision-making. Such information is also made available to patients through various channels such as educational forums, health seminars, brochures, social media platforms and clinic websites. Additionally, the Group goes through multiple layers of internal checks to ensure that the Private Hospitals and Medical Clinics ("PHMC") publicity guidelines are met before releasing any marketing materials and information to the public.

Similarly, all consumables and medical supplies provided and used on our patients are Health Science Authority ("HSA") approved. All medications prescribed are labelled with clear and detailed instructions for suitable level of consumption.

In FY2021 and FY2020, there were no grievances in relation to its marketing and labelling being brought up against SMG. The Group continues to maintain compliance to regulations set out by MOH for the safe use and consumption of its products and prescriptions respectively and for the services rendered by the Group's clinics.

Key Area of Focus	Perpetual Target	FY2021 Status
Substantiated non-compliance cases regarding marketing and labelling	• **No more than 3 queries from regulatory compliance and enforcement division of MOH**	**Achieved**

PATIENT PRIVACY

Similar to all the healthcare organisations that hold key patient data, SMG places great emphasis on protecting patient privacy, including preventing the loss of patients' data and breaches of patients' privacy that result from non-compliance with existing laws and regulations.

SMG has engaged an external consulting firm to review its Personal Data Protection Act ("PDPA") policy and to strengthen its PDPA practices in the Group. The significance of PDPA is also highlighted during the employee orientation programme, where our staff are trained to engage in necessary measures to safeguard against the loss of data and to protect the patients' data. The quality management department of the Group conducts regular PDPA training for the staff to strengthen their understanding and applications of the Group's PDPA policies.

In addition, the Group regularly reviews the management of its monitoring mechanism in enhancing the robustness of the Group's IT system. SMG's clinic management system is currently hosted on a secured platform that is equipped with up-to-date technology to securely house sensitive data. The platform has been awarded level 3, the highest level of security clearance by the Infocomm Media Development Authority ("IMDA"). With proper encryption at the database storage centre and during the transmission of data, in addition to firewalls with gateway anti-virus protection intrusion detection and prevention capabilities, our patients can be assured that their data is safe with the proper security mechanisms that are in place.

To further enhance the IT security posture within the workplace, endpoint protection with artificial intelligence that helps deter security threats are deployed across the organisation.

SMG's IT team is committed to the continued exploration of the possible deployment of additional features in tightening organisation-wide system's security capabilities.

In FY2021 and FY2020, there were no incident of breaches of patients' privacy or loss of patients' data arising from non-compliance with laws and regulations.

Key Area of Focus	Perpetual Target	FY2021 Status
Substantiated complaints regarding breach of patients' data or loss of data	• **Zero incidents of breaches or loss of patients' data arising from non-compliance with laws and regulations**	**Achieved**

PATIENT SAFETY AND SATISFACTION

At SMG, we focus on addressing the needs of our patients and to be a part of their journey towards good health and better wellness. As such, we have always placed our patients at the forefront of our business. We pride ourselves in upholding the Group's core values whilst endeavoring to deliver quality service to all.

The Group continues to ensure that necessary measures are in place for patient safety, including in the event of a communicable disease outbreak. SMG has put in place containment policies with recommended response measures that are in line with the recommendations of MOH. The Group ensures sufficient personal protective equipment such as masks, hand gloves, disposable gowns and hand sanitisers are being kept at the clinics. We further ensure that our clinics and specialist centres are operating at premises that have been certified by Singapore Civil Defense Force ("SCDF") and are in compliance with the Building and Construction Authority ("BCA"), as applicable.

In FY2021 and FY2020, SMG has managed to sustain a blemish-free record of zero non-compliance cases revolving around health and safety impacts pertaining to the products and services we offer.

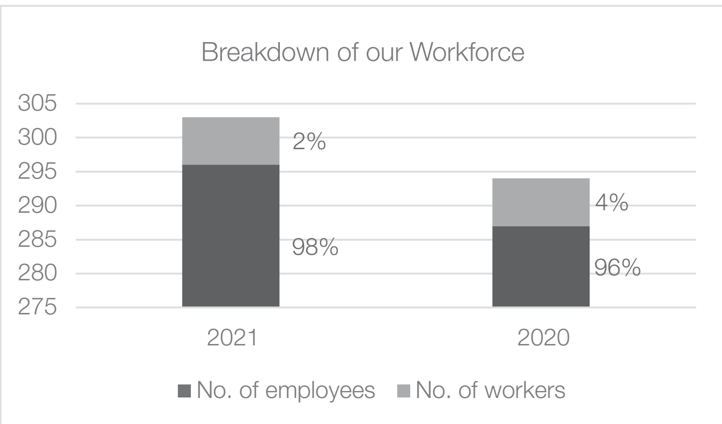
Key Area of Focus	Perpetual Target	FY2021 Status
Incidents of non-compliance cases regarding health and safety impacts of products and services	• **Zero incidents of non-compliance cases revolving around health and safety impacts from MOH, NEA and HSA**	**Achieved**

EMPLOYEES

Our employees matter to us. As a people-centric business, our ability to thrive and deliver quality patient care is largely dependent on our frontline employees, including the medical professionals and their interaction with the patients and customers.

With "Respect" being one of the Group's core values, the Group further advocates inclusivity within the organisation. This is in turn likely to foster the proliferation of a high-performing culture as well as to create an amiable and productive work environment where employees are incentivised to do their best for our patients and customers.

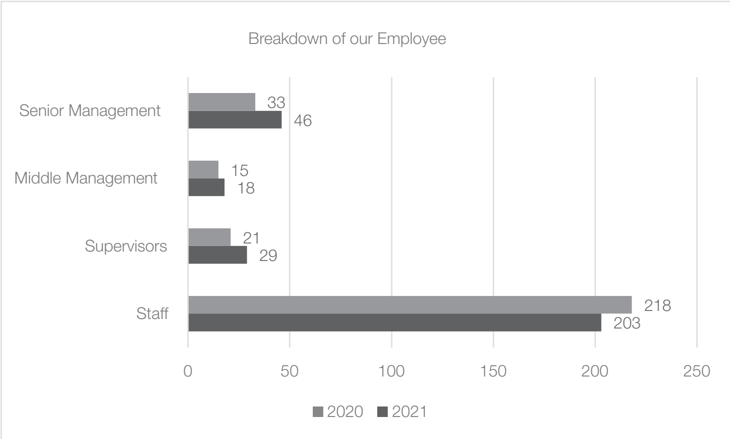
As at FY2021, SMG has 296 (FY2020: 287) employees and 7 (FY2020: 7) workers in total. The increase in number of headcounts is largely due to opening of new clinics during the year.



* Employees refer to any individual who is in an employment relationship with the organisation, according to national law or its application

** Workers refer to any external person that performs work for the organisation such as a supplier, contractor, self-employed person and etc.

SUSTAINABILITY **REPORT**



OCCUPATIONAL HEALTH AND SAFETY

As an established healthcare organisation, our employees' health and safety within our premises are of utmost importance. Several polices have been enforced across all clinics so as to ensure the health and safety of our employees as well as customers are maintained at the workplace strictly in accordance with regulations and guidelines laid out by MOH, NEA and HSA. SMG targets to achieve adherence to policies in maintaining its record of zero non-compliance incidents.

Policy Coverage	Description of Policies
Staff, Customers and Patients	Ensure all the safety regulations and guidelines set out by MOH, NEA and HSA are adhered to so that our staff, customers and patients' health and safety are taken care of
Premises	(i) All premises are issued with Fire safety certificate before the commencement of operations (ii) Fixed schedule to clean and sanitise the clinic to minimise any potential health hazards
Equipment & staff	(i) Regular preventive maintenance of equipment to ensure optimal functioning (ii) To ensure all equipment is properly certified by the relevant authorities such as NEA and HSA. Only qualified and appropriately trained staff are allowed to operate the equipment and perform the relevant duties

Consistent with prior years, there were zero report cases of work-related fatalities, injuries and occupational diseases in FY2021. The total absentee rate[1] for FY2021 is 1.67 percent (FY2020: 1.66 percent) which is comparable to FY2020.

	FY2021			FY2020		
Absentee Rate	Male	Female	Total	Male	Female	Total
	0.14	1.53	1.67	0.13	1.51	1.66

Key Area of Focus	Perpetual Target	FY2021 Status
Incidents of work-related fatalities, injuries and occupational diseases	• **Zero incidents of work-related fatalities, injuries and occupational diseases**	**Achieved**

SUSTAINABLE ENVIRONMENT AND SUPPLY CHAIN MANAGEMENT

In maintaining service excellence whilst playing our part as a responsible corporate citizen, SMG strives to deliver high quality product-offerings and stringent compliance across the business' supply chain. Our supply chain mainly comprises suppliers of products that can be classified under the following four key categories:

1. Medications – purchased from registered drug distributors
2. Consumables
3. Medical equipment plus maintenance contracts
4. Marketing and advertising

In Singapore, all medications and medical equipment are subjected to approval by HSA. Certain medical equipment are additionally required to be regulated by NEA and marketing and advertising are overseen under the Private Hospitals and Medical Clinics Act and Regulations.

Since FY2019, SMG embarked on various "Go Green" initiatives with the intention to reduce our carbon footprint and to promote environmental awareness, these initiatives include:

(i) Launched of patient portal for our imaging business to replace the use of films and CD;

(ii) Replaced plastic bags use in the clinics/business with bio-degradable cassava bags; and

(iii) Replaced paper records at the clinics with digital records.

The Group continue to explore areas where it can reduce its carbon footprint and to promote environmental awareness.

1 The Absentee Rate ('AR') as defined by GRI standards is the total days of absence relative to the total days scheduled to be worked by employees during the reference period, expressed as a percentage. AR here is calculated only for employees.

SUSTAINABILITY **REPORT**

EFFLUENTS AND WASTES

In land-scarce Singapore, most of the general waste is sent to waste-to-energy incineration plants. However, as a healthcare organisation, we recognise that bio-hazardous and medical wastes require proper management and disposal to prevent any potential health threats posed to patients, the community and environment. As such, all medical staff undergo a structured briefing and training organised by SMG's Clinic Operations Team at least biennially on the know-hows of appropriate management and disposal of waste.

We comply fully with the rules and regulations as mandated by NEA and MOH with regards to our waste disposal methods. Additionally, only authorised vendors licensed to transport and dispose of bio-hazardous waste handle the waste generated by our clinics.

The total hazardous waste weighed in at 12,637 liter in FY2021 (FY2020: 14,015 liter). The 9.8% decrease was largely attributed to the decrease in the business activities of our oncology business as the absence of medical tourism in FY2021 continued to weigh on our operations. There is no reporting for non-hazardous waste comprising of mainly paper waste, due to unavailable data. With that said, the Group aims to shift towards a paperless working environment, coherent with the Group's strive to increase operational efficiency and to reduce reliance on storage space. As at to date, 90% of SMG's clinics have adopted e-registration and electronic case notes and have substantially reduced paper usages. The Group continues to identify areas that can be digitalised and reduce paper waste.

Looking ahead, SMG has plans to improve its data collection procedures to include the tracking and disclosure of paper usage, as well as to continue its commitment to managing and disposing of all waste in a responsible manner.

GOOD GOVERNANCE

ANTI-CORRUPTION / CONFLICT OF INTERESTS

Anti-corruption is imperative to the long-term sustainability of SMG, as any form of corruption may lead to severe repercussions for the reputation of our Group, including losing the trust of our customers and patients. Corrupt business practices are not tolerated and any incidences are dealt with severely. This includes the procurement process where suppliers provide monetary benefits to the staff and doctors for their buy-ins.

To encourage our employees to undertake only the best practices, all newly recruited staff are required to be briefed on the anti-corruption clauses during their induction programme. They are also made aware of the existing whistle-blowing policy and procedures in place. All employees and external parties are encouraged to raise concerns through our well-defined and accessible reporting channels to report on any possible improprieties and issues that may have an adverse impact on SMG. Such matters raised will be presented in quarterly reports and submitted to the Audit Committee who oversees the overall administration of the whistle-blowing policy. Through the quarterly reports, a proper trail of all complaints are recorded, which includes the results of the investigation, follow-up actions, as well as any unresolved complaints.

SMG has achieved its target of zero incidents of corruption in both FY2021 and FY2020.

Key Area of Focus	Perpetual Target	FY2021 Status
Incidents of corruption	• **Maintain record of zero corruption incidents**	**Achieved**

SUSTAINABILITY **REPORT**

GRI CONTENT INDEX

GRI Standard Disclosure	Description	Page Reference
GRI 102: General Disclosures 2016		
Organisational profile		
102-1	Name of the organisation	Page 14
102-2	Activities, brands, products, and services	Page 1; Page 61
102-3	Location of headquarters	Page 13
102-4	Location of operations	Back page
102-5	Ownership and legal form	Page 133
102-6	Markets served	Page 121-122
102-7	Scale of the organisation	Page 19-21
102-8	Information on employees and other workers	Page 19-21
102-9	Supply chain	Page 21
102-10	Significant changes to the organisation and its supply chain	Page 9-11
102-11	Precautionary Principle or approach	Page 38
102-12	External initiatives	–
102-13	Membership of associations	–
Strategy		
102-14	Statement from senior decision-maker	Page 14
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	Page 1
Governance		
102-18	Governance structure	Page 13; Page 26-44
102-23	Chair of the highest governance body	Page 13
102-32	Highest governance body's role in sustainability reporting	Page 14
Stakeholder engagement		
102-40	List of stakeholder Groups	Page 15-16
102-41	Collective bargaining agreements	–
102-42	Identifying and selecting stakeholders	Page 15-16
102-43	Approach to stakeholder engagement	Page 15-16
102-44	Key topics and concerns raised	Page 15-16

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GRI Standard Disclosure	Description	Page Reference
Reporting practice		
102-45	Entities included in the consolidated financial statements	Page 14
102-46	Defining report content and topic Boundaries	Page 16-17
102-47	List of material topics	Page 16-17
102-48	Restatements of information	–
102-49	Changes in reporting	–
102-50	Reporting period	Page 14
102-51	Date of most recent report	Page 14
102-52	Reporting cycle	Page 14
102-53	Contact point for questions regarding the report	Page 14
102-54	Claims of reporting in accordance with the GRI Standards	Page 14
102-55	GRI content index	Page 23-25
102-56	External assurance	Page 14
Topic-specific GRI Standard Disclosures		
Category: Governance		
GRI 205: Anti-Corruption 2016		
103-1	Explanation of the material topic and its Boundary	Page 22
103-2	The management approach and its components	Page 22
103-3	Evaluation of the management approach	Page 22
205-3	Confirmed incidents of corruption and actions taken	Page 22
Category: Environmental		
GRI 306: Effluents and Waste 2016		
103-1	Explanation of the material topic and its Boundary	Page 22
103-2	The management approach and its components	Page 22
103-3	Evaluation of the management approach	Page 22
306-2	Waste by type and disposal method	Page 22
306-4	Transport of hazardous waste	Page 22
Category: Social		
GRI 403: Occupational Health and Safety 2016		
103-1	Explanation of the material topic and its Boundary	Page 20-21
103-2	The management approach and its components	Page 20-21
103-3	Evaluation of the management approach	Page 20-21
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Page 20-21

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GRI Standard Disclosure	Description	Page Reference
GRI 416: Customer Health and Safety 2016		
103-1	Explanation of the material topic and its Boundary	Page 19
103-2	The management approach and its components	Page 19
103-3	Evaluation of the management approach	Page 19
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Page 19
GRI 417: Marketing and Labeling 2016		
103-1	Explanation of the material topic and its Boundary	Page 17-18
103-2	The management approach and its components	Page 17-18
103-3	Evaluation of the management approach	Page 17-18
417-1	Requirements for product and service information and labeling	Page 17-18
GRI 418: Customer Privacy 2016		
103-1	Explanation of the material topic and its Boundary	Page 18
103-2	The management approach and its components	Page 18
103-3	Evaluation of the management approach	Page 18
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 18

CORPORATE GOVERNANCE **REPORT**

Singapore Medical Group Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") is committed to achieving a high standard of corporate governance within the Group. The Company continues to evaluate and put in place effective self-regulatory corporate practices to protect its shareholders' interests and enhance long-term shareholders' value.

This report outlines the Company's corporate governance practices for the financial year ended 31 December 2021 ("**FY2021**") with specific reference made to the principles of the Code of Corporate Governance 2018 (the "**Code**") issued on 6 August 2018, which forms part of the continuing obligations of the Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Rules of Catalist**"). The Company has complied with the principles as set out in the Code and appropriate explanations have been provided in the relevant sections below where there are derivations from the provision of the Code.

Board Matters

Principle 1: Board's Conduct of Affairs

The Board oversees the Group's overall policies, strategies and objectives, key operational initiatives, performance and measurement, internal control and risk management, major funding and investment proposals, financial performance reviews and corporate governance practices.

The Board objectively discharges their duties and responsibilities at all times as fiduciaries in the best interests of the Group and holds the Management accountable for performance. The Board puts in place policies, structures and mechanisms to ensure compliance with legislative and regulatory requirements. The Board also sets appropriate tone-from-the-top, desired organisational culture and standards of ethical behaviour. The Board has clear policies and procedures for dealing with conflicts of interests. Where a Director faces a conflict of interest, he or she will fully disclose the conflict of interest and recuse himself or herself from meetings and decisions involving the issue.

Apart from its statutory duties and responsibilities, the Board performs the following functions:–

(a) provide entrepreneurial leadership, set strategic aims and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;

(b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;

(c) review management performance;

(d) identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;

(e) set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;

(f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation;

(g) nomination of Directors to the Board;

(h) appointment of key personnel;

(i) review the financial performance of the Group and implementing policies relating to financial matters, which include risk management and internal controls and compliance; and

(j) assume responsibility for corporate governance.

The Board comprises different classes of directors (executive, non-executive and independent directors) with different roles as follows:

- Executive Directors are members of the Management, and are involved in the day-to-day running of the business. Executive Directors are expected to:

  (a) provide insights on the Company's day-to-day operations, as appropriate;

  (b) provide Management's views without undermining management accountability to the Board; and

  (c) collaborate closely with non-executive directors for the long term success of the Company.

- Non-Executive Directors are not part of the Management. They are not employees of the Company and do not participate in the Company's day-to-day management. Non-Executive Directors are expected to:

  (a) be familiar with the business and stay informed of the activities of the Company;

  (b) constructively challenge Management and help develop proposals on strategy;

  (c) review the performance of Management in meeting agreed goals and objectives; and

  (d) participate in decisions on the appointment, assessment and remuneration of the executive directors and key management personnel generally.

- Independent Directors are Non-Executive Directors who are deemed independent by the Board. Independent Directors have the duties of the Non-Executive Directors, and additionally provide an independent and objective check on the Management.

A formal letter of appointment is given to every newly-appointed director upon their appointment explaining, among other matters, the roles, obligations, duties and responsibilities as a member of the Board. Management would conduct briefings and orientation programmes to familiarise newly-appointed directors with the various businesses, operations and processes of the Group. All newly-appointed directors with no prior experience as a director would be required to attend the Listed Entity Director Programme conducted by the Singapore Institute of Directors.

All Directors are provided with regular updates on changes in the relevant laws, regulations and changing commercial risks to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities.

The Directors are also encouraged to attend conferences and seminars relevant to their roles as Directors of the Company. The Company will bear the costs for the Directors to attend appropriate courses, conferences and seminars conducted by external professionals for them to stay abreast of relevant business developments and outlook.

Matters which are specifically reserved to the Board as a whole for decision are those involving a conflict of interest for a substantial shareholder or a Director, material acquisitions and disposal of assets, corporate or financial restructuring, share issuance and dividends, and financial results and corporate strategies. The Board will provide directions to the Management team of the Group's business divisions through presentations at Board and Board Committee meetings.

The Board formed 3 Board Committees and delegated specific responsibilities to the Board Committees whose actions are monitored and endorsed by the Board. These committees include the Audit Committee, the Nominating Committee and the Remuneration Committee, all of which operate within clearly defined terms of reference and functional procedures and are reviewed on a regular basis. Each of these Board Committees reports its activities regularly to the Board. The names of the Board Committee members are set out on page 13 of the Annual Report.

CORPORATE GOVERNANCE **REPORT**

The Board has approved the written terms of reference of the Audit Committee. Its functions are as follows:–

a) assist the Board in fulfilling its responsibilities in respect of the Company's accounting policies, internal controls and financial reporting practices;

b) monitor management's commitment to the establishment and maintenance of a satisfactory control environment with an effective system of internal control and review the effectiveness of the internal audit function (including any arrangements for internal audit);

c) maintain a channel of communication among members of the Board, the financial management team, and the internal and external auditors on matters arising out of the internal and external audits and to consider the adequacy of arrangements for audit;

d) monitor and review the scope and results of external audit and its cost effectiveness and the independence and objectivity of the external auditors;

e) review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to management and the management's response;

f) review the quarterly and annual financial statements, and the half-year and full-year results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major financial risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Rules of Catalist and any other relevant statutory or regulatory requirements;

g) review the internal control procedures and ensure co-ordination between the external auditors and the management, and review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);

h) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

i) consider and recommend the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;

j) review interested person transactions (if any) falling within the scope of Chapter 9 of the Rules of Catalist;

k) review potential conflicts of interest (if any);

l) review the integrity of any financial information presented to the Company's shareholders;

m) review all hedging policies and instruments to be implemented by the Company, if any;

n) review and evaluate the Group's administrative, operating and internal accounting controls and procedures;

o) review the Group's financial risk and any oversight of the Group's financial risk management processes and activities to mitigate and manage financial risk at acceptable levels determined by the Board;

p) review the Group's key financial risk areas, with a view to provide an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or where the findings are material, immediately announced via SGXNET;

q) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and

r) generally undertake such other functions and duties as may be required by statute or the Rule of Catalist, or by such amendments as may be made thereto from time to time.

The Board has approved the written terms of reference of the Nominating Committee. Its functions are as follows:–

a) review and assess candidates for directorships (including executive directorships) before making recommendations to the Board for the appointment of directors;

b) re-nominate directors for re-election in accordance with the Constitution at each annual general meeting and having regard to the director's contribution and performance;

c) determine annually whether or not a director of the Company is independent;

d) decide whether or not a director is able to and has been adequately carrying out his duties as a director; and

e) assess the performance of the Board as a whole and contribution of each director to the effectiveness of the Board.

The Board has approved the written terms of reference of the Remuneration Committee. Its functions are as follows:–

a) recommend to the Board a framework of remuneration for the directors and executive officers;

b) determine specific remuneration packages for each executive director;

c) review annually the remuneration of employees related to the directors 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;

d) review and approve any bonuses, pay increases and/or promotions for the senior management; and

e) other acts as may be required by the SGX-ST and the Code from time to time.

Formal Board meetings are held at least once every quarter to oversee the business affairs of the Group, and to approve, if applicable, any financial or business objectives and strategies. Ad-hoc meetings are convened when the circumstances require. The Company's Constitution allows a Board meeting to be conducted by way of tele-conference and video-conference.

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During the financial year under review, the Board held four meetings and the attendance of each Director at every Board and Board Committee meeting is as follows:–

		Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held		**4**	**4**	**1**	**1**
Name	**Designation**	**No. of meetings attended**			
Mr Tony Tan Choon Keat	Non-Executive Chairman	4	4	1	1
Mr Ho Lon Gee	Lead Independent Director	4	4	1	1
Mr Jimmy Yim Wing Kuen	Independent Director	4	4	1	1
Ms Stefanie Yuen Thio	Independent Director	4	3	N.A.	N.A.
Dr Beng Teck Liang	Executive Director/ Chief Executive Officer	4	N.A.	N.A.	N.A.
Dr Wong Seng Weng	Executive Director	4	N.A.	N.A.	N.A.

Although some of the Board members have multiple board representations, the multiple board representations do not hinder them from carrying out their duties as directors. The details of the Board member's directorship are set out on pages 33 to 34 of the Annual Report.

To assist the Board in fulfilling its responsibilities, the Board is provided with management reports which include board papers and related materials containing relevant background or explanatory information required to support the decision-making process. The Management will continue to improve its process in providing complete, adequate and timely information to the Directors prior to each Board and/or Board Committee meeting and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities. The Board is also provided with management accounts of the Group's performance, position and prospects on a quarterly basis.

The Directors are entitled to request from the Management and should be provided with additional information as needed to make informed choices. The Board has separate and independent access to senior management and the Company Secretary at all times. The Company Secretary or its representative attends all Board and Board Committees meetings and ensures that all Board procedures are followed. The Company Secretary also ensures that the Company complies with the requirements of the Companies Act 1967 (the "**Companies Act**") and the Rules of Catalist. The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Company Secretary's responsibility include ensuring good information flows within the Board and its Board Committees and between Management and Non-Executive Directors and advising the Board on corporate governance matters.

If any of the Directors require independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company.

Principle 2: Board Composition and Guidance

The Board comprises six Directors, of whom two are Executive Directors, one is a Non-Executive Director and three are Independent Directors. Whilst this is not in line with Provision 2.2 of the Code, the Nominating Committee believes that there is a strong element of independence on the Board and that no one individual or groups of individuals dominate any decision-making process as half of the Board consists of Independent Directors. Key information regarding the Directors is set out on pages 6 and 7 of the Annual Report.

The Board adopts the Code's definition of what constitutes an Independent Director in its review. The Board considers an Independent Director as one who is independent in conduct, character and judgement and has no relationship with the Group, its related companies, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interest of the Company and Group's affairs.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender and age. The objective of the policy is to avoid groupthink and foster constructive debate and to ensure that the Group has the opportunity to benefit from all available talents.

The Board and its board committees comprise directors who as a group provide an appropriate balance and diversity of skills, experience, and knowledge of the Company. They also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.

The Board will constantly examine its size and, with a view to determining the impact of the number upon effectiveness, decide on what it considers an appropriate size for the Board, which facilitates effective decision-making. The composition of the Board is reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience. The Board has recognised the importance and value of gender diversity in the composition of the Board and one female director has been appointed since 2018.

The Board, taking into account the nature of operations of the Group, the requirement of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, considers its current size to be adequate for effective decision-making. No individual or small group of individuals dominate the board's decision making process.

Non-Executive Directors, who make up a majority of the Board, constructively challenge and help develop proposals on strategy, and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. Independent Directors and the Non-Executive Chairman meet regularly without Management's presence to discuss matters such as the Group's financial performance, current and future operations, board processes and the remuneration of the Executive Directors. The Non-Executive Chairman ensures that these discussions are addressed to the Board for consideration and action.

The Nominating Committee is of the view that the current Board comprises persons who as a group provide capabilities required for the Board to be effective.

Principle 3: Chairman and Chief Executive Officer

The Board recognises the Code's recommendation that the Chairman and the Chief Executive Officer ("**CEO**") should be separate persons to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the CEO are not related to each other.

The Non-Executive Chairman of the Company is Mr Tony Tan Choon Keat and the CEO is Dr Beng Teck Liang. The Chairman bears the responsibility for the effective conduct of the Board whilst the CEO bears the executive responsibility for the operation of the Group's business.

The Chairman schedules Board meetings as and when required and sets the agenda for the Board meetings. He sets guidelines on and ensures quality, quantity, complete, adequate, and timeliness of information flow between the Board and Management of the Company. The Chairman also builds constructive relations within the Board and between the Board and Management, and facilitates the effective participation of non-executive directors by promoting a culture of openness and debate at the Board. The Chairman further ensures effective communication with shareholders and promotes high standards of corporate governance.

As recommended by the Code, the Board has appointed Mr Ho Lon Gee as the Lead Independent Director of the Company to provide leadership since the Chairman is not independent. The Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

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Principle 4: Board Membership

The Board establishes a Nominating Committee ("**NC**") to make recommendations to the Board on relevant matters relating to:–

(a) the review of succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;

(b) the process and criteria for evaluation of the performance of the Board, the Board Committees and the Directors;

(c) the review of training and professional development programmes for the Board and the Directors; and

(d) the appointment and re-appointment of Directors.

The current NC comprises the following 3 members, majority of whom (including the Chairman), are Independent Directors:

(a) Mr Jimmy Yim Wing Kuen (Chairman);

(b) Mr Tony Tan Choon Keat; and

(c) Mr Ho Lon Gee.

The Lead Independent Director is also a member of the NC.

Where a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position. The Board is also advised by the Sponsor on the appointment of Directors as required under Catalist Rule 226(2)(d).

The NC, with the assistance of the Management, would conduct briefings and orientation programmes to familiarise newly appointed Directors with the various businesses, operations and processes of the Group. Upon appointment, the newly appointed Directors will be provided with a formal letter setting out their duties and obligations.

All Directors are subject to the provisions of Article 94 of the Constitution of the Company whereby one-third of the Directors are required to retire and subject themselves to re-election by shareholders at every Annual General Meeting ("**AGM**") of the Company.

All the newly appointed Directors are subject to the provisions of Article 99 of the Constitution of the Company whereby the appointed Directors shall hold office only until the next AGM and shall then be eligible for re-election, but shall not be taken into account in determining the numbers of Directors who retire by rotation at such meeting.

The NC recommended to the Board that Mr Tony Tan Choon Keat and Dr Beng Teck Liang be nominated for re-election at the forthcoming AGM. The retiring Directors have offered themselves for re-election. The Board has accepted the recommendation of the NC.

Detailed information on Mr Tony Tan Choon Keat and Dr Beng Teck Liang can be found on page 6 of the Annual Report.

Mr Tony Tan Choon Keat will, upon re-election as a Director, continue in office as Non-Executive Chairman of the Company and remain as a Member of the Audit Committee, Nominating Committee and Remuneration Committee.

Dr Beng Teck Liang will, upon re-election as a Director, continue in office as Executive Director and Chief Executive Officer.

The independence of each Director has been and will be reviewed annually by the NC. The Independent Directors have confirmed that they do not have any relationship with the Company or its related companies, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement in the best interests of the Company. The NC has reviewed and determined that the said Directors are independent in conduct, character and judgement.

The NC noted that Mr Ho Lon Gee and Mr Jimmy Yim Wing Kuen have been serving in the Board beyond nine years from the date of their first appointment. The NC together with the Board have performed a rigorous review on the independence of Mr Ho Lon Gee and Mr Jimmy Yim Wing Kuen, having considered their continuous contributions to demonstrate independence in conduct, character and judgement in deliberations at the Board and Board Committee level and are always seen to act in the best interests of the Company in discharging their director's duties. The NC and the Board were unanimously of the view that both Mr Ho Lon Gee and Mr Jimmy Yim Wing Kuen be considered independent despite their length of service.

In regard to the responsibility of determining annually, and as and when circumstances require, if a director is independent, each NC member will not take part in determining his own re-nomination or independence. Each director is required to submit a return of independence to the Company Secretary as to his independence, who will submit the returns to the NC. The NC shall review the returns and determine the independence of each of the Directors and recommend to the Board. An Independent Director shall notify the NC immediately, if as a result of a change in circumstances, he no longer meets the criteria for independence. The NC shall review the change in circumstances and make its recommendations to the Board. During the year, the NC has reviewed and determined that Mr. Ho Lon Gee, Mr. Jimmy Yim Wing Kuen and Ms Stefanie Yuen Thio are Independent Directors of the Company.

The NC had considered the Directors' overall contributions and performance to decide if a Director is able to and has been adequately carrying out his or her duties as a Director of the Company. The details of the Board member's directorship are disclosed as follows:

Name of Director	Date of first appointment	Date of last re-election	Nature of Appointment	Membership of Board Committee	Past Directorships in other listed companies and other major appointments over the preceding three years	Present Directorships in other listed companies and other major appointments
Tony Tan Choon Keat	2 December 2013	25 April 2019	Non-Executive Chairman	Chairman of the Board of Directors, Member of Nominating Committee, Member of Remuneration Committee and Member of Audit Committee	Non-Independent and Non-Executive Director, IGB Corporation Bhd	Nil
Dr Beng Teck Liang	2 December 2013	23 June 2020	Executive Director and Chief Executive Officer	N.A.	Nil	Nil
Ho Lon Gee	22 June 2009	26 April 2021	Independent Director	Chairman of Audit Committee; Member of Nominating Committee and Member of Remuneration Committee	Managing Director & Chief Executive Officer, Tricor Singapore Pte. Ltd.	Nil

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Name of Director	Date of first appointment	Date of last re-election	Nature of Appointment	Membership of Board Committee	Past Directorships in other listed companies and other major appointments over the preceding three years	Present Directorships in other listed companies and other major appointments
Jimmy Yim Wing Kuen	22 June 2009	26 April 2021	Independent Director	Chairman of Nominating Committee; Chairman of Remuneration Committee and Member of Audit Committee	Independent Director, ARA-CWT Trust Management (CACHE) Limited	Independent Director, Low Keng Huat (Singapore) Limited Director and Deputy Executive Chairman, Drew & Napier LLC Non-Executive Director, Vanda Global Capital Pte. Ltd.
Dr Wong Seng Weng	14 August 2015	26 April 2021	Executive Director	N.A.	Nil	Nil
Ms Stefanie Yuen Thio	27 April 2018	26 April 2021	Independent Director	Member of Audit Committee	Independent Director, ARA-CWT Trust Management (CACHE) Limited	Independent Director: 1) ESR Funds Management (S) Limited; 2) ARA Trust Management (USH) Pte Ltd; and 3) ARA Business Trust Management (USH) Pte Ltd Executive Director, TSMP Law Corporation

Although some of the Board members have multiple board representations, the multiple board representations do not hinder them from carrying out their duties as directors. The NC is satisfied that sufficient time and attention has been given by the Directors to the Group. The Company's current policy stipulated that a director should not hold more than 5 listed board representations concurrently. The Board believes that the prescribed amount is reasonable in order to ensure the directors are able to dedicate sufficient time and effort to discharge their duties and perform their roles in the best interests to the Company.

The Board member's shareholding in the Company and its related companies are set out on page 46 of the Annual Report.

Principle 5: Board Performance

The NC recommended for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole and of each Board Committee separately.

A formal assessment process is in place to assess the effectiveness of the Board as a whole. Assessment parameters include evaluation of the Board's access to information, accountability, quality of Board processes, Board's performance in relation to discharging its principal responsibilities, and the business performance of the Group in terms of the financial indicators as set out in the Code. The Board assessment also takes into consideration both qualitative and quantitative criteria, such as return on equity, success of the strategic and long-term objectives set by the Board.

A formal assessment process is also in place to assess the effectiveness of each Board Committee separately. Assessment parameters include the standard of conduct of each Board Committee, its structure and reporting process to the Board.

The NC has assessed the performance of the Board as a whole and of each Board Committee to-date and is of the view that the performance was satisfactory.

The evaluation of the Board, the Board Committees and the Directors is conducted annually. As part of the process, the Directors will complete the evaluation forms which are collated by the Company Secretary. The Company Secretary will then summarise the results of the evaluation and present it to the NC for review. Areas where the Board's performance and effectiveness could be enhanced and recommendations for improvement are then submitted to the Board for discussion and for implementation. No external facilitator was used in the evaluation process.

Remuneration Matters

Principle 6: Procedures for Developing Remuneration Policies

The Board establishes a Remuneration Committee ("**RC**") to review and make recommendations to the Board on:–

a) a framework of remuneration for the Board and key management personnel; and

b) the specific remuneration packages for each Director as well as for the key management personnel.

In addition, the RC has been tasked to administer the SMG Employee Share Option Scheme and SMG Share Plan.

The current RC comprises the following 3 members, all of whom are non-executive and majority of whom (including the Chairman) are Independent Directors:

(a) Mr Jimmy Yim Wing Kuen (Chairman);

(b) Mr Tony Tan Choon Keat; and

(c) Mr Ho Lon Gee

The RC reviews the Company's obligations arising in the event of termination of Executive Directors' and key executives' contracts of service to ensure such contracts of service contain fair and reasonable termination clauses.

In carrying out the above, the RC may obtain independent external legal and other professional advice as it deems necessary. The expenses of such advice shall be borne by the Company. The Company did not engage any independent remuneration consultant firm during FY2021.

Principle 7: Level and Mix of Remuneration

The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the Company successfully but the Company should avoid paying more for this purpose. A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance.

The Company sets remuneration packages which:

(a) align interests of Executive Directors with those of shareholders and other stakeholders and promote long-term success of the Company;

(b) link rewards to corporate and individual performance;

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(c) are competitive and sufficient to attract, retain and motivate Directors and senior management with adequate experience and expertise to manage the business and operations of the Group; and

(d) take into account the risk policies of the Company, be symmetric with risk outcomes and be sensitive to the time horizon of risks.

The remuneration of the Non-Executive Directors and Independent Directors is appropriate to their individual contribution and is in the form of a fixed fee, taking into accounts factors such as effort, time spent and responsibilities. The Directors' fees, as a lump sum, will be subject to the approval by shareholders at the forthcoming AGM.

The Executive Directors have service agreements with the Company. Their compensation consists of salary, bonus and performance award that is dependent on the Group's performance. The service agreements allow termination by either party giving three to six months' notice in writing to the other. The RC is responsible for the review of compensation commitments, if any, in the event of early termination.

There are, at present, no contractual provisions allowing the Company to reclaim incentive components of remuneration from Executive Directors and Executive Officers in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself to remedies against the Executive Directors and Executive Officers in the event of such breach of fiduciary duties.

Additionally, in setting remuneration packages, the Company has taken into account the remuneration and employment conditions within the industry.

Principle 8: Disclosure of Remuneration

The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors and Executive Officers. No Director is involved in determining his own remuneration.

Based on the Group's current organisational and reporting structure, the Company has identified 3 Executive Officers (who are not Directors or the CEO of the Company).

The remuneration paid and payable to the Directors and Executive Officers during the financial year under review are as follows:

	Salary				
Remuneration Bands	**Fixed**	**Variable**	**Director's Fee**	**Fair Value of Share Options**	**Total**
Directors					
Above S$500,000*					
Dr Beng Teck Liang	75%	13%	–	12%	100%
Dr Wong Seng Weng	48%	52%	–	–	100%
Below S$250,000					
Mr Ho Lon Gee	–	–	100%	–	100%
Mr Jimmy Yim Wing Kuen	–	–	100%	–	100%
Ms Stefanie Yuen Thio	–	–	100%	–	100%
Mr Tony Tan Choon Keat	–	–	–	–	–

* For competitive reasons, remuneration above S$500,000 is not disclosed in bands of S$250,000. There are no directors who draw remuneration between S$250,000 to S$500,000.

Remuneration Bands	Salary	Variable Bonus	Fair Value of Share Options	Total
Executive Officers				
Between S$250,000 and S$500,000				
Ms Wong Sian Jing	80%	13%	7%	100%
Dr Christina Low	79%	3%	18%	100%
Below S$250,000				
Mr Kwek Zhi Bin (Arifin Ng)	90%	2%	8%	100%

To maintain confidentiality of staff remuneration matters and for competitive reasons, the Company is not disclosing each individual Director's and Executive Officer's remuneration. Nevertheless, the Company is disclosing the remuneration of each Director and Executive Officer in bands of S$250,000.

In aggregate, the total remuneration paid to the 3 Executive Officers (who are not Directors or the CEO) during FY2021 is approximately S$0.8 million.

Saved as disclosed below, no other employee whose remuneration exceeded S$100,000 during the financial year under review is an immediate family member of a Director or CEO.

Remuneration Bands	Salary/ Professional Fees	Director's Fee	Variable Bonus	Fair Value of Share Options	Total
Immediate family members of Director or CEO					
Between S$150,000 and S$200,000					
Dr Jimmy Beng Keng Siew[a]	100%	–	–	–	100%

[a] Dr Jimmy Beng Keng Siew is the father of Executive Director and CEO, Dr Beng Teck Liang.

The Company has a share option scheme known as SMG Employee Share Option Scheme (the "**ESOS**") which was approved by shareholders of the Company on 30 April 2014. The ESOS comply with the relevant rules as set out in Chapter 8 of the Rules of Catalist. The ESOS will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The scheme is administered by the RC. Further information on the ESOS can be found on pages 46 to 48 of the Annual Report.

The Company also implements a performance share plan known as SMG Share Plan (the "**Share Plan**") to complement the ESOS which was approved by shareholders of the Company on 30 April 2014. The Share Plan comply with the relevant rules as set out in Chapter 8 of the Rules of Catalist. With both the ESOS and the Share Plan in place, the Company will have a more comprehensive and flexible set of remuneration tools to better motivate, retain and recruit talent. The Share Plan will provide an opportunity for employees (including Executive Directors) to participate in the equity of the Company.

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Accountability and Audit

Principle 9: Risk Management and Internal Controls

The Board, assisted by the Audit Committee ("**AC**"), has oversight of the internal controls and risk management system in the Group.

The Company does not have a Board Risk Committee to specifically address to determine the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. However, the Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC. The details of the Group's financial and business risks can be found on pages 122 to 128 of this Annual Report.

The AC examines the effectiveness of the Group's internal control systems. The numbers of assurance mechanisms currently operating are supplemented by the Company's internal and external auditors' annual reviews of the effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls and risk management systems. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC in a timely fashion.

The Board and the AC review annually, the adequacy of the Group's internal controls, including financial, operational, compliance and information technology controls and the Board, with the concurrence of the AC is of the opinion that the system of internal controls are in place and adequate to meet its needs in addressing the financial, operational, compliance risks and information technology controls. The Board is also of the view that the Company maintains a robust and effective system of internal controls in addressing financial, operational and compliance risks.

In line with the Rules of Catalist, the Board provided a negative assurance statement confirming to the best of its knowledge that nothing has come to the attention of the Board which may render the unaudited half-yearly financial statements of the Group to be false or misleading in any material aspect. The Board received assurance in writing from CEO and the Chief Financial Officer ("**CFO**") that financial records have been properly maintained and financial statements of the Company give a true and fair view of the Company's operations and finance. The assurance from CEO and CFO also includes adequacy and effectiveness of the Company's risk management and internal control systems. The AC also reviews the adequacy and effectiveness of the actions taken by the Management on the recommendations made by the internal and external auditors in this respect.

In presenting the annual financial statements, half-year results and full-year results announcements to shareholders, it is the aim of the Board to provide the shareholders with a detailed analysis, explanation and balance and understandable assessment of the Group's financial position and prospects. The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information in compliance with statutory requirements and the Rules of Catalist. The Management currently provides the Board with management accounts of the Group's performance, position and prospects at least on a quarterly basis.

In addition, all Directors and Executive Officers of the Company have provided letters of undertaking (in the format set out in Appendix 7H of the Rules of Catalist) under Rule 720(1) of the Rules of Catalist.

The Group's internal controls and systems are designed to provide reasonable, but not absolute assurance to the integrity and reliability of the financial information and to safeguard and maintain the accountability of the assets.

The Board is of the opinion that the system of internal controls maintained by the Group's management, and that was in place throughout FY2021 and up to the date of this Report, is adequate and effective in meeting the needs of the Group in its current business environment.

Principle 10: Audit Committee

The duties of the AC include:–

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;

(b) reviewing at least annually the adequacy and effectiveness of the Group's internal controls and risk management systems;

(c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function; and

(f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Group publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

The current AC comprises the following 4 members, all of whom are non-executive and majority of whom (including Chairman) are Independent Directors:

(a) Mr Ho Lon Gee (Chairman);

(b) Mr Tony Tan Choon Keat;

(c) Mr Jimmy Yim Wing Kuen; and

(d) Ms Stefanie Yuen Thio.

The members of the AC are appropriately qualified to discharge their responsibilities and have recent and relevant accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgement.

Detailed information and qualifications of the members of the AC can be found on pages 6 and 7 of the Annual Report.

The AC meets regularly and also holds informal meetings and discussions with the Management from time to time. The AC has full discretion to invite any Director or Executive Officer to attend its meetings.

The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, for as long as they have any financial interest in the auditing firm or auditing corporation.

The AC has been given full access to and is provided with the cooperation of the Company's management. In addition, the AC has independent access to the external auditors of the Company, Ernst & Young LLP (the "**External Auditors**"), and the Internal Auditors (as defined below) of the Company. The AC meets with the External Auditors and the Internal Auditors on an annual basis without the presence of management to review matters that might be raised privately. The AC has reasonable resources to enable it to discharge its functions properly.

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Audit and Non-Audit Fees

The audit and non-audit services that were rendered by the Company's auditors, Ernst & Young LLP, to the Group and their related fees for FY2021 are as follows:

	S$'000
Audit fees	251
Tax fees	96
Total	**347**

The AC has reviewed the volume of non-audit services to the Group by the External Auditors and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the External Auditors, is pleased to recommend their re-appointment at the forthcoming AGM.

The Company is in compliance with Rules 712 and 715 of the Rules of Catalist in relation to the proposed re-appointment of the External Auditors.

Internal Audit

The Company's internal audit function is outsourced to RSM Risk Advisory Pte Ltd (the "**Internal Auditors**"), an independent accounting and auditing firm and a corporate member of The Institute of Internal Auditors Inc. ("**IIA**"), Singapore, which is an affiliate of the IIA with its headquarters in the United States of America. The Internal Auditors report directly to the Chairman of AC on audit matters and to the CEO on administrative matters. The Internal Auditors have full access to all the Company's documents, records, properties and personnel, including access to the AC. The internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience. The Internal Auditors subscribed to, and are guided by the International Standards for the Professional Practice of Internal Auditing prescribed by the IIA. The AC review the adequacy and effectiveness of the internal audit function annually.

The objective of the internal audit function is to provide an independent review of the effectiveness of the Group's internal controls and provide reasonable assurance to the AC and the Management that the Group's risk management, controls and governance processes are adequate and effective. The AC has reviewed the annual internal audit plan for FY2021. The AC is satisfied that the internal audit is adequately resourced, effective, independent and has the appropriate standing within the Group.

Whistle-blowing Policy

The AC has established and put in place a whistle-blowing policy, where the employees, may in confidence, report suspected fraud, corruption, dishonest practices or other similar matters or raise serious concerns about possible incorrect financial reporting or other matters that could have an adverse impact on the Company to Mr Ho Lon Gee, the Chairman of AC and the Lead Independent Director. The aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly and, to the extent possible, be protected from reprisal. In promoting and creating awareness, the whistle-blowing policy and procedures are circulated to all existing and newly recruited employees.

The AC exercises the overseeing function over the administration of the policy. Quarterly reports will be submitted to the AC stating the number and nature of complaints received, the results of the investigation, follow-up actions and the unresolved complaints.

Shareholder Rights and Engagement

Principle 11: Shareholder Rights and Conduct of General Meetings

The Board is accountable to the shareholders and is mindful of its obligation to provide timely and fair disclosure of material information to shareholders, investors and public. The Board treats all shareholders fairly and equitably and seeks to protect and facilitate exercise of shareholder’s rights.

The Company provides updated information including changes (if any) in the Company or its businesses which are likely to materially affect the price or value of its shares, in a timely and consistent manner to its shareholders via SGXNET announcements and news releases. Price-sensitive information is publicly released on an immediate basis where required under the Rules of Catalist. Where an immediate announcement is not possible, the announcement is made as soon as possible to ensure that shareholders and the public have a fair access to the information.

The Company recognises that effective communication can highlight transparency and enhance accountability to its shareholders. The annual general meeting of the Company is a principal forum for dialogue and interaction with all shareholders. All shareholders will receive the annual report and the notice of annual general meeting. Additionally, minutes of the general meetings can be accessed via the SGXNET and the Company’s corporate website. Shareholders are encouraged to attend the AGM of the Company to ensure a high level of accountability and to stay informed of the Company’s strategy and goals. The Board allows all shareholders to exercise its voting rights by participating and voting at general meetings. The Company conducted poll voting for all resolutions tabled at the general meetings. The rules and procedures of the poll voting were clearly explained by the appointed independent scrutineers at such general meetings.

In view of the COVID-19 outbreak, the COVID-19 (Temporary Measures) Order 2020 sets out the alternative arrangements in respect of holding general meetings of companies. As a consequence, the Company’s AGM for the financial year ended 31 December 2020 (“**FY2020 AGM**”) was conducted and held by electronic means through a live webcast and shareholders were given an option to watch the live webcast or listen to the live audio feeds on 26 April 2021.

Shareholders participated in FY2020 AGM via electronic means and were given the opportunity to send their questions in relation to any resolution set out in the notice of FY2020 AGM prior to FY2020 AGM. However, the Company did not receive any such questions from the shareholders.

The Company ensures that there are separate resolutions at general meetings on each distinct issue unless the issues are interdependent and linked so as to form one significant proposal. Where resolutions are combined, the Company will explain the reasons and material implications in the notice of meeting.

At the general meetings of the shareholders, shareholders will be given the opportunity to voice their views and to direct questions regarding the Group to the Directors including the Chairman of the Board and respective Chairman for each of the Board Committees. The External Auditors are also present to assist the Directors in addressing any relevant queries from the shareholders.

CORPORATE GOVERNANCE **REPORT**

The Directors' attendance at the general meetings of the shareholders held in FY2021 is as follows:–

		General Meeting
No. of meetings held		**1**
Name	**Designation**	**No. of meetings attended**
Mr Tony Tan Choon Keat	Non-Executive Chairman	1
Mr Ho Lon Gee	Lead Independent Director	1
Mr Jimmy Yim Wing Kuen	Independent Director	1
Ms Stefanie Yuen Thio	Independent Director	1
Dr Beng Teck Liang	Executive Director/ Chief Executive Officer	1
Dr Wong Seng Weng	Executive Director	1

The Company's Constitution allow a member of the Company to appoint one or two proxies to attend and vote at its general meetings. This allows for absentia voting and facilitates members to exercise their voting rights. Due to the COVID-19 pandemic, the Company's AGM was held/would be held electronically and the members who intend to vote for the AGM resolutions must submit proxy forms to appoint the Chairman of the AGM to vote.

The minutes of the general meetings can be accessed via the SGXNET and the Company's corporate website. The minutes disclose detailed records of the proceedings including the comments and questions raised by the meeting attendees, together with the responses from the Board and the Management, if any.

The Group had adopted a dividend policy that aims to provide shareholders of the Company with a dividend payout of not less than 20% of the Group's core operating earnings excluding share of results of joint ventures and associates, of any financial year. The Board endeavours to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend policy. In considering the form, frequency and the amount of dividends that the Board may recommend or declare in respect of each financial year, the Board takes into account various factors including:

a) the level of the Group's cash and retained earnings;

b) the Group's actual and projected financial performance;

c) the Group's projected levels of capital expenditure and other investment plans, including strategic and opportunistic investments;

d) the Group's working capital requirements and general business and financing conditions;

e) restrictions on payment of dividends imposed on the Group by the Group's financing arrangements (if any); and

f) any other factors the Board may deem relevant.

The Board is recommending a final ordinary one-tier tax-exempt dividend of 0.65 Singapore cents per ordinary share and a final special one-tier tax-exempt dividend of 0.25 Singapore cents per ordinary share for FY2021 for the shareholders' approval in the forthcoming AGM.

Principle 12: Engagement with Shareholders

The Group is committed to corporate governance and transparency by disclosing to its stakeholders, including its shareholders, as much relevant information as is possible, in a timely, fair and transparent manner as well as to hearing its shareholders' views and addressing their concerns. By supplying shareholders with reliable and timely information, the Group is able to strengthen the relationship with its shareholders based on trust and accessibility.

The Group strives to release its unaudited half-year and full-year results announcement as early as is possible, which may be accompanied by a press release. When necessary and appropriate, the CEO and CFO will meet analyst and fund managers who like to seek a better understanding of the Group's operations. When opportunities arise, the CEO conducts media interviews to give shareholders and the general public a prospective view of the Group's business prospects.

The CFO handles the investor relations function and is responsible to attend to any queries or concerns from the stakeholders including shareholders, regulators, etc. Shareholders are able to contact the Company via the Company's corporate website at http://www.smg.sg/investors-relations/ and the Company has procedures in place for following up and responding to stakeholders' queries as soon as applicable.

Managing Stakeholders Relationships

Principle 13: Engagement with Stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served. The Company has arrangements in place to identify and engage with its material stakeholder groups, which include shareholders, employees, customers/patients, suppliers and regulators.

For FY2021, the Company's strategy and key areas of focus in relation to the management of stakeholder relationships can be found under Sustainability Report on pages 15 to 16 of the Annual Report.

All material information on the performance and development of the Group is disclosed in a timely, accurate and comprehensive manner through SGXNET. The Company does not practice selective disclosure of material information. The annual report are available on the Company's corporate website. The Company's corporate website, which is updated regularly, contains various information on the Group which provides information to all stakeholders.

Securities Transactions

In line with Rule 1204(19) of the Rules of Catalist, the Group has adopted a policy with respect to dealings in securities by the Directors and its Executive Officers. Directors, Management and officers of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's shares during a prescribed period in accordance to the Rules of Catalist (Dealing in Securities) immediately preceding, and up to the time of each announcement of the Group's financial results, or when they are in possession of unpublished price-sensitive information on the Group. In addition, Directors, Management and officers of the Group are not allowed to deal in the Company's shares on short-term considerations. To provide further guidance to employees on dealings in the Company's shares, the Company has adopted a code of conduct on transactions in the Company's shares.

Material Contracts

Save for the service agreements between the Executive Directors and the Company, there were no material contracts of the Company or its subsidiaries involving the interest of any Director or controlling shareholder, which are either still subsisting at the end of FY2021 or if not then subsisting, entered into since the end of the previous financial year.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC for review and approval. The AC has reviewed the interested person transactions for FY2021 conducted whereby the shareholders' approval is exempted under Rule 916(1) of the Rules of Catalist and is satisfied that the transactions were carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. When a potential conflict of interest arises, the Director concerned takes no part in discussions or exercises any influence over other members of the Board.

CORPORATE GOVERNANCE **REPORT**

The aggregate value of recurrent interested persons transactions entered into by the Company during FY2021 is as follows:–

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (S$'000)
K S Beng Pte Ltd[1]	179	–
MW Medical Pte Ltd[2]	7	–
MW Medical Holdings Pte Ltd[2]	153	–
TSMP Law Corporation[3]	119	–

1 K S Beng Pte Ltd is wholly-owned by the immediate family member of Dr Beng Teck Liang, the Company's Executive Director and CEO and substantial shareholder of the Company.
2 MW Medical Pte Ltd and MW Medical Holdings Pte Ltd are owned by Dr Wong Seng Weng, the Executive Director of the Company.
3 TSMP Law Corporation is related to Ms Stefanie Yuen Thio, the Independent Director of the Company.

Non-Sponsor Fees

No non-sponsor fees were paid to the Company's sponsor, UOB Kay Hian Private Limited, for FY2021.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Singapore Medical Group Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2021.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(ii) 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.

Directors

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

Tony Tan Choon Keat
Dr Beng Teck Liang
Ho Lon Gee
Jimmy Yim Wing Kuen
Dr Wong Seng Weng
Stefanie Yuen Thio

Arrangements to enable directors to acquire shares and debentures

Except as disclosed below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' **STATEMENT**

Directors' interests in shares or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act 1967 (the "Act"), an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Tony Tan Choon Keat	35,708,073	35,708,073	600,000	600,000
Dr Beng Teck Liang	33,448,098	33,626,329	–	–
Ho Lon Gee	100,000	100,000	–	–
Jimmy Yim Wing Kuen	1,360,300	1,360,300	–	–
Dr Wong Seng Weng	10,868,853	10,868,853	–	–
Stefanie Yuen Thio	100,000	100,000	–	–
Share options of the Company				
Dr Beng Teck Liang	4,400,000	3,700,000	–	–
Dr Wong Seng Weng	800,000	–	–	–
Performance shares of the Company				
Dr Beng Teck Liang	168,000	–	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2022.

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

Options and performance shares

At the Extraordinary General Meeting held on 30 April 2014, shareholders approved the SMG Share Option Scheme and SMG Share Plan (collectively, the "Scheme"). The Scheme is administered by the Remuneration Committee, comprising Messrs Jimmy Yim Wing Kuen (Chairman), Ho Lon Gee and Tony Tan Choon Keat.

SMG Share Option Scheme ("SSOS")

The SSOS applies to all employees of the Group (including Executive Directors who are Controlling Shareholders and their associates) who have attained the age of 21 years on or before the relevant grant of the options, provided that none shall be an undischarged bankrupt.

Other information regarding the SSOS is set out below:

(a) The exercise price of the options is set at a price (the "Market Price") equal to the average of the last dealt prices for the Company's shares on the SGX-ST for the five consecutive market days immediately preceding the date of grant of such options.

(b) The options expire 5 years after the grant date, unless they have been cancelled or have lapsed prior to that date.

Options and performance shares (Continued)

Options granted/exercised

At the end of the financial year, details of the options granted under the SSOS on the unissued ordinary shares of the Company, are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2021	Options granted	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2021	Exercise period
22/09/2016	S$0.303	2,510,000	–	(100,000)	(2,410,000)	–	22/09/2017 to 21/09/2021
03/04/2017	S$0.544	585,000	–	–	(45,000)	540,000	03/04/2018 to 02/04/2022
30/04/2018	S$0.493	5,200,000	–	–	–	5,200,000	30/04/2019 to 29/04/2023
31/05/2019	S$0.393	1,860,000	–	–	–	1,860,000	31/05/2020 to 30/05/2024
12/05/2020	S$0.255	285,000	–	(95,000)	–	190,000	12/05/2021 to 11/05/2025
01/04/2021	S$0.381	–	150,000*	–	–	150,000	01/04/2022 to 31/03/2026
		10,440,000	150,000	(195,000)	(2,455,000)	7,940,000	

* Options granted during the financial year had been announced via SGXNET on 1 April 2021.

SMG Share Plan ("SSP")

The SSP applies to all employees of the Group (including Executive Directors who are Controlling Shareholders and their associates) who have attained the age of 21 years on or before the relevant grant of the awards, provided that none shall be an undischarged bankrupt. The awards granted under SSP are conditional on Performance Targets set based on medium-term corporate objectives. Awards represent the right of a participant to receive fully paid shares, free of charge, upon the Company achieving prescribed Performance Target(s). Awards are released once the Remuneration Committee is satisfied that the prescribed target(s) have been achieved. There is no vesting period beyond the performance period.

Performance shares granted/vested

At the end of the financial year, details of the performance shares granted under the SSP are as follows:

Date of grant of performance shares	Performance shares outstanding at 1 January 2021	Performance shares granted	Adjustments (Note 1)	Vested	Performance shares outstanding at 31 December 2021
30/04/2018	168,000	–	10,231	(178,231)	–

Note 1 Adjustment for additional performance shares will be made at the end of each performance period upon meeting pre-determined performance targets by multiplying the higher of: (i) accumulated dividend yield; or (ii) 3% per annum on a compounded basis for the respective performance period.

DIRECTORS' STATEMENT

Options and performance shares (Continued)

Performance shares granted/vested (Continued)

Details of options and performance shares of the Company granted to directors and controlling shareholders (or their associates) and key executives of the Company under the Scheme are as follows:

Name of director and controlling shareholder and key executive	Options and performance shares granted during the financial year ended 31 December 2021	Aggregate options and performance shares granted since commencement of the Scheme to 31 December 2021	Aggregate options exercised and performance shares vested since commencement of the Scheme to 31 December 2021	Aggregate options and performance shares outstanding as at 31 December 2021
Share options of the Company				
Director of the Company				
Dr Beng Teck Liang	–	8,300,000	3,900,000	3,700,000
Dr Wong Seng Weng	–	2,400,000	1,600,000	–
Key executive of the Company				
Wong Sian Jing	–	2,740,000	1,520,000	720,000
Dr Christina Low	–	1,350,000	180,000	1,050,000
Kwek Zhi Bin (Arifin Ng)	–	1,150,000	700,000	450,000
Performance shares of the Company				
Director of the Company				
Dr Beng Teck Liang	10,231**	351,271**	351,271**	–

** *Includes adjustments to performance shares granted pursuant to Note 1 above and had vested during the financial year.*

Since the commencement of the Scheme, no participant other than the directors and key executives mentioned above has been granted 5% or more of the total options and performance shares available under the Scheme.

The options and performance shares granted by the Company do not entitle the holders of the options or performance shares, by virtue of such holding, to any rights to participate in any share issue of any other company.

Audit Committee

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act. Further details regarding the Audit Committee are disclosed in the Corporate Governance Report.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Tony Tan Choon Keat
Director

Dr Beng Teck Liang
Director

31 March 2022

INDEPENDENT **AUDITOR'S REPORT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE MEDICAL GROUP LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Singapore Medical Group Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2021, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group 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, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Step-up acquisition of joint venture

On 13 September 2021, the Group acquired an additional 50% equity interest in its joint venture, SMG (International) Vietnam Pte. Ltd. ("SIV"), in which the Group had an existing interest of 50%, for $3.04 million. The acquisition was accounted for using the acquisition method. The Group recognised $2.66 million arising from the remeasurement of its previously held equity interest in SIV at its acquisition date and $0.31 million goodwill as at 31 December 2021. Given the quantitative materiality of the acquisition, significant management judgements are required in the purchase price allocation ("PPA") exercise, we considered the accounting for the acquisition of SIV to be a key audit matter.

INDEPENDENT **AUDITOR'S REPORT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Key Audit Matters (Continued)

Step-up acquisition of joint venture (Continued)

Management has made reference to a valuation report prepared by an external valuation expert in the PPA exercise by determining the valuation of SIV's investment in CityClinic Asia Investments Pte. Ltd. ("CCAI"). The PPA of SIV has been finalised at the date these financial statements were authorised for issue.

In responding to this area of focus, we performed the following procedures, amongst others:

– reviewed the sale and purchase agreement to obtain an understanding of the transaction and the key terms;

– reviewed the scope of work of the external valuation expert engaged by management;

– assessed the competence, objectivity and capabilities of the external valuation experts;

– tested the identification and the fair value measurement of the acquired assets and liabilities based on our discussion with management and our understanding of the acquired entity; and

– involved our internal valuation specialists to assist us in assessing the valuation methodologies, the nature, as well as the basis of the identification and fair value adjustments made to the acquired assets and liabilities.

The Group's disclosures relating to the step-up acquisition of SIV are included in Note 15 to the financial statements.

Impairment assessment of goodwill and investment in subsidiaries

As at 31 December 2021, the net carrying amount of goodwill is $123.4 million, which represents 74.4% of the Group's total non-current assets and 74.1% of total equity. Management allocated goodwill to the respective cash-generating units ("CGUs") as disclosed in Note 14 to the financial statements. The recoverable amounts of the identified CGUs have been determined based on value-in-use calculations. As at 31 December 2021, the Company's investment in subsidiaries amounted to $142.7 million. The subsidiaries operate clinics in Singapore. As disclosed in Note 15 to the financial statements, in consideration of the business impact from the COVID-19 pandemic and the operating performance of the Company's subsidiaries, management has identified eight subsidiaries with indicators of impairment. The net carrying amount of these investment in subsidiaries amounted to $60.0 million as at 31 December 2021. Management performed the impairment assessment for subsidiaries with indicators of impairment and determined their recoverable amounts based on value-in-use calculations.

We considered the audit of management's impairment assessment of goodwill and investment in subsidiaries to be a key audit matter due to the magnitude of the carrying amounts of goodwill and investment in subsidiaries in the financial statements as at 31 December 2021. In addition, these areas were significant to our audit because the impairment assessment process involves significant management judgement, coupled with the heightened level of estimation uncertainty associated with the current market and economic condition, which requires the management to make various assumptions in the underlying cash flow forecasts.

In response to these areas of focus, we performed the following procedures, amongst others:

– obtained an understanding of management's impairment assessment process and how management has considered the impact of the COVID-19 pandemic on the underlying key assumptions;

– reviewed the robustness of management's budgeting process by comparing the actual financial results against previous projections;

Key Audit Matters (Continued)

Impairment assessment of goodwill and investment in subsidiaries (Continued)

– assessed the valuation method used by management and evaluated the key assumptions used in the impairment analysis, in particular the discount rates, long-term growth rates and budgeted revenue;

– involved our internal valuation specialists to assist us in evaluating the reasonableness of discount rates and long-term growth rates used by comparing to relevant market data and historical trends;

– evaluated the reasonableness of budgeted revenue by comparing the actual revenue achieved in the past against previous projections with further consideration of management's business development plans and current market conditions as well as discussion with management to understand the rationale for the variances; and

– reviewed management's analysis of the sensitivity of the value-in-use calculations to reasonably possible changes in the key assumptions.

The Group's disclosures relating to goodwill and investments in subsidiaries are included in Notes 14 and 15 to the financial statements respectively.

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

INDEPENDENT **AUDITOR'S REPORT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT **AUDITOR'S REPORT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Adrian Koh.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

31 March 2022

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 $'000	Group 2020 $'000
Revenue	4	**100,840**	87,340
Cost of sales		**(56,580)**	(49,300)
Gross profit		**44,260**	38,040
Finance income	5	**30**	75
Other income	6	**104**	93
Other gain/(loss)	7	**1,500**	(3,000)
Distribution and selling expenses		**(3,524)**	(3,386)
Administrative expenses		**(24,705)**	(20,751)
Finance expenses	5	**(493)**	(996)
Share of results of joint ventures and associates		**898**	453
Profit before tax	8	**18,070**	10,528
Income tax expense	11	**(2,354)**	(1,431)
Profit for the year		**15,716**	9,097
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		**(362)**	384
		(362)	384
Items that will not be reclassified to profit or loss			
Net (loss)/gain on equity instrument designated at fair value through other comprehensive income ("FVOCI")		**(1,211)**	1,353
		(1,211)	1,353
Other comprehensive income for the year, net of tax		**(1,573)**	1,737
Total comprehensive income for the year		**14,143**	10,834
Profit attributable to:			
Owners of the Company		**15,608**	8,730
Non-controlling interests		**108**	367
		15,716	9,097
Total comprehensive income attributable to:			
Owners of the Company		**14,035**	10,467
Non-controlling interests		**108**	367
		14,143	10,834
Earnings per share attributable to owners of the Company (cents per share)			
Basic	12	**3.23**	1.81
Diluted	12	**3.22**	1.81

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**9,296**	6,755	**544**	653
Intangible assets	14	**123,976**	123,912	**98**	193
Right-of-use assets	27	**10,343**	9,902	**5,761**	3,983
Investment in subsidiaries	15	**–**	–	**142,670**	133,397
Investment in joint ventures	16	**2,249**	1,738	**1,376**	2,156
Investment in associates	17	**17,537**	6,721	**11,285**	6,395
Other investment	18	**–**	3,041	**–**	3,041
Other receivables	21	**1,639**	2,828	**850**	787
Deferred tax assets	29	**829**	730	**384**	286
		165,869	155,627	**162,968**	150,891
Current assets					
Inventories	19	**1,961**	1,828	**–**	–
Trade receivables	20	**5,968**	5,268	**–**	–
Prepayments		**895**	703	**60**	50
Other receivables	21	**526**	1,489	**76**	216
Due from related companies	22	**–**	–	**15,645**	12,289
Cash and bank balances	23	**26,618**	25,623	**2,521**	4,515
		35,968	34,911	**18,302**	17,070
Total assets		**201,837**	190,538	**181,270**	167,961
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	24	**2,075**	1,886	**2**	2
Other payables and accruals	25	**12,608**	11,964	**929**	632
Contract liabilities	4	**3,196**	2,945	**–**	–
Due to related companies	22	**–**	–	**9,633**	7,764
Lease liabilities	27	**4,804**	5,134	**2,755**	2,103
Loans and borrowings	28	**1,494**	5,307	**817**	801
Income tax payable		**2,294**	2,132	**–**	–
		26,471	29,368	**14,136**	11,302
Non-current liabilities					
Other payables and accruals	25	**408**	408	**212**	212
Due to related companies	22	**–**	–	**3,468**	6,599
Lease liabilities	27	**5,700**	3,343	**3,169**	1,633
Loans and borrowings	28	**2,188**	3,649	**2,188**	3,006
Deferred tax liabilities	29	**532**	259	**–**	–
		8,828	7,659	**9,037**	11,450
Total liabilities		**35,299**	37,027	**23,173**	22,752
Net assets		**166,538**	153,511	**158,097**	145,209
Equity attributable to owners of the Company					
Share capital	30	**121,028**	119,838	**121,028**	119,838
Treasury shares	31	**(50)**	(89)	**(50)**	(89)
Retained earnings		**46,741**	32,304	**36,266**	23,168
Share option reserve	32	**853**	939	**853**	939
Foreign currency translation reserve	33	**(623)**	(261)	**–**	–
Fair value reserve	34	**–**	1,353	**–**	1,353
		167,949	154,084	**158,097**	145,209
Non-controlling interests		**(1,411)**	(573)	**–**	–
Total equity		**166,538**	153,511	**158,097**	145,209
Total equity and liabilities		**201,837**	190,538	**181,270**	167,961

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the Company								
Group	**Share capital (Note 30) $'000**	**Treasury shares (Note 31) $'000**	**Retained earnings $'000**	**Share option reserve (Note 32) $'000**	**Foreign currency translation reserve (Note 33) $'000**	**Fair value reserve (Note 34) $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
2021									
Balance at 1 January 2021	119,838	(89)	32,304	939	(261)	1,353	154,084	(573)	153,511
Profit for the year	–	–	15,608	–	–	–	15,608	108	15,716
Other comprehensive income									
Foreign currency translation differences	–	–	–	–	(362)	–	(362)	–	(362)
Fair value loss on equity instrument designated at FVOCI	–	–	–	–	–	(1,211)	(1,211)	–	(1,211)
Re-designation of equity instrument designated at FVOCI as investment in associates	–	–	142	–	–	(142)	–	–	–
Other comprehensive income for the year, net of tax	–	–	142	–	(362)	(1,353)	(1,573)	–	(1,573)
Total comprehensive income for the year	–	–	15,750	–	(362)	(1,353)	14,035	108	14,143
Contributions by and distributions to owners									
Issue of shares	72	–	–	(17)	–	–	55	–	55
Share issuance expenses	(23)	–	–	–	–	–	(23)	–	(23)
Treasury shares re-issued pursuant to SMG Share Plan	50	39	–	(89)	–	–	–	–	–
Share-based payment transactions	–	–	–	233	–	–	233	–	233
Dividends on ordinary shares (Note 35)	–	–	(1,930)	–	–	–	(1,930)	–	(1,930)
Dividends paid by subsidiaries	–	–	–	–	–	–	–	(1,040)	(1,040)
Total contributions by and distributions to owners	99	39	(1,930)	127	–	–	(1,665)	(1,040)	(2,705)
Changes in ownership interests in subsidiaries									
Shares issued for acquisition of subsidiary (Note 15)	1,091	–	–	–	–	–	1,091	–	1,091
Transfer of interests in subsidiaries to non-controlling interests without a change in control (Note 15)	–	–	(110)	–	–	–	(110)	110	–
Dilution of interests in subsidiary to non-controlling interests without a change in control (Note 15)	–	–	514	–	–	–	514	(16)	498
Total changes in ownership interests in subsidiaries	1,091	–	404	–	–	–	1,495	94	1,589
Total transactions with owners in their capacity as owners	1,190	39	(1,526)	127	–	–	(170)	(946)	(1,116)
Others									
Expiry of employee share options	–	–	213	(213)	–	–	–	–	–
Total others	–	–	213	(213)	–	–	–	–	–
Balance at 31 December 2021	121,028	(50)	46,741	853	(623)	–	167,949	(1,411)	166,538

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the Company									
Group	**Share capital (Note 30) $'000**	**Treasury shares (Note 31) $'000**	**Retained earnings $'000**	**Share option reserve (Note 32) $'000**	**Equity component of convertible loan $'000**	**Foreign currency translation reserve (Note 33) $'000**	**Fair value reserve (Note 34) $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
2020										
Balance at 1 January 2020	119,789	(42)	25,566	680	603	(645)	–	145,951	(702)	145,249
Profit for the year	–	–	8,730	–	–	–	–	8,730	367	9,097
Other comprehensive income										
Foreign currency translation differences	–	–	–	–	–	384	–	384	–	384
Fair value gain on equity instrument designated at FVOCI	–	–	–	–	–	–	1,353	1,353	–	1,353
Other comprehensive income for the year, net of tax	–	–	–	–	–	384	1,353	1,737	–	1,737
Total comprehensive income for the year	–	–	8,730	–	–	384	1,353	10,467	367	10,834
Contributions by and distributions to owners										
Purchase of treasury shares	–	(84)	–	–	–	–	–	(84)	–	(84)
Treasury shares re-issued pursuant to SMG Share Plan	49	37	–	(86)	–	–	–	–	–	–
Share-based payment transactions	–	–	–	345	–	–	–	345	–	345
Dividends on ordinary shares (Note 35)	–	–	(1,930)	–	–	–	–	(1,930)	–	(1,930)
Dividends paid by subsidiaries	–	–	–	–	–	–	–	–	(300)	(300)
Repayment of convertible loan	–	–	–	–	(603)	–	–	(603)	–	(603)
Total contributions by and distributions to owners	49	(47)	(1,930)	259	(603)	–	–	(2,272)	(300)	(2,572)
Changes in ownership interests in subsidiaries										
Transfer of interests in a subsidiary to non-controlling interests without a change in control (Note 15)	–	–	(62)	–	–	–	–	(62)	62	–
Total changes in ownership interests in subsidiaries	–	–	(62)	–	–	–	–	(62)	62	–
Total transactions with owners in their capacity as owners	49	(47)	(1,992)	259	(603)	–	–	(2,334)	(238)	(2,572)
Balance at 31 December 2020	119,838	(89)	32,304	939	–	(261)	1,353	154,084	(573)	153,511

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Company	Share capital (Note 30) $'000	Treasury shares (Note 31) $'000	Retained earnings $'000	Share option reserve (Note 32) $'000	Equity component of convertible loan $'000	Fair value reserve (Note 34) $'000	Total $'000
2021							
Balance at 1 January 2021	**119,838**	**(89)**	**23,168**	**939**	**–**	**1,353**	**145,209**
Profit for the year	**–**	**–**	**14,673**	**–**	**–**	**–**	**14,673**
Other comprehensive income							
Fair value loss on equity instrument designated at FVOCI	**–**	**–**	**–**	**–**	**–**	**(1,211)**	**(1,211)**
Re-designation of equity instrument designated at FVOCI as investment in associates	**–**	**–**	**142**	**–**	**–**	**(142)**	**–**
Other comprehensive income for the year, net of tax	**–**	**–**	**142**	**–**	**–**	**(1,353)**	**(1,211)**
Total comprehensive income for the year	**–**	**–**	**14,815**	**–**	**–**	**(1,353)**	**13,462**
Contributions by and distributions to owners							
Issue of shares	**72**	**–**	**–**	**(17)**	**–**	**–**	**55**
Share issuance expenses	**(23)**	**–**	**–**	**–**	**–**	**–**	**(23)**
Treasury shares re-issued pursuant to SMG Share Plan	**50**	**39**	**–**	**(89)**	**–**	**–**	**–**
Share-based payment transactions	**–**	**–**	**–**	**233**	**–**	**–**	**233**
Dividends on ordinary shares (Note 35)	**–**	**–**	**(1,930)**	**–**	**–**	**–**	**(1,930)**
Shares issued for acquisition of subsidiary (Note 15)	**1,091**	**–**	**–**	**–**	**–**	**–**	**1,091**
Total transactions with owners in their capacity as owners	**1,190**	**39**	**(1,930)**	**127**	**–**	**–**	**(574)**
Others							
Expiry of employee share options	**–**	**–**	**213**	**(213)**	**–**	**–**	**–**
Total others	**–**	**–**	**213**	**(213)**	**–**	**–**	**–**
Balance at 31 December 2021	**121,028**	**(50)**	**36,266**	**853**	**–**	**–**	**158,097**
2020							
Balance at 1 January 2020	119,789	(42)	12,224	680	603	–	133,254
Profit for the year	–	–	12,874	–	–	–	12,874
Other comprehensive income							
Fair value gain on equity instrument designated at FVOCI	–	–	–	–	–	1,353	1,353
Other comprehensive income for the year, net of tax	–	–	–	–	–	1,353	1,353
Total comprehensive income for the year	–	–	12,874	–	–	1,353	14,227
Contributions by and distributions to owners							
Purchase of treasury shares	–	(84)	–	–	–	–	(84)
Treasury shares re-issued pursuant to SMG Share Plan	49	37	–	(86)	–	–	–
Share-based payment transactions	–	–	–	345	–	–	345
Dividends on ordinary shares (Note 35)	–	–	(1,930)	–	–	–	(1,930)
Repayment of convertible loan	–	–	–	–	(603)	–	(603)
Total transactions with owners in their capacity as owners	49	(47)	(1,930)	259	(603)	–	(2,272)
Balance at 31 December 2020	119,838	(89)	23,168	939	–	1,353	145,209

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED **CASH FLOW STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 $'000	2020 $'000
Cash flows from operating activities			
Profit before tax		**18,070**	10,528
Adjustments for:			
Depreciation of property, plant and equipment	13	**3,137**	2,998
Depreciation of right-of-use assets	27	**5,778**	5,961
Amortisation of intangible assets	14	**453**	365
Share-based compensation expense	9	**233**	345
(Reversal of)/provision for expected credit loss on trade receivables	8	**(14)**	167
Impairment loss on goodwill	14	**–**	3,000
Bad debts written off	8	**12**	11
Lease receivable written off	8	**–**	18
Rental relief		**(68)**	(1,548)
Interest income	5	**(30)**	(75)
Interest expenses		**478**	939
Amortisation of loan costs	5	**15**	43
Accretion of interest on deferred purchase consideration	5	**–**	14
Gain on disposal of property, plant and equipment	6	**(22)**	(17)
Gain on remeasuring previously held equity in joint venture entity to fair value on business combination	15	**(2,664)**	–
Impairment loss on loans to an associate	21	**1,164**	–
Share of results of joint ventures and associates		**(898)**	(453)
Total adjustments		**7,574**	11,768
Operating cash inflows before changes in working capital		**25,644**	22,296
Changes in working capital:			
(Increase)/decrease in:			
Inventories		**(133)**	(28)
Trade and other receivables		**290**	168
Prepayments		**(192)**	279
Increase/(decrease) in:			
Trade payables		**189**	(234)
Contract liabilities, other payables and accruals		**1,145**	970
Total changes in working capital		**1,299**	1,155
Cash flows generated from operations		**26,943**	23,451
Interest received		**30**	73
Interest paid		**(488)**	(1,199)
Income tax paid		**(2,018)**	(1,418)
Net cash flows from operating activities		**24,467**	20,907
Cash flows from investing activities			
Purchase of property, plant and equipment		**(3,862)**	(1,378)
Purchase of intangible assets		**(367)**	(194)
Proceeds from disposal of property, plant and equipment		**42**	6
Investment in joint ventures		**(525)**	–
Loan to joint venture		**–**	(5)
Investment in associates		**(3,060)**	–
Other investment	18	**–**	(403)
Payment of deferred purchase consideration		**–**	(1,391)
Net cash outflow from acquisition of subsidiary	15	**(1,916)**	–
Net cash flows used in investing activities		**(9,688)**	(3,365)

CONSOLIDATED **CASH FLOW STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 $'000	Group 2020 $'000
Cash flows from financing activities			
Dividends paid	35	**(1,930)**	(1,930)
Dividends paid to non-controlling interests		**(1,040)**	(300)
Issue of shares		**55**	–
Share issuance expenses	15	**(23)**	–
Issue of subsidiary's shares to non-controlling interests		**498**	–
Purchase of treasury shares	31	**–**	(84)
Repayment of convertible loan		**–**	(10,000)
Proceeds from loans and borrowings	28	**–**	4,000
Repayment of loans and borrowings	28	**(5,279)**	(6,075)
Payment of principal portion of lease liabilities	28	**(6,065)**	(4,846)
Net cash flows used in financing activities		**(13,784)**	(19,235)
Net increase/(decrease) in cash and cash equivalents		**995**	(1,693)
Cash and cash equivalents at beginning of financial year		**25,623**	27,316
Cash and cash equivalents at end of financial year	23	**26,618**	25,623

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. CORPORATE INFORMATION

Singapore Medical Group Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and listed on the official list of SGX-Catalist.

The registered office and principal place of business of the Company is located at 1004 Toa Payoh North, #06-03/07, Singapore 318995.

The principal activities of the Company are those relating to the operation of medical clinics, provision of general medical services and investment holdings. The principal activities of the subsidiaries, joint ventures and associates are disclosed in Notes 15 to 17 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

These financial statements are presented in Singapore Dollars ("SGD" or "$") and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

2.2 New accounting standards effective on 1 January 2021

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to SFRS(I) 16 *Leases*: Covid-19 – Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to SFRS(I) 3 *Business Combinations*: Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16 *Property, Plant and Equipment*: Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to SFRS(I)s 2018 – 2020	1 January 2022
Amendments to SFRS(I) 1-1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) Practice Statement 2 *Making Materiality Judgements*: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors*: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12 *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 Basis of consolidation and business combinations

(a) *Basis of 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 within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (Continued)

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method.

The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency

The Group's consolidated financial statements are presented in SGD, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

(b) *Consolidated financial statements*

On consolidation, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.7 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Construction in progress is stated at cost, net of accumulated impairment losses, if any. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Office equipment	1 – 5
Medical equipment	5 – 10
Furniture and fittings	3 years or remaining lease term of clinics/office premise

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (Continued)

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

Computer software and software development in progress

Research or maintenance costs of computer software are expensed as incurred. Development expenditures that are directly associated with identifiable and unique software products are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use, its intention to complete and its ability to use the asset, how the asset will generate future economic benefits beyond one year, the availability of resources to complete and the ability to measure reliably the expenditures during the development. This includes direct staff costs arising from the software development team and an appropriate portion of relevant overheads.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.8 **Intangible assets** (Continued)

Computer software and software development in progress (Continued)

Expenditures which enhance or extend the performance of computer software programmes beyond their original specifications, are recognised as a capital improvement and accounted for as additions to computer software.

Following initial recognition of the computer software as an asset, the asset is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on straight-line basis over the estimated useful lives of 3 to 5 years. During the period of development, the asset is tested for impairment annually.

Software development in progress is recognised at cost. Amortisation of the intangible asset begins when development is complete and the asset is available for use.

Trademarks

Trademarks are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any. It is amortised on a straight-line basis over the estimated useful lives of 10 years, which is the shorter of their estimated useful lives and periods of contractual rights.

2.9 **Impairment of non-financial assets**

The Group assesses, at the reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets (Continued)

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. When the recoverable amount of the cash-generating unit is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.10 Subsidiaries

A subsidiary is an investee that is controlled by the Group. Control is achieved when the Group 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. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);

- Exposure, or rights, to variable returns from its involvement with the investee;

- The ability to use its power over the investee to affect its returns.

The Group re-assesses 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.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 Associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Associates and joint ventures (Continued)

The profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of results of joint ventures and associates' in profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.12 Financial instruments

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

Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortised cost and fair value through other comprehensive income ("FVOCI").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

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

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial instruments (Continued)

Financial assets (Continued)

Initial recognition and measurement (Continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortised cost (debt instruments); and
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

(i) Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(ii) Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under SFRS(I) 1-32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's balance sheet) when the rights to receive cash flows from the asset have expired.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial instruments (Continued)

Financial assets (Continued)

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities not at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Cash and cash equivalents

Cash and cash equivalents in the balance sheets comprise cash at bank and on hand which are subject to an insignificant risk of changes in value.

2.14 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for on a weighted average basis.

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

2.15 Provisions

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

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

2.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.17 Government grants

Government grants are recognised when there is a reasonable assurance that the grant will be received and all attached conditions will be compiled with. The grant is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under heading such as “Other income”. Alternatively, they are deducted in reporting the related expenses.

Where the grant relates to an asset, the fair value is recognised as deferred grant capital on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.18 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension scheme as defined by the laws of countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Employee benefits (Continued)

(b) Employee share-based compensation

Employees of the Group receive remuneration in the form of share options and share awards, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of these equity-settled share-based payment transactions is determined by the fair value of the share options and share awards at the date when the share options and share awards are granted using an appropriate valuation model which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, together with a corresponding increase in the share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of share options and share awards that will ultimately vest. The expense or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in personnel expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of share options and share awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

2.19 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Medical equipment	5 – 10
Office and clinic premises	2 – 5

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Leases (Continued)

Group as a lessee (Continued)

(a) Right-of-use assets (Continued)

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policy for impairment of non-financial assets set out in Note 2.9.

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of clinic premises (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.20 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Revenue (Continued)

(a) Rendering of services

The Group renders consultations, clinical treatments, medical tests and operations to customers, and telemedicine, software maintenance and development services. Revenue is recognised when the services to be provided are completed.

Revenue from the provision of package services, telemedicine subscription and maintenance services are recognised upon completion of the series of distinct services rendered over time. The measure of progress is based on the number of sessions utilised as a percentage of the total sessions sold in a package.

(b) Sale of medicine and related products

Revenue from the sale of medicine and related products is recognised at the point in time when the goods are delivered to the customer and accepted by the customer.

<u>Contract balances</u>

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.21 Taxes

(a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

– When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Taxes (Continued)

(b) *Deferred tax* (Continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(c) *Sales tax*

Expenses and assets are recognised net of the amount of sales tax, except:

– When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– When receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.23 Treasury shares

The Group's own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised directly in equity.

2.24 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.25 Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders and a corresponding amount is recognised directly in equity.

2.26 Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Current versus non-current classification (Continued)

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determination of purchase price allocation

During the financial year, the Group acquired the remaining 50% equity interest in its joint venture, SMG (International) Vietnam Pte. Ltd. ("SIV") for a purchase consideration of $3,040,000. Following the completion of the acquisition, SIV became a wholly-owned subsidiary of the Group. In addition, the Group had acquired 20% equity interest in Annabelle Psychology Pte. Ltd. ("APPL") during the financial year. The acquisitions are accounted for as business combinations and the Group is required to perform a purchase price allocation exercise for each acquisition as at the acquisition date. This involves judgement made in identifying all intangible assets and determining the fair values of all identifiable assets acquired and liabilities assumed as at the date of acquisition.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.1 Judgements made in applying accounting policies (Continued)

Determination of purchase price allocation (Continued)

In assessing the fair value of all identifiable assets and liabilities, recent market transactions for identical assets and liabilities are considered, if available. If no such transactions can be identified, internal information that is consistent with what market participants will assume as at the measurement date is used. The key assumptions applied in the determination of the purchase price allocation are disclosed and further explained in Notes 15 and 17 to the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Impairment of goodwill

As disclosed in Note 14 to the financial statements, the recoverable amounts of the cash-generating units which goodwill has been allocated to are determined based on value in use calculations. The value in use calculations are based on discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use, are disclosed and further explained in Note 14 to the financial statements.

The carrying amount of the goodwill as at 31 December 2021 is $123,413,000 (2020: $123,101,000).

(ii) Impairment of non-financial assets

The Group assesses impairment of assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets requires assessment as to whether the carrying amount of assets exceeds the recoverable amount. Recoverable amount is defined as the higher of an asset’s or cash-generating unit’s fair value less costs to sell and its value in use. The Group evaluates the value in use which is supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

Forecasts of future cash flows are based on the Group’s estimates using historical and industry trends, general market and economic conditions, changes in technology and other available information.

The carrying amounts of the Company’s property, plant and equipment, intangible assets, right-of-use assets, investment in subsidiaries, joint ventures and associates are disclosed in Notes 13 to 17, and 27 of the financial statements.

4. REVENUE

(a) *Disaggregation of revenue*

	Health		Diagnostic and Aesthetics		Others		Total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Segments								
Type of good or service								
Rendering of services	**40,738**	35,457	**35,960**	27,353	**286**	358	**76,984**	63,168
Sale of medicine and related products	**21,384**	21,922	**2,472**	2,250	**–**	–	**23,856**	24,172
Total revenue	**62,122**	57,379	**38,432**	29,603	**286**	358	**100,840**	87,340
Timing of transfer of good or service								
At a point in time	**62,122**	57,379	**34,273**	26,791	**201**	338	**96,596**	84,508
Over time	**–**	–	**4,159**	2,812	**85**	20	**4,244**	2,832
Total revenue	**62,122**	57,379	**38,432**	29,603	**286**	358	**100,840**	87,340

Revenue from transfer of good or service is attributed to Singapore.

(b) *Receivables and contract liabilities*

Information about receivables and contract liabilities from contracts with customers is disclosed as follows:

	Group		
	31 December		1 January
	2021	**2020**	**2020**
	$'000	**$'000**	**$'000**
Receivables from contracts with customers (Note 20)	**5,968**	5,268	5,631
Contract liabilities	**(3,196)**	(2,945)	(2,026)

During the financial year, the Group reversed impairment losses previously recognised on receivables arising from contracts with customers amounting to $14,000. In prior year, the Group recognised impairment losses on receivables arising from contracts with customers amounting to $167,000.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers.

Contract liabilities are recognised as revenue as the Group performs under the contract.

Set out below is the amount of revenue recognised from:

	Group	
	2021	**2020**
	$'000	**$'000**
Amounts included in contract liabilities at the beginning of the year	**2,945**	2,026

All performance obligations are expected to be recognised within one year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. FINANCE INCOME/(EXPENSES)

	Group	
	2021 $'000	2020 $'000
Interest income from:		
– bank balances	**22**	65
– lease receivable	**–**	2
– loan to associate	**8**	8
	30	75
Interest expense on:		
– loans and borrowings	**(159)**	(515)
– lease liabilities (Note 27)	**(319)**	(334)
– convertible loan	**–**	(90)
Accretion of interest on deferred purchase consideration	**–**	(14)
Amortisation of loan costs	**(15)**	(43)
	(493)	(996)

6. OTHER INCOME

	Group	
	2021 $'000	2020 $'000
Government grant income	**–**	23
Gain on disposal of property, plant and equipment	**22**	17
Others	**82**	53
	104	93

7. OTHER GAIN/(LOSS)

		Group	
	Note	2021 $'000	2020 $'000
Impairment loss on goodwill	14	**–**	(3,000)
Gain on remeasuring previously held equity in joint venture entity to fair value on business combination	15	**2,664**	–
Impairment loss on loans to an associate	21	**(1,164)**	–
		1,500	(3,000)

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

		Group	
	Note	**2021** **$'000**	**2020** **$'000**
Depreciation of property, plant and equipment	13	**3,137**	2,998
Depreciation of right-of-use assets	27	**5,778**	5,961
Amortisation of intangible assets	14	**453**	365
Cost of inventories recognised as an expense	19	**12,596**	12,125
Lease expenses	27	**904**	934
Audit fees paid to auditors of the Company		**251**	278
Non-audit fees:			
– auditors of the Company		**96**	104
– other auditors		**32**	21
(Reversal of)/provision for expected credit loss on financial assets:			
– trade receivables	20	**(14)**	167
Bad debts written off		**12**	11
Lease receivable written off		**–**	18
Personnel expenses*	9	**35,327**	29,782

* Includes directors' remuneration and remuneration of key management personnel as disclosed in Note 10.

9. PERSONNEL EXPENSES

	Group	
	2021 **$'000**	**2020** **$'000**
Included in cost of sales:		
Salaries and bonuses	**19,766**	17,097
Central Provident Fund contributions	**567**	515
Included in administrative expenses:		
Salaries and bonuses	**12,063**	9,601
Central Provident Fund contributions	**1,471**	1,393
Share-based compensation expense	**233**	345
Short-term employee benefits	**1,227**	831
	35,327	29,782

Government grants relating to the Jobs Support Scheme ("JSS") of $556,000 (2020: $2,581,000) have been deducted in reporting the related salaries and bonuses for the financial year ended 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

10. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

	Group	
	2021	**2020**
	$'000	**$'000**
Remuneration paid to key management personnel		
Salaries and bonuses	**3,978**	3,922
Central Provident Fund contributions	**124**	163
Share-based compensation expense	**167**	176
	4,269	4,261
Comprises amounts paid to:		
– Directors of the Company*	**2,754**	2,723
– Other key management personnel	**1,515**	1,538
	4,269	4,261

* Included in amounts paid to directors of the Company are directors' fees of $145,000 (2020: $145,000).

Key management personnel interests' in SMG Share Option Scheme and SMG Share Plan

During the financial year, 10,231 performance shares were granted to a director of the Company (2020: 5,040). There are no share options granted to key management personnel during the financial year (2020: Nil).

	Group and Company	
	2021	**2020**
	No. of performance shares	**No. of performance shares**
	'000	**'000**
Performance shares granted to:		
– Director of the Company	**10**	5

During the financial year, key management personnel exercised options for 100,000 (2020: Nil) ordinary shares of the Company at a price of $0.303 (2020: $Nil) each, with a total consideration of $30,000 (2020: $Nil) paid to the Company.

At the end of the reporting period, the total number of outstanding share options and performance shares granted by the Company to key management personnel under the SMG Share Option Scheme and SMG Share Plan amounted to 6,220,000 (2020: 8,685,000) and Nil (2020: 168,000) respectively.

10. RELATED PARTY TRANSACTIONS (CONTINUED)

Other related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2021	**2020**
	$'000	**$'000**
Rental paid to companies related to directors	**332**	248
Professional fees paid to companies related to directors	**336**	165
Interest expense on convertible loan from a significant shareholder	**–**	90
Management fee from associate	**36**	20

Companies related to directors:

The Group had the following transactions with companies related to directors:

(i) The Group had entered into lease agreements with K S Beng Pte. Ltd. ("KSB"), a company owned by an immediate family member of one of the directors of the Company, to lease commercial premises for rental of $179,000 (2020: $143,000). The Group also paid professional fees of $180,000 (2020: $120,000) in relation to medical services rendered by the same entity. Other than the security deposits of $29,000 (2020: $22,000), there is no balance outstanding with KSB as at the reporting date (2020: $Nil).

(ii) The Group had entered into a lease agreement with MW Medical Holdings Pte. Ltd. ("MWMH"), a company related to one of the directors of the Company, to lease a commercial premise for rental of $153,000 (2020: $105,000). The Group also engaged MW Medical Pte. Ltd. ("MWM"), a company related to the same director, for nursing services of $7,000 (2020: $10,000). Other than the security deposits of $28,000 (2020: $28,000), there is no balance outstanding with MWMH and MWM as at the reporting date (2020: $Nil).

(iii) The Group had engaged Tricor Singapore Pte. Ltd., Tricor WP Corporate Services Pte. Ltd. and TSMP Law Corporation, which are companies related to directors of the Company, for secretarial and legal services. The Group incurred professional fees of $149,000 (2020: $35,000) and the balance outstanding as at the reporting date was $20,000 (2020: $3,000).

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

11. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	Group	
	2021	**2020**
	$'000	**$'000**
Statement of comprehensive income:		
Current income tax		
– current income taxation	**2,294**	1,489
– over provision in respect of previous years	**(114)**	(113)
	2,180	1,376
Deferred income tax		
– origination and reversal of temporary differences	**174**	55
	174	55
Income tax expense recognised in statement of comprehensive income	**2,354**	1,431

Relationship between tax expense and accounting profit

A reconciliation of the tax expense and the product of accounting profit multiplied by the applicable tax rate are as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Accounting profit before tax	**18,070**	10,528
Tax at the applicable tax rate of 17% (2020: 17%)	**3,072**	1,790
Tax effects of:		
– non-deductible expenses	**545**	802
– income not subject to taxation	**(758)**	(612)
– deferred tax assets not recognised	**197**	87
– effect of partial tax exemption and tax relief	**(294)**	(244)
– deferred tax assets from previously unrecognised temporary differences	**(98)**	–
– utilisation of tax losses and temporary differences previously not recognised	**(61)**	(188)
– over provision in respect of prior years	**(114)**	(113)
– share of results of joint ventures and associates	**(153)**	(77)
– others	**18**	(14)
Income tax expense recognised in statement of comprehensive income	**2,354**	1,431

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

Diluted earnings per share is calculated by dividing the net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2021	**2020**
	$'000	**$'000**
Profit for the year attributable to owners of the Company	**15,608**	8,730
	No. of shares '000	**No. of shares '000**
Weighted average number of ordinary shares for basic earnings per share computation	**483,809**	482,643
Effects of dilution:		
– Share options	**250**	201
Weighted average number of ordinary shares for diluted earnings per share computation	**484,059**	482,844

7,881,000 (2020: 10,155,000) share options granted to employees under the existing employee share option plan have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

NOTES TO THE **FINANCIAL STATEMENTS**

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13. PROPERTY, PLANT AND EQUIPMENT

	Office equipment $'000	Medical equipment $'000	Furniture and fittings $'000	Construction in progress $'000	Total $'000
Group					
Cost:					
At 1 January 2020	1,389	12,928	7,898	–	22,215
Additions	157	707	481	138	1,483
Disposals	(19)	(2,155)	(39)	–	(2,213)
Reclassification from right-of-use assets[1]	–	586	–	–	586
At 31 December 2020 and 1 January 2021	**1,527**	**12,066**	**8,340**	**138**	**22,071**
Additions	**218**	**3,221**	**286**	**32**	**3,757**
Disposals	**(375)**	**(702)**	**(1,792)**	**–**	**(2,869)**
Reclassification	**–**	**–**	**170**	**(170)**	**–**
Reclassification from right-of-use assets[1]	**–**	**1,941**	**–**	**–**	**1,941**
At 31 December 2021	**1,370**	**16,526**	**7,004**	**–**	**24,900**
Accumulated depreciation:					
At 1 January 2020	1,238	8,586	4,649	–	14,473
Depreciation charge for the year	108	1,765	1,125	–	2,998
Disposals	(19)	(2,096)	(40)	–	(2,155)
At 31 December 2020 and 1 January 2021	**1,327**	**8,255**	**5,734**	**–**	**15,316**
Depreciation charge for the year	**141**	**1,936**	**1,060**	**–**	**3,137**
Disposals	**(375)**	**(682)**	**(1,792)**	**–**	**(2,849)**
At 31 December 2021	**1,093**	**9,509**	**5,002**	**–**	**15,604**
Net carrying amount:					
At 31 December 2020	200	3,811	2,606	138	6,755
At 31 December 2021	**277**	**7,017**	**2,002**	**–**	**9,296**

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office equipment $'000	Medical equipment $'000	Furniture and fittings $'000	Total $'000
Company				
Cost:				
At 1 January 2020	451	3,104	2,322	5,877
Additions	17	–	–	17
Disposals	(11)	(1,913)	–	(1,924)
At 31 December 2020 and 1 January 2021	**457**	**1,191**	**2,322**	**3,970**
Additions	**30**	**–**	**–**	**30**
Disposals	**(248)**	**–**	**(836)**	**(1,084)**
Reclassification from right-of-use assets[1]	**–**	**346**	**–**	**346**
At 31 December 2021	**239**	**1,537**	**1,486**	**3,262**
Accumulated depreciation:				
At 1 January 2020	438	2,789	1,548	4,775
Depreciation charge for the year	10	94	321	425
Disposals	(11)	(1,872)	–	(1,883)
At 31 December 2020 and 1 January 2021	**437**	**1,011**	**1,869**	**3,317**
Depreciation charge for the year	**14**	**219**	**252**	**485**
Disposals	**(248)**	**–**	**(836)**	**(1,084)**
At 31 December 2021	**203**	**1,230**	**1,285**	**2,718**
Net carrying amount:				
At 31 December 2020	20	180	453	653
At 31 December 2021	**36**	**307**	**201**	**544**

1 During the financial year, the Group and Company had transferred costs of $1,941,000 (2020: $586,000) and $346,000 (2020: $Nil) from right-of-use assets to property, plant and equipment at the end of the lease term (Note 27).

The Group reclassified construction in progress to furniture and fittings amounting to $138,000 upon completion of renovation works during the financial year. In prior year, the additions to property, plant and equipment of $1,483,000 for the Group include $105,000 of construction in progress for furniture and fittings, which remained unpaid as at 31 December 2020. This amount was fully paid in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

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14. INTANGIBLE ASSETS

	Goodwill $'000	Computer software $'000	Trademarks $'000	Software development in progress $'000	Total $'000
Group					
Cost:					
At 1 January 2020	126,101	1,187	19	–	127,307
Additions	–	194	–	162	356
At 31 December 2020 and 1 January 2021	**126,101**	**1,381**	**19**	**162**	**127,663**
Additions	**–**	**52**	**2**	**151**	**205**
Acquisition of a subsidiary (Note 15)	**312**	**–**	**–**	**–**	**312**
Reclassification	**–**	**313**	**–**	**(313)**	**–**
At 31 December 2021	**126,413**	**1,746**	**21**	**–**	**128,180**
Accumulated amortisation and impairment:					
At 1 January 2020	–	384	2	–	386
Amortisation charge for the year	–	363	2	–	365
Impairment loss	3,000	–	–	–	3,000
At 31 December 2020 and 1 January 2021	**3,000**	**747**	**4**	**–**	**3,751**
Amortisation charge for the year	**–**	**451**	**2**	**–**	**453**
At 31 December 2021	**3,000**	**1,198**	**6**	**–**	**4,204**
Net carrying amount:					
At 31 December 2020	123,101	634	15	162	123,912
At 31 December 2021	**123,413**	**548**	**15**	**–**	**123,976**

14. INTANGIBLE ASSETS (CONTINUED)

	Computer software $'000
Company	
Cost:	
At 1 January 2020	343
Additions	70
At 31 December 2020 and 1 January 2021	**413**
Additions	**19**
At 31 December 2021	**432**
Accumulated amortisation:	
At 1 January 2020	105
Amortisation charge for the year	115
At 31 December 2020 and 1 January 2021	**220**
Amortisation charge for the year	**114**
At 31 December 2021	**334**
Net carrying amount:	
At 31 December 2020	193
At 31 December 2021	**98**

Computer software pertains to computer software licenses purchased from vendors.

The Group reclassified software development in progress to computer software amounting to $313,000 upon completion of software development during the financial year. In prior year, the additions to intangible assets of $356,000 for the Group include $162,000 of software development in progress, which remained unpaid as at 31 December 2020. This amount was fully paid in the current financial year.

Amortisation expense

The amortisation of computer software and trademarks is included in the "Administrative expenses" line item in profit or loss.

Impairment testing of goodwill

Goodwill acquired through business combinations have been allocated to five (2020: four) cash-generating units ("CGU"), Women's Health business, Paediatrics business, Diagnostic business, Aesthetics business and Vietnam business, for impairment testing.

14. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of goodwill (Continued)

The carrying amount of goodwill allocated to each CGU is as follows:

	Women's Health business		Paediatrics business		Diagnostic business		Aesthetics business		Vietnam business	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Goodwill	**74,379**	74,379	**32,316**	32,316	**9,593**	9,593	**6,813**	6,813	**312**	–

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The discount rate applied to the cash flow projections and the forecasted future growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	Women's Health business		Paediatrics business		Diagnostic business		Aesthetics business		Vietnam business	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Long-term growth rates	**1.7%**	1.7%	**1.7%**	1.7%	**1.7%**	1.7%	**1.7%**	1.7%	**4.0%**	–
Discount rate	**10.5%**	10.5%	**10.5%**	10.5%	**10.5%**	10.5%	**10.5%**	10.5%	**12.0%**	–

14. INTANGIBLE ASSETS (CONTINUED)

Key assumptions used in the value in use calculation

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Growth rates – Budgeted revenue is forecasted after considering factors like general market conditions, macroeconomic cycle, industry-specific and other relevant information. The growth rates are based on the targeted revenue growth, after considering the Company's available capacity, that are approved by management covering a period of 5 years. The future growth rates do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Impairment loss recognised

In prior year, an impairment loss of $3,000,000 was recognised on goodwill attributable to the Paediatrics business in view of the projected decline in earnings arising from the negative impact of COVID-19 on the business. The impairment loss was included in the line item "Other loss" in profit or loss. No impairment loss was recognised in the current financial year.

Sensitivity to changes in assumptions

With regards to the assessment of value in use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2021	**2020**
	$'000	**$'000**
Shares, at cost	**27,741**	23,461
Amounts due from subsidiaries	**120,920**	118,276
Impairment losses	**(5,991)**	(8,340)
	142,670	133,397

The movement in provision for impairment losses are as follows:

	Company	
	2021	2020
	$'000	$'000
At 1 January	**8,340**	10,185
Reversal	**(629)**	(349)
Write-off	**(1,720)**	(1,496)
At 31 December	**5,991**	8,340

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15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The Company had the following subsidiaries as at 31 December:

Name of company	Principal place of business	Principal activities	Proportion (%) of ownership interest 2021	2020
Singapore Vision Centre Pte. Ltd.[b]	Singapore	Dormant company	**100**	100
Cancer Centre Pte. Ltd.[a]	Singapore	Provision of oncology services	**90**	90
LSC Eye Clinic Pte. Ltd.[a]	Singapore	Provision of LASIK and general ophthalmological services	**100**	100
The Dental Studio Pte. Ltd.[a]	Singapore	Provision of dental services	**65**	65
SMG Specialist Centre Pte. Ltd.[a]	Singapore	Provision of multi-disciplines specialist medical services	**100**	100
SMG International Partners Pte. Ltd.[a]	Singapore	Provision of business consultancy services	**100**	100
The Obstetrics & Gynaecology Centre Pte. Ltd.[a]	Singapore	Provision of obstetrics and gynaecology services	**100**	100
The Medical Suite Pte. Ltd.[a]	Singapore	Provision of family medicine and health screening services	**100**	100
SMG Orthopaedic Group Pte. Ltd.[a]	Singapore	Dormant company	**100**	100
Centre for Wellness & Healthy Aging Pte. Ltd.[c]	Singapore	Dormant company	**100**	100
SMG Dental Pte. Ltd.	Singapore	Dormant company	**80**	80
Wellness & Gynaecology Centre Pte. Ltd.[a]	Singapore	Provision of obstetrics and gynaecology services	**100**	100
SMG Dermatology Centre Pte. Ltd.[a]	Singapore	Dormant company	**100**	100
TOGC @Gleneagles Pte. Ltd.[a]	Singapore	Provision of obstetrics and gynaecology services	**100**	100
Novena Radiology Pte. Ltd.[a]	Singapore	Provision of radiology/ diagnostic imaging services	**100***	100*
Lifescan Imaging Pte. Ltd.[a]	Singapore	Provision of radiology/ diagnostic imaging services	**100**	100

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of company	Principal place of business	Principal activities	Proportion (%) of ownership interest 2021	2020
SMG Astra Women's Specialists Pte. Ltd.[(a)]	Singapore	Provision of obstetrics and gynaecology services and investment holding	**100**	100
SMG Astra O&G Pte. Ltd.[(a)]	Singapore	Provision of obstetrics and gynaecology services	**88**	100
SMG Kids Clinic Pte. Ltd.[(a)]	Singapore	Provision of paediatrics services and investment holding	**100**	100
SMG Aesthetics & Plastic Surgery Pte. Ltd.[(a)]	Singapore	Provision of aesthetic services and investment holding	**85**	85
SMG Heart Centre Pte. Ltd.[(a)]	Singapore	Provision of cardiology services	**80**	80
SMG Astra Women's Health Pte. Ltd.[(a)]	Singapore	Provision of obstetrics and gynaecology services	**88**	92
HiDoc Pte. Ltd.[(a)]	Singapore	Development of software/e-commerce applications for medical related services	**53**	80
The Breast Clinic Pte. Ltd.[(a)]	Singapore	Provision of breast related medical services	**60**	60
Skin Republic Pte. Ltd.[(a)]	Singapore	Provision of aesthetics and spa services	**80**	–
SMG International (Vietnam) Pte. Ltd.[(a)]	Singapore	Investment holding	**100**	–**
Held through SMG Astra Women's Specialists Pte. Ltd.				
Alpha Healthcare International Pte. Ltd.[(a)(1)]	Singapore	Provision of obstetrics and gynaecology services	**100**	100
Astra Centre for Women & Fertility Pte. Ltd.[(a)(1)]	Singapore	Provision of obstetrics and gynaecology services	**100**	100
Astra Women's Specialists (JL) Pte. Ltd.[(a)(1)]	Singapore	Provision of obstetrics and gynaecology services	**100**	100
Astra Women's Specialists (WB) Pte. Ltd.[(a)(1)]	Singapore	Provision of obstetrics and gynaecology services	**100**	100
Fong's Clinic (TB) Pte. Ltd.[(a)(1)]	Singapore	Dormant company	**100**	100

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of company	Principal place of business	Principal activities	Proportion (%) of ownership interest 2021	2020
TCK @Novena Pte. Ltd.[(a)(1)]	Singapore	Provision of obstetrics and gynaecology services	**100**	100
The Women's Specialists Centre (HC) Pte. Ltd.[(a)(1)]	Singapore	Provision of obstetrics and gynaecology services	**100**	100
Held through SMG Kids Clinic Pte. Ltd.				
Children's Clinic Central Pte. Ltd.[(a)(2)]	Singapore	Provision of paediatrics services	**100**	100
Kids Clinic @ Bishan Pte. Ltd.[(a)(2)]	Singapore	Provision of paediatrics services	**100**	100
Babies and Children Specialist Clinic Pte. Ltd.[(a)]	Singapore	Provision of paediatrics services	**100**	100
Held through SMG Aesthetics & Plastic Surgery Pte. Ltd.				
Pheniks Pte. Ltd.[(a)]	Singapore	Provision of aesthetics services	**85**	85
SW1 (Vietnam) Pte. Ltd.[(a)]	Singapore	Investment holding	**68*****	61***
Held through Pheniks Pte. Ltd.				
SW1 Plastic Surgery Pte. Ltd.[(a)]	Singapore	Provision of aesthetics services	**68**	68

(a) Audited by Ernst & Young LLP, Singapore

(b) The subsidiary was officially liquidated on 6 March 2022.

(c) The subsidiary is placed under member's voluntary liquidation on 30 March 2022.

(1) These subsidiaries are collectively known as the Astra Companies.

(2) These subsidiaries are collectively known as the Kids Clinics.

* The Group holds 100% ownership interest in Novena Radiology Pte. Ltd. through the 51% interest held directly by the Company and the 49% interest held by Lifescan Imaging Pte. Ltd., a wholly-owned subsidiary of the Company.

** As at 31 December 2020, the Group held 50% ownership interest in SMG International (Vietnam) Pte. Ltd. and accounted for it as a joint venture (Note 16).

*** The Group holds 68% (2020: 61%) ownership interest in SW1 (Vietnam) Pte. Ltd. through the 60% interest held by SMG Aesthetics & Plastic Surgery Pte. Ltd., an 85% owned subsidiary of the Company, and the 40% interest held by CityClinic Asia Investments Pte. Ltd., an associated company (2020: a joint venture entity), which the Company holds an effective interest of 42% (2020: 26%) comprising a direct and indirect interest of 10% and 32%. (2020: direct and indirect interest of 14% and 12%) respectively.

Amounts due from subsidiaries are unsecured, non-interest bearing and repayable at the discretion of the subsidiaries, only when the cash flows of the subsidiaries permit. These amounts relate to contributions from the Company, which form a part of the Company's net investments in subsidiaries and are accounted for at cost less accumulated impairment losses.

15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

For subsidiaries with indicators of impairment, the recoverable amounts were determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering 5 years. The discount rates applied to the cash flow projections range from 10.5% to 12.0% (2020: 10.5%) depending on the jurisdiction of the CGU resides in. Management had applied growth rates ranging from 1.7% to 4.0% (2020: 1.7%) to extrapolate cash flow projections beyond the five-year period for 2021 depending on the jurisdiction of the CGU resides in.

As at 31 December 2021, the recoverable amounts of certain subsidiaries were determined to be $8,797,000 (2020: $349,000). As the recoverable amounts of the subsidiaries exceeded the carrying amounts, impairment losses of $629,000 (2020: $349,000) that were previously recognised by the Company were reversed.

During the financial year, the Company had written off its cost of investment and accumulated impairment losses of $1,720,000 for a subsidiary, Centre for Wellness & Health Aging Pte. Ltd., as the subsidiary was placed under member's voluntary liquidation subsequent to year end. In prior year, the Company's subsidiary, Singapore Vision Centre Pte. Ltd., was placed under member's voluntary liquidation and the Company had written off its cost of investment and accumulated impairment losses of $1,496,000.

Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has a subsidiary which has NCI that is material to the Group.

Name of Subsidiary	Principal activities and place of business	Proportion of ownership interest held by non-controlling interest	Profit allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividends paid/payable to NCI $'000
31 December 2021:					
Cancer Centre Pte. Ltd. ("CCPL")	Provision of oncology services (Singapore)	**10%**	**227**	**722**	**500**
31 December 2020:					
Cancer Centre Pte. Ltd.	Provision of oncology services (Singapore)	10%	407	995	300

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15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Summarised financial information about subsidiaries with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of the subsidiary with material non-controlling interests are as follows:

Summarised balance sheet

	CCPL	
	2021	**2020**
	$'000	**$'000**
Current		
Assets	**5,956**	5,142
Liabilities	**(2,209)**	(1,805)
Net current assets	**3,747**	3,337
Non-current		
Assets	**3,478**	6,615
Liabilities	**(3)**	(3)
Net non-current assets	**3,475**	6,612
Net assets	**7,222**	9,949

Summarised statement of comprehensive income

	CCPL	
	2021	**2020**
	$'000	**$'000**
Revenue	**14,445**	17,423
Profit before income tax	**2,608**	4,102
Income tax expense	**(335)**	(35)
Profit for the year, representing total comprehensive income for the year	**2,273**	4,067

Other summarised information

	CCPL	
	2021	**2020**
	$'000	**$'000**
Net cash flows from operations	**5,990**	4,118
Acquisition of significant property, plant and equipment	**3**	9

15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition of subsidiary

Acquisition of SMG International (Vietnam) Pte. Ltd. ("SIV")

On 13 September 2021, the Group acquired an additional 50% equity interest in SIV for a purchase consideration of $3,040,000, which the Group had an existing equity interest of 50%. As a result, the Group's equity interest in SIV increased from 50% to 100%, making SIV a wholly-owned subsidiary of the Group. The Group also reclassified $1,240,000 equity shares at cost from investment in joint ventures to investment in subsidiaries.

Gain on remeasuring previously held equity interest in SIV to fair value at date of acquisition

The Group recognised a gain of $2,664,000 as a result of measuring at fair value its 50% equity interest in SIV held before the business combination. The gain is included in the "Other gain" line item in the Group's profit or loss for the year ended 31 December 2021.

Transaction costs

Transaction costs related to the acquisition of $35,000 and $23,000 have been recognised in "Administrative expenses" line item in the Group's profit or loss for the year ended 31 December 2021 and in equity as share issuance expenses for issuance of the Company's shares for the acquisition of the subsidiary respectively.

Goodwill arising from the acquisition of SIV

The goodwill of $312,000 comprise the value of strengthening the Group's position in Vietnam and synergies expected to arise from integrating the Vietnam's operations into the Group's existing business. Goodwill is allocated to the Vietnam business cash-generating unit. None of the goodwill recognised is expected to be deductible for income tax purposes.

Impact of the acquisition on profit or loss

From the acquisition date, SIV has contributed no revenue and loss of $12,000 to the Group's results. If the business combination had taken place at the beginning of the year, the consolidated revenue and consolidated profit for the year would have been $100,840,000 and $15,308,000 respectively.

NOTES TO THE **FINANCIAL STATEMENTS**

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15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition of subsidiary (Continued)

Acquisition of SMG International (Vietnam) Pte. Ltd. ("SIV") (Continued)

The fair value of identifiable assets and liabilities and the effects of the acquisition of SIV as at the date of acquisition were:

	Fair value recognised on acquisition SIV $'000
Investment in associate	5,818
Prepayments	1
Cash and cash equivalents	33
	5,852
Other payables	84
Total identifiable net liabilities at fair value	5,768
Goodwill arising from acquisition	312
	6,080
Consideration transferred for the acquisition of SIV	
Cash paid	1,949
Equity instruments issued (3,398,203 ordinary shares of the Company)	1,091
Total consideration transferred	3,040
Effect of the acquisition of SIV on cash flows	
Total consideration for equity interest acquired	3,040
Less: Non-cash consideration	(1,091)
Consideration settled in cash	1,949
Less: Cash and cash equivalents of subsidiary acquired	(33)
Net cash outflow on acquisition	(1,916)

Equity instruments issued as consideration transferred

In connection with the acquisition of the remaining 50% equity interest in SIV, the Company issued 3,398,203 ordinary shares with a fair value of $0.321 each (Note 30). The fair value of these shares was the published price of the shares at the date of acquisition.

The attributable cost of the issuance of the shares as consideration of $23,000 had been recognised directly in equity as a deduction from share capital.

Transfer of ownership interest in subsidiaries, without loss of control

On 3 December 2020, the Company transferred 8% of the issued and paid-up capital of SMG Astra Women's Health Pte. Ltd. ("AWH") to the medical director for a cash consideration of $2 upon the medical director achieving the performance targets and completing 2 years of service. Following the share transfer, the Company still controls AWH, retaining 92% of the equity interest. The carrying amount of the net assets of AWH as at the date of share transfer was $781,000. The share transfer resulted in an increase in non-controlling interests of $62,000 and a decrease in equity attributable to owners of the Company of $62,000.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Transfer of ownership interest in subsidiaries, without loss of control (Continued)

On 10 May 2021, the Company transferred another 4% of the issued and paid-up capital of AWH to the medical director for a cash consideration of $1 upon the medical director achieving the performance targets and completing the third year of service. Following the share transfer, the Company still controls AWH, retaining 88% of the equity interest. The carrying amount of the net assets of AWH as at the date of share transfer was $678,000. The share transfer resulted in an increase in non-controlling interests of $47,000 and a decrease in equity attributable to owners of the Company of $47,000.

On 12 July 2021, the Company transferred 12% of the issued and paid-up capital of SMG Astra O&G Pte. Ltd. ("AOG") to the medical director for a cash consideration of $3 upon the medical director achieving the performance targets and completing 3 years of service. Following the share transfer, the Company still controls AOG, retaining 88% of the equity interest. The carrying amount of the net assets of AOG as at the date of share transfer was $521,000. The share transfer resulted in an increase in non-controlling interests of $63,000 and a decrease in equity attributable to owners of the Company of $63,000.

Dilution of ownership interest in subsidiary, without loss of control

On 1 July 2021, pursuant to a subscription agreement entered into by HiDoc Pte. Ltd. ("HiDoc"), an 80% owned subsidiary of the Company, and an external party, HiDoc issued 102 new ordinary shares to the external party for a cash consideration of $498,000. Following the share issuance, the Company's equity interest in HiDoc was reduced to 53%. The carrying amount of the net liabilities of HiDoc as at the date of share issuance was $1,903,000. The share issuance resulted in a decrease in non-controlling interests of $16,000 and an increase in equity attributable to owners of the Company of $514,000.

The following summarises the effect of the change in the Group's ownership interest in the subsidiaries on the equity attributable to owners of the Company:

		2021		2020
	AWH	**AOG**	**HiDoc**	**AWH**
	$'000	**$'000**	**$'000**	**$'000**
Carrying amount of interests in subsidiary disposed off/diluted	**(47)**	**(63)**	514	(62)
Consideration received from disposal of interests in subsidiary	*	*	–	*
(Decrease)/increase in equity attributable to owners of the Company	**(47)**	**(63)**	514	(62)

* Amount less than $1,000.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16. INVESTMENT IN JOINT VENTURES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Equity shares, at cost	**1,376**	2,090	**1,376**	2,090
Loan to joint venture	**–**	66	**–**	66
Share of post-acquisition reserves	**873**	(418)	**–**	–
	2,249	1,738	**1,376**	2,156

The joint venture companies of the Group as at 31 December are as follows:

Name of company (Country of incorporation and place of business)	**Principal activities**	**Cost**		**Percentage of equity held by the Group**	
		2021	**2020**	**2021**	**2020**
		$'000	**$'000**	**%**	**%**
PT Ciputra SMG (Indonesia) ("PTCS")	Provision of LASIK and general ophthalmological services	**851**	850	**40**	40
SMG International (Vietnam) Pte. Ltd. (Singapore) ("SIV")	Investment holding	**–**	1,240	**–***	50
Aurum SMG Pte. Ltd. (Singapore) ("ASPL")	Provision of co-working space for fitness, wellness and medical specialist care	**525**	–	**50**	–

Name of company (Country of incorporation and place of business)	**Principal activities**	**Percentage of Equity held by the Group**	
		2021	**2020**
		%	**%**
Held by SMG International (Vietnam) Pte. Ltd.			
CityClinic Asia Investments Pte. Ltd. and its subsidiary (Singapore and Vietnam)	Investment holding and business and management consultancy services, and provision of outpatient healthcare services	**–****	12

* Upon the acquisition of remaining shareholding in SIV, the Group holds 100% ownership interest in SIV and accounts for it as a subsidiary (Note 15). Accordingly, the Group reclassified equity shares at cost and loan to joint venture of $1,240,000 and $66,000 respectively from investment in joint ventures to investment in subsidiaries.

** Following the acquisition of SIV in September 2021, the Group has significant influence over CityClinic Asia Investments Pte. Ltd. and accounts for this investment as an associate (Note 17).

16. INVESTMENT IN JOINT VENTURES (CONTINUED)

Loan to joint venture was unsecured and non-interest bearing, where the settlement of this loan was neither planned nor likely to occur in the foreseeable future. This amount relates to contributions from the Company, which form a part of the Company's net investments in joint ventures and were accounted for at cost less accumulated impairment losses.

During the financial year:

(a) SIV subscribed to 477,650 new shares issued by CityClinic Asia Investments Pte. Ltd. ("CCAI") for a cash consideration of United States Dollar ("USD" or "US$") 1. Following the share subscription, SIV's ownership interest in CCAI increased from 24% to 32%.

(b) The Company entered into a joint venture agreement and incorporated a jointly-controlled entity, Aurum SMG Pte. Ltd. ("ASPL"), with an external party and made a capital contribution of $525,000 to the share capital of ASPL. The Company holds a 50% interest in the share capital of ASPL.

In 2020, the Group's equity interest held through SIV in CCAI was diluted from 13% to 12% following the issuance of new ordinary shares by CCAI to shareholders. The carrying amount of CCAI's net liabilities on the date of share issuance was $553,000 and a gain on dilution of control in joint venture of $89,000 was recognised by SIV.

The summarised financial information of the joint ventures, based on its IFRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	ASPL[(1)]	SIV[(2)]	PTCS	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Summarised statement of comprehensive income				
Revenue	**–**	–	**6,760**	3,594
Other gain	**–**	89	**–**	–
Operating expenses	**(66)**	(12)	**(4,115)**	(2,865)
Depreciation and amortisation	**–**	–	**(395)**	(299)
Share of results of joint venture	**–**	(306)	**–**	–
(Loss)/profit before tax	**(66)**	(229)	**2,250**	430
Income tax expense	**–**	–	**(495)**	–
(Loss)/profit for the year	**(66)**	(229)	**1,755**	430
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences	**–**	(16)	**25**	(61)
Total comprehensive income for the year	**(66)**	(245)	**1,780**	369

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16. INVESTMENT IN JOINT VENTURES (CONTINUED)

	ASPL(1)	SIV(2)	PTCS	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Summarised balance sheet				
Current assets(i)	**743**	34	**4,216**	3,235
Non-current assets	**270**	1,177	**1,430**	10
Total assets	**1,013**	1,211	**5,646**	3,245
Current liabilities	**(29)**	(12)	**(1,272)**	(582)
Non-current liabilities	**–**	–	**(103)**	(78)
Total liabilities	**(29)**	(12)	**(1,375)**	(660)
Net assets	**984**	1,199	**4,271**	2,585
Proportion of the Group's ownership	**50%**	50%	**40%**	40%
Group's share of net assets	**492**	600	**1,708**	1,034
Other adjustments	**–**	69	**49**	35
Carrying amount of the investment	**492**	669	**1,757**	1,069
(i) Includes:				
Cash and cash equivalents	**508**	33	**1,558**	604
Trade receivables	**20**	–	**53**	17

(1) There are no comparative figures as the jointly-controlled entity was incorporated during the financial year.

(2) SIV is accounted for as a subsidiary as at 31 December 2021 (Note 15).

The joint ventures require the Group's consent to distribute its profits. The Group does not foresee giving such consent at the reporting date.

The joint ventures had no contingent liabilities or capital commitments as at 31 December 2021 and 2020.

17. INVESTMENT IN ASSOCIATES

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Equity shares, at cost	**10,617**	5,869	**10,617**	5,869
Remeasurement of previously held interest in CCAI	**5,960**	–	**142**	–
Loan to associate	**300**	300	**300**	300
Amounts due from associate	**226**	226	**226**	226
Share of post-acquisition reserves	**434**	326	**–**	–
	17,537	6,721	**11,285**	6,395

17. INVESTMENT IN ASSOCIATES (CONTINUED)

The associated companies of the Group as at 31 December are as follows:

Name of company (Country of incorporation and place of business)	Principal activities	Cost 2021 $'000	Cost 2020 $'000	Percentage of equity held by the Group 2021 %	Percentage of equity held by the Group 2020 %
CHA SMG (Australia) Pte. Ltd. and its subsidiaries (Singapore and Australia)	Investment holding#	**7,919**	5,819	**20**	20
CardioScan Asia Pte. Ltd. and its subsidiary (Singapore and Malaysia)	Provision of cardiac monitoring and reporting services	**210**	50	**40**	40
CityClinic Asia Investments Pte. Ltd. and its subsidiary (Singapore and Vietnam)	Investment holding and business and management consultancy services, and provision of outpatient healthcare services	**1,830**	–	**42****	–*
Annabelle Psychology Pte. Ltd. and its subsidiary (Singapore) ("APPL")	Provision of psychology services	**800**	–	**20**	–

\# CHA SMG (Australia) Pte. Ltd. holds 100% (2020: 100%) ownership interest in CHA SMG Australia Holding Pty Ltd which holds an effective interest of 62% (2020: 65%) in CFC Global Pty Ltd ("CFC"). CFC operates a chain of clinics in Australia providing assisted reproduction services.

* Prior to the acquisition of SIV in September 2021, the Group accounts for this investment as a joint venture (Note 16). Upon acquisition, the Group remeasured its interest in CityClinic Asia Investments Pte. Ltd. ("CCAI") held through SMG International (Vietnam) Pte. Ltd. ("SIV"), a wholly-owned subsidiary of the Company. Accordingly, there is a fair value uplift of $5,818,000.

** The Group holds 42% equity interest in CCAI through the 10% interest held directly by the Company and the 32% interest held by SIV, a wholly-owned subsidiary of the Company. The 10% interest held directly by the Company was re-designated from equity instrument designated at FVOCI to investment in associates in the current financial year as the Group has significant influence over CCAI (Note 18). As a result, the Company reclassified $1,830,000 from other investment to investment in associates, which comprises equity shares at cost of $1,688,000 and remeasurement of 10% equity interest in CCAI of $142,000.

The loan to associate bears interest at 3.60% (2020: 3.60%) per annum and amounts due from associate are non-interest bearing. These amounts are unsecured and repayable at the discretion of the associate, only when the cash flows of the associates permit. These amounts relate to contribution from the Company, which forms a part of the Company's net investment in associates and is accounted for at cost less accumulated impairment losses.

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17. INVESTMENT IN ASSOCIATES (CONTINUED)

During the financial year:

(a) The Company subscribed to 1,620,000 Redeemable Convertible Preference Shares ("RCPS") of CHA SMG (Australia) Pte. Ltd. ("CSA") for a cash consideration of $2,176,000. The RCPS may be converted to ordinary shares on a 1:1 basis at any time at the option of the RCPS holder. The Company subsequently converted 1,564,000 RCPS of $2,100,000 into ordinary shares of CSA and redeemed the remaining 56,000 RCPS for cash of $76,000. Upon the subscription, conversion and redemption of the RCPS, the Company's interest in CSA remains unchanged at 20%.

(b) The Company subscribed to 160,000 new shares issued by CardioScan Asia Pte. Ltd. ("CAPL") for a cash consideration of $160,000. There was no change to the Company's interest after the additional capital contribution.

(c) CAPL subscribed to 286,000 new shares of its 65% owned subsidiary, CardioScan Malaysia Sdn Bhd ("CMSB"), for a cash consideration of $94,000 (equivalent to Ringgit Malaysia ("RM") 286,000). There was no change to CAPL's interest in CMSB following the additional capital contribution.

The summarised financial information of the associated companies, based on its IFRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	APPL	CCAI	CAPL		CSA	
	2021	2021	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Summarised statement of comprehensive income						
Revenue	**180**	**4,043**	**1,137**	541	**50,743**	35,254
Operating expenses	**(161)**	**(2,892)**	**(1,089)**	(567)	**(47,541)**	(29,818)
Profit/(loss) before tax	**19**	**1,151**	**48**	(26)	**3,202**	5,436
Income tax expense	**–**	**–**	**–**	–	**(1,143)**	(1,665)
Profit/(loss) after tax	**19**	**1,151**	**48**	(26)	**2,059**	3,771
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation differences	**–**	**–**	**–**	*	**(504)**	3,482
Total comprehensive income for the year	**19**	**1,151**	**48**	(26)	**1,555**	7,253
Total comprehensive income attributable to non-controlling interests	**–**	**–**	**–**	–	**530**	2,657
Total comprehensive income attributable to the owners of the associate company	**19**	**1,151**	**48**	(26)	**1,025**	4,596

17. INVESTMENT IN ASSOCIATES (CONTINUED)

	APPL	CCAI	CAPL		CSA	
	2021	2021	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Summarised balance sheet						
Current assets	**1,813**	**3,335**	**606**	288	**10,937**	12,023
Non-current assets excluding goodwill	**773**	**2,540**	**522**	390	**91,681**	77,318
Goodwill	**590**	**1,210**	**–**	–	**–**	–
Total assets	**3,176**	**7,085**	**1,128**	678	**102,618**	89,341
Current liabilities	**(807)**	**(3,705)**	**(361)**	(393)	**(21,054)**	(22,427)
Non-current liabilities	**(646)**	**(234)**	**(57)**	(57)	**(22,273)**	(18,724)
Total liabilities	**(1,453)**	**(3,939)**	**(418)**	(450)	**(43,327)**	(41,151)
Net assets	**1,723**	**3,146**	**710**	228	**59,291**	48,190
Net assets excluding goodwill	**1,133**	**1,936**	**710**	228	**59,291**	48,190
Less: Net assets attributable to non-controlling interests	**–**	**–**	**(110)**	(33)	**(17,928)**	(16,684)
	1,133	**1,936**	**600**	195	**41,363**	31,506
Proportion of the Group's ownership	**20%**	**42%**	**40%**	40%	**20%**	20%
Group's share of net assets	**227**	**807**	**240**	78	**8,273**	6,301
Remeasurement of previously held interest in associate	**–**	**5,960**	**–**	–	**–**	–
Goodwill on acquisition	**590**	**1,210**	**–**	–	**–**	–
Other adjustments	**(13)**	**(117)**	**11**	(1)	**349**	343
Carrying amount of the investment	**804**	**7,860**	**251**	77	**8,622**	6,644

* Amount less than $1,000.

The associates require the Group's consent to distribute its profits. The Group does not foresee giving such consent at the reporting date.

The associates had contingent liabilities of $2,499,000 (2020: $2,279,000) and no capital commitments as at 31 December 2021 (2020: $Nil).

Acquisition of associate

Acquisition of Annabelle Psychology Pte. Ltd. ("APPL")

On 22 October 2021, the Group acquired 20% equity interest in AAPL, a mental health group practice providing clinical psychology and therapy, and other clinical services including child neurodevelopmental and psychoeducational assessments, administering neurocognitive and IQ tests along with the clinical and per supervision to adults, children, couples and families.

Transaction costs

Transaction costs related to the acquisition of $14,000 have been recognised in "Administrative expenses" line item in the Group's profit or loss for the year ended 31 December 2021.

Acquired receivables

The fair value of trade and other receivables was $168,000.

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17. INVESTMENT IN ASSOCIATES (CONTINUED)

Acquisition of associate (Continued)

Acquisition of Annabelle Psychology Pte. Ltd. ("APPL") (Continued)

Goodwill arising from acquisition and provisional accounting of the acquisition of AAPL

The goodwill of $590,000 comprise the value of strengthening the Group's marketing position in Singapore and the synergies expected to arise from integrating AAPL into the Group's existing Paediatrics business.

The fair value of identifiable assets and liabilities and the effects of the acquisition of AAPL as at the date of acquisition were:

	Fair value recognised on acquisition AAPL $'000
Plant and equipment	135
Right-of-use assets	610
Investment in subsidiary	9
Trade and other receivables	168
Prepayments	18
Cash and cash equivalents	1,631
	2,571
Trade and other payables	213
Lease liabilities	646
Loans and borrowings	660
Total identifiable net assets at fair value	1,052
Share of identifiable net assets at fair value	210
Goodwill arising from acquisition	590
	800
Consideration transferred for the acquisition of AAPL	
Cash paid	800
Total consideration transferred	800
Net cash outflow on acquisition	(800)

18. OTHER INVESTMENT

	Group and Company	
	2021	2020
	$'000	$'000
Equity instrument designated at FVOCI		
Non-listed equity investment		
CityClinic Asia Investments Pte. Ltd.	–	3,041

Equity instrument designated at FVOCI includes investment in equity shares of a non-listed company, CCAI. The Company holds non-controlling interests of 10% (2020: 14%) in CCAI. In prior year, the investment was irrevocably designated at FVOCI as the Company considers the investment to be strategic in nature. During the financial year, upon acquisition of SIV, the Company had significant influence over the entity and re-designated this investment as investment in associates. As a result, the fair value reserve of $142,000 was transferred to retained earnings.

In 2020, the Company subscribed to an additional 76,269 new ordinary shares of CCAI for a total cash consideration of USD296,000 (equivalent to $403,000). Upon completion of the subscription, the Company held a direct interest of 14% in CCAI.

19. INVENTORIES

Inventories consist of drugs and medicines, and medical consumables which are stated at cost.

Inventories amounting to $12,596,000 (2020: $12,125,000) were recognised as an expense in cost of sales.

20. TRADE RECEIVABLES

	Group	
	2021	2020
	$'000	$'000
Trade receivables	**5,968**	5,268

Trade receivables are non-interest bearing. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group	
	2021	2020
	$'000	$'000
Movement in allowance accounts:		
At 1 January	**446**	282
Charge for the year	**–**	167
Reversal	**(14)**	–
Write off	**(258)**	(3)
At 31 December	**174**	446

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21. OTHER RECEIVABLES

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Non-current:				
Refundable deposits	**1,639**	1,560	**850**	787
Loans to an associate (2020: a related party)	**1,164**	1,268	**–**	–
	2,803	2,828	**850**	787
Less: Allowance for impairment	**(1,164)**	–	**–**	–
Non-current, net of allowance	**1,639**	2,828	**850**	787
Current:				
Refundable deposits	**331**	199	**41**	49
Amounts due from associates	**23**	78	**23**	86
Grant receivable	**–**	316	**–**	67
Other receivables	**172**	896	**12**	14
	526	1,489	**76**	216
Total other receivables	**2,165**	4,317	**926**	1,003
Movement in allowance account:				
At 1 January	**–**	–	**–**	–
Charge for the year	**1,164**	–	**–**	–
At 31 December	**1,164**	–	**–**	–

Loans to an associate (2020: a related party) were unsecured, non-interest bearing and repayable on demand. These loans are not expected to be repaid within the next 12 months and have been classified as non-current accordingly. During the financial year, pursuant to an offsetting arrangement between a subsidiary and an associate, the Group offset the loan from an associate of $109,000 (Note 25) against the loans receivable from an associate. Following the offsetting arrangement, an impairment loss of $1,164,000 was recognised by the Group as the Group does not expect to recover the remaining loans in view of the cessation of the aesthetics business by the associate.

Amounts due from associates are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Other receivables denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
USD	**–**	1,268	**–**	–

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22. DUE FROM/(TO) RELATED COMPANIES

	Company	
	2021	2020
	$'000	$'000
Due from related companies:		
Due from subsidiaries	**15,645**	12,289
Due to related companies:		
Due to subsidiaries:		
– current	**(9,633)**	(7,764)
– non-current	**(3,468)**	(6,599)
	(13,101)	(14,363)

Other than amounts due to subsidiaries of $3,468,000 (2020: $6,599,000) which bear interest at 0.085% (2020: 0.050%) per annum, these balances are unsecured, non-interest bearing, repayable on demand and are to be settled in cash. Amounts due to subsidiaries of $3,468,000 (2020: $6,599,000) are classified as non-current since the amounts are not due within a year.

23. CASH AND BANK BALANCES

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Cash and bank balances	**26,618**	25,623	**2,521**	4,515

Other than $19,808,000 (2020: $15,901,000), cash at bank earns interest at floating rates based on daily bank deposit rates.

24. TRADE PAYABLES

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

25. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current:				
Goods and services tax payables, net	**1,227**	1,184	**90**	87
Medisave payable to patients	**170**	166	**–**	–
Accrued operating expenses	**9,406**	8,716	**583**	375
Loan from an associate (2020: a related party)	**–**	109	**–**	–
Amounts due to a related party	**188**	–	**188**	–
Sundry creditors	**1,617**	1,473	**68**	103
Deferred grant income	**–**	316	**–**	67
	12,608	11,964	**929**	632
Non-current:				
Provision for reinstatement (Note 26)	**408**	408	**212**	212
	408	408	**212**	212
Total other payables and accruals	**13,016**	12,372	**1,141**	844

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25. OTHER PAYABLES AND ACCRUALS (CONTINUED)

The loan from an associate (2020: a related party) was unsecured, non-interest bearing and repayable on demand. During the financial year, pursuant to an offsetting arrangement between a subsidiary and an associate, the loan from an associate $109,000 was offset against the loans receivable from associate (Note 21).

Amounts due to a related party are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

The remaining balances are unsecured, non-interest bearing and are normally settled on 30 to 90 days' terms.

26. PROVISION

A provision is recognised for costs expected to be incurred to reinstate office or clinic premises to its original state at the end of the lease term.

Movements in provision for reinstatement are as follows:

	Group		**Company**	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
At 1 January	**408**	379	**212**	212
Arising during the year	**–**	29	**–**	–
At 31 December	**408**	408	**212**	212

27. LEASES

As lessee

The Group has lease contracts for medical equipment, and office and clinic premises used in its operations. These leases generally have lease terms between 2 and 5 years. The Group's and Company's obligations under its leases for medical equipment are secured by the lessor's title to the leased assets. The outstanding amount of obligations under its leases for medical equipment is secured by way of a charge over the lease assets and corporate guarantee by the Company.

Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options, and variable lease payments, which are further discussed below.

The Group also has certain leases of clinic premises with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

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27. **LEASES** (CONTINUED)

As lessee (Continued)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Medical equipment $'000	**Office and clinic premises $'000**	**Total $'000**
Group			
At 1 January 2020	3,742	9,265	13,007
Additions	–	3,442	3,442
Depreciation charge for the year	(621)	(5,340)	(5,961)
Reclassification to property, plant and equipment (Note 13)	(586)	–	(586)
At 31 December 2020 and 1 January 2021	2,535	7,367	9,902
Additions	–	8,160	8,160
Depreciation charge for the year	(383)	(5,395)	(5,778)
Reclassification to property, plant and equipment (Note 13)	(1,941)	–	(1,941)
At 31 December 2021	**211**	**10,132**	**10,343**
Company			
At 1 January 2020	597	3,506	4,103
Additions	–	2,792	2,792
Depreciation charge for the year	(188)	(2,724)	(2,912)
At 31 December 2020 and 1 January 2021	409	3,574	3,983
Additions	–	5,006	5,006
Depreciation charge for the year	(63)	(2,819)	(2,882)
Reclassification to property, plant and equipment (Note 13)	(346)	–	(346)
At 31 December 2021	**–**	**5,761**	**5,761**

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group		**Company**	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
At 1 January	**8,477**	11,677	**3,736**	3,853
Additions	**8,160**	3,194	**5,006**	2,793
Accretion of interest	**319**	334	**205**	154
Rental relief	**(68)**	(1,548)	**(19)**	(4)
Payments	**(6,384)**	(5,180)	**(3,004)**	(3,060)
At 31 December	**10,504**	8,477	**5,924**	3,736
Current	**4,804**	5,134	**2,755**	2,103
Non-current	**5,700**	3,343	**3,169**	1,633
	10,504	8,477	**5,924**	3,736

The maturity analysis of lease liabilities are disclosed in Note 39(b).

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27. LEASES (CONTINUED)

As lessee (Continued)

The following are the amounts recognised in profit or loss:

	Group 2021 $'000	Group 2020 $'000
Depreciation of right-of-use assets	**5,778**	5,961
Interest expense on lease liabilities	**319**	334
Lease expenses not capitalised in lease liabilities:		
– Expenses relating to short-term leases (included in cost of sales)	**756**	789
– Expenses relating to leases of low-value assets (included in administrative expenses)	**148**	145
Total (Note 8)	**904**	934
Rental relief (included in cost of sales)	**(68)**	(1,548)
Rental support scheme (included in cost of sales)	**(977)**	–
Total amount recognised in profit or loss	**5,956**	5,681

Depreciation of right-of-use assets of $5,395,000 (2020: $5,340,000) and $383,000 (2020: $621,000) are included in the "Cost of sales" and "Administrative expenses" line items in profit or loss respectively.

The Group had total cash outflows for leases of $6,384,000 (2020: $5,180,000) in 2021. The Group also had non-cash additions to right-of-use assets of $8,160,000 (2020: $3,442,000) and lease liabilities of $8,160,000 (2020: $3,194,000) in 2021. The future cash outflows relating to leases that have not yet commenced are disclosed in Note 37.

The Group has a lease contract for clinic premise that contains variable payments based on a percentage of sales generated by the clinic. The terms are negotiated by management for a variety of reasons, including minimising the fixed costs base for newly established clinic. The variable lease payments are recognised in profit or loss when incurred and for the current financial year, no variable lease payments have been made (2020: $Nil) as the related clinic only commenced operations in December 2021.

The Group has several lease contracts for clinic premises that include extension and termination options, for which the related lease payments have not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. These options are negotiated by management to provide operational flexibility in terms of managing the assets used in the Group's operations.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Group Within five years $'000	Group More than 5 years $'000	Group Total $'000
2021			
Extension options not reasonably certain to be exercised	**5,054**	**679**	**5,733**
2020			
Extension options not reasonably certain to be exercised	4,771	1,444	6,215

28. LOANS AND BORROWINGS

Term loans	Effective interest rate	Maturity	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Current						
SGD Term loans:	2.00% to 3.05%	**2022**				
– secured			**1,494**	5,307	**817**	801
			1,494	5,307	**817**	801
Non-current						
SGD Term loans:	2.00%	**2025**				
– secured			**2,188**	3,649	**2,188**	3,006
			2,188	3,649	**2,188**	3,006
Total loans and borrowings			**3,682**	8,956	**3,005**	3,807

Loans and borrowings amounting to $677,000 (2020: $4,601,000) are secured by:

(i) a charge over the share capital of eight wholly-owned subsidiaries;

(ii) an assignment of the sale and purchase agreements and the Deed of Profit Guarantee in relation to the Astra Companies;

(iii) a first fixed charge over the consultancy agreements of certain doctors of the Group;

(iv) a fixed and floating charge on all assets of the Astra Companies; and

(v) corporate guarantee taken by two subsidiaries of the Group.

The remaining secured loan balances of $3,005,000 (2020: $4,355,000) comprise $3,005,000 (2020: $3,807,000) drawn down by the Company and $Nil (2020: $548,000) drawn down by three subsidiaries of the Group and are secured by corporate guarantees taken by two subsidiaries of the Group and the Company respectively.

A reconciliation of liabilities arising from financing activities is as follows:

	1.1.2021 $'000	Cash flows $'000	Non-cash changes: Acquisition $'000	Non-cash changes: Amortisation of loan costs and interest accrued $'000	Non-cash changes: Rental relief $'000	Non-cash changes: Other $'000	31.12.2021 $'000
Group							
Loans and borrowings:							
– current	**5,307**	**(5,279)**	**–**	**5**	**–**	**1,461**	**1,494**
– non-current	**3,649**	**–**	**–**	**–**	**–**	**(1,461)**	**2,188**
Lease liabilities:							
– current	**5,134**	**(6,065)**	**974**	**–**	**(68)**	**4,829**	**4,804**
– non-current	**3,343**	**–**	**7,186**	**–**	**–**	**(4,829)**	**5,700**
Total	**17,433**	**(11,344)**	**8,160**	**5**	**(68)**	**–**	**14,186**

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28. LOANS AND BORROWINGS (CONTINUED)

			Non-cash changes				
	1.1.2020 $'000	Cash flows $'000	Acquisition $'000	Amortisation of loan costs and interest accrued $'000	Rental relief $'000	Other $'000	31.12.2020 $'000
Group							
Convertible loan:							
– current	9,201	(10,000)	–	–	–	799	–
Loans and borrowings:							
– current	5,709	(6,075)	–	27	–	5,646	5,307
– non-current	5,295	4,000	–	–	–	(5,646)	3,649
Lease liabilities:							
– current	5,880	(4,846)	554	–	(1,548)	5,094	5,134
– non-current	5,797	–	2,640	–	–	(5,094)	3,343
Total	31,882	(16,921)	3,194	27	(1,548)	799	17,433

The "Other" column relates to reclassification of non-current portion of loans and borrowings including lease liabilities, due to passage of time, and reversal of the equity component of the convertible loan.

29. DEFERRED TAX

Deferred tax as at 31 December relates to the following:

	Group				Company	
	Consolidated Balance Sheet		Consolidated Income Statement		Balance Sheet	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Deferred tax assets:						
Unutilised tax losses	**132**	111	**21**	(24)	**–**	–
Excess of tax written down values over net book values of property, plant and equipment	**694**	616	**78**	–	**384**	286
Fair value adjustment on acquisition of subsidiary	**3**	3	**–**	–	**–**	–
	829	730	**99**	(24)	**384**	286
Deferred tax liabilities:						
Differences in depreciation for tax purposes	**528**	206	**(322)**	(31)	**–**	–
Fair value adjustment on acquisition of subsidiaries	**4**	53	**49**	–	**–**	–
	532	259	**(273)**	(31)	**–**	–
Deferred tax expense			**(174)**	(55)		

29. DEFERRED TAX (CONTINUED)

Unrecognised tax losses

At the balance sheet date, the Group has tax losses of approximately $4,347,000 (2020: $3,845,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authority and compliance with the relevant provisions of the tax legislation in Singapore. The tax losses have no expiry date.

30. SHARE CAPITAL

	Group and Company			
	2021		2020	
	No. of shares ’000	$’000	No. of shares ’000	$’000
Issued and fully paid ordinary shares:				
At 1 January	**483,021**	**119,838**	483,021	119,789
Issued for acquisition of subsidiary (Note a)	**3,398**	**1,091**	–	–
Share issuance expenses	**–**	**(23)**	–	–
Exercise of share options (Note b)	**195**	**55**	–	–
Reclassification from share option reserve for performance shares issued via transfer of treasury shares	**–**	**50**	–	49
Reclassification from share option reserve for share options exercised by employees	**–**	**17**	–	–
At 31 December	**486,614**	**121,028**	483,021	119,838

(a) On 13 September 2021, the Company issued a total of 3,398,203 ordinary shares to 2 individuals and a corporate entity, pursuant to the sale and purchase agreement between the Company, the 4 individuals and the corporate entity, as part of the consideration for the acquisition of the remaining 50% equity interest in SIV. Upon the completion of the acquisition, SIV became a wholly-owned subsidiary of the Company (Note 15).

(b) During the financial year, the Company issued 195,000 ordinary shares (2020: Nil) following the exercise of share options under the SMG Share Option Scheme.

All the above issued ordinary shares are fully paid. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and have no par value.

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31. TREASURY SHARES

	Group and Company			
	2021		2020	
	No. of shares '000	$'000	No. of shares '000	$'000
At 1 January	**411**	**89**	139	42
Acquired during the year	**–**	**–**	445	84
Re-issue of treasury shares pursuant to SMG Share Plan	**(178)**	**(39)**	(173)	(37)
At 31 December	**233**	**50**	411	89

Treasury shares relate to ordinary shares of the Company that is held by the Company.

During the financial year, the Company did not acquire any of its shares though purchases on Singapore Exchange Securities Trading Limited ("SGX-ST"). In 2020, the Company acquired 445,000 shares in the Company through purchases on SGX-ST. The total amount paid to acquire the shares was $84,000 and this was presented as a component within shareholders' equity.

During the financial year, the Company re-issued 178,231 (2020: 173,040) treasury shares pursuant to SMG Share Plan, which amounted to $39,000 (2020: $37,000).

32. SHARE OPTION RESERVE

Share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

33. FOREIGN CURRENCY TRANSLATION RESERVE

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

34. FAIR VALUE RESERVE

Fair value reserve represents the cumulative net change in the fair value of equity instrument designated at FVOCI.

During the financial year, with the re-designation of equity instrument designated at FVOCI to investment in associates after the acquisition of SIV (Note 18), fair value reserve of $142,000 (2020: $Nil) was reclassified to retained earnings.

35. DIVIDENDS

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Cash dividends on ordinary shares declared and paid:		
Final exempt (one-tier) dividend for year ended 2020: $0.004 (2019: $0.004) per share	**1,930**	1,930
Proposed dividends on ordinary shares:		
Final exempt (one-tier) dividend for year ended 2021: $0.009 (2020: $0.004) per share	**4,377**	1,930

Proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognised as a liability as at the balance sheet date.

36. SHARE-BASED PAYMENT ARRANGEMENT

At 31 December 2021, the Group has the following share-based payment arrangement:

SMG Share Option Scheme

Under the SMG Share Option Scheme ("SSOS"), share options are granted to selected employees of the Group (including Executive Directors who are Controlling Shareholders and their associates). The exercise price of the options is determined at the average of the closing prices of the Company's shares as quoted on the Singapore Exchange for five consecutive market days immediately preceding the date of the grant. The options vest over a period of three years from the date of grant. The contractual life of each option granted is five years.

There has been no cancellation or modification to the SSOS during the financial year.

Movement of share options during the financial year

The following table illustrates the number ("No.") and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

	2021		2020	
	No. of share options	**WAEP ($)**	**No. of share options**	**WAEP ($)**
Outstanding at 1 January	**10,440,000**	**0.426**	10,350,000	0.431
– Granted	**150,000**	**0.381**	285,000	0.255
– Exercised	**(195,000)**	**0.280**	–	–
– Forfeited	**(2,455,000)**	**0.307**	(195,000)	0.455
Outstanding at 31 December	**7,940,000**	**0.465**	10,440,000	0.426
Exercisable at 31 December	**6,055,000**	**0.477**	6,565,000	0.415

- The weighted average fair value of options granted during the financial year was $0.465 (2020: $0.426).
- The weighted average share price at the date of exercise of the options exercised during the financial year was $0.310 (2020: $Nil).
- The range of exercise prices for options outstanding at the end of the year was $0.255 to $0.544 (2020: $0.255 to $0.544). The weighted average remaining contractual life for these options is 1.62 (2020: 2.15) years.

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36. SHARE-BASED PAYMENT ARRANGEMENT (CONTINUED)

SMG Share Option Scheme (Continued)

Fair value of share options granted

The fair value of the share options granted under the SSOS is estimated at the grant date using the Trinomial Option Pricing Model ("TOPM"), taking into account the terms and conditions upon which the share options were granted.

The following table lists the inputs to the option pricing models for the years ended 31 December 2021 and 2020:

	2021	2020
Dividend yield	**1.57%**	1.57%
Expected volatility (weighted-average)	**26.4%**	26.4%
Risk free interest rate (weighted-average)	**1.93%**	1.93%
Expected life of options (weighted-average)	**3.67 years**	3.67 years
Weighted average share price	**$0.255**	$0.255

The expected life of the share options is estimated by management in the absence of historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

SMG Share Plan

Under the SMG Share Plan ("SSP"), share awards are granted to selected employees of the Group (including Executive Directors who are Controlling Shareholders and their associates). The share awards will vest in two equal tranches on the second and third anniversary from the date of grant when the Performance Targets are achieved, subjected to approval by the Remuneration Committee. There is no vesting period beyond the performance periods.

Additional 10,231 (2020: 5,040) performance shares were granted during the financial year upon meeting pre-determined performance targets and the market price of the Company's share on the date of grant was $0.500. There has been no cancellation or modification to the share awards during the years ended 31 December 2021 and 2020.

Movement of performance shares during the year

The following table illustrates the movements and number of performance shares during the financial year:

	2021	2020
No. of performance shares		
Outstanding at 1 January	**168,000**	336,000
– Adjusted	**10,231**	5,040
– Vested	**(178,231)**	(173,040)
Outstanding at 31 December	**–**	168,000

37. COMMITMENTS

At 31 December 2021, the Group had commitments of $287,000 (2020: $2,561,000) comprising $241,000 (2020: $2,095,000) and $46,000 (2020: $466,000), relating to purchase of medical equipment and software development respectively.

The Group and the Company has various lease contracts that have not yet commenced as at the balance sheet date. The future lease payments for these non-cancellable lease contracts are as follows:

	Group		**Company**	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Within 1 year	**196**	679	**171**	679
Later than 1 year but not later than 5 years	**642**	3,748	**205**	3,748
	838	4,427	**376**	4,427

38. SEGMENT INFORMATION

For management purposes, the Group is organised into business segments based on their products and services, and has three reportable segments as follows:

I. The Health Business comprises: (a) Obstetrical and gynaecological services caters to the wellness of women for every momentous stage of life; (b) Oncology services including the prevention, diagnosis and treatment of cancer, cancer screening and cancer genetic and risk assessment; (c) Paediatrics services; (d) General medicine and health screening services; (e) Cardiology services; and (f) Endocrinology services.

II. The Diagnostic & Aesthetics Business comprises: (a) Radiology and diagnostic imaging services; (b) Refractive surgery services; (c) Dental services including general dental services, prosthodontics, orthodontics, implant dentistry, oral surgery and gum treatment; and (d) Aesthetics medicine services which offer an extensive range of evidence-based healthcare services related to the improvement of physical appearances. These services include facial aesthetics, body aesthetics, facial and breast fillers, IPL, lasers, Botox, microdermabrasion minimally invasive Silhouette threadlift, VASER-assisted LipoSelection and Plastic surgery.

III. The Others segment comprises group-level corporate services as well as business consultancy functions and telemedicine services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated by the chief operating decision makers ("CODM"), Chief Executive Officer, solely based on gross profit or loss. Certain expenses, other income and income taxes are managed on a group basis and are not allocated to operating segments.

Based on the management reporting to the CODM, the segment assets and liabilities are not regularly provided for their review of the financial performance. Therefore, the segment assets and liabilities amounts are not disclosed in the segment information.

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38. SEGMENT INFORMATION (CONTINUED)

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. Inter-segment revenues are eliminated on consolidation.

	Health $'000	Diagnostic and Aesthetics $'000	Others $'000	Adjustments and eliminations $'000	Total $'000
2021					
Revenue:					
External customers	62,122	38,432	286	–	100,840
Inter-segment	26	1,425	553	(2,004)	–
Total revenue	62,148	39,857	839	(2,004)	100,840
Segment results:					
Segment gross profit[1]	24,265	19,621	687	(313)	44,260
Depreciation of property, plant and equipment	(914)	(1,726)	(497)	–	(3,137)
Depreciation of right-of-use assets	–	(320)	(63)	–	(383)
Amortisation of intangible assets	(17)	(109)	(327)	–	(453)
Gain on disposal of property, plant and equipment	3	19	–	–	22
Share-based compensation expense	–	–	(233)	–	(233)
Gain on remeasuring previously held equity in joint venture entity to fair value on business combination	–	–	2,664	–	2,664
Reversal of provision for expected credit loss on trade receivables	14	–	–	–	14
Bad debt written off	(11)	(1)	–	–	(12)
Impairment loss on loans to an associate	–	(1,164)	–	–	(1,164)
Finance income	–	–	30	–	30
Interest expenses	(111)	(90)	(277)	–	(478)
Amortisation of loan costs	(15)	–	–	–	(15)
Share of results of joint ventures and associates	235	663	–	–	898
Unallocated expenses					(23,943)
Profit before tax					18,070

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38. SEGMENT INFORMATION (CONTINUED)

	Health $'000	Diagnostic and Aesthetics $'000	Others $'000	Adjustments and eliminations $'000	Total $'000
2020					
Revenue:					
External customers	57,379	29,603	358	–	87,340
Inter-segment	1	1,119	540	(1,660)	–
Total revenue	57,380	30,722	898	(1,660)	87,340
Segment results:					
Segment gross profit[1]	23,410	14,408	562	(340)	38,040
Depreciation of property, plant and equipment	(862)	(1,705)	(431)	–	(2,998)
Depreciation of right-of-use assets	–	(432)	(189)	–	(621)
Amortisation of intangible assets	(15)	(113)	(237)	–	(365)
(Loss)/gain on disposal of property, plant and equipment	–	(13)	30	–	17
Share-based compensation expense	–	–	(345)	–	(345)
Provision for expected credit loss on trade receivables	(60)	(107)	–	–	(167)
Impairment of goodwill	(3,000)	–	–	–	(3,000)
Bad debt written off	(7)	(4)	–	–	(11)
Lease receivable written off	–	(18)	–	–	(18)
Finance income	9	7	59	–	75
Interest expenses	(320)	(127)	(492)	–	(939)
Amortisation of loan costs	(43)	–	–	–	(43)
Accretion of interest on deferred purchase consideration	(14)	–	–	–	(14)
Share of results of joint ventures and associates	322	131	–	–	453
Unallocated expenses					(19,536)
Profit before tax					10,528

1 Included in segment gross profit is depreciation of right-of-use assets of $5,395,000 (2020: $5,340,000) of which $1,148,000 (2020: $1,219,000), $1,423,000 (2019: $1,395,000) and $2,824,000 (2019: $2,726,000) are allocated to Health Business, Diagnostic and Aesthetics Business and Others segment respectively.

Geographical information

The Group mainly derives its revenue from Singapore, except for its share of results from joint ventures and associates located in foreign jurisdictions of $1,150,000 (2020: $17,000) profits and $237,000 (2020: $436,000) losses respectively.

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38. SEGMENT INFORMATION (CONTINUED)

Geographical information (Continued)

The share of results from joint ventures and associates based on geographical location are as follows:

	Group	
	2021	2020
	$'000	$'000
Share of (losses)/profits from joint ventures		
Singapore	**(33)**	–
Indonesia	**663**	131
Vietnam	**(237)**	(114)
Total net share of profits from joint ventures	**393**	17
Share of profits/(losses) from associates		
Singapore	**18**	(10)
Vietnam	**212**	–
Australia	**275**	446
Total net share of profits from associates	**505**	436
Total net share of profits from joint ventures and associates	**898**	453

39. FINANCIAL INSTRUMENTS RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group's principal financial instruments comprise lease liabilities, bank loans and borrowings, and cash and bank balances. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from their operations.

The key financial risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks during the years ended 31 December 2021 and 2020.

It is, and has been throughout the years under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their floating rate cash at bank balances, as well as interest rate changes relating to the Group's interest-bearing loans and borrowings for the financial years ended 31 December 2021 and 2020. The Group's policy is to obtain the most favourable interest rates available and place surplus funds with reputable banks.

Information relating to the Group's interest rate exposure is also disclosed in Note 28 on the Group's loans and borrowings.

39. FINANCIAL INSTRUMENTS RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

(a) *Interest rate risk* (Continued)

Sensitivity analysis for interest rate risk

At the balance sheet date, if SGD interest rates had been 100 (2020: 100) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $800 (2020: $3,000) higher/lower, arising mainly as a result of lower/higher interest income on floating rate cash at bank balances and lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

(b) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds.

As part of its overall liquidity management, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	Note	One year or less $'000	One to five years $'000	Total $'000
Group				
2021				
Financial liabilities				
Trade payables	24	**2,075**	**–**	**2,075**
Other payables and accruals*	25	**11,381**	**–**	**11,381**
Lease liabilities		**5,158**	**5,790**	**10,948**
Loans and borrowings and related interest expense		**1,555**	**2,247**	**3,802**
Total undiscounted financial liabilities		**20,169**	**8,037**	**28,206**
2020				
Financial liabilities				
Trade payables	24	1,886	–	1,886
Other payables and accruals*	25	10,464	–	10,464
Lease liabilities		5,311	3,397	8,708
Loans and borrowings and related interest expense		5,507	3,792	9,299
Total undiscounted financial liabilities		23,168	7,189	30,357

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39. FINANCIAL INSTRUMENTS RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

(b) *Liquidity risk* (Continued)

	Note	One year or less $'000	One to five years $'000	Total $'000
Company				
2021				
Financial liabilities				
Trade payables	24	**2**	**–**	**2**
Other payables and accruals*	25	**839**	**–**	**839**
Due to related companies		**9,633**	**3,471**	**13,104**
Lease liabilities		**2,930**	**3,255**	**6,185**
Loans and borrowings and related interest expense		**870**	**2,247**	**3,117**
Total undiscounted financial liabilities		**14,274**	**8,973**	**23,247**
2020				
Financial liabilities				
Trade payables	24	2	–	2
Other payables and accruals*	25	478	–	478
Due to related companies		7,764	6,606	14,370
Lease liabilities		2,198	1,666	3,864
Loans and borrowings and related interest expense		870	3,116	3,986
Total undiscounted financial liabilities		11,312	11,388	22,700

* Other payables and accruals exclude "Goods and services tax payables", "Provision for reinstatement" and "Deferred grant income".

(c) *Credit risk*

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. It is the Group's policy that all customers who wish to obtain services on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and Company's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event of a financial asset to be when the counterparty fails to make contractual payments, within 180 days when they fall due, which are derived based on the Group's historical information.

39. FINANCIAL INSTRUMENTS RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

(c) *Credit risk* (Continued)

To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

– External credit rating

– Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations

– Actual or expected significant changes in the operating results of the borrower

– Significant increases in credit risk on other financial instruments of the same borrower

– Significant changes in the expected performance and behaviour of the borrower including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

– There is a significant difficulty of the issuer or the borrower

– A breach of contract, such as a default or past event

– It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation

– There is a disappearance of an active market for that financial asset because of financial difficulty.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 180 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. When loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

Loans at amortised cost

The Group's current credit risk grading framework comprises three categories for loans, which reflect their credit risk and how loss provision is determined for each of those categories. The credit risk ratings are determined through incorporating both qualitative and quantitative information.

The Group computes expected credit loss for the above-mentioned group of financial assets using the probability of default approach. In calculating the expected credit loss rates, the Group considers implied probability of default from external rating agencies where available and historical loss rates for each category of counterparty, and adjusts for forward looking macroeconomic data such as GDP growth.

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39. FINANCIAL INSTRUMENTS RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

(c) *Credit risk* (Continued)

Loans at amortised cost (Continued)

A summary of the Group's credit risk grading framework in the computation of the Group's expected credit loss model for loans at amortised cost is as follows:

Category	Definition of category	Basis for recognising ECL	Basis for calculating interest revenue
I	Counterparty has a low risk of default and does not have any past due amounts.	12-month ECL	Gross carrying amount
II	Loans for which there is an increase in credit risk; an increase in credit risk is presumed if interest and/or principal repayments are 30 days past due.	Lifetime ECL	Gross carrying amount
III	Interest and/or principal repayments are 180 days past due.	Lifetime ECL	Amortised cost of carrying amount (net of credit allowance)

There are no significant changes to the estimation techniques or assumptions made during the reporting period.

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that other than loans to an associate, there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

For loans to an associate, there is a significant increase in the credit risk and the Group had recognised an impairment loss allowance measured using 12-month ECL. Information regarding the loss allowance provision for loans at amortised cost are disclosed in Note 21.

The gross carrying amount of loans at amortised cost based on 12-month ECL of the Group and the Company, without taking into account of any collaterals held or other credit enhancements, which represents the maximum exposure to loss is $2,165,000 and $16,571,000 (2020: $4,317,000 and $13,292,000) respectively as at 31 December 2021.

The gross carrying amounts of trade receivables of the Group are disclosed in Note 20.

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance with days past due. The loss allowance provision as at the balance sheet date is determined below whereby, the expected credit losses have also incorporated forward looking information such as forecast of economic conditions.

39. FINANCIAL INSTRUMENTS RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

(c) *Credit risk* (Continued)

Trade receivables (Continued)

Summarised below is the information about the credit risk exposure on the Group's trade receivables using provision matrix:

	Less than 30 days past due $'000	More than 30 days past due $'000	More than 60 days past due $'000	More than 90 days past due $'000	Total $'000
2021					
Gross carrying amount	**2,650**	**1,370**	**607**	**1,515**	**6,142**
Loss allowance provision	**–**	**–**	**–**	**(174)**	**(174)**
Net carrying amount	**2,650**	**1,370**	**607**	**1,341**	**5,968**
2020					
Gross carrying amount	2,277	1,192	597	1,648	5,714
Loss allowance provision	–	–	–	(446)	(446)
Net carrying amount	2,277	1,192	597	1,202	5,268

Information regarding the expected loss allowance movement of trade receivables are disclosed in Note 20.

During the financial year, the Group wrote off $12,000 (2020: $11,000) of trade receivables, which are more than 180 days past due as the Group does not expect to receive future cash flows from and there are no recoveries from collection of cash flows previously written off.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

The Group assessed the concentration of the credit risk and concluded it to be low.

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the balance sheet.

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39. FINANCIAL INSTRUMENTS RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

(d) *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign currency risk arises primarily from loans to an associate (2020: a related party) that is denominated in USD, which differs from the functional currency of the Company.

The Group does not hedge its exposure to movement in foreign currency. The Group ensures that the net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates, where necessary, to address any short-term imbalances.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD exchange rate against the functional currency of the Company, with all other variables held constant.

	Group	
	2021 $'000 Profit before tax	**2020 $'000 Profit before tax**
USD/SGD – strengthened 5% (2020: 5%)	–	+57
– weakened 5% (2020: 5%)	–	-57

The loans to an associate were fully impaired as at 31 December 2021. Accordingly, there is no material foreign currency risk to the Group.

40. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

(a) *Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,

- Level 2: Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

- Level 3: Unobservable inputs for the asset and liability.

40. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) *Assets measured at fair value*

Financial assets measured at fair value	Note	Fair value measurements at the end of the reporting year using significant unobservable inputs (Level 3) 2021 $'000	2020 $'000
Group and Company			
Equity instruments at FVOCI			
Non-listed equity investment	18	–	3,041

There has been no transfer between Level 1, Level 2 and Level 3 of the fair value hierarchy during the financial years ended 31 December 2021 and 2020.

(c) *Level 3 fair value measurements*

Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value at year end $'000	Valuation technique	Unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Group and Company					
2020					
Non-listed equity investment	3,041	Discount cash flow ("DCF") method	Terminal growth rate for cash flows for subsequent years	4%	0.2% increase (decrease) in growth rate would result in an increase (decrease) in fair value by $7,000
			Weighted average cost of capital ("WACC")	11% to 13% (12%)	0.1% increase (decrease) in WACC would result in a decrease (increase) in fair value by $42,000

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40. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) ***Level 3 fair value measurements*** (Continued)

Non-listed equity investment

In 2020, the fair value of the non-listed equity investment has been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for the non-listed equity investment.

Reconciliation of fair value measurement of non-listed equity investment classified as equity instruments designated at FVOCI:

	Other investment	
	2021	**2020**
	$'000	**$'000**
At 1 January	**3,041**	1,285
Additions (Note 18)	**–**	403
Remeasurement recognised in other comprehensive income	**(1,211)**	1,353
Re-designation to investment in associates	**(1,830)**	–
At 31 December	**–**	3,041

(d) ***Valuation policies and procedures***

The Board of Directors oversees the Group's financial reporting valuation process and management is responsible for setting and documenting the Group's valuation policies and procedures.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

The Group documents and reports its analysis and results of the valuations to the Board of Directors, who will perform a high-level review of the valuation process and results and recommend if any revisions need to be made before approval.

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40. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and bank balances (Note 23), current trade and other receivables (Note 20 and 21), current amounts due from/(to) related companies (Note 22), trade payables (Note 24), current other payables and accruals (Note 25), lease liabilities (Note 27), and loans and borrowings (Note 28)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

Determination of fair value

Other receivables (non-current) (Note 21) and amounts due to related companies (non-current) (Note 22)

The fair values are estimated by comparing to similar types of lending and borrowing at market incremental lending rate as at the balance sheet date. As the financial instruments mature within 2 to 3 years and market interest rates as at year end are low, the carrying amounts of these financial assets and liabilities are not materially different from their fair values as at the balance sheet date.

(f) Classification of financial instruments

Set out below is a comparison by category of carrying amounts of all the Group's and Company's financial instruments that are carried in the financial statements:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Debt instruments at amortised cost				
Trade receivables	**5,968**	5,268	**–**	–
Other receivables	**2,165**	4,317	**926**	1,003
Due from related companies	**–**	–	**15,645**	12,289
Cash and bank balances	**26,618**	25,623	**2,521**	4,515
	34,751	35,208	**19,092**	17,807
Financial liabilities				
Financial liabilities at amortised cost				
Trade payables	**2,075**	1,886	**2**	2
Other payables and accruals*	**11,381**	10,464	**839**	478
Due to related companies	**–**	–	**13,101**	14,363
Lease liabilities	**10,504**	8,477	**5,924**	3,736
Loans and borrowings	**3,682**	8,956	**3,005**	3,807
	27,642	29,783	**22,871**	22,386

* Other payables and accruals exclude "Goods and services tax payables", "Provision for reinstatement" and "Deferred grant income".

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41. CAPITAL MANAGEMENT

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 2020.

The Group monitors capital using a gearing ratio, which is total borrowings divided by total capital. The Group includes within borrowings, lease liabilities, and loans and borrowings. Capital consists of equity attributable to the equity holders of the Company.

	Group	
	2021	**2020**
	$'000	**$'000**
Lease liabilities (Note 27)	**10,504**	8,477
Loans and borrowings (Note 28)	**3,682**	8,956
Total borrowings	**14,186**	17,433
Equity attributable to shareholders of the Company	**167,949**	154,084
Total capital	**167,949**	154,084
Gearing ratio	**8%**	11%

42. EVENTS OCCURRING AFTER THE REPORTING DATE

On 10 February 2022, the Company subscribed to an additional 300,000 new ordinary shares of Aurum SMG Pte. Ltd. ("ASPL"), a joint venture entity, for a total cash consideration of $300,000. Upon completion of the share subscription, the Company's interest in ASPL remains unchanged at 50%.

43. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 31 March 2022.

SHAREHOLDERS' INFORMATION

AS AT 31 MARCH 2022

Number of shares (excluding treasure shares)	:	486,382,109
Number of treasury shares	:	232,729 (0.05%)
Number of subsidiary holdings	:	Nil
Issued and fully paid-up capital	:	S$101,979,219.02
Class of shares	:	Ordinary share fully paid
Voting rights	:	One vote per ordinary share

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 31 March 2022 are as follows:–

	Direct Interest	%	Deemed Interest	%
Dr Beng Teck Liang	33,626,329	6.91	–	–
Tony Tan Choon Keat(1)	35,708,073	7.34	600,000	0.12
Silver Mines Global Limited(2)	26,949,348	5.54	–	–
Red Ancient Global Ltd(2)	377,000	0.08	26,949,348	5.54
Dr Ho Choon Hou(2)	–	–	27,326,348	5.62
CHA Healthcare Singapore Pte. Ltd.(3)	116,000,000	23.85	–	–
CHA Healthcare Co., Ltd.(3)	–	–	116,000,000	23.85
CHA Biotech Co., Ltd.(3)	–	–	116,000,000	23.85

Notes:

(1) Mr Tony Tan Choon Keat is deemed interested in the 600,000 shares held by his immediate family.

(2) Silver Mines Global Limited ("Silver Mines") is a wholly-owned subsidiary of Red Ancient Global Ltd ("Red Ancient") and Red Ancient is wholly-owned by Dr Ho Choon Hou ("HCH"). Accordingly, Red Ancient is deemed to have an interest in the 26,949,348 shares held by Silver Mines and HCH is deemed to have an interest in the 26,949,348 shares and 377,000 shares held by Silver Mines and Red Ancient respectively by virtue of Section 7(4A) of the Companies Act 1967 (the "Act").

(3) CHA Healthcare Singapore Pte. Ltd. ("CHAS") is a wholly-owned subsidiary of CHA Healthcare Co., Ltd. ("CHAH") and CHAH is majority owned by CHA Biotech Co., Ltd. ("CHAB"). Accordingly, CHAH and CHAB are deemed to have an interest in the 116,000,000 shares directly held by CHAS by virtue of Section 7(4A) of the Act.

FREE FLOAT

On the basis of information available to the Company as at 31 March 2022, approximately 53.60% of the issued ordinary shares of the Company was held in the hands of the public.

Accordingly, the Company has complied with Rule 723 of the Rules of the Catalist.

SHAREHOLDERS' INFORMATION

AS AT 31 MARCH 2022

TWENTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2022

No.	Name	No. of Shares Held	% of Shares
1	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	119,079,162	24.48
2	RAFFLES NOMINEES (PTE) LIMITED	86,715,490	17.83
3	DBS NOMINEES PTE LTD	41,291,698	8.49
4	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	21,818,000	4.49
5	PHILLIP SECURITIES PTE LTD	21,796,255	4.48
6	CITIBANK NOMINEES SINGAPORE PTE LTD	18,884,920	3.88
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	11,400,600	2.34
8	WONG SENG WENG	10,868,853	2.23
9	CHENG YONG LIANG	9,152,121	1.88
10	MAYBANK SECURITIES PTE. LTD.	7,008,315	1.44
11	HSBC (SINGAPORE) NOMINEES PTE LTD	5,358,800	1.10
12	LOW CHAI LING (LIU JIALIN)	5,190,312	1.07
13	IFAST FINANCIAL PTE LTD	3,995,225	0.82
14	LOW HWEE THENG	3,700,000	0.76
15	UOB KAY HIAN PTE LTD	3,096,074	0.64
16	ASDEW ACQUISITIONS PTE LTD	3,050,000	0.63
17	YEO TECK KIM	2,450,000	0.50
18	OCBC SECURITIES PRIVATE LTD	2,369,200	0.49
19	DBSN SERVICES PTE LTD	2,180,100	0.45
20	ALICIA KANG YEE SAN	2,000,000	0.41
	TOTAL	**381,405,125**	**78.41**

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 31 MARCH 2022

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	15	0.58	482	0.00
100 – 1,000	153	5.89	90,103	0.02
1,001 – 10,000	936	36.01	6,416,100	1.32
10,001 – 1,000,000	1,466	56.41	85,560,984	17.59
1,000,001 AND ABOVE	29	1.11	394,314,440	81.07
TOTAL	**2,599**	**100.00**	**486,382,109**	**100.00**

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Singapore Medical Group Limited (the "Company") will be convened and held by way of electronic means on Thursday, 28 April 2022 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Auditors' Report thereon.

   (Resolution 1)

2. To declare a final tax exempt (one-tier) dividend of 0.65 Singapore cents per ordinary share and special tax exempt (one-tier) dividend of 0.25 Singapore cents per ordinary share for the financial year ended 31 December 2021.

   (Resolution 2)

3. To re-elect Mr Tony Tan Choon Keat, who is retiring pursuant to Article 94 of the Company's Articles of Constitution, as Director of the Company.

   (Resolution 3)

   [See Explanatory Note (i)]

4. To re-elect Dr Beng Teck Liang, who is retiring pursuant to Article 94 of the Company's Articles of Constitution, as Director of the Company.

   (Resolution 4)

   [See Explanatory Note (ii)]

5. To approve the payment of Directors' fees of S$145,000 for the financial year ended 31 December 2021 [31 December 2020: S$145,000].

   (Resolution 5)

6. To re-appoint Messrs Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.

   (Resolution 6)

7. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

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

8. **GENERAL AUTHORITY TO ALLOT AND ISSUE SHARES IN THE CAPITAL OF THE COMPANY (THE "SHARE ISSUE MANDATE")**

   "That, pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Companies Act**") and Rule 806(2) of the Rules of Catalist, authority be and is hereby given to the Directors of the Company to:–

   (a) (i) allot and issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities or other instruments convertible into shares;

NOTICE OF **ANNUAL GENERAL MEETING**

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors shall in their absolute discretion deem fit, and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force.

provided always that:–

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed one hundred percent (100%) of the total issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below) or such other limit as may be prescribed by the Rules of Catalist as at the date this Resolution is passed, of which the aggregate number of shares to be issued other than on a pro-rata basis to the then existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty percent (50%) of the total issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below) or such other limit as may be prescribed by the Rules of Catalist as at the date this Resolution is passed.

(ii) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of the total issued shares (excluding treasury shares) shall be based on the total issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

  (a) new shares arising from the conversion or exercise of any convertible securities outstanding and/or subsisting at the time this authority is given;

  (b) new shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and

  (c) any subsequent bonus issue, consolidation or sub-division of shares.

(iii) in exercising the authority conferred by this Resolution, the Directors of the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, and otherwise, and the Articles of Constitution for the time being of the Company; and

(iv) (unless revoked or varied by the Company in general meeting), such authority conferred by this Resolution shall continue in full force until the conclusion of the next AGM of the Company or the date by which the next AGM is required by law to be held, whichever is earlier."

(Resolution 7)

[See Explanatory Note (iii)]

NOTICE OF **ANNUAL GENERAL MEETING**

9. **AUTHORITY TO GRANT OPTIONS AND ISSUE SHARES UNDER THE SMG SHARE OPTION SCHEME**

"That, pursuant to Section 161 of the Companies Act, the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the SMG Share Option Scheme (the "**Option Scheme**") and to allot and issue such shares as may be required to be issued pursuant to the exercise of the options granted under the Option Scheme, provided always that the aggregate number of new ordinary shares to be allotted and issued pursuant to the Option Scheme, (including the aggregate number of shares issued or issuable pursuant to the Option Scheme and any other scheme or plan for the time being of the Company), shall not exceed fifteen percent (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in general meeting, shall continue in full force until the conclusion of the next AGM of the Company or the date by which the next AGM is required by law to be held, whichever is earlier."

(Resolution 8)

[See Explanatory Note (iv)]

10. **AUTHORITY TO GRANT AWARDS AND ISSUE SHARES UNDER THE SMG SHARE PLAN**

"That, pursuant to Section 161 of the Companies Act, the Directors of the Company be and are hereby authorised to offer and grant awards in accordance with the SMG Share Plan (the "**Share Plan**") and to allot and issue such shares as may be required to be issued upon the release of awards under the Share Plan, provided always that the aggregate number of new ordinary shares to be allotted and issued pursuant to the Share Plan (including the aggregate number of shares issued or issuable pursuant to the Share Plan and any other scheme or plan for the time being of the Company), shall not exceed fifteen percent (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in general meeting, shall continue in full force until the conclusion of the next AGM of the Company or the date by which the next AGM is required by law to be held, whichever is earlier."

(Resolution 9)

[See Explanatory Note (v)]

11. **THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE**

THAT:–

(a) for the purposes of the Listing Manual of the SGX-ST and Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire fully paid issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchase(s) transacted through the SGX-ST's trading system through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

NOTICE OF **ANNUAL GENERAL MEETING**

(b) the authority conferred on the Directors of the Company pursuant to the proposed renewal of the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the conclusion of the next AGM or the date by which such AGM is required by law to be held;

(ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked by ordinary resolution of the Company in general meeting;

(c) in this Resolution:

"**Maximum Percentage**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares and subsidiary holdings as at that date); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a market purchase of a Share, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an off-market purchase of a Share, 120% of the Average Closing Price of the Shares;

where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five market days on which transactions in the Shares on the SGX-ST were recorded immediately preceding the date of the on-market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period; and

"**date of the making of the offer**" means the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares stating therein the relevant terms of the equal access scheme for effecting the off-market purchase;

(d) the Directors of the Company be and are hereby authorised to deal with the Shares purchased by the Company, pursuant to the Share Buy-Back Mandate, in any manner as they think fit which is allowable under the Companies Act; and

(e) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

(Resolution 10)

[See Explanatory Note (vi)]

On Behalf of the Board
Tony Tan Choon Keat
Non-Executive Chairman

Singapore, 11 April 2022

NOTICE OF **ANNUAL GENERAL MEETING**

Explanatory Notes:

(i) The Ordinary Resolution 3 is to re-elect Mr Tony Tan Choon Keat who will be retiring pursuant to Article 94 of the Company's Articles of Constitution and if re-elected, he will continue in office as Non-Executive Chairman of the Company and remain as a Member of the Audit Committee, Nominating Committee and Remuneration Committee. The Board of Directors has considered him to be not independent for the purposes of Rule 704(7) of the Catalist Rules. Key information on Mr Tony Tan Choon Keat is found on page 6 of the Annual Report.

(ii) The Ordinary Resolution 4 is to re-elect Dr Beng Teck Liang who will be retiring pursuant to Article 94 of the Company's Article of Constitution and if re-elected, he will continue in office as Executive Director and Chief Executive Officer of the Company. Key information on Dr Beng Teck Liang is found on page 6 of the Annual Report.

(iii) The Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors of the Company from the date of the above AGM until the date of the next AGM, to allot and issue shares and/or Instruments (as defined above) in the capital of the Company. The aggregate number of shares and/or convertible securities which the Directors may allot and issue under this Resolution, shall not exceed one hundred percent (100%) of the total issued shares (excluding treasury shares) in the capital of the Company, of which the aggregate number of shares and/or convertible securities other than on a pro-rata basis to all shareholders of the Company, shall not exceed fifty percent (50%) of the total issued shares (excluding treasury shares) in the capital of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors of the Company are empowered to issue shares pursuant to any convertible securities issued under this authority.

(iv) The Ordinary Resolution 8 proposed in item 9 above, if passed, will empower the Directors of the Company, from the date of the above AGM until the date of the next AGM, to grant options and to allot and issue shares pursuant to the exercise of the options under the Option Scheme, (including options granted under the Option Scheme and any other scheme or plan for the time being of the Company) of up to a number not exceeding in total fifteen percent (15%) of the total issued shares (excluding treasury shares) in the capital of the Company from time to time.

(v) The Ordinary Resolution 9 proposed in item 10 above, if passed, will empower the Directors of the Company, from the date of the above AGM until the date of the next AGM, to grant awards and to allot and issue shares upon the release of awards under the Share Plan, (including award granted under the Share Plan and any other scheme or plan for the time being of the Company) of up to a number not exceeding in total fifteen percent (15%) of the total issued shares (excluding treasury shares) in the capital of the Company from time to time.

(vi) The Ordinary Resolution 10 proposed in item 11 above, if passed, will empower the Directors of the Company from the date of the above AGM until the date of the next AGM, to exercise all powers of the Company to purchase or otherwise acquire (whether by way of on-market purchases or off-market purchases) the Shares on the terms of the Share Buy-Back Mandate, as set out in the Appendix to Shareholders dated 11 April 2022. Please refer to the aforementioned Appendix to Shareholders for further details.

The Company may use internal sources of funds and/or external borrowings to finance the Company's purchases and acquisitions of its Shares pursuant to the Share Buy-Back Mandate. The Directors of the Company do not propose to exercise the Share Buy-Back Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Company or the Group would be materially adversely affected.

The amount of financing required for the Company to purchase its Shares pursuant to the Share Buy-Back Mandate and the impact on the Company's financial position, cannot be realistically ascertained as at the date of this Notice as this will depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant times and the amount (if any) borrowed by the Company to fund the purchases, whether the purchase or acquisition is made out of profits or capital, and whether the Shares purchased are held in treasury or cancelled.

Illustrative financial effects of the Share Buy-Back are set out in the aforementioned Appendix to Shareholders.

NOTICE OF RECORD DATE AND FINAL DIVIDEND PAYMENT DATE

Notice is hereby given that, subject to the approval of shareholders for the final dividend and special dividend at the AGM to be convened and held on 28 April 2022, the Register of Members and Share Transfer Books of the Company will be closed at 5.00 pm on 5 May 2022. Duly completed Registrable Transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 up to 5.00 pm on 5 May 2022 (the "**Entitlement Date**") will be registered to determine shareholders' entitlements to the final dividend and special dividend. Subject as aforesaid, shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares of the Company as at 5.00 pm on the Entitlement Date will be entitled to the final dividend and special dividend.

The final dividend and special dividend, if so approved by shareholders, will be paid on 13 May 2022.

Important Notes:

1. Pre-Registration

The AGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on SGXNet and the Company's website at http://www.smg.sg/investors-relations/.

A member will be able to participate at the AGM by watching the AGM proceedings via a "live" audio-visual webcast via mobile phones, tablets or computers. In order to do so, a member must pre-register by 12.00 p.m. on 25 April 2022, at https://conveneagm.sg/smg2022 for the Company to authenticate his/her/its status as member of the Company. Authenticated members will receive email instructions on how to access the "live" audio-visual webcast of the proceedings of the AGM by 12.00 p.m. on 26 April 2022. Members who do not receive an email by 12.00 p.m. on 26 April 2022, but have registered by the 25 April 2022 deadline, may contact the Company at AGM2022@smg.sg.

Investors who hold shares through depository agents (as defined in Section 81SF of the Securities and Futures Act 2001) and wish to watch the "live" audio-visual webcast of the AGM should approach their respective depository agents to pre-register by 5.00 p.m. on 19 April 2022 in order to allow sufficient time for their respective depository agents to in turn pre-register their interest with the Company.

NOTICE OF **ANNUAL GENERAL MEETING**

2. Submission of Questions

Members will not be able to ask questions during the "live" audio-visual webcast of the AGM. A member who pre-registers to watch the "live" audio-visual webcast may also submit questions related to the AGM. To do so, all questions must be submitted by 12.00 pm on 18 April 2021 by email to AGM2022@smg.sg or via the webcast pre-registration website.

The Company will address all substantial and relevant questions received from members prior to the AGM by publishing the responses to those questions on SGX website and on the Company's website at http://www.smg.sg/investors-relations/.

3. Submission of Proxy Forms

A member will not be able to vote through the "live" audio-visual webcast and voting is only through submission of proxy forms. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. The proxy form for the AGM can be accessed at the Company's website at http://www.smg.sg/investors-relations/, and is made available with this Notice of AGM on SGXNet on the same day.

Investors who hold their shares through relevant intermediaries as defined in Section 181 of the Companies Act 1967 (including CPF investors, SRS investors and holders under depository agents) and who wish to exercise their votes by appointing **the Chairman of the Meeting** as proxy should approach their respective relevant intermediaries (including their respective CPF agent banks, SRS approved banks or depository agents) to submit their voting instructions by 5.00 p.m. on 19 April 2022 in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by 3.00 pm on 26 April 2022.

In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

The Chairman of the Meeting, as a proxy, need not be a member of the Company.

The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

(a) if submitted by post, be deposited at the Company's registered office at 1004 Toa Payoh North #06-03/07 Singapore 318995; or

(b) if submitted by email, to deposit via AGM2022@smg.sg;

in either case, not less than forty-eight (48) hours before the time appointed for the AGM.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

The instrument appointing the Chairman of the Meeting as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the Meeting as proxy).

In the case of a member whose shares are entered against his/her name in the depository register (as defined in Section 81SF of the Securities and Futures Act 2001), the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if such member is not shown to have shares entered against his/her/its name in the depository register as at seventy-two (72) hours before the time appointed for the AGM, as certified by The Central Depository (Pte) Limited to the Company.

4. Annual Report and Other Documents

The Annual Report for the financial year ended 31 December 2021 which was issued and released on 11 April 2022 can be accessed at SGXNet and at the Company's website at http://www.smg.sg/investors-relations/.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of Chairman of the Meeting as proxy 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 or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

*This Notice has been prepared by Singapore Medical Group Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

This Notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Notice, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Notice.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Tony Tan Choon Keat and Dr Beng Teck Liang are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be held on Thursday, 28 April 2022 at 3.00 p.m. (“**AGM**”) (collectively, the “**Retiring Directors**” and each a “**Retiring Director**”).

Pursuant to Rule 720(5) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”), the following is the information relating to the Retiring Directors as set out in Appendix 7F to the Catalist Rules:

	Mr Tony Tan Choon Keat	**Dr Beng Teck Liang**
Date of Appointment	2 December 2013	2 December 2013
Date of last re-appointment	25 April 2019	23 June 2020
Age	73	50
Country of principal residence	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Tony Tan Choon Keat as Non-Executive Director of the Company is recommended by the Nominating Committee and by the Board after reviewing and considering Mr Tony Tan Choon Keat’s qualifications, knowledge and skills, experience, suitability and contributions to the core competencies of the Board and the Board Committees.	The re-election of Dr Beng Teck Liang as an Executive Director and Chief Executive Officer of the Company is recommended by the Nominating Committee and the Board has accepted the recommendation after taking into consideration Dr Beng Teck Liang’s past experience and overall contributions since he was appointed.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive Area of Responsibility: Managing and overseeing of the Singapore Medical Group of Companies’ businesses and operations.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Chairman, Member of Nominating Committee, Remuneration Committee and Audit Committee	Executive Director and Chief Executive Officer
Professional qualifications	Bachelor of Chemical Engineering Masters’ in Business Administration	MB ChB (Medicine) Masters’ in Business Administration

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Tony Tan Choon Keat	Dr Beng Teck Liang
Working experience and occupation(s) during the past 10 years	2013 – Current: Non-Executive Chairman of Singapore Medical Group Limited 2012 – 2015: Chairman of Island Hospital Sdn Bhd	2013 – Current: Executive Director of Singapore Medical Group Limited 2012: Managing Director of Hewlett Packard Thailand
Shareholding interest in the listed issuer and its subsidiaries	Mr Tony Tan Choon Keat holds 35,708,073 shares and is deemed interested in 600,000 shares held by his immediate family, which represents 7.34% and 0.12% respectively of the issued and paid-up share capital of the Company as at 11 April 2022.	Dr Beng Teck Liang holds 33,626,329 shares, which represents 6.91% of the issued and paid-up share capital of the Company as at 11 April 2022.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	Dr Jimmy Beng Keng Siew, the Medical Director of the Issuer's urology practice, is the father of Dr Beng Teck Liang.
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships# Past (for the last 5 years) Present	Yes Past directorship: * Non-Independent and Non-Executive Director, IGB Corporation Bhd Nil	No Nil Nil

DISCLOSURE OF **INFORMATION ON DIRECTORS SEEKING RE-ELECTION**

	Mr Tony Tan Choon Keat	Dr Beng Teck Liang
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at any time within 2 years from the date he ceased to be a partner?	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c) Whether there is any unsatisfied judgment against him?	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

DISCLOSURE OF **INFORMATION ON DIRECTORS SEEKING RE-ELECTION**

	Mr Tony Tan Choon Keat	Dr Beng Teck Liang
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere	No	No

DISCLOSURE OF **INFORMATION ON DIRECTORS SEEKING RE-ELECTION**

	Mr Tony Tan Choon Keat	Dr Beng Teck Liang
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not Applicable	Not Applicable

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SINGAPORE MEDICAL GROUP LIMITED
Company Registration Number: 200503187W
(Incorporated in the Republic of Singapore)

IMPORTANT

1. The Annual General Meeting ("**AGM**") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Notice of the AGM is available on SGXNet and the Company's website at http://www.smg.sg/investors-relations/.
2. Alternative arrangements relating to attendance at the AGM via electronic means (in particular, arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Notice of AGM dated 11 April 2022.
3. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.**
4. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective Agent Banks or SRS Operators to submit their votes by 5.00 pm on 19 April 2022.
5. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of the AGM dated 11 April 2022.
6. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.**

PROXY FORM

*I/We ________________________________ (Name), ________________ (NRIC/Passport No./Co. Reg. No.) of

____ (Address)

being a member/members of SINGAPORE MEDICAL GROUP LIMITED (the "**Company**") hereby appoint the Chairman of the Meeting as *my/our *proxy/proxies to vote for *my/our behalf at the Annual General Meeting (the "**AGM**") of the Company to be convened and held by way of electronic means on Thursday, 28 April 2022 at 3.00 p.m. and at any adjournment thereof.

*I/We direct the Chairman of the Meeting to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder.

No.	Resolutions Relating to:	For	Against	Abstain
1.	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021			
2.	Payment of final dividend and special dividend			
3.	Re-election of Mr Tony Tan Choon Keat as a Director retiring under Article 94			
4.	Re-election of Dr Beng Teck Liang as a Director retiring under Article 94			
5.	Approval of Directors' fees for the financial year ended 31 December 2021			
6.	Re-appointment of Messrs Ernst & Young LLP as Auditors of the Company			
7.	General authority to issue and allot shares pursuant to Section 161 of the Companies Act 1967			
8.	Authority to allot and issue shares pursuant to the SMG Share Option Scheme			
9.	Authority to allot and issue shares pursuant to the SMG Share Plan			
10.	Renewal of the Share Buy-Back Mandate			

**Note:* *If you wish to exercise all your votes "For", "Against" or "Abstain", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ________ day of ________________ 2022

Total No. of Shares	No. of Shares
In CDP Register	
In Register of Members	

____
Signature(s) of Member(s)
or, Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the AGM as proxy shall be deemed to relate to all the shares held by you.

2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. This proxy form may be accessed at the Company's website at http://www.smg.sg/investors-relations/, and will also be made available on SGXNet. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstention from voting, in respect of a Resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as a proxy for that Resolution will be treated as invalid.

   CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective Agent Banks or SRS Operators to submit their votes by 5.00 pm on 19 April 2022.

3. The Chairman of the AGM, as proxy, need not be a member of the Company.

4. The instrument appointing the Chairman of the AGM as proxy must:

   (a) if submitted by post, be deposited at the Registered Office of the Company at 1004 Toa Payoh North, #06-03/07 Singapore 318995; or

   (b) if submitted by email, to deposit via AGM2022@smg.sg;

   in either case, not less than forty-eight (48) hours before the time appointed for the AGM.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.

6. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor is not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment) appointing the Chairman of the Meeting as proxy. In addition, in the case of a member whose shares are entered against his name in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 11 April 2022.

OUR **CLINICS**

WOMEN'S HEALTH

ASTRA WOMEN'S SPECIALISTS
www.astrawomenspecialists.com

38 Irrawaddy Road #05-21/22
Mount Elizabeth Novena
Specialist Centre
Singapore 329563
+65 6353 3878

38 Irrawaddy Road #05-40
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+65 6552 7377
+65 6258 5530

Blk 684 Hougang Avenue 8
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Singapore 530684
+65 6385 2535

Blk 253 Jurong East Street 24
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Singapore 600253
+65 65611322

Blk 185 Toa Payoh Central
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Gleneagles Medical Centre
Singapore 258499
+65 6978 1327

9 Tampines Grande #01-18
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ASTRA LAPAROSCOPIC & ROBOTIC CENTRE FOR WOMEN AND FERTILITY
www.astralaparoscopy.com

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Mount Elizabeth Novena
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THE OBSTETRICS & GYNAECOLOGY CENTRE
www.togc.sg

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WELLNESS & GYNAECOLOGY CENTRE BY DR JULINDA LEE
www.agemanagement.com.sg

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THE BREAST CLINIC
www.thebreastclinic.sg

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HEALTH

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www.kidsclinic.sg

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Singapore 570116
+65 6356 8909

Blk 177 Toa Payoh Central
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#02-23 Bedok Point
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+65 6817 8883

681 Punggol Drive
#03-11 Oasis Terraces
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+65 6817 8885

101 Irrawaddy Road
#16-09 Royal Square at Novena
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+65 6817 9608

9 Tampines Grande
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TEEN, KIDS AND BABY CLINIC
www.tkbclinic.sg

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+65 6011 0366

THE CANCER CENTRE
www.tcc.sg

290 Orchard Road
#17-05/06 Paragon Medical
Singapore 238859
+65 6835 1000

CARDIAC CENTRE INTERNATIONAL
www.cci.sg

3 Mount Elizabeth #07-04
Mount Elizabeth Medical Centre
Singapore 228510
+65 6253 1000

SMG UROLOGY CENTRE WITH BENG SURGERY
www.urology.smg.sg

1 Farrer Park Station Road
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Farrer Park Medical Centre
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+65 6737 8855

LIFESCAN MEDICAL CENTRE
www.lifescanmedical.sg

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+65 6235 3253

10 Sinaran Drive #08-01
Novena Medical Center
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+65 6221 1358

SMG DIABETES, THYROID AND ENDOCRINE CLINIC
www.smgendocrinology.sg

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Parkway East Medical Centre
Singapore 427989
+65 6011 1530

DIAGNOSTICS & AESTHETICS

LIFESCAN IMAGING
www.lifescanimaging.sg

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10 Sinaran Drive #08-02 to 04
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+65 6100 4723

LSC EYE CLINIC
www.lsceye.sg

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+65 6836 1000

THE DENTAL STUDIO
www.dentalstudio.sg

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SMG
SINGAPORE MEDICAL GROUP

SINGAPORE MEDICAL GROUP LIMITED
Company Registration Number: 200503187W
Incorporated in the Republic of Singapore on 10 March 2005
1004 Toa Payoh North #06-03/07 Singapore 318995
www.smg.sg

24-HOUR PATIENT ASSISTANCE CENTRE (65) 6735 3000