

CIRCULAR DATED 18 OCTOBER 2022

THIS CIRCULAR IS ISSUED BY SINGAPORE MEDICAL GROUP LIMITED ("COMPANY"). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.

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

If you have sold or transferred all your issued and paid-up ordinary shares in the share capital of the Company ("Shares") held through The Central Depository (Pte) Limited ("CDP"), you need not forward the Notification Letter (as defined herein) to the purchaser or the transferee as arrangements will be made by CDP for a separate Notification Letter to be sent to the purchaser or the transferee. If you have sold or transferred all your Shares which are not deposited with CDP, you should immediately hand the Notification Letter to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or the transferee.

The Company has opted for electronic dissemination of this Circular. Please note that no printed copies of this Circular will be despatched to Shareholders (as defined herein). Only printed copies of the Notification Letter will be despatched to Shareholders.

This Circular has been prepared by the Company and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited ("Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made, or reports contained in this Circular.

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.



SINGAPORE MEDICAL GROUP LIMITED

(Company Registration No.: 200503187W)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS AND OPTIONHOLDERS

in relation to the

VOLUNTARY CONDITIONAL GENERAL OFFER

by

ERNST & YOUNG CORPORATE FINANCE PTE LTD

(Company Registration No.: 199702967E)
(Incorporated in the Republic of Singapore)

for and on behalf of

TLW SUCCESS PTE. LTD.

(Company Registration No.: 202227719Z)
(Incorporated in the Republic of Singapore)
("Offeror")

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

Independent Financial Adviser to the Independent Directors



ZICO CAPITAL PTE. LTD.

(Company Registration No.: 201613589E)
(Incorporated in the Republic of Singapore)

SHAREHOLDERS AND OPTIONHOLDERS SHOULD NOTE THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 1 NOVEMBER 2022, OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR ("CLOSING DATE")

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DEFINITIONS

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

"1H FY2022"	:	The six-month financial period ended 30 June 2022
"1H FY2022 Results"	:	The unaudited interim condensed financial statements of the Group for 1H FY2022, as set out in APPENDIX V to this Circular
"Acceptance Forms"	:	The FAA and the FAT collectively, or any one of them, as the case may be
"ACRA"	:	The Accounting and Corporate Regulatory Authority of Singapore
"BTL"	:	Dr. Beng Teck Liang
"Cash Consideration"	:	The amount to be received in cash as Offer Consideration for each Offer Share, being S\$0.37
"Catalist Rules"	:	The rules of the Catalist of the SGX-ST in force as at the Latest Practicable Date, as set out in Section B of the SGX-ST Listing Manual
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	This circular to Shareholders and Optionholders dated 18 October 2022 issued by the Company to the Shareholders and Optionholders in relation to the Offer and the Options Proposal respectively
"Closing Date"	:	1 November 2022 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day of the lodgement of acceptances of the Offer
"Code"	:	The Singapore Code on Take-overs and Mergers
"Companies Act"	:	The Companies Act 1967 of Singapore
"Company"	:	Singapore Medical Group Limited
"Company Awards"	:	Outstanding awards granted under the SMG Share Plan
"Company Options"	:	Options granted under the SMG Share Option Scheme
"Company Securities"	:	(a) Shares; (b) securities which carry voting rights in the Company; or (c) Convertible Securities, Warrants, Options or Derivatives in respect of (a) or (b)

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“Convertible Securities”	:	Securities convertible or exchangeable into (as the case may be) (a) new Shares or existing Shares of the Company; or (b) new Offeror Shares or existing Offeror Shares
“Constitution”	:	The constitution of the Company, as amended from time to time up to the Latest Practicable Date
“DA Letter”	:	The letter to Entitled Depository Agents enclosing the Sub-Account Holders Form
“Derivatives”	:	Includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security or securities
“Directors”	:	The directors of the Company as at the Latest Practicable Date
“Encumbrances”	:	Liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever
“Entitled Depository Agent”	:	A Shareholder which is a depository agent holding Offer Shares on behalf of sub-account holder(s)
“EYCF”	:	Ernst & Young Corporate Finance Pte Ltd
“FAA”	:	Form of Acceptance and Authorisation for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Shares are deposited with CDP
“Facilities”	:	Shall have the meaning ascribed to it in paragraph 9 of Appendix I to the Offer Document, as reproduced in APPENDIX III to this Circular
“FAT”	:	Form of Acceptance and Transfer for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Shares are not deposited with CDP
“Financing Security Arrangements”	:	Shall have the meaning ascribed to it in paragraph 9 of Appendix I to the Offer Document, as reproduced in APPENDIX III to this Circular
“FY”	:	Financial year ended or ending on, as the case may be, 31 December of a particular year as stated

DEFINITIONS

“FY2021 Accounts”	:	The audited consolidated financial statements of the Group for FY2021, as set out in the annual report of the Company published on the SGXNET on 11 April 2022 and reproduced in APPENDIX IV to this Circular
“Group”	:	The Company and its subsidiaries
“IFA” or “ZICO Capital”	:	ZICO Capital Pte. Ltd., the independent financial adviser to the Independent Directors
“IFA Letter”	:	The letter dated 18 October 2022 from the IFA to the Independent Directors containing its advice in relation to the Offer and the Options Proposal, as set out in APPENDIX I to this Circular
“Independent Directors”	:	The Directors who are considered to be independent for the purposes of the Offer, namely, Mr. Ho Lon Gee, Mr. Jimmy Yim Wing Kuen and Ms. Stefanie Yuen Thio
“Interested Person”	:	<p>As defined in the Note on Rule 24.6 of the Code and read with the Note on Rule 23.12 of the Code, an interested person, in relation to a company, is:</p> <ul style="list-style-type: none">(a) a director, chief executive officer, or Substantial Shareholder of the company;(b) the immediate family of a director, the chief executive officer, or a Substantial Shareholder (being an individual) of the company;(c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a Substantial Shareholder (being an individual) and his immediate family is a beneficiary;(d) any company in which a director, the chief executive officer or a Substantial Shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;(e) any company that is the subsidiary, holding company or fellow subsidiary of the Substantial Shareholder (being a company); or(f) any company in which a Substantial Shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more

DEFINITIONS

“Latest Practicable Date”	:	7 October 2022, being the latest practicable date prior to the printing of the Notification Letter
“Listing Manual”	:	The listing manual of the SGX-ST
“New Offeror Share”	:	New Offeror Shares to be issued to Shareholders who have duly elected to receive the Share Consideration as consideration for the Offer Shares validly tendered in acceptance of the Offer
“Notification Letter”	:	The hardcopy notification letter posted to Shareholders on the date of this Circular, containing, <i>inter alia</i> , instructions on how to access the electronic copy of this Circular and related documents on the website of the SGX-ST at www.sgx.com and on the website of the Company at https://www.smg.sg
“Offer”	:	The voluntary conditional general offer by EYCF, for and on behalf of the Offeror, to acquire all the Offer Shares on the terms and subject to the conditions set out in the Offer Document and the Acceptance Forms, as such Offer may be amended and extended from time to time by or on behalf of the Offeror
“Offer Announcement”	:	The announcement issued by EYCF, for and on behalf of the Offeror, on the Offer Announcement Date in relation to the Offeror’s intention to make the Offer for the Offer Shares in accordance with Rule 15 of the Code
“Offer Announcement Date”	:	13 September 2022
“Offer Consideration”	:	The consideration for each Offer Share validly tendered in acceptance of the Offer, which shall, at the option of the Shareholder, be the Cash Consideration or the Share Consideration
“Offer Document”	:	The offer document dated 4 October 2022, and any other document(s) which may be issued by EYCF, for and on behalf of the Offeror, in respect of the Offer
“Offer Shares”	:	(a) all the Shares, other than treasury Shares and those Shares already owned, controlled or agreed to be acquired by the Offeror; (b) all Shares unconditionally issued and/or transferred (as the case may be) pursuant to the valid exercise of any Company Options prior to the close of the Offer; and

DEFINITIONS

		(c) all Shares unconditionally issued or delivered to be issued or delivered pursuant to the vesting and release of any outstanding Company Awards prior to the close of the Offer
“Offeror”	:	TLW Success Pte. Ltd.
“Offeror Securities”	:	(a) Offeror Shares, (b) securities which carry voting rights in the Offeror or (c) Convertible Securities, Warrants, Options or Derivatives in respect of (a) or (b)
“Offeror Shares”	:	Issued ordinary shares in the Offeror
“Options”	:	Options to subscribe for or purchase (a) new Shares or existing Shares or (b) new Offeror Shares or existing Offeror Shares (as the case may be)
“Optionholders”	:	Shall have the meaning ascribed to it in paragraph 3.1 of the Offer Document, as reproduced in Section 3 of this Circular
“Options Proposal”	:	Shall have the meaning ascribed to it in paragraph 3.2 of the Offer Document, as reproduced in Section 3 of this Circular
“Options Proposal Acceptance Letter”	:	The accompanying acceptance letter for the Options Proposal despatched to Optionholders on 4 October 2022
“Options Proposal Letter”	:	The letter dated 4 October 2022 to Optionholders containing, <i>inter alia</i> , the terms and conditions of the Options Proposal
“Overseas Person”	:	Shareholder whose mailing addresses are outside of Singapore (as shown on the register of members of the Company or, as the case may be, in the records of CDP)
“Promoter Irrevocable Undertakings”	:	Shall have the meaning ascribed to it in paragraph 6.1 of the Offer Document, as reproduced in Section 5 of this Circular
“Promoters”	:	Shall have the meaning ascribed to it in paragraph 4.1 of the Offer Document, as reproduced in Section 4 of this Circular
“Relevant Shareholder Irrevocable Undertakings”	:	Shall have the meaning ascribed to it in paragraph 6.2 of the Offer Document, as reproduced in Section 5 of this Circular

DEFINITIONS

“Securities and Futures Act”	:	The Securities and Futures Act 2001 of Singapore
“SGXNET”	:	The Singapore Exchange Network, the corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Consideration”	:	One (1) New Offeror Share to be received as Offer Consideration for each Offer Share
“Share Registrar”	:	Tricor Barbinder Share Registration Services, in its capacity as the share registrar of the Company
“Shareholder”	:	Persons who/which are registered as holders of Shares in the register of members of the Company, and persons whose/which Shares are deposited with CDP or who/which have purchased Shares on the SGX-ST
“Shares”	:	Issued and paid-up ordinary shares in the capital of the Company
“SIC”	:	Securities Industry Council of Singapore
“SMG Share Option Scheme”	:	The share option scheme, as approved by Shareholders at an extraordinary general meeting held on 30 April 2014
“SMG Share Plan”	:	The performance share plan, as approved by Shareholders at an extraordinary general meeting held on 30 April 2014
“SRS”	:	The Supplementary Retirement Scheme
“SRS Agent Banks”	:	Agent banks included under the SRS
“SRS Investors”	:	Investors who have purchased Shares using their SRS contributions pursuant to SRS
“Sub-Account Holders Form”	:	The List of Sub-Account Holders Who Wish to Accept the Share Consideration Form, which will be provided to Entitled Depository Agents electronically
“Substantial Shareholder”	:	A person who has an interest in not less than 5% of the total number of issued voting Shares
“TTCK”	:	Mr. Tony Tan Choon Keat

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“Warrants”	:	Rights to subscribe for or purchase (a) new Shares or existing Shares or (b) new Offeror Shares or existing Offeror Shares (as the case may be)
“WSW”	:	Dr. Wong Seng Weng
“%”	:	Per centum or percentage
“S\$” and “Singapore cents”	:	Singapore dollars and cents, respectively, being the lawful currency of the Republic of Singapore

Acting in Concert. The expression “acting in concert” shall have the meaning ascribed to it in the Code.

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

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

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

Depositors and Depository Agents. The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings as ascribed to them respectively in Section 81SF of the Securities and Futures Act.

Gender. Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter gender and *vice versa*. References to persons shall, where applicable, include corporations.

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

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

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

Statutes. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined in the Companies Act, the Catalist Rules, the Securities and Futures Act or the Code or any modification thereof and used in this Circular

DEFINITIONS

shall, where applicable, have the meaning assigned to it under the Companies Act, the Catalist Rules, the Securities and Futures Act or the Code, or any modification thereof, as the case may be, unless the context otherwise requires.

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

Time and date. Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date, respectively, unless otherwise stated.

Total Number of Issued Shares. Unless stated otherwise, any reference in this Circular to the total number of issued Shares is a reference to a total of 486,382,109 Shares (excluding 232,729 Shares held by the Company as treasury Shares) as at the Latest Practicable Date (based on the results of the electronic instant information search of the Company dated the Latest Practicable Date obtained from ACRA).

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

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

INDICATIVE TIMELINE

Date of electronic dissemination of the Offer Document	:	4 October 2022
Date of electronic dissemination of this Circular	:	18 October 2022
Closing Date	:	5.30 p.m. (Singapore time) on 1 November 2022 , or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances of the Offer
Date of settlement of consideration for valid acceptances of the Offer and Options Proposal	:	<p>In respect of the Offer, subject to, <i>inter alia</i>, the Offer becoming or being declared unconditional in all respects in accordance with its terms and the receipt by the Offeror from accepting Shareholders of valid acceptances, complete in all respects and in accordance with the instructions given in the Offer Document, the relevant Acceptance Forms, the Sub-Account Holders Forms, and/or the DA Letter, (a) in the event that an accepting Shareholder elects to, or is deemed to have elected to, receive the Cash Consideration for his Offer Shares, remittances for the appropriate amounts will be despatched, or (b) in the event an accepting Shareholder elects to receive the Share Consideration for his Offer Shares, payment of the Share Consideration by way of share certificates in respect of the relevant number of New Offeror Shares will be despatched:</p> <p>(i) In respect of acceptances of the Offer which are complete and valid in all respects and are received on or before the date on which the Offer becomes or is declared to be unconditional in all respects, within seven (7) business days of that date.</p> <p>(ii) In respect of acceptances of the Offer which are complete and valid in all respects and are received after the Offer becomes or is declared to be unconditional in all respects, but before the Offer closes, within seven (7) business days of the date of such receipt.</p>

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

INDICATIVE TIMELINE

In respect of the Options Proposal, subject to the Offer becoming or being declared unconditional in all respects and the receipt by the Offeror of the duly completed and signed Options Proposal Acceptance Letter and of all relevant documents required by the Offeror from an Optionholder who validly accepts the Options Proposal which are complete in all respects and in accordance with such requirements as may be stated in the Options Proposal Letter and the Options Proposal Acceptance Letter, payment of the appropriate amounts will be made by ordinary post to the address specified in the Options Proposal Acceptance Letter or in such manner as may be agreed between the Share Registrar and the accepting Optionholder and at the risk of such accepting Optionholder:

- (a) within seven (7) business days after the Offer becomes or is declared unconditional in all respects; or
- (b) within seven (7) business days after the date of receipt of the Options Proposal Acceptance Letter (where such date of receipt falls after the date that the Offer has become or been declared unconditional in all respects).

Please refer to paragraph 6.4 of the Options Proposal Letter for further information.

LETTER TO SHAREHOLDERS

SINGAPORE MEDICAL GROUP LIMITED

(Company Registration No.: 200503187W)
(Incorporated in the Republic of Singapore)

Board of Directors:

MR. TONY TAN CHOON KEAT

(Non-Executive Chairman)

DR. BENG TECK LIANG

(Executive Director and Chief Executive Officer)

DR. WONG SENG WENG

(Executive Director)

MR. HO LON GEE

(Lead Independent Director)

MR. JIMMY YIM WING KUEN

(Independent Director)

MS. STEFANIE YUEN THIO

(Independent Director)

Registered Office:

1004 Toa Payoh North

#06-03/07

Singapore 318995

18 October 2022

To: The Shareholders and Optionholders of Singapore Medical Group Limited

Dear Sir/Madam

VOLUNTARY CONDITIONAL GENERAL OFFER BY EYCF, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES**1. INTRODUCTION****1.1 Offer Announcement**

On the Offer Announcement Date, EYCF announced, for and on behalf of the Offeror, that the Offeror intends to make the Offer for the Offer Shares in accordance with Rule 15 of the Code.

The Offeror would also make the proposal to Optionholders on the terms set out in the Offer Announcement.

A copy of the Offer Announcement is available on the website of the SGX-ST at www.sgx.com.

1.2 Offer Document

Shareholders should by now have received a copy of the notification letter and the Acceptance Forms and be able to electronically access the Offer Document which sets out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in paragraph 2 of the Offer Document.

A copy of the Offer Document is available on the website of the SGX-ST at www.sgx.com and on the website of the Company at <https://www.smg.sg>.

1.3 Options Proposal

Optionholders should by now have received a copy of the Options Proposal Letter and Options Proposal Acceptance Letter, which sets out, *inter alia*, the terms and conditions of the Options Proposal.

A copy of the Options Proposal Letter and Options Proposal Acceptance Letter is available on the website of the SGX-ST at www.sgx.com and on the website of the Company at <https://www.smg.sg>.

LETTER TO SHAREHOLDERS

1.4 Legal Adviser

Shook Lin & Bok LLP has been appointed as the legal adviser to the Company in relation to the Offer.

1.5 Independent Financial Adviser

The Company has appointed ZICO Capital as the independent financial adviser to advise the Independent Directors in respect of the Offer and the Options Proposal. The advice of the IFA is set out in the IFA Letter in **APPENDIX I** to this Circular.

1.6 Purpose of this Circular

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

Shareholders and Optionholders should read the Offer Document, the Options Proposal Letter, this Circular and the IFA Letter carefully and consider the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer and the Options Proposal before deciding on whether to accept or reject the Offer or the Options Proposal (as the case may be).

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

2. THE OFFER

2.1 Terms of the Offer

The Offer is made by EYCF, for and on behalf of the Offeror, on the principal terms set out in paragraph 2 of the Offer Document, which have been extracted from the Offer Document and set out below.

2 THE OFFER

2.1 Offer Shares

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

- (a) all the Shares, other than treasury Shares and those Shares already owned, controlled or agreed to be acquired by the Offeror;*
- (b) all Shares unconditionally issued and/or transferred (as the case may be) pursuant to the valid exercise of any options (the "**Company Options**") granted under the SMG Share Option Scheme (the "**Company Option Scheme**") prior to the close of the Offer; and*

LETTER TO SHAREHOLDERS

- (c) all Shares unconditionally issued or delivered or to be issued or delivered pursuant to the vesting and release of any outstanding Company Awards prior to the close of the Offer.

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

2.2 Consideration

For each Offer Share:

EITHER

- (a) **S\$0.37 in cash**

OR

- (b) **in lieu thereof, one (1) New Offeror Share. The issue price for each New Offeror Share shall be equivalent to the Cash Consideration.**

Each Shareholder:

- (i) who is holding Offer Shares directly in a securities account with CDP and who accepts the Offer shall have in relation to all their Offer Shares tendered in acceptance of the Offer, the right to elect to receive either the Cash Consideration or the Share Consideration, **but not a combination of both**; and
- (ii) who is an Entitled Depository Agent holding the Offer Shares on behalf of sub-account holder(s), shall in respect of each sub-account holder who accepts the Offer, have the right to elect to receive either the Cash Consideration or the Share Consideration, **but not a combination of both**.

In the event that an accepting Shareholder, or an accepting sub-account holder for each Entitled Depository Agent, maintains an address recorded in the register of members of the Company or the register maintained by the CDP or in the records of the Entitled Depository Agent (as the case may be) that **is not within Singapore and does not provide the Company or the Share Registrar or CDP (as the case may be) with an address in Singapore** in accordance with the timeline set out in this Offer Document and the Acceptance Forms, such Shareholder or such sub-account holder for each Entitled Depository Agent **shall be deemed to have elected to receive and shall receive the Cash Consideration for all of its Offer Shares tendered in acceptance of the Offer**.

2.3 No Encumbrances

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

LETTER TO SHAREHOLDERS

In the event that any dividends, rights, other distributions or return of capital is declared, paid or made on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Consideration by the amount of such dividend, right and other distribution or return of capital.

2.4 Conditional Offer

*The Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it (whether before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and persons acting in concert with it holding not less than 90% of total Shares (excluding any Shares held in treasury) as at the close of the Offer (the “**Acceptance Condition**”).*

*Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it (whether before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and persons acting in concert with it holding such number of Shares carrying more than 90% of the voting rights attributable to the maximum potential issued share capital of the Company. For this purpose, the “**maximum potential issued share capital of the Company**” means the total number of Shares (excluding treasury Shares) which would be in issue had all outstanding Company Options and Company Awards (if any) been validly exercised as at the date of such declaration.*

*Notwithstanding that the Offeror had, in the Offer Announcement, reserved the right to reduce the Acceptance Condition to a lower minimum acceptance level (but above 50%), subject to the requirements under Rule 15.1 of the Code and to the consent of the SIC, **notice is hereby given that the Offeror will not reduce the Acceptance Condition to a lower minimum acceptance level.** In view of the current challenging macro-economic and operating environment driven by operational cost increases, shortage of skilled healthcare labour and wage increases in the midst of an inflationary environment as a result of the ongoing COVID-19 pandemic, the Offeror believes that the making of the Offer to delist and privatise the Company is appropriate. Accordingly, the Offeror waives the right to reduce the Acceptance Condition to a lower minimum acceptance level.*

Save for the Acceptance Condition, the Offer is unconditional in all other respects.

2.5 Share Consideration

The New Offeror Shares to be allotted and issued pursuant to the Share Consideration shall be issued at an issue price equivalent to the Cash Consideration for each New Offeror Share, and will, on issue, be credited as fully paid and free from all Encumbrances and will rank pari passu in all respects with the existing Offeror Shares as at the date of their issue.

LETTER TO SHAREHOLDERS

The New Offeror Shares are not listed on any securities exchange.

There are risks and restrictions involved with investing in the New Offeror Shares. Some of the risks and restrictions are set out in APPENDIX I and APPENDIX II to this Offer Document. Shareholders, and sub-account holders of Entitled Depository Agents, who elect for the Share Consideration should be prepared to take the risks associated with an investment as a minority shareholder of an unlisted company.

The New Offeror Shares will be issued to and registered in the name of:

- (a) *(in the case of Shareholders who hold Offer Shares directly in a securities account with the CDP or hold Offer Shares that are not deposited with CDP) the person/entity recorded in the depository register or the register of members of the Company as at the Date of Receipt, or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date (provided always that the Date of Receipt falls on or before the Closing Date); and*
- (b) *(or in the case of Entitled Depository Agents) any other person(s) as such Entitled Depository Agents may direct in the Sub-Account Holders Form.*

For the avoidance of doubt, in the event that any Shareholder, or a sub-account holder for each Entitled Depository Agent:

- (i) ***attempts to elect to receive a combination of the Cash Consideration and the Share Consideration; or***
- (ii) ***maintains an address recorded in the register maintained by the CDP or the register of members of the Company or in the records of the Entitled Depository Agent (as the case may be) that is not within Singapore and does not provide the CDP or the Share Registrar or the Company (as the case may be) with an address in Singapore in accordance with the timeline set out in this Offer Document and the Acceptance Forms,***

such Shareholder or such sub-account holder for each Entitled Depository Agent shall be deemed to have elected to receive, and shall receive, the Cash Consideration for all of its Offer Shares tendered in acceptance of the Offer.

2.6 Warranty

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

LETTER TO SHAREHOLDERS

2.7 Closing Date

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

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 1 November 2022 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

2.2 Details of the Offer

The details of the Offer are set out in paragraph 2.8 and Appendix V to the Offer Document, which have been extracted from the Offer Document and set out below.

2.8 Details of the Offer

APPENDIX V to this Offer Document sets out further details on (a) the duration of the Offer; (b) the settlement of the consideration for the Offer; (c) the requirements relating to the announcement of the level of acceptances of the Offer; and (d) the right of withdrawal of acceptances of the Offer.

...

Appendix V DETAILS OF THE OFFER

1. DURATION OF THE OFFER

1.1 Closing Date

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

The Offer will close at 5.30 p.m. (Singapore time) on 1 November 2022 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

1.2 Final Day Rule

Pursuant to Rule 22.9 of the Code, the Offer (whether revised or not) will not be capable of becoming or being declared to be unconditional as to acceptances after 5.30 p.m. (Singapore time) on the 60th day after the date of electronic dissemination of this Offer Document or of being kept open after the expiry of such period, unless it has previously become or been declared to be unconditional as to acceptances, except with the prior approval of the SIC. The SIC will consider granting such permission in circumstances, including but not limited to, where a competing offer has been announced.

LETTER TO SHAREHOLDERS

1.3 **Revision**

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

2. **SETTLEMENT FOR THE OFFER**

2.1 *Subject to the Offer becoming or being declared to be unconditional in all respects in accordance with its terms and the receipt by the Offeror from accepting Shareholders of valid acceptances, complete in all respects and in accordance with the instructions given in this Offer Document, the relevant Acceptance Forms, the Sub-Account Holders Forms, the DA Letter and/or the terms and conditions for Electronic Acceptance (as the case may be) and in the case of a depositor or Entitled Depository Agent, the receipt by the Offeror of confirmation satisfactory to it that the relevant number of Offer Shares are standing to the credit of the "Free Balance" of such depositor's or Entitled Depository Agent's Securities Account at the relevant time(s):*

- (a) in the event that an accepting Shareholder elects to, or is deemed pursuant to paragraph 2.2 of this **APPENDIX V** to have elected to, receive the Cash Consideration for his Offer Shares, remittances for the appropriate amounts will be despatched, pursuant to Rule 30 of the Code:*
 - (i) in the case of an accepting Shareholder (who is a depositor or Entitled Depository Agent) who has subscribed to CDP's Direct Crediting Services ("**DCS**")", by directly crediting into such Shareholder's designated bank account for S\$ via CDP's DCS. In the event you are not subscribed to CDP's DCS, any monies to be paid shall be credited to your Cash Ledger and subject to the same terms and conditions as Cash Distributions under the CDP Operation of Securities Account with the Depository Terms and Conditions (Cash Ledger and Cash Distribution are as defined therein); or*
 - (ii) in the case of an accepting Shareholder holding share certificate(s) which are not deposited with CDP, a S\$ crossed cheque drawn on a bank operating in Singapore and sent by ordinary post to his address stated in his FAT or if none is stated, to his address as indicated in the register of members of the Company, at the risk of the accepting Shareholder or in such other manner as may be agreed between the Share Registrar and the accepting Shareholder, and*
- (b) subject to paragraph 2.2 of this **APPENDIX V**, in the event that an accepting Shareholder elects to receive the Share Consideration for his Offer Shares, payment of the Share Consideration by way of share certificates in respect of the relevant number of New Offeror Shares (the "**Offeror Share Certificates**") will be despatched, pursuant to Rule 30 of the Code:*

LETTER TO SHAREHOLDERS

- (i) *in the case of an accepting Shareholder (who is a depositor), by ordinary post to his Singapore mailing address as recorded with CDP, at the risk of the accepting Shareholder; or*
- (ii) *in the case of an accepting Shareholder (who is an Entitled Depository Agent), by ordinary post to the relevant party and Singapore mailing address set out in the Sub-Account Holders Form, at such relevant party's own risk; or*
- (iii) *in the case of an accepting Shareholder holding share certificate(s) which are not deposited with CDP, by ordinary post to his Singapore address stated in his FAT or if none is stated, to his Singapore address as indicated in the register of members of the Company, at the risk of the accepting Shareholder,*

as soon as practicable and in any event:

- (A) *in respect of acceptances of the Offer which are complete and valid in all respects and are received on or before the date on which the Offer becomes or is declared to be unconditional in all respects, within seven (7) business days of that date; or*
- (B) *in respect of acceptances which are complete and valid in all respects and are received after the Offer becomes or is declared to be unconditional in all respects, but before the Offer closes, within seven (7) business days of the date of such receipt.*

In the case of an accepting Shareholder being a depositor or an Entitled Depository Agent, CDP will also send a notification letter, stating the number of Offer Shares debited from his Securities Account.

2.2 For the avoidance of doubt, in the event that any Shareholder, or a sub-account holder for each Entitled Depository Agent:

- (a) ***attempts to elect to receive a combination of the Cash Consideration and the Share Consideration; or***
- (b) ***maintains an address recorded in the register maintained by the CDP or the register of members of the Company or in the records of the Entitled Depository Agent (as the case may be) that is not within Singapore and does not provide the CDP, the Share Registrar or the Company (as the case may be) with an address in Singapore in accordance with the timeline set out in this Offer Document and the Acceptance Forms,***

such Shareholder or such sub-account holder for each Entitled Depository Agent shall be deemed to have elected to receive, and shall receive, the Cash Consideration for all of its Offer Shares tendered in acceptance of the Offer.

The attention of Overseas Persons is also drawn to paragraph 11 of the Offer Document.

LETTER TO SHAREHOLDERS

3. ANNOUNCEMENTS

3.1 *Timing and Contents*

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

- (a) in respect of which valid acceptances of the Offer have been received;*
- (b) held by the Offeror and any person acting in concert with it before the Offer Period; and*
- (c) acquired or agreed to be acquired by the Offeror and any person acting in concert with the Offeror during the Offer Period,*

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

3.2 *Valid Acceptances for Offer Shares*

Under Note 5 to Rule 28.1 of the Code, purchases made through the SGX-ST by the Offeror and persons acting in concert with the Offeror with no pre-agreement or collusion between the parties to such transactions or their agents, may be counted towards satisfying the Acceptance Condition. All other purchases by the Offeror and persons acting in concert with the Offeror (i.e. off market purchases) may only be counted when fully completed and settled.

3.3 *Suspension*

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

3.4 *Announcements*

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

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

LETTER TO SHAREHOLDERS

4. RIGHT OF WITHDRAWAL

4.1 Acceptances Irrevocable

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

4.2 Right of Withdrawal of Shareholders

(a) If the Offer has become or been declared unconditional as to acceptances, but the Offeror fails to comply with any of the requirements of Rule 28.1 of the Code by 3.30 p.m. (Singapore time) on the Relevant Day, then immediately thereafter:

(i) any Shareholder holding Offer Shares which are deposited with CDP and accepting the Offer will be entitled to withdraw his acceptance by written notice to TLW Success Pte. Ltd. c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934; and

(ii) any Shareholder holding Offer Shares which are not deposited with CDP and accepting the Offer will be entitled to withdraw his acceptance by written notice to TLW Success Pte. Ltd. c/o Tricor Barbinder Share Registration Services, 80 Robinson Road, #11-02, Singapore 068898.

Such notice of withdrawal shall be effective only when actually received by the Offeror.

(b) Subject to Rule 22.9 of the Code, this right of withdrawal may be terminated not less than eight (8) days after the Relevant Day by the Offeror confirming (if that be the case) that the Offer is still unconditional as to acceptances and by complying with Rule 28.1 of the Code. For the purpose of Rule 22.6 of the Code, the period of 14 days referred to therein will run from the date of such confirmation, or the date on which the Offer would otherwise have expired, whichever is later.

(c) A Shareholder who has tendered acceptances under the Offer will be entitled to withdraw his acceptance after 14 days from the first closing date of the Offer, if the Offer has not by then become unconditional as to acceptances. Such entitlement to withdraw will be exercisable until the Offer becomes or is declared to be unconditional as to acceptances.

*(d) In a competitive situation, if one (1) offer becomes unconditional as to acceptances, then Shareholders who have tendered their acceptances for the competing offer (the “**Unsuccessful Offer**”) can, if they wish, immediately withdraw their acceptances for the Unsuccessful Offer.*

(e) A Shareholder who has tendered acceptances under the Offer may withdraw his acceptances within eight (8) days of notification by the Offeror of any revision of the Acceptance Condition.

LETTER TO SHAREHOLDERS

2.3 Procedures for Acceptance

The procedures for acceptance of the Offer are set out in paragraph 2.9 of the Offer Document and Appendix VI to the Offer Document, which have been extracted from the Offer Document and set out below.

PROCEDURES FOR ACCEPTANCE OF THE OFFER

How can I accept the Offer?

A

Locate the relevant Acceptance Form(s)

If your Offer Shares are deposited with CDP

- *Please use the FAA or electronic form via SGX's Investor Portal at investors.sgx.com.*
- *Submit a request to CDP via phone (+65 6535 7511) during their operating hours or email services (asksgx@sgx.com) if you have misplaced the FAA.*

If your Offer Shares are not deposited with CDP

- *Please use the FAT.*
- *Contact the Share Registrar via email at SMG-offer@sg.tricorglobal.com if you have misplaced the FAT.*

If you are (a) an SRS Investor and have Offer Shares which are held through an SRS Agent Bank or (b) a sub-account holder whose Offer Shares are held through an Entitled Depository Agent

- *Please contact your respective SRS Agent Bank or Entitled Depository Agent directly.*
- *Entitled Depository Agents are to accept the Offer via the SGX-SFG service.*

LETTER TO SHAREHOLDERS

B

**Fill in your details and return the FAA to accept the Offer
(for depositors)**

- *Check or fill in your personal particulars and Securities Account Number.*
- *Under Section C on page 1 of the FAA, fill in the number of Offer Shares that you wish to tender in acceptance of the Offer. You may choose to tender all or part of your Offer Shares, either electing to accept either cash or New Offeror Shares.*

C Declaration by Shareholder

I/We wish to accept the Offer for the number of Offer Shares as indicated below.

Please insert the number of Offer Shares you wish to tender in acceptance of the Offer in **ONLY ONE** of Box A or Box B⁽¹⁾.

Box A CASH Consideration	Box B SHARE Consideration ⁽²⁾⁽³⁾



For individual and joint alternate signatory accounts: Scan QR Code and access event via Corporate Actions Form Submission on investors.sgx.com⁽⁴⁾.

Indicate quantity in only **ONE** box

Notes:

- (1) A Shareholder may elect to receive the Cash Consideration OR the Share Consideration, but NOT a combination thereof, as the Offer Consideration for their Offer Shares. Please read paragraph 2 of the instructions contained herein carefully on how to fill in this FAA.
- (2) You will receive one New Offeror Share at an issue price of S\$0.37 per New Offeror Share for each Offer Share. The New Offeror Shares are in an unlisted company, and Shareholders should carefully consider the restrictions attached to the Offeror Shares and the risk factors set out in Appendix I and Appendix II to the Offer Document.
- (3) In the event that an accepting Shareholder maintains an address recorded in the register maintained by the CDP that is not within Singapore and does not provide the CDP with an address in Singapore in accordance with the timeline set out in paragraph 2 below, such Shareholder shall be deemed to have elected to receive, and shall receive, the Cash Consideration for all of its Offer Shares tendered in acceptance of the Offer.

LETTER TO SHAREHOLDERS

How can I accept the Offer?

- *Fill in the applicable date and sign where indicated on the bottom right-hand corner of the FAA.*

By signing below, I/we agree to the terms and conditions of the Offer as set out in the Offer Document and in this FAA, including the section "Authorisation" on page 2 of this FAA.

SAMPLE

← Sign here

← Date here

Signature(s) of depositor(s)/Joint depositors

Date

*If you choose to tender **all** of your Offer Shares, you should either:*

- *return the completed and signed FAA **by post**, in the enclosed pre-addressed envelope so as to arrive at TLW Success Pte. Ltd. c/o The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934; or*
- ***in electronic form** via SGX's Investor Portal at investors.sgx.com.*

Submission of the FAA via investors.sgx.com is only for depositors who wish to accept the Offer in respect of all of the total number of Offer Shares standing to the credit of the "Free Balance" of your Securities Account. If you wish to accept the Offer in respect of part of the total number of Offer Shares standing to the credit of the "Free Balance" of your Securities Account, please submit the FAA by post only to the address above.

*If you choose to tender **part** of your Offer Shares, you should only:*

- *return the completed and signed FAA **by post**, in the enclosed pre-addressed envelope so as to arrive at TLW Success Pte. Ltd. c/o The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934.*

*In each case, the FAA should arrive **NOT LATER THAN 5.30 p.m. (Singapore time) on the Closing Date.***

Please read paragraphs 1 to 4 of Appendix VI of the Offer Document in full.

LETTER TO SHAREHOLDERS

1. DEPOSITORS

1.1 **Depositors whose/which Securities Accounts are credited with Offer Shares.** If you have Offer Shares standing to the credit of the “Free Balance” of your Securities Account, you should receive the Notification Letter together with the FAA. If you do not receive the FAA, you may obtain a copy of such FAA, upon production of satisfactory evidence that you are a Shareholder, from CDP by submitting a request to CDP via phone (+65 6535 7511) during their operating hours or email services (asksgx@sgx.com).

Acceptance. Shareholders who accept the Offer shall have the right to elect to receive in respect of all their Offer Shares tendered in acceptance, either the Cash Consideration or the Share Consideration, but not a combination of both. If you wish to accept the Offer, you should:

(a) complete the accompanying FAA in accordance with the provisions and instructions in this Offer Document and the provisions and instructions printed on the FAA. In particular, you must state in **ONLY ONE** of **Box A** (being the acceptance box for the Cash Consideration) or **Box B** (being the acceptance box for the Share Consideration) in Section C of the FAA, the number of Offer Shares in respect of which you wish to accept the Offer. If you:

(i) **do not specify any number** in any of Box A or Box B in Section C of the FAA, you shall be deemed to have accepted the Offer in respect of **all** the Offer Shares standing to the credit of the “Free Balance” of your Securities Account on the Date of Receipt or 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date) and will be deemed to have elected and shall receive the **Cash Consideration**;

(ii) specify a number of Offer Shares in **both** Box A and Box B in Section C of the FAA which in aggregate is **equal to or does not exceed** the number of Offer Shares already standing to the credit of the “Free Balance” of your Securities Account on the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, by 5.30 p.m. (Singapore time) on the Closing Date, you shall be deemed to have accepted the Offer in respect of the number of Offer Shares inserted in **all the completed boxes**, and will be deemed to have elected and shall receive the **Cash Consideration**;

(iii) specify a number of Offer Shares in **both** Box A and Box B in Section C of the FAA which in aggregate **exceeds** the number of Offer Shares standing to the credit of the “Free Balance” of your Securities Account on the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, by 5.30 p.m. (Singapore time) on the Closing Date, you shall be deemed to have accepted the Offer in respect of **all** the Offer Shares standing to the credit of the “Free Balance” of your Securities Account on the Date of Receipt or 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date), and will be deemed to have elected and shall receive the **Cash Consideration**; or

LETTER TO SHAREHOLDERS

- (iv) (1) **check** either or both of Box A or Box B in Section C of the FAA, or (2) specify a number of Offer Shares in **only one (1) of Box A or Box B** in Section C of the FAA which **exceeds** the number of Offer Shares already standing to the credit of the “Free Balance” of your Securities Account, you shall be deemed to have accepted the Offer in respect of **all** of your Offer Shares already standing to the credit of the “Free Balance” of your Securities Account as at the Date of Receipt, or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date (provided always that the Date of Receipt falls on or before the Closing Date), and will be deemed to have elected and shall receive **the form of consideration in the first completed box from the left.**

For the purposes of the FAA, a “check” is defined as a “✓” or “X” or such other forms of annotation to be determined by the Offeror in its absolute discretion for the purpose of ascertaining the accepting depositor’s acceptance intention.

- (b) If paragraph 1.1(a)(i), 1.1(a)(iii) or 1.1(a)(iv) above applies and at the time of verification by CDP of the FAA on the Date of Receipt, there are outstanding settlement instructions with CDP to receive further Offer Shares into the “Free Balance” of your Securities Account (**“Unsettled Buy Position”**), and the Unsettled Buy Position settles such that the Offer Shares in the Unsettled Buy Position are transferred to the “Free Balance” of your Securities Account at any time during the period the Offer is open, up to 5.30 p.m. (Singapore time) on the Closing Date (**“Settled Shares”**), you shall be deemed to have accepted the Offer in respect of the balance number of Offer Shares inserted in Section C of the FAA which have not yet been accepted pursuant to paragraphs 1.1(a)(i), 1.1(a)(iii) or 1.1(a)(iv) above, or the number of Settled Shares, whichever is less, and further deemed to have elected and shall receive the same form of consideration indicated in Section C of the FAA, subject to the deemed election provisions in this paragraph 1.

In addition, if you indicate that you choose to receive the Share Consideration, but maintain an address recorded in the register maintained by the CDP that is not within Singapore and do not provide the CDP with an address in Singapore by the Date of Receipt, or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date, then you shall be deemed to have elected for, and shall receive, the Cash Consideration in respect of all the Offer Shares you have tendered for acceptance;

- (c) if you are submitting the FAA in physical form, sign the FAA in accordance with this **APPENDIX VI** and the instructions printed on the FAA; and

LETTER TO SHAREHOLDERS

(d) *submit the duly completed and signed original FAA:*

(i) **by post**, *in the enclosed pre-addressed envelope at your own risk, to:*

TLW SUCCESS PTE. LTD.

*c/o The Central Depository (Pte) Limited
Robinson Road Post Office,
P.O. Box 1984,
Singapore 903934*

(ii) **in electronic form**, *via SGX-ST's Investor Portal at investors.sgx.com (for Individual and Joint-Alt account holders only),*

*Provided that submission **in electronic form** via investors.sgx.com is only for depositors who wish to accept the Offer in respect of **all** of the total number of Offer Shares standing to the credit of the "Free Balance" of their Securities Account. For depositors who wish to accept the Offer in respect of **part** of the total number of Offer Shares standing to the credit of the "Free Balance" of their Securities Account, please submit the FAA by **post** only to the address above,*

in each case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date. *If the completed and signed FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope, which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting outside of Singapore.*

If you have sold or transferred all your Offer Shares held through CDP, you need not forward the Notification Letter and the accompanying FAA to the purchaser or transferee as CDP will arrange for a separate Notification Letter and FAA to be sent to the purchaser or transferee.

*If you are an Entitled Depository Agent, you are to accept the Offer via the SGX-SFG service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents (the "**Electronic Acceptance**"). CDP has been authorised by the Offeror to receive Electronic Acceptances on its behalf and such Electronic Acceptances must be submitted not later than 5.30 p.m. (Singapore time) on the Closing Date. Such Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in this Offer Document, the FAA, the Sub-Account Holders Form and the DA Letter, as if the FAA had been completed and delivered to CDP. Please refer to paragraph 2 of this **APPENDIX VI** for more details on Electronic Acceptance.*

LETTER TO SHAREHOLDERS

1.2 **Depositors whose/which Securities Accounts will be credited with Offer Shares.** If you have purchased Offer Shares on the SGX-ST and such Offer Shares are in the process of being credited to the “Free Balance” of your Securities Account, you should also receive the Notification Letter together with an FAA. If you do not receive the FAA, you may obtain a copy of such FAA, upon production of satisfactory evidence that you are a Shareholder, from CDP by submitting a request to CDP via phone (+65 6535 7511) during their operating hours or email services (asksgx@sgx.com).

Acceptance. If you wish to accept the Offer in respect of such Offer Shares, you should, after the “Free Balance” of your Securities Account has been credited with such number of Offer Shares:

- (a) complete and sign the FAA in accordance with paragraph 1.1 of this **APPENDIX VI** and the instructions printed on the FAA; and
- (b) submit the duly completed and signed original FAA:

- (i) **by post** in the enclosed pre-addressed envelope **at your own risk**, to:

TLW SUCCESS PTE. LTD.

c/o The Central Depository (Pte) Limited
Robinson Road Post Office,
P.O. Box 1984,
Singapore 903934

- (ii) **in electronic form**, via SGX-ST’s Investor Portal at investors.sgx.com,

Provided that submission **in electronic form** via investors.sgx.com is only for depositors who wish to accept the Offer in respect of **all** of the total number of Offer Shares standing to the credit of the “Free Balance” of their Securities Account. For depositors who wish to accept the Offer in respect of **part** of the total number of Offer Shares standing to the credit of the “Free Balance” of their Securities Account, please submit the FAA by **post** only to the address above,

in each case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date. If the completed and signed FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope, which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting outside of Singapore.

Rejection. If upon receipt by CDP, on behalf of the Offeror, of the FAA, it is established that such Offer Shares have not been or will not be, credited to the “Free Balance” of your Securities Account (as, for example, where you sell or have sold such Offer Shares), your acceptance is liable to be rejected. None of the Offeror, EYCF or CDP accepts any responsibility or liability in relation to such a rejection, including the consequences thereof.

LETTER TO SHAREHOLDERS

*If you purchase Offer Shares on the SGX-ST on a date close to the Closing Date, your acceptance in respect of such Offer Shares is liable to be rejected if the "Free Balance" of your Securities Account is not credited with such Offer Shares by the Date of Receipt or by 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date) unless paragraphs 1.1(a)(i), 1.1(a)(i)(C) or 1.1(a)(i)(D) read together with paragraph 1.1(b) of this **APPENDIX VI** apply. If the Unsettled Buy Position does not settle by 5.30 p.m. (Singapore time) on the Closing Date, your acceptance in respect of such Offer Shares will be rejected.*

None of the Offeror, EYCF, the Share Registrar or CDP accepts any responsibility or liability in relation to such rejection, including the consequences thereof.

1.3 Depositors whose/which Securities Accounts are and will be credited with Offer Shares. *If you have Offer Shares credited to your Securities Account, and have purchased additional Offer Shares on the SGX-ST which are in the process of being credited to your Securities Account, you may accept the Offer in respect of the Offer Shares standing to the credit of the "Free Balance" of your Securities Account and may accept the Offer in respect of the additional Offer Shares purchased which are in the process of being credited to your Securities Account only **AFTER** the "Free Balance" of your Securities Account has been credited with such number of Offer Shares.*

1.4 FAAs received on Saturday, Sunday and public holidays. *For the avoidance of doubt, FAAs received by CDP on a Saturday, Sunday or public holiday in Singapore will only be processed and validated on the next business day.*

1.5 General. *No acknowledgement will be given by CDP for submissions of FAAs. All communications, notices, certificates, documents and remittances to be delivered or sent to you will be sent by ordinary post at your own risk to your address as it appears in the records of CDP.*

For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares credited to your Securities Account. You can verify such number in your Securities Account: (a) through CDP Online if you have registered for the CDP Internet Access Service; or (b) through CDP Phone Service using SMS OTP, under the option "To check your securities balance".

1.6 Blocked Balance. *Upon receipt of the FAA which is complete and valid in all respects, CDP will transfer the Offer Shares in respect of which you have accepted the Offer from the "Free Balance" of your Securities Account to the "Blocked Balance" of your Securities Account. Such Offer Shares will be held in the "Blocked Balance" until the consideration for such Offer Shares has been despatched to you.*

Except as specifically provided for in this Offer Document and the Code, acceptance of the Offer is irrevocable.

LETTER TO SHAREHOLDERS

Settlement of the consideration under the Offer will be subject to the receipt of confirmation satisfactory to the Offeror that the Offer Shares to which the FAA relates are credited to the "Free Balance" of your Securities Account and such settlement cannot be made until all relevant documents have been properly completed and lodged with TLW Success Pte. Ltd. c/o The Central Depository (Pte) Limited, by post at your own risk using the enclosed pre-addressed envelope to Robinson Road Post Office, P.O. Box 1984, Singapore 903934.

1.7 Notification. *If you have accepted the Offer in accordance with the provisions contained in this **APPENDIX VI** and the FAA, upon the Offer becoming or being declared to be unconditional in all respects in accordance with its terms, CDP will send a notification letter, stating the number of Offer Shares debited from your Securities Account and:*

- (a) where you have elected, or are deemed to have elected, the Cash Consideration, CDP shall make payment of the Cash Consideration which will be credited directly into your designated bank account for S\$ via DCS on the payment date. In the event you are not subscribed to CDP's DCS, any monies to be paid shall be credited to your Cash Ledger and subject to the same terms and conditions as Cash Distributions under the CDP Operation of Securities Account with the Depository Terms and Conditions (Cash Ledger and Cash Distribution are as defined therein); or*
- (b) where you have duly elected to receive the Share Consideration, the Offeror c/o the Share Registrar shall make payment of the Share Consideration by way of share certificate(s) for the appropriate number of New Offeror Shares issued as Offer Consideration and sent by ordinary mail to you at your Singapore address as it appears in the records of CDP, at your own risk, provided always that no Offeror Share Certificates will, in the case of Overseas Persons, be despatched in or into any overseas jurisdiction (please refer to paragraph 2.2 of **APPENDIX V** to this Offer Document for more information on the arrangements for validly accepting Overseas Persons),*

in each case, as soon as practicable and in any event:

- (i) in respect of acceptances of the Offer which are complete and valid in all respects and are received on or before the date on which the Offer becomes or is declared unconditional in all respects in accordance with its terms, within seven (7) business days of that date; or*
- (ii) in respect of acceptances of the Offer which are complete and valid in all respects and are received after the Offer becomes or is declared unconditional in all respects in accordance with its terms, but before the Offer closes, within seven (7) business days of the date of such receipt.*

LETTER TO SHAREHOLDERS

- 1.8 **Return of Offer Shares.** *In the event the Offer does not become or is not declared to be unconditional in all respects in accordance with its terms, CDP will return the aggregate number of Offer Shares in respect of which you have accepted the Offer and tendered for acceptance under the Offer to the “Free Balance” of your Securities Account as soon as possible but, in any event, within 14 days from the lapse or withdrawal of the Offer.*
- 1.9 **No Securities Account.** *If you do not have an existing Securities Account in your own name at the time of acceptance of the Offer, your acceptance as contained in the FAA will be rejected.*
2. **ENTITLED DEPOSITORY AGENTS**
- 2.1 **Entitled Depository Agents shall, in respect of each sub-account holder, be entitled to elect to receive the Cash Consideration or, in lieu thereof, the Share Consideration for the Offer Shares held on behalf of such sub-account holder, but not a combination of both, subject to each of the terms and conditions contained in this Offer Document, the FAA, the DA Letter and the Sub-Account Holders Form.**
- 2.2 *In addition, if you (in your capacity as an Entitled Depository Agent) wish to elect to receive the Share Consideration in respect of any of your sub-account holder(s)’ Offer Shares, you must, in addition to and at the same time as the making of the relevant acceptance and election via the Electronic Acceptance, submit via email to the Share Registrar at SMG-offer@sg.tricorglobal.com a clear, scanned, completed and signed PDF copy of the Sub-Account Holders Form (which will be provided to Entitled Depository Agents by CDP electronically), so as to arrive no later than the Date of Receipt, or in the case where such Date of Receipt is on the Closing Date at 5.30 p.m. (Singapore time) on the Closing Date (provided always that the Date of Receipt falls on or before the Closing Date).*
- 2.3 *By submitting an Electronic Acceptance, you confirm and represent to the Offeror that:*
- (a) *no sub-account holder has elected to receive a combination of the Cash Consideration and the Share Consideration in respect of the Offer Shares held by you on its behalf; and*
 - (b) *in respect of each sub-account holder that elects to receive the Share Consideration:*
 - (i) *the name and particulars of such sub-account holder set out in the Sub-Account Holders Form are correct;*
 - (ii) *the Share Consideration Recipient (as defined in the Sub-Account Holders Form) is a person to whom the Share Consideration may be lawfully issued;*
 - (iii) *an address in Singapore has been provided for the Share Consideration Recipient in the Sub-Account Form;*

LETTER TO SHAREHOLDERS

- (iv) *you irrevocably apply for the Offeror to, and request that the Offeror, allot the relevant number of New Offeror Shares with an issue price equivalent to the Cash Consideration, credited as fully paid, to the Share Consideration Recipient at its particulars set out in the Sub-Account Holders Form; and*
- (v) *the Share Consideration Recipient (A) designates the particulars set out in the Sub-Account Holders Form for service of notice of all members' meetings of the Offeror and (B) confirms that notice by telephone or e-mail to the stated number or e-mail address will constitute good and sufficient notice (subject to any change in particulars as notified to the Offeror).*

2.4 *In the event that you have tendered Offer Shares in acceptance of the Offer under an Electronic Acceptance but:*

- (a) ***you do not specify any number** of Offer Shares tendered in acceptance of the Offer in the Electronic Acceptance, you shall be deemed to have accepted the Offer in respect of all of your Offer Shares already standing to the credit of the "Free Balance" of your Securities Account as at the Date of Receipt, or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date (provided always that the Date of Receipt falls on or before the Closing Date) and deemed to have elected and shall receive the Cash Consideration;*
- (b) *you **do not elect the form of the Offer Consideration** in your Electronic Acceptance in accordance with this Offer Document and/or the DA Letter, whether due to an absence or failure of a valid election, you will be deemed to have elected and shall receive the Cash Consideration for all of the Offer Shares tendered in acceptance of the Offer under such Electronic Acceptance;*
- (c) *you specify in the Electronic Acceptance a number of Offer Shares which **exceeds** the number of Offer Shares already standing to the credit of the "Free Balance" of your Securities Account as at the Date of Receipt, or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date (provided always that the Date of Receipt falls on or before the Closing Date), you shall be deemed to have accepted the Offer in respect of all of your Offer Shares already standing to the credit of the "Free Balance" of your Securities Account as at the Date of Receipt, or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date (provided always that the Date of Receipt falls on or before the Closing Date), and further deemed to have elected and shall receive the Cash Consideration;*
- (d) *an accepting sub-account holder maintains an address in your records that is **not within Singapore and does not provide the Share Registrar with an address in Singapore in the Sub-Account Holders Form** in accordance with the timeline set out in this Offer Document, you shall be deemed to have elected the Cash Consideration in respect of all of the Offer Shares tendered in acceptance by you on behalf of such sub-account holder;*

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- (e) any Sub-Account Holders Form is received **after the deadline** set out in this Offer Document, you will be deemed to have elected and will receive the Cash Consideration in respect of the Offer Shares tendered in acceptance of the Offer by you on behalf of the relevant sub-account holder(s);
- (f) any part of the Sub-Account Holders Form is **left blank or otherwise incomplete, incorrect, unsigned, signed but not in its originality or invalid in any respect**, you shall be deemed to have elected to receive and shall receive the Cash Consideration in respect of all of the Offer Shares tendered in acceptance of the Offer by you on behalf of the relevant sub-account holder(s);
- (g) the number of Offer Shares indicated in the Sub-Account Holders Form **exceeds** (i) the number of Offer Shares for which you have attempted to elect the Share Consideration in your submission of the Electronic Acceptance; and/or (ii) the number of Offer Shares already standing to the credit of the "Free Balance" of your Securities Account as at the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date, then you shall be deemed to have elected and shall receive the Cash Consideration in respect of all of the Offer Shares tendered in acceptance of the Offer under such Electronic Acceptance; and
- (h) the number of Offer Shares indicated in the Sub-Account Holders Form is **less** than both (i) the number of Offer Shares for which you have attempted to elect the Share Consideration in your submission of the Electronic Acceptance; and (ii) the number of Offer Shares already standing to the credit of the "Free Balance" of your Securities Account as at the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date, then you shall be deemed to have elected and shall receive the Cash Consideration in respect of the balance number of Offer Shares for which you have attempted to elect the Share Consideration in your submission of the Electronic Acceptance in excess of the total number of Offer Shares indicated in the Sub-Account Holders Form.

2.5 For the avoidance of doubt, you do not have to complete or return the Sub-Account Holders Form if you (a) do not wish to accept the Offer on behalf of your sub-account holder(s); or (b) wish to elect to receive the Cash Consideration in respect of all of the Offer Shares tendered in acceptance by you on behalf of your sub-account holder(s).

LETTER TO SHAREHOLDERS

3. SHAREHOLDERS WHO HOLD OFFER SHARES WHICH ARE NOT DEPOSITED WITH CDP

*If you hold Offer Shares which are not deposited with CDP, you are entitled to receive the Notification Letter together with the FAT. If you wish to accept the Offer, you should complete and sign the FAT (which is available upon request from TLW Success Pte. Ltd. c/o Tricor Barbinder Share Registration Services, 80 Robinson Road, #11-02, Singapore 068898) in accordance with the provisions and instructions in this Offer Document including the provisions and instructions printed on the FAT (which provisions and instructions shall be deemed to form part of the terms of the Offer) and submit the duly completed and signed original FAT with the relevant share certificate(s) and/or other document(s) of title and/or any other relevant document(s) required by the Offeror **by hand** or **by post** in the enclosed pre-addressed envelope, at your own risk, to:*

TLW SUCCESS PTE. LTD.

*c/o Tricor Barbinder Share Registration Services
80 Robinson Road
#11-02
Singapore 068898*

so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date.

If the completed and signed FAT is delivered by post to the Offeror, please use the enclosed pre-addressed envelope, which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting outside of Singapore.

If you wish to accept the Offer, you must:

- (a) *insert in Part (1) of the FAT the number of Offer Shares in respect of which the Offer is accepted.*

If the number of Offer Shares in respect of acceptances for the Offer as inserted by you in the FAT exceeds the number of Offer Shares represented by the share certificate(s) and/or other document(s) of title accompanying the FAT, or if no such number of Offer Shares is inserted by you, then you shall be deemed to have accepted the Offer in respect of all the Offer Shares as represented by the share certificate(s) and/or other document(s) of title accompanying the FAT; and

- (b) *indicate in Part (3) of the FAT whether you choose to receive the Cash Consideration or the Share Consideration in respect of all the Offer Shares you tendered for acceptance in Part (1) of the FAT. **Shareholders who accept the Offer shall have the right to elect to receive in respect of all the Offer Shares tendered in acceptance, either the Share Consideration or the Cash Consideration, but not a combination of both.***

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*If you do not indicate in Part (3) of the FAT whether you choose to receive the Cash Consideration or the Share Consideration in respect of all the Offer Shares you tendered for acceptance in Part (1) of the FAT, if you indicate that you choose to receive both the Cash Consideration and the Share Consideration, or if Part (3) of the FAT is left blank or otherwise incomplete, or there is any ambiguity as to your election to receive the Cash Consideration or the Share Consideration, **then you shall be deemed to have elected and shall receive the Cash Consideration in respect of all the Offer Shares you have tendered for acceptance in Part (1) of the FAT.***

In addition, if you indicate that you choose to receive the Share Consideration, but maintain an address recorded in the register of members of the Company that is not within Singapore and do not provide the Share Registrar with an address in Singapore in the FAT, then you shall be deemed to have elected and shall receive the Cash Consideration in respect of all the Offer Shares you have tendered for acceptance in Part (1) of the FAT.

General

If your Offer Shares are represented by share certificate(s) which are not registered with the Company in your own name, you must send in, at your own risk, the relevant share certificate(s), other document(s) of title and/or other relevant documents required by the Offeror together with a duly completed and signed original FAT in its entirety (no part may be detached or otherwise mutilated), accompanied by transfer form(s), duly completed and executed by the person(s) registered with the Company as the holder of the Offer Shares and stamped, with the particulars of the transferee left blank (to be completed by the Offeror or a person authorised by it).

If you are recorded in the register of members of the Company as holding Offer Shares but do not have the relevant share certificate(s) relating to such Offer Shares, you, at your own risk, are required to procure the Company to issue such share certificate(s) in accordance with the constitution of the Company and then deliver such share certificate(s) in accordance with the procedures set out in this Offer Document and in the FAT. If your share certificate(s), transfer form(s) and/or other relevant document(s) required by the Offeror, is/are not readily available or is/are lost, please contact Tricor Barbinder Share Registration Services, 80 Robinson Road #11-02, Singapore 068898. The FAT should nevertheless be completed and delivered as above if you wish to accept the Offer. The unavailable/missing document(s) and/or satisfactory indemnities or appropriate statutory declarations should be forwarded to the Offeror c/o the Share Registrar as soon as possible thereafter but in any event before 5.30 p.m. (Singapore time) on the Closing Date.

It is your responsibility to ensure that the FAT is properly completed in all respects. The Offeror, EYCF and/or the Share Registrar will be entitled, at their sole and absolute discretion, to reject any acceptance which does not comply with the provisions and instructions contained herein and in the FAT, or (subject to the preceding paragraph) which is not accompanied by the relevant share certificate(s), other document(s) of title and/or any other relevant document(s)

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required by the Offeror, or which is otherwise incomplete, incorrect, unsigned, signed but not in its originality or invalid in any respect. Any decision to reject or treat as valid any acceptance will be final and binding, and none of the Offeror, EYCF or the Share Registrar accepts any responsibility or liability for the consequences of such a decision.

Except as specifically provided for in this Offer Document and the Code, acceptance of the Offer is irrevocable.

No acknowledgement of receipt of any FAT, share certificate(s), other document(s) of title, transfer form(s) and/or any other relevant document(s) required by the Offeror will be given.

All communications, notices, certificates, documents and remittances to be delivered or sent to you will be sent by ordinary post to your address as it appears on the FAT or in the register of members of the Company (if no such address is indicated in the FAT), at your sole risk.

In the event that the Offer becomes or is declared to be unconditional in all respects in accordance with its terms:

- (a) where you have elected, or are deemed to have elected, to receive the Cash Consideration, payment will be sent to you (or your designated agent or, in the case of joint accepting Shareholders who have not designated any agent, to the one first named in the register of members of the Company) by ordinary post to your address as it appears in the register of members of the Company (or to such different address as may be specified by you in the FAT) and at your own risk, by way of a S\$ crossed cheque drawn on a bank operating in Singapore for the appropriate amount or in such other manner as may be agreed between the Share Registrar and you; or*
- (b) where you have duly elected to receive the Share Consideration, a notification letter stating the number of New Offeror Shares issued to such accepting Shareholder and enclosing the Offeror Share Certificate in respect of the New Offeror Shares allotted and issued to you by the Offeror will be sent to you (or your designated agent or, in the case of joint accepting Shareholders who have not designated any agent, to the one first named in the register of members of the Company) by ordinary post to your Singapore address as it appears in the register of members of the Company (or to such different Singapore address as may be specified by you in the FAT) and at your own risk, provided always that no Offeror Share Certificates will, in the case of Overseas Persons, be despatched in or into any overseas jurisdiction (please refer to paragraph 2.2 of **APPENDIX V** to this Offer Document for more information on the arrangements for validly accepting Overseas Persons).*

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in each case, as soon as practicable and in any event:

- (i) in respect of acceptances of the Offer which are complete and valid in all respects and are received on or before the date on which the Offer becomes or is declared unconditional in all respects in accordance with its terms, within seven (7) business days of that date; or*
- (ii) in respect of acceptances of the Offer which are complete and valid in all respects and are received after the Offer becomes or is declared unconditional in all respects in accordance with its terms, but before the Offer closes, within seven (7) business days of the date of such receipt.*

In the event the Offer does not become or is not declared to be unconditional in all respects in accordance with its terms, the FAT, share certificate(s) and any other accompanying document(s) will be returned to you as soon as possible but, in any event, within 14 days of the lapse or withdrawal of the Offer.

If you are a Shareholder who holds Offer Shares which are not deposited with CDP but you do not receive the FAT, you may obtain such a FAT upon production of satisfactory evidence that you are a Shareholder, from TLW Success Pte. Ltd. c/o Tricor Barbinder Share Registration Services at its office at 80 Robinson Road, #11-02, Singapore 068898.

4. OTHER RELEVANT INFORMATION IN RESPECT OF THE PROCEDURES FOR ACCEPTANCE

*If you hold share certificate(s) of some of the Offer Shares beneficially owned by you and if you have deposited the rest of the Offer Shares beneficially owned by you with CDP, you are required to complete, sign and submit at your own risk, the signed original FAT in respect of the Offer Shares represented by share certificate(s) and the signed original FAA in respect of the Offer Shares which are deposited with CDP, if you wish to accept the Offer in respect of all such Offer Shares. Both the FAT and the FAA must be completed, signed and accompanied by the relevant documents and submitted to the Offeror in accordance with the respective procedures for acceptance set out in paragraphs 1 or 2 (as the case may be) and 3 of this **APPENDIX VI**.*

If you hold share certificate(s) of the Offer Shares beneficially owned by you and you wish to accept the Offer in respect of such Offer Shares, you should not deposit the share certificate(s) with CDP during the period commencing on the date of this Offer Document and ending on the Closing Date (both dates inclusive) as your Securities Account may not be credited with the relevant number of Offer Shares in time for you to accept the Offer.

If you wish to accept the Offer, it is your responsibility to ensure that the relevant Acceptance Form(s), as the case may be, is properly completed in all respects, submitted with original signature(s) and all required documents (such as, where applicable, the Sub-Account Holders Form) are provided. The Offeror, EYCF, CDP and/or the Share Registrar will be entitled, at their sole and absolute discretion, to reject any acceptance which does not comply with the provisions and instructions contained herein, in the relevant Acceptance Form(s), the DA Letter and/or the Sub-Account Holders Form, as the case may be, or which is

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otherwise incomplete, incorrect, unsigned, signed but not in its originality or invalid in any respect. Any decision to reject or treat as valid any acceptance will be final and binding, and none of the Offeror, EYCF, CDP or the Share Registrar accepts any responsibility or liability for the consequences of such a decision.

Acceptances in the form of the relevant Acceptance Form(s) and (where applicable) the Sub-Account Holders Form received by the Offeror, EYCF, CDP and/or the Share Registrar, on a Saturday, Sunday or public holiday will only be processed and validated on the next business day.

Submission of the duly completed and signed original relevant Acceptance Form(s) and (where applicable) the Sub-Account Holders Form through CDP and/or the Share Registrar and/or, as the case may be, the Offeror or EYCF, shall be conclusive evidence in favour of the Offeror, EYCF, CDP and/or the Share Registrar of the right and title of the person(s) signing it to deal with the same and with the Offer Shares to which it relates.

The Offeror, EYCF, CDP and/or the Share Registrar, as the case may be, shall not be liable for any loss in transmission of the Acceptance Form(s) and/or the Sub-Account Holders Form.

*By completing and delivering the relevant Acceptance Form(s) and (where applicable) the Sub-Account Holders Form, you (a) consent to the collection, use and disclosure of your personal data by the Offeror, EYCF, CDP, the Share Registrar, the SGX-ST, Securities Clearing and Computer Services (Pte) Ltd and the Company (the “**Relevant Persons**”) or any person designated by the Relevant Persons in connection with the purpose of facilitating your acceptance of the Offer, and in order for the Relevant Persons or such designated person to comply with any applicable laws, listing rules, regulations and/or guidelines; (b) warrant that where you disclose the personal data of another person, such disclosure is in compliance with applicable law; and (c) agree that you will indemnify the Relevant Persons or such designated person in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of such warranty.*

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3. COMPANY OPTIONS

3.1 Terms of the Options Proposal

The Options Proposal is made by the Offeror on the principal terms set out in paragraph 3 of the Offer Document as well as paragraphs 3 and 4 of the Options Proposal Letter, which have been extracted from the Offer Document and Options Proposal Letter and set out below.

Paragraph 3 of the Offer Document

3 COMPANY OPTIONS

3.1 *Company Options*

*Based on the information provided by the Company, there are 7,655,000 outstanding Company Options as at the Latest Practicable Date. Under the rules of the Company Option Scheme, the Company Options are not freely transferable by the holders (the “**Optionholders**”) thereof (other than to an Optionholder’s personal representative on the death of that Optionholder), in whole or in part, except with the prior written approval of the Remuneration Committee of the Company. In view of this restriction, the Offeror will not make an offer to acquire the Company Options in connection with the Offer (although, as stated above, the Offer will be extended to all Shares unconditionally issued and/or transferred (as the case may be) pursuant to the valid exercise of the Company Options prior to the close of the Offer).*

3.2 *Options Proposal*

*Instead EYCF will, on behalf of the Offeror, make a proposal (the “**Options Proposal**”) to the Optionholders on the following terms, that subject to:*

- (a) the Offer becoming or being declared unconditional in all respects; and*
- (b) the relevant Company Options being exercisable into Shares as at the Optionholders’ respective dates of acceptance of the Options Proposal, and continuing to be exercisable into Shares,*

*the Offeror will pay to such Optionholders a cash amount (determined as provided below) (the “**Option Price**”) in consideration of such Optionholders agreeing:*

- (i) not to exercise any of such Company Options into Shares; and*
- (ii) not to exercise any of their rights as Optionholders,*

in each case from the date of their acceptance of the Options Proposal to the respective dates of expiry of such Company Options. Further, if the Offer becomes or is declared unconditional in all respects, the relevant Company Options of an Optionholder who accepts the Options Proposal will be cancelled or deemed to be cancelled upon receipt by the Share Registrar, on behalf of the Offeror, of his valid acceptance of the Options Proposal. If the Offer lapses or is

LETTER TO SHAREHOLDERS

withdrawn, the Options Proposal will lapse accordingly. If any of the Company Options ceases to be exercisable into Shares, the Options Proposal in relation to such Company Options that cease to be exercisable into Shares will lapse accordingly.

3.3 Option Price

The Option Price is computed on a “see-through” basis, being the amount of the excess of the Cash Consideration over the exercise price of that Company Option. If, however, the exercise price of that Company Option is equal to or more than the Cash Consideration, the Option Price for each Company Option will be the nominal amount of S\$0.001.

3.4 Offer and Options Proposal mutually exclusive

For the avoidance of doubt, whilst the Options Proposal is conditional upon the Offer becoming or being declared unconditional in all respects in accordance with its terms, the Offer will not be conditional upon acceptances received in relation to the Options Proposal. The Offer and the Options Proposal are separate and mutually exclusive. The Options Proposal does not form part of the Offer, and vice versa. Without prejudice to the foregoing, if the Optionholders wish to exercise their Company Options in order to accept the Offer in respect of the Shares to be issued and/or transferred (as the case may be) pursuant to such exercise, they may not accept the Options Proposal in respect of such Company Options. Conversely, if Optionholders wish to accept the Options Proposal in respect of their Company Options, they may not exercise those Company Options in order to accept the Offer in respect of the Shares to be issued and/or transferred (as the case may be) pursuant to such exercise.

. . .

Paragraphs 3 and 4 of the Options Proposal Letter

3. COMPANY OPTIONS

*Based on the information provided by the Company, there are 7,655,000 outstanding Company Options as at the Latest Practicable Date. Under the rules of the Company Option Scheme, the Company Options are not transferable by the Optionholders thereof (other than to an Optionholder’s personal representative on the death of that Optionholder), in whole or in part, except with the prior written approval of the Remuneration Committee of the Company (the “**Remuneration Committee**”). In view of this restriction, the Offeror will not make an offer to acquire the Company Options in connection with the Offer (although, as stated above, the Offer will be extended to all Shares unconditionally issued and/or transferred (as the case may be) pursuant to the valid exercise of the Company Options prior to the close of the Offer).*

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4. OPTIONS PROPOSAL

4.1 Terms of the Options Proposal

In addition to extending the Offer to all Shares unconditionally issued and/or transferred (as the case may be) prior to the close of the Offer pursuant to the valid exercise of the outstanding Company Options, EYCF, for and on behalf of the Offeror, hereby makes the Options Proposal to each Optionholder on the terms set out below.

*Subject to the Offer becoming or being declared unconditional in all respects and the relevant Company Options being exercisable into Shares as at the Optionholders' respective dates of acceptance of the Options Proposal, and continuing to be exercisable into Shares, the Offeror will pay to such Optionholders a cash amount (the "**Option Price**") on the basis of the "see-through" price of the Company Options, determined as set out in paragraph 4.2 below, in consideration of such Optionholders agreeing:*

- (a) not to exercise any of such Company Options into Shares; and*
- (b) not to exercise any of their rights as Optionholders,*

in each case from the date of their acceptance of the Options Proposal to the respective dates of expiry of such Company Options.

Further, if the Offer becomes or is declared unconditional in all respects, the relevant Company Options of an Optionholder who accepts the Options Proposal will be cancelled or deemed to be cancelled upon receipt by the Share Registrar, on behalf of the Offeror, of his valid acceptance of the Options Proposal. If the Offer lapses or is withdrawn, the Options Proposal will lapse accordingly. If any of the Company Options ceases to be exercisable into Shares, the Options Proposal in relation to such Company Options that cease to be exercisable into Shares will lapse accordingly.

4.2 Option Price

The Option Price is computed on a "see-through" basis, being the amount of the excess of the Cash Consideration over the exercise price of that Company Option. If, however, the exercise price of that Company Option is equal to or more than the Cash Consideration, the Option Price for each Company Option will be the nominal amount of S\$0.001.

4.3 Offer and Options Proposal Mutually Exclusive

The Offer and the Options Proposal are separate and mutually exclusive. The Options Proposal does not form part of the Offer, and vice versa. Without prejudice to the foregoing, if the Optionholders wish to exercise their Company Options in order to accept the Offer in respect of the Shares to be issued and/or transferred (as the case may be) pursuant to such exercise, they may not accept the Options Proposal in respect of such Company Options. Conversely, if Optionholders wish to accept the Options Proposal in respect of their Company Options, they may not exercise those Company Options in order to accept the Offer in respect of the Shares to be issued and/or transferred (as the case may be) pursuant to such exercise.

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4.4 Duration of the Options Proposal

*The Options Proposal shall remain open for acceptance until **5.30 p.m. (Singapore time) on the Closing Date of the Offer.***

4.5 Acceptances Irrevocable

Acceptances of the Options Proposal shall be irrevocable.

5. CHOICES

An Optionholder can, in relation to all or some of his Company Options:

- (a) accept the Options Proposal in respect of all or some of such Company Options in accordance with the terms and conditions of this Letter; or*
- (b) subject to the relevant rules of the Company Option Scheme, exercise all or some of such Company Options, in accordance with the terms of the Company Option Scheme and participate in the Offer in respect of the Shares to be issued and/or transferred (as the case may be) pursuant to such exercise prior to the close of the Offer. As the Offer is conditional, all Company Options are exercisable from the date on which the Offer becomes or is declared unconditional till either the expiry of six (6) months thereafter or the date of expiry of the Exercise Period (as defined in the rules of the Company Option Scheme) relating thereto, whichever is earlier (the **"Exercising Period"**); or*
- (c) take no action and let the Options Proposal lapse in respect of all or some of such Company Options.*

3.2 Procedures for Acceptance

The procedures for acceptance of the Options Proposal are set out in paragraphs 6, 7 and 8 of the Options Proposal Letter, which have been extracted from the Options Proposal Letter and set out below.

6. PROCEDURE FOR ACCEPTANCE OF THE OPTIONS PROPOSAL

6.1 Acceptance of the Options Proposal

If an Optionholder wishes to accept the Options Proposal, he should do the following:

- (a) complete and sign the enclosed Options Proposal Acceptance Letter, in accordance with the provisions and instructions in this Letter and the Options Proposal Acceptance Letter; and*
- (b) deliver the completed and signed Options Proposal Acceptance Letter at his own risk to TLW Success Pte. Ltd., c/o Tricor Barbinder Share Registration Services, 80 Robinson Road, #11-02, Singapore 068898, **so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date.***

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No acknowledgement of receipt of documents will be given.

The Offeror, EYCF and/or the Share Registrar will be authorised and entitled, at their sole and absolute discretion, to reject any acceptance of this Options Proposal which is not entirely in order or which does not comply with the terms of this Options Proposal and the Options Proposal Acceptance Letter or if the Options Proposal Acceptance Letter is otherwise incomplete, incorrect, unsigned, signed but not in its originality or invalid in any respect. If an Optionholder wishes to accept the Options Proposal, it is the responsibility of the Optionholder to ensure that the Options Proposal Acceptance Letter is properly completed and signed in all respects and that all supporting documents, where applicable, are provided. Any decision to reject the Options Proposal Acceptance Letter on the grounds that it has been invalidly, incorrectly or incompletely signed, completed or submitted or treat as valid an acceptance will be final and binding and none of the Offeror, EYCF or the Share Registrar accepts any responsibility or liability for the consequences of such a decision.

6.2 Options Proposal Acceptance Letter

The Options Proposal Acceptance Letter is enclosed together with this Letter.

6.3 Valid Acceptances and Discretion

The Offeror, EYCF and the Share Registrar each reserves the right to treat acceptances of the Options Proposal as valid if received by or on behalf of any of them at any place or places determined by them otherwise than as stated herein or in the Options Proposal Acceptance Letter, or if made otherwise than in accordance with the provisions herein or in the Options Proposal Acceptance Letter.

6.4 Settlement

*Subject to the Offer becoming or being declared unconditional in all respects and the receipt by the Offeror of the duly completed and signed Options Proposal Acceptance Letter and of all relevant documents required by the Offeror from an Optionholder who validly accepts the Options Proposal (an “**Accepting Optionholder**”) which are complete in all respects and in accordance with such requirements as may be stated in this Letter and the Options Proposal Acceptance Letter, payment of the appropriate amounts will be made by ordinary post to the address specified in the Options Proposal Acceptance Letter or in such other manner as may be agreed between the Share Registrar and the Accepting Optionholder and at the risk of such Accepting Optionholder, as soon as practicable and in any case within seven (7) business days after (a) the Offer becomes or is declared unconditional in all respects; or (b) the date of receipt of the Options Proposal Acceptance Letter (where such date of receipt falls after the date that the Offer has become or been declared unconditional in all respects).*

6.5 Overseas Optionholders

*The availability of the Options Proposal to Optionholders whose mailing addresses are outside of Singapore, as shown on the Register of Optionholders (each, an “**Overseas Optionholder**”), may be affected by the laws of the relevant*

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overseas jurisdictions. Accordingly, any Overseas Optionholder should inform himself about and observe any applicable legal requirements, and exercise caution in relation to the Options Proposal, as this Letter, the Options Proposal Acceptance Letter, the Offer Document and/or any related documents have not been reviewed by any regulatory authority in any overseas jurisdiction. **Where there are potential restrictions on sending this Letter, the Options Proposal Acceptance Letter, the Offer Document and/or any related documents to any overseas jurisdictions, the Offeror, EYCF and the Share Registrar each reserves the right not to send these documents to Optionholders in such overseas jurisdictions. For the avoidance of doubt, the Options Proposal is made to all Optionholders, including those to whom this Letter, the Options Proposal Acceptance Letter, the Offer Document and/or any related documents have not been, or may not be, sent.**

6.6 Copies of Documents

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

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

Overseas Optionholders may, nonetheless, obtain copies of this Letter, the Options Proposal Acceptance Letter, the Notification Letter and/or any related documents during normal business hours up to the Closing Date from the Share Registrar, Tricor Barbinder Share Registration Services, at its office located at 80 Robinson Road, #11-02, Singapore 068898.

Alternatively, an Overseas Optionholder may write to the Offeror at TLW Success Pte. Ltd., c/o Tricor Barbinder Share Registration Services, 80 Robinson Road, #11-02, Singapore 068898, to request for this Letter, the Options Proposal Acceptance Letter, the Notification Letter and/or any related documents to be sent to an address in Singapore by ordinary post at his own risk.

Electronic copies of this Letter, the Options Proposal Acceptance Letter and the Notification Letter are available on the website of the SGX-ST at <https://www.sgx.com> and on the website of the Company at <https://smg.sg/>.

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6.7 Compliance with Applicable Laws

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

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

7. EXERCISE OF COMPANY OPTIONS

7.1 Procedure for Acceptance of the Offer

If an Optionholder wishes to exercise his outstanding Company Options, in whole or in part, in order to accept the Offer in respect of the Shares unconditionally issued and/or transferred (as the case may be) pursuant to such exercise, he should:

- (a) exercise his outstanding Company Options in accordance with the rules of the Company Option Scheme; and*
- (b) complete, sign and deliver the Form of Acceptance and Authorisation for Shares in respect of the Offer (the “**FAA**”) in respect of the Shares unconditionally issued and/or transferred (as the case may be) pursuant to the valid exercise of his outstanding Company Options, in accordance with the provisions of the Offer Document as well as the provisions and instructions printed on the FAA.*

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7.2 Issue of New Shares and/or Transfer of Existing Shares

Pursuant to the rules of the Company Option Scheme, subject to such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to compliance with the terms of the Company Option Scheme and the Constitution of the Company, and except in the event that the Remuneration Committee in its absolute discretion elects to give the Cash Bonus (as defined in the Company Option Scheme) to the Optionholder, the Company shall, within 10 Market Days after the exercise of a Company Option, do any one or more of the following in relation to the exercise of such Company Option as it deems fit in its sole and absolute discretion:

- (a) allot the relevant Shares, and despatch to The Central Depository (Pte) Limited (“CDP”) the relevant share certificates by ordinary post or such other mode as the Remuneration Committee may deem fit; and/or*
- (b) deliver existing Shares to the Optionholder, whether such existing Shares are acquired pursuant to a share purchase mandate or (to the extent permitted by law) held as treasury Shares.*

Optionholders should note that CDP will only issue the FAA in respect of these Shares to the Optionholder upon the “Free Balance” of his Securities Account being credited with the Shares.

Optionholders should further note that if the “Free Balance” of their Securities Accounts is not credited with the relevant number of Shares by the date of receipt of the FAA by CDP (if the FAA is received by CDP prior to the Closing Date) or 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date), the acceptance of the Offer by the Optionholders in respect of such Shares will be rejected, and none of the Offeror, EYCF, the Share Registrar or CDP accepts any responsibility or liability in relation to such rejection, including the consequences thereof.

Accordingly, if an Optionholder wishes to exercise his Company Options in order to accept the Offer in respect of the Shares issued and/or transferred (as the case may be) pursuant to such exercise, he should ensure that the “Free Balance” of his Securities Account will be credited with the relevant number of Shares in time for him to accept the Offer.

8. LAPSING OF COMPANY OPTIONS

*If an Optionholder takes no action and lets the Options Proposal lapse in respect of all or some of his Company Options, it should be noted that if during the Exercising Period, the Offeror becomes entitled or bound to exercise rights of compulsory acquisition under the Companies Act (“**Compulsory Acquisition**”) and the Offeror gives notice to the Optionholders that it intends to exercise such right on a specified date (the “**Compulsory Acquisition Date**”), the Company Options shall remain exercisable until the Compulsory Acquisition Date or the expiry of the Exercise Period, whichever is earlier. Any Company Option not so exercised by the Compulsory Acquisition Date shall lapse provided that the rights of Compulsory Acquisition have been exercised.*

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4. INFORMATION ON THE OFFEROR

Paragraph 4 of the Offer Document sets out certain information on the Offeror, the full text of which has been extracted from the Offer Document and set out below. Additional information on the Offeror extracted from Appendix I to the Offer Document is set out in **APPENDIX III** to this Circular.

4 INFORMATION ON THE OFFEROR

4.1 Information on the Offeror

The Offeror is a special purpose vehicle incorporated in Singapore on 8 August 2022 for the purpose of undertaking the Offer. Its principal activities are those of an investment holding company. The Offeror has not carried on any business since its incorporation, except in relation to matters in connection with the making of the Offer.

*As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$3.00, consisting of three (3) ordinary shares, which is held by the shareholders ("**Promoters**") as follows:*

<i>Shareholder of the Offeror</i>	<i>Number of shares in the Offeror</i>	<i>Proportion of the total number of issued shares in the Offeror</i>
<i>TTCK</i>	<i>1</i>	<i>33.33%</i>
<i>BTL</i>	<i>1</i>	<i>33.33%</i>
<i>WSW</i>	<i>1</i>	<i>33.33%</i>
<i>Total</i>	<i>3</i>	<i>100.00%</i>

The board of directors of the Offeror comprises the following individuals:

(a) TTCK; and

(b) BTL.

4.2 Conversion to public company

The Offeror reserves its rights to convert to a public company at any time in accordance with Section 31 of the Companies Act, including in the event that the number of Shareholders electing the Share Consideration may potentially result in the number of shareholders in the Offeror exceeding 50.

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5. IRREVOCABLE UNDERTAKINGS

Paragraph 6 of the Offer Document sets out certain information in relation to any irrevocable commitment from any party in relation to the Offer, extracts of which are set out below.

6 IRREVOCABLE UNDERTAKINGS

6.1 Details of Promoter Irrevocable Undertakings

As at the Latest Practicable Date, the Promoters have an aggregate interest in 80,203,255 Shares, representing approximately 16.49% of the total number of issued Shares in the following proportion:

<i>Promoter</i>	<i>Number of Shares</i>	<i>Proportion of the total number of issued Shares⁽¹⁾⁽²⁾</i>
<i>TTCK</i>	<i>35,708,073⁽³⁾</i>	<i>7.34%</i>
<i>BTL</i>	<i>33,626,329⁽⁴⁾</i>	<i>6.91%</i>
<i>WSW</i>	<i>10,868,853</i>	<i>2.23%</i>
<i>Total</i>	<i>80,203,255</i>	<i>16.49%</i>

Notes:

- (1) Based on the Company's issued and paid-up capital of 486,382,109 Shares (excluding 232,729 treasury shares) as at the Latest Practicable Date.*
- (2) In this Offer Document, any discrepancies between the listed percentages and the totals shown thereof are due to rounding. Accordingly, figures shown as totals in this Offer Document may not be an arithmetic aggregation of the figures that precede them.*
- (3) Excluding TTCK's deemed interest in 600,000 Shares held by his immediate family member, Joyce Ooi Eu Huey Mrs Joyce Tan (who has provided a Relevant Shareholder Irrevocable Undertaking). TTCK does not have any outstanding Company Options.*
- (4) In addition to 33,626,329 Shares, BTL holds 3,700,000 outstanding Company Options.*

*As at the Latest Practicable Date, each of the Promoters has executed an irrevocable undertaking (the "**Promoter Irrevocable Undertakings**") in favour of the Offeror, pursuant to which each of them has undertaken and/or agreed:*

- (a) to accept the Offer in respect of all Shares held by him;*
- (b) to elect to receive only the Share Consideration (and not the Cash Consideration), provided that as each Promoter has already subscribed for one (1) share in the Offeror at a share price of S\$1.00 as at the date of incorporation of the Offeror, each Promoter agrees (i) to receive one (1) less New Offeror Share than would have otherwise been received in respect of the Share Consideration; and (ii) that the aggregate value of such New Offeror Shares received by each Promoter will be such dollar amount derived by multiplying the Cash Consideration and the number of Shares tendered in the Offer, less the initial subscription amount of S\$1.00;*

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- (c) *to waive, or procure the waiver of, his rights to receive any cash settlement or payment for his acceptance of the Offer within the time period prescribed under Rule 30 of the Code;*
- (d) *to accept the Offer in respect of any other Shares or securities in the capital of the Company that he may acquire, or which may be allocated and issued to him, on or after the date of the Promoter Irrevocable Undertakings; and*
- (e) *(in respect of BTL only) to not exercise all or any of his Company Options held by him and to accept the Options Proposal in respect of all the Company Options held by him.*

6.2 Details of Relevant Shareholder Irrevocable Undertakings

*As at the Latest Practicable Date, in addition to the Promoter Irrevocable Undertakings, each of CHA Healthcare Singapore Pte. Ltd., Silver Mines Global Limited, Red Ancient Global Ltd, Cheng Yong Liang, Vertical Assets Holdings Inc, Richard Yong Chin-Wee, MCC Management Ltd, Low Chai Ling (Liu Jialin), Joyce Ooi Eu Huey Mrs Joyce Tan, and Chua Han Boon Kenneth (collectively, the **“Relevant Shareholders”**) have also executed irrevocable undertakings (the **“Relevant Shareholder Irrevocable Undertakings”**) in favour of the Offeror, pursuant to which each of them has undertaken to:*

- (a) *accept the Offer in respect of all Shares held by it/him/her (as the case may be);*
- (b) *elect to receive only the Share Consideration (and not the Cash Consideration); and*
- (c) *accept the Offer in respect of any other Shares or securities in the capital of the Company that each of them may acquire, or which may be allocated and issued to it/him/her (as the case may be), on or after the date of the Relevant Shareholder Irrevocable Undertakings.*

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

Name of Shareholder	Number of Shares held as at the Latest Practicable Date	Proportion of the total number of issued Shares⁽¹⁾⁽²⁾
CHA Healthcare Singapore Pte. Ltd.	116,000,000	23.85%
Silver Mines Global Limited ⁽³⁾	26,949,348	5.54%
Red Ancient Global Ltd ⁽³⁾	377,000	0.08%
Cheng Yong Liang	9,152,121	1.88%
Vertical Assets Holdings Inc ⁽⁴⁾	871,000	0.18%
Richard Yong Chin-Wee	6,000,000	1.23%
MCC Management Ltd ⁽⁵⁾	4,703,952	0.97%
Low Chai Ling (Liu Jialin)	5,190,312	1.07%
Joyce Ooi Eu Huey		
Mrs Joyce Tan ⁽⁶⁾	600,000	0.12%
Chua Han Boon Kenneth	1,255,052	0.26%

Notes:

- (1) Based on the Company's issued and paid-up capital of 486,382,109 Shares (excluding 232,729 treasury shares) as at the Latest Practicable Date.
- (2) In this Offer Document, any discrepancies between the listed percentages and the totals shown thereof are due to rounding. Accordingly, figures shown as totals in this Offer Document may not be an arithmetic aggregation of the figures that precede them.
- (3) Silver Mines Global Limited is a wholly-owned subsidiary of Red Ancient Global Ltd which is in turn wholly-owned by Dr. Ho Choon Hou.
- (4) Vertical Assets Holdings Inc is wholly-owned by Mr. Cheng Yong Liang.
- (5) MCC Management Ltd is wholly-owned by Mr. Richard Yong Chin-Wee.
- (6) Joyce Ooi Eu Huey Mrs Joyce Tan is TTCK's immediate family member.

For the avoidance of doubt, as at the Latest Practicable Date, the Promoters and the Relevant Shareholders collectively hold an aggregate interest in 251,302,040 Shares, representing approximately 51.67% of the total number of issued Shares, and have executed irrevocable undertakings in favour of the Offeror to accept the Offer and elect to receive the Share Consideration as the Offer Consideration for all their Offer Shares.

6.3 Termination of Irrevocable Undertakings

Each Promoter Irrevocable Undertaking and Relevant Shareholder Irrevocable Undertaking shall terminate, lapse and cease to have any effect upon the Offer lapsing or being withdrawn or failing to become unconditional in all respects for whatever reason other than as a result of a breach by the relevant undertaking Shareholder of any of his/her/its obligations under the relevant Promoter Irrevocable Undertaking or Relevant Shareholder Irrevocable Undertaking (as

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the case may be). In addition, in respect of CHA Healthcare Singapore Pte. Ltd. only, its Relevant Shareholder Irrevocable Undertaking shall not extend beyond six (6) months from the date of execution.

6.4 No Other Irrevocable Undertakings

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

6.5 Resultant Shareholdings of the Offeror

It is therefore contemplated that following the close of the Offer, and for illustrative purposes only, assuming that (i) all Shareholders (save for the Promoters and the Relevant Shareholders) accept the Offer and elect to receive the Cash Consideration as the Offer Consideration for all their Offer Shares; and (ii) the Promoters and the Relevant Shareholders accept the Offer and elect to receive the Share Consideration for all their Offer Shares in accordance with the terms of the Promoter Irrevocable Undertaking or Relevant Shareholder Irrevocable Undertaking (as the case may be), the resultant shareholding in the Offeror will be as set out below:

Shareholder of the Offeror	Number of shares in the Offeror	Proportion of the total number of issued shares in the Offeror ⁽¹⁾
TTCK	36,308,073 ⁽²⁾	14.45%
BTL	33,626,329	13.38%
WSW	10,868,853	4.33%
CHA Healthcare Singapore Pte. Ltd.	116,000,000	46.16%
Silver Mines Global Limited	26,949,348	10.72%
Red Ancient Global Ltd	377,000	0.15%
Cheng Yong Liang	10,023,121 ⁽³⁾	3.99%
Richard Yong Chin-Wee	10,703,952 ⁽⁴⁾	4.26%
Low Chai Ling (Liu Jialin)	5,190,312	2.07%
Chua Han Boon Kenneth	1,255,052	0.50%
Total	251,302,040	100.00%

Notes:

(1) In this Offer Document, any discrepancies between the listed percentages and the totals shown thereof are due to rounding. Accordingly, figures shown as totals in this Offer Document may not be an arithmetic aggregation of the figures that precede them. Numeric figures are rounded to the nearest two (2) decimal places.

(2) This includes the 600,000 New Offeror Shares to be received by TTCK's immediate family member, Joyce Ooi Eu Huey Mrs Joyce Tan (who has provided a Relevant Shareholder Irrevocable Undertaking). TTCK does not have any outstanding Company Options.

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(3) Assuming Vertical Assets Holdings Inc nominates Mr. Cheng Yong Liang as the recipient of the Share Consideration.

(4) Assuming MCC Management Ltd nominates Mr. Richard Yong Chin-Wee as the recipient of the Share Consideration.

6. RATIONALE FOR THE OFFER AND INTENTIONS FOR THE COMPANY

Paragraph 7 of the Offer Document sets out information on the rationale for the Offer and intentions for the Company, the full text of which has been extracted from the Offer Document and set out below. **Shareholders and Optionholders are advised to read the extract below carefully.**

7 RATIONALE FOR THE OFFER AND INTENTIONS FOR THE COMPANY

7.1 *Intention to Delist and Privatisise the Company*

The Offeror intends to make the Offer with a view to delisting and privatising the Company pursuant to Rules 1307 and 1308 of the Catalist Rules.

7.2 *Uncertain Economic Environment in the Short to Medium Term*

The Offeror is of the view that the Company faces significant headwinds comprising a challenging macro-economic and operating environment driven by operational cost increases, shortage of skilled healthcare labour and wage increases in the midst of an inflationary environment and as a result of the ongoing COVID-19 pandemic.

In light of the foregoing, the Offeror believes that the Company will face significant operating and financial constraints in executing its strategies and plans for growth. The Offeror also believes that while investment opportunities are still available to pursue organic and inorganic growth with synergistic partners, the environment in which such opportunities can be realised will become more challenging in the short to medium term.

As such, the Offeror is of the view that the Offer provides an attractive exit alternative for Shareholders who wish to exit their investment in an uncertain economic environment.

7.3 *Opportunity for Shareholders to Realise their Investment in the Shares at a Premium to Market Price*

The Cash Consideration exceeds all previous closing prices of the Shares over the last three (3) years to date, save for the period from 18 December 2020 (being the date on which the Company announced that it was in preliminary discussions with a third party regarding a possible transaction involving the Shares) to 15 April 2021 (being the date it was announced that the Company and the third party decided not to proceed with further exploration of the transaction).

The Cash Consideration also represents a premium of approximately 18.1%, 18.8%, 16.0% and 18.0% over the VWAP per Share for the one (1)-month, three (3)-month, six (6)-month and 12-month periods respectively, up to and including the Last Trading Day.

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As set out in the table below, based on the Cash Consideration and the net assets of the Company and its subsidiaries as at 31 December 2021, the implied price-to-NAV (as defined below) per Share ratio is 1.1 times, while the implied price-to-NTA (as defined below) per Share ratio is 4.2 times:

Audited Net Asset Value (" NAV ") (S\$m)	166.5
Cash Consideration-to-NAV per Share (times)	1.1x
Audited Net Tangible Assets (" NTA ") (S\$m)	42.6
Cash Consideration-to-NTA per Share (times)	4.2x

Source: Company 2021 Annual Report

Note: Numeric figures are rounded to the nearest one (1) decimal place.

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

7.4 Low Trading Liquidity of Shares

The trading volume of the Shares has historically been low, with an average daily trading volume¹ of approximately 1,004,378 Shares, 524,094 Shares, 615,017 Shares and 533,172 Shares during the respective one (1)-month period, three (3)-month period, six (6)-month period and 12-month period up to and including the Last Trading Day as set out below:

Period up to and including the Last Trading Day	Average daily trading volume ('000) ⁽¹⁾	Average daily trading volume as a percentage (%) of total number of issued Shares ⁽²⁾
One (1)-month	1,004.4	0.206%
Three (3)-month	524.1	0.108%
Six (6)-month	615.0	0.126%
12-month	533.2	0.110%

Source: S&P Capital IQ

Notes:

(1) Average daily trading volume figures are rounded to the nearest one (1) decimal place and are computed based on the average of the daily trading volume of Shares on each Market Day in each of the respective periods.

(2) Percentage figures are rounded to the nearest three (3) decimal places.

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

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7.5 Clear and Distinct Choice between Cash Consideration and Share Consideration for Shareholders

If successfully privatised, the Offeror will review and carefully examine the business opportunities afforded to the Company with the intention to grow and develop the Company into a pan-Asian healthcare player. Such opportunities may involve entering into joint ventures, collaborations, investments and acquisitions or may involve the restructuring or reorganisation of the Company or a combination thereof which can result in increased operating risk to the Company especially given the current global operating and economic environment. There is therefore no assurance that such plans can be successfully implemented or when, if at all, positive returns can be generated if such plans are pursued. The Offer therefore provides the Offeror with the ability to immediately reduce its regulatory and compliance related costs and to execute its future plans for the Company without exposing public shareholders to the increased risks that may arise as a result.

Shareholders are provided with a clear choice pursuant to the Offer between:

- (a) an attractive cash exit alternative for Shareholders who do not wish to be subject to the risk of uncertainty in the direction and strategy of the Company following privatisation; or*
- (b) the Share Consideration in the form of New Offeror Shares for Shareholders having long-term investment objectives who believe in the management team and the business model of the Company (albeit subject to investment, execution and other risks commensurate with a shareholding in the Offeror). The New Offeror Shares are in an unlisted company, and Shareholders should carefully consider the risks and restrictions set out in **APPENDIX I** and **APPENDIX II** to this Offer Document should they wish to elect to receive the Share Consideration.*

7.6 No Need for Access to Capital Markets

The Offeror is of the view that the historical price performance of the Shares has generally been relatively subdued despite the Company having consistently demonstrated a strong track record of profitability and operational execution. The Company's positive achievements include delivering record levels of revenue and profitability in the financial year ended 31 December 2021 and continued organic expansion through the opening of new clinics and by growing the number of specialist doctors within the Company, especially with the return of medical tourism to Singapore as the COVID-19 pandemic recedes. The unsatisfactory historical price performance of the Shares has in turn constrained the Company's ability to utilise its Shares as currency for acquisitions or fundraising. The Company has not carried out any corporate exercise to raise equity capital on the SGX-ST since July 2019.

In light of the above, the Company is unlikely to require access to Singapore equity capital markets to finance its operations and capital requirements, nor to make use of its Shares as consideration for potential acquisitions in the foreseeable future.

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7.7 Compliance Costs relating to Listing Status

In maintaining its listed status, the Company incurs listing, compliance, and associated costs. If the Company is delisted and privatised as a consequence of the Offer, the Company will be able to substantially dispense with such costs and instead focus its resources and attention on its business operations.

7.8 Greater Management Flexibility

The Offeror is of the view that the delisting and privatisation of the Company will provide the Offeror and the Company with greater control and management flexibility in (a) utilising and deploying the available resources of the Company and (b) pursuing and implementing the Offeror's business strategies and other options for the Company and its subsidiaries.

7. FINANCIAL EVALUATION OF THE OFFER

Paragraph 8 of the Offer Document sets out certain information on the financial evaluation of the Offer, which has been extracted from the Offer Document and set out below.

8 FINANCIAL EVALUATION OF THE OFFER

The Cash Consideration represents the following premia over certain historical market prices of the Shares up to and including the Last Trading Day as set out below:

<i>Description</i>	<i>Share Price(S\$)⁽¹⁾</i>	<i>Premium of over Share Price (%)</i>
<i>Last transacted price per Share on the Last Trading Day</i>	<i>0.325</i>	<i>13.8</i>
<i>VWAP of the Shares traded on the SGX-ST for the one (1)-month period up to and including the Last Trading Day</i>	<i>0.313</i>	<i>18.1</i>
<i>VWAP of the Shares traded on the SGX-ST for the three (3)-month period up to and including the Last Trading Day</i>	<i>0.311</i>	<i>18.8</i>
<i>VWAP of the Shares traded on the SGX-ST for the six (6)-month period up to and including the Last Trading Day</i>	<i>0.319</i>	<i>16.0</i>
<i>VWAP of the Shares traded on the SGX-ST for the 12-month period up to and including the Last Trading Day</i>	<i>0.314</i>	<i>18.0</i>

Source: S&P Capital IQ

Note:

(1) VWAP is calculated based on the total daily value divided by the total daily volume for the respective periods and rounded to the nearest three (3) decimal places.

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

Paragraph 9 of the Offer Document sets out the intentions of the Offeror relating to its rights of compulsory acquisition in respect of the Company and the listing status of the Company, the full text of which has been extracted from the Offer Document and set out below. **Shareholders and Optionholders are advised to read the extract below carefully.**

9 LISTING STATUS, COMPULSORY ACQUISITION AND OFFEROR'S INTENTIONS

9.1 *Listing Status*

Under Rule 723 of the Catalist Rules, the Company must ensure that at least 10% of the total number of Shares is at all times held in public hands. Pursuant to Rule 1104 of the Catalist Rules, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued Shares (excluding any Shares held in treasury), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued Shares (excluding any Shares held in treasury) are held by at least 200 Shareholders who are members of the public.

Rule 1303(1) of the Catalist Rules provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding any Shares held in treasury), thus causing the percentage of the total number of issued Shares (excluding any Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

9.2 *Compulsory Acquisition*

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

In such event, each Dissenting Shareholder shall be entitled to elect either the Cash Consideration or the Share Consideration (but not a combination of both) in respect of all its Shares within the timeline as prescribed under Section 215(1A) of the Companies Act (the "**CA Election Period**"). After the expiry of the CA Election Period, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer, and Dissenting Shareholders who have failed to make an election as to the form of the consideration on or before the expiry of the CA Election Period shall be deemed to have elected to receive, and shall receive, the Cash Consideration in respect of all its Shares.

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Pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total Shares, Dissenting Shareholders will have a right to require the Offeror to acquire their Shares.

9.3 Offeror's Intentions

The Offeror does not intend to maintain the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, inter alia, less than 10% of total Shares (excluding any Shares held in treasury) are held in public hands. In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1308 of the Catalist Rules.

In addition, the Offeror currently does not intend to (i) make major changes to the business of the Company or its management team, (ii) re-deploy the fixed assets of the Company or (iii) discontinue the employment of the employees of the Company, other than in the normal course of business. Nonetheless, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which the Offeror may regard to be in the interest of the Company and its subsidiaries. The Offeror will review and carefully examine the business opportunities afforded to the Company with the intention to grow and develop the Company into a pan-Asian healthcare player. Such opportunities may involve entering into joint ventures, collaborations, investments and acquisitions or may involve the restructuring or reorganisation of the Company or a combination thereof.

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9. CONFIRMATION OF FINANCIAL RESOURCES

Paragraph 12 of the Offer Document sets out certain information on the confirmation of financial resources, which has been extracted from the Offer Document and set out below.

12 CONFIRMATION OF FINANCIAL RESOURCES

EYCF, as the sole financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer by the holders of the Offer Shares on the basis of the Cash Consideration, excluding the quantum which would otherwise have been required under the Promoter Irrevocable Undertakings and the Relevant Shareholder Irrevocable Undertakings had the Cash Consideration been payable for the acceptance of the Offer under the Promoter Irrevocable Undertakings and the Relevant Shareholder Irrevocable Undertakings.

10. DISCLOSURE OF INTERESTS

Paragraph 1 of Appendix IV and paragraphs 4, 10 and 11 of Appendix I to the Offer Document sets out certain information on the disclosure of interests, which has been extracted from the Offer Document and set out below.

**Appendix IV
ADDITIONAL GENERAL INFORMATION**

1 DISCLOSURE OF INTERESTS IN COMPANY SECURITIES

1.1 Holdings in Company Securities

(a) Holdings in Shares

As at the Latest Practicable Date, based on the latest information available to the Offeror, save as set out below, none of (a) the Offeror, the Directors of the Offeror and persons acting in concert with the Offeror; (b) the Relevant Shareholders; or (c) any person with whom the Offeror or any person acting in concert with it has any arrangement of the kind referred to in Note 7 on Rule 12, holds any interest in Shares:

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Name	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
TLW Success Pte. Ltd.	–	–	–	–	–	–
TTCK ⁽²⁾	35,708,073	7.34	600,000	0.12	36,308,073	7.46
Joyce Ooi Eu Huey Mrs Joyce Tan	600,000	0.12	–	–	600,000	0.12
BTL	33,626,329	6.91	–	–	33,626,329	6.91
WSW	10,868,853	2.23	–	–	10,868,853	2.23
Lee Yu Chuan ⁽³⁾	–	–	2,200,000	0.45	2,200,000	0.45
CHA Healthcare Singapore Pte. Ltd.	116,000,000	23.85	–	–	116,000,000	23.85
Silver Mines Global Limited ⁽⁴⁾	26,949,348	5.54	–	–	26,949,348	5.54
Red Ancient Global Ltd ⁽⁴⁾	377,000	0.08	26,949,348	5.54	27,326,348	5.62
Cheng Yong Liang	9,152,121	1.88	871,000	0.18	10,023,121	2.06
Vertical Assets Holdings Inc ⁽⁵⁾	871,000	0.18	–	–	871,000	0.18
Richard Yong Chin-Wee	6,000,000	1.23	4,703,952	0.97	10,703,952	2.20
MCC Management Ltd ⁽⁶⁾	4,703,952	0.97	–	–	4,703,952	0.97
Low Chai Ling (Liu Jialin)	5,190,312	1.07	–	–	5,190,312	1.07
Chua Han Boon Kenneth	1,255,052	0.26	–	–	1,255,052	0.26

Notes:

- (1) The percentage shareholding interest is based on the Company's issued and paid-up capital of 486,382,109 Shares (excluding 232,729 treasury shares) as at the Latest Practicable Date. Numeric figures are rounded to the nearest two (2) decimal places.
- (2) Joyce Ooi Eu Huey Mrs Joyce Tan is TTCK's immediate family member.
- (3) Immortal Gains Ltd is the beneficial owner of 2,200,000 Shares. Immortal Gains Ltd is wholly-owned by Lee Yu Chuan who is a close relative (as defined in the Code) of BTL.
- (4) Silver Mines Global Limited is a wholly-owned subsidiary of Red Ancient Global Ltd which is in turn wholly-owned by Dr. Ho Choon Hou.
- (5) Vertical Assets Holdings Inc is wholly-owned by Mr. Cheng Yong Liang.
- (6) MCC Management Ltd is wholly-owned by Mr. Richard Yong Chin-Wee.

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(b) Holdings in Company Options

As at the Latest Practicable Date, based on the latest information available to the Offeror, the interests in Company Options held by (a) the Offeror, the Directors of the Offeror and persons acting in concert with the Offeror; (b) the Relevant Shareholders; or (c) any person with whom the Offeror or any person acting in concert with it has any arrangement of the kind referred to in Note 7 on Rule 12 are set out below:

Name	No. of Company Options	Exercise Period	Exercise Price (S\$)
Beng Teck Liang	3,700,000	30 April 2019 to 29 April 2023	0.493

(c) Holdings in Awards

As at the Latest Practicable Date, based on the latest information available to the Offeror, there are no outstanding Company Awards.

1.2 Dealings in Company Securities

(a) Dealings in Shares

Based on the latest information available to the Offeror, there has been no dealings in Shares during the period commencing 3 months prior to the Offer Announcement Date and ending on the Latest Practicable Date (the "**Relevant Period**") by (a) the Offeror, the Directors of the Offeror and persons acting in concert with the Offeror; (b) the Relevant Shareholders; and (c) any person with whom the Offeror or any person acting in concert with it has any arrangement of the kind referred to in Note 7 on Rule 12:

(b) Dealings in Company Options

Based on the latest information available to the Offeror, there has been no dealings in Company Options during the Relevant Period by (a) the Offeror, the Directors of the Offeror and persons acting in concert with the Offeror; (b) the Relevant Shareholders; and (c) any person with whom the Offeror or any person acting in concert with it has any arrangement of the kind referred to in Note 7 on Rule 12.

1.3 Undertakings to accept or reject the Offer

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

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1.4 Arrangements of the kind referred to in Note 7 on Rule 12 of the Code

As at the Latest Practicable Date, save for the Promoter Irrevocable Undertakings and the Relevant Shareholder Irrevocable Undertakings, and the Facilities and the Financing Security Arrangements, neither the Offeror nor any persons acting in concert with the Offeror has entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements and any agreement or understanding, formal or informal, of whatever nature, relating to the Shares which may be an inducement to deal or refrain from dealing in the Shares.

1.5 No agreement in connection with or dependent on the Offer

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

1.6 Transfer of Offer Shares

As at the Latest Practicable Date, save for the Facilities and the Financing Security Arrangements, there is no agreement, arrangement or understanding whereby any of the Offer Shares acquired by the Offeror pursuant to the Offer will or may be transferred to any other person.

1.7 No Payment or Benefit to Directors of the Company

As at the Latest Practicable Date, there is no agreement, arrangement or understanding for payment or other benefit being made or given to any director of the Company or to any director of any corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or as consideration for, or in connection with, his retirement from office or otherwise in connection with the Offer.

1.8 No Security Interest over or Borrowing/Lending of Company Securities

As at the Latest Practicable Date, save for the Facilities and the Financing Security Arrangements, none of the Offeror or any persons acting in concert with the Offeror has (a) granted a security interest over any Company Securities to another person, whether through a charge, pledge or otherwise, (b) borrowed from another person any Company Securities (excluding borrowed Company Securities which have been on-lent or sold), or (c) lent any Company Securities to another person.

1.9 Offeror Directors' Service Contracts

As at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby the emoluments of the Directors will be affected or varied as a consequence of the Offer.

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Appendix I ADDITIONAL INFORMATION ON THE OFFEROR

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4. CAPITAL STRUCTURE

4.1 Capital

The Offeror has one (1) class of securities, being the Offeror Shares.

4.2 Changes to Capital Structure of Offeror

As at the Latest Practicable Date, save for the three (3) Offeror Shares issued as subscriber shares to the Promoters upon incorporation of the Offeror on 8 August 2022, no new Offeror Shares have been issued since the incorporation of the Offeror.

4.3 New Offeror Shares

The New Offeror Shares to be allotted and issued pursuant to the Share Consideration shall be issued at an issue price equivalent to the Cash Consideration for each New Offeror Share, and will, on issue, be credited as fully paid and free from all Encumbrances and will rank pari passu in all respects with the existing Offeror Shares as at the date of their issue.

The New Offeror Shares are not listed on any securities exchange.

4.4 Convertible Securities of Offeror

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

4.5 Re-organisation of Capital of Offeror

As at the Latest Practicable Date, the Offeror has not undergone any re-organisation of its capital structure since the incorporation of the Offeror on 8 August 2022.

10. DISCLOSURE OF INTERESTS IN OFFEROR SECURITIES

10.1 Holdings in Offeror Securities

As at the Latest Practicable Date, save as set out below, none of (a) the Offeror, the Directors of the Offeror and persons acting in concert with the Offeror; (b) the Relevant Shareholders; or (c) any person with whom the Offeror or any person acting in concert with it has any arrangement of the kind referred to in Note 7 on Rule 12, holds any interest in Offeror Securities:

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Name	Number of shares in the Offeror	Proportion of the total number of issued shares in the Offeror
TTCK	1	33.33%
BTL	1	33.33%
WSW	1	33.33%
Total	3	100.00%

10.2 Dealings in Offeror Securities

As at the Latest Practicable Date, (a) the Offeror, the Directors of the Offeror and persons acting in concert with the Offeror; (b) the Relevant Shareholders; or (c) any person with whom the Offeror or any person acting in concert with it has any arrangement of the kind referred to in Note 7 on Rule 12, have not dealt for value in the Offeror Securities since the date of incorporation of the Offeror and ending on the Latest Practicable Date.

11. TRANSACTIONS INVOLVING OFFEROR SECURITIES

Based on the Offeror's corporate records, as at the Latest Practicable Date, no Offeror Securities were transacted during the period from the date of incorporation of the Offeror to the Latest Practicable Date.

11. DIRECTORS' INTERESTS

Details of the Directors including, *inter alia*, the Directors' direct and deemed interests in the Company Securities and the Offeror Securities as at the Latest Practicable Date, are set out in Paragraph 5 of **APPENDIX II** to this Circular.

12. IFA ADVICE AND RECOMMENDATION IN RELATION TO THE OFFER AND THE OPTIONS PROPOSAL

12.1 General

Shareholders and Optionholders should read and carefully consider the recommendation of the Independent Directors as set out in Section 13 of this Circular and the advice of the IFA to the Independent Directors which is set out in the IFA Letter in **APPENDIX I** to this Circular, before deciding whether to accept or reject the Offer or the Options Proposal (as the case may be).

12.2 Key factors taken into consideration by the IFA

The key factors relied upon by the IFA in arriving at its advice to the Independent Directors in respect of the Offer and Options Proposal are set out in paragraph 9 of the IFA Letter.

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

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12.3 Advice of the IFA to the Independent Directors

The advice of the IFA to the Independent Directors in respect of the Offer and the Options Proposal is set out in the IFA Letter in **APPENDIX I** to this Circular. Based on the IFA's evaluation of the financial terms of the Offer and the Options Proposal, and taking into consideration the factors set out in the IFA Letter and the information available to the IFA as at the Latest Practicable Date, the IFA has given its advice to the Independent Directors as set out in paragraph 10 of the IFA Letter, an extract of which is set out below.

Shareholders and Optionholders should read the extract in conjunction with, and in the context of, the full text of the IFA Letter.

10. OUR OPINION

In arriving at our opinion in relation to the Offer, we have considered the views and representations made by the Directors and Management and reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment of the financial terms of the Offer and the Options Proposal. We have carefully considered factors which we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information which we have taken into account, be read in its entirety.

We wish to highlight some of the key factors we have considered, in reaching our opinion:

- (i) the Offer Consideration represents a premia of approximately 5.7% and 289.5% to the NAV per Share and NTA per Share respectively, as at 30 June 2022;*
- (ii) the Shares have traded below the Offer Consideration during the Reference Period, save for the Relevant Spike Period during which the Company had announced that it was in preliminary discussions with a third party regarding a possible transaction involving the Shares. The daily closing prices of the Shares had trended downwards below the Offer Consideration from 15 April 2021 (after the Company announced that the said transaction would not proceed further) to the Offer Announcement Date;*
- (iii) the Offer Consideration represents premia of approximately 23.5%, 26.0%, 46.7% and 44.2% over the respective VWAPs of the Shares for the last 12-month, 6-month, 3-month and 1-month periods prior to and including the Last Trading Day;*
- (iv) the Group's PER ratio as implied by the Offer Consideration is 12.3 times and is within the range observed for the Comparable Companies, comparable with the median but lower than the average PERs of the Comparable Companies;*
- (v) the Group's P/NAV and P/NTA ratios as implied by the Offer Consideration is 1.1 times, and 3.9 times respectively, and are within the range observed for the Comparable Companies, but lower than the average and median respective ratios of the Comparable Companies;*

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- (vi) *the EV/EBITDA ratio of the Group as implied by the Offer Consideration is 6.1 times, and is within the range observed for the Comparable Companies, higher than the median but lower than the average EV/EBITDA ratios of the Comparable Companies;*
- (vii) *the premia of 44.2%, 46.7%, 26.0% and 23.5% implied by the Offer Consideration over the 1-month, 3-month, 6-month and 12-month VWAPs of the Shares prior to and including the Last Trading Day are within the range of premia/discounts, and generally higher than the average and median premia, of the Precedent Privatisation Transactions save for the 6-month and 12-month VWAPs;*
- (viii) *save for the premium of 13.8% implied by the Offer Consideration over the last transacted price of the Shares on the Last Trading Day, the premia implied by the Offer Consideration over the 1-month, 3-month, 6-month, and 12-month VWAPs of the Shares prior to and including the Last Trading Day, are each higher than the relevant premia associated with the voluntary general offer for Singapore O&G Ltd., a comparable company operating within the same industry as the Group, which has since been delisted from the SGX-ST;*
- (ix) *the Group's Offer Price Premium of 13.9% is lower than the Offer Price Premium of the Selected Comparable Companies;*
- (x) *the Group's PER Premium of 13.9% is lower than the PER Premium of the Selected Comparable Companies;*
- (xi) *the Group's EV/EBITDA Premium of 15.2% is lower than the EV/EBITDA Premium of the Selected Comparable Companies;*
- (xii) *the Offer Consideration is lower than the estimated range of values of the Shares set out in paragraph 9.7 of this IFA Letter;*
- (xiii) *the relatively short track record in paying dividends since 23 July 2009, being the year of listing on the SGX-ST;*
- (xiv) *the outlook of the Group, in which the Group expects revenue growth, but at the same time margin compression, and significant operating and financial constraints in executing its strategies and plans for growth; and*
- (xv) *there is no indication that the Offer is a final offer from the Offeror.*

Having considered carefully the information available to us as at the Latest Practicable Date, and based on our analyses, we are of the opinion that the financial terms of the Offer are on balance, not fair but reasonable. Accordingly, we advise the Recommending Directors to recommend Shareholders to ACCEPT the Offer.

In addition, Shareholders who wish to accept the Offer may elect to receive the Cash Consideration, or the Share Consideration if they have confidence in the Company's long-term prospects after considering the Offeror's views set out in Section 7.5 of the Offer Document and having regard to their own specific investment profiles and objectives. Nevertheless, we wish to highlight that Shareholders who elect to receive the Share Consideration

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should be mindful of the risks and restrictions associated with an investment as a minority shareholder of an unlisted company (including those set out in Appendix I and Appendix II to the Offer Document).

*With regard to the Options Proposal and the Optionholders, as the Option Price is calculated on a “see-through” basis, the consideration an Optionholder would receive from accepting the Options Proposal would be the same as if the Optionholders were to exercise the Options and accept the Offer (after considering the nominal Option Price of S\$0.001 for each Company Option if the exercise price of a Company Option is equal to or more than the Cash Consideration). Our analysis and conclusion with reference to the Offer Consideration will therefore, be similarly relevant to the Optionholders. Accordingly, we advise the Recommending Directors to recommend the Optionholders to **ACCEPT** the Option Proposal.*

In arriving at our opinion, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints of any individual Shareholder and Optionholder. As different Shareholders and Optionholders would have different investment profiles and objectives, we recommend that any Shareholder or Optionholders who may require specific advice in relation to his/her investment objectives or portfolio should consult his/her legal, financial, tax or other professional adviser immediately.

We wish to emphasise that the Directors have not provided us with any financial projections or forecasts in respect of the Company or the Group and we have, inter alia, relied on the relevant statements contained in Offer Document, Circular, confirmations, advice and representations by the Directors, the Management and/or their professional advisers (where applicable), and the Company’s announcements in relation to the Offer and the Options Proposal. In addition, Directors should note that we have arrived at our recommendation based on information made available to us prior to and including the Latest Practicable Date. We assume no responsibility to update, review or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date, unless otherwise stated.

We would like to highlight that we do not express any opinion on the rationale for, as well as the legal and commercial risks and/or merits (if any) of the Offer and the Options Proposal, which remains the sole responsibility of the Directors. It is also not within our terms of reference to provide an opinion on the relative merits of the Offer and the Options Proposal vis-à-vis any alternative transactions previously considered by the Company or transactions that the Company may consider in the future.

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13. RECOMMENDATION OF THE INDEPENDENT DIRECTORS

13.1 Independent Directors

The SIC has ruled that each of TTCK, BTL and WSW is exempted from the requirement to make a recommendation on the Offer to Shareholders. Notwithstanding such exemption, each of TTCK, BTL and WSW must still assume responsibility for the accuracy of facts stated and opinions expressed in documents or advertisements issued by, or on behalf of, the Company in connection with the Offer.

Each of TTCK, BTL and WSW holds 33.33% of the Offeror Shares. TTCK and BTL are directors of the Offeror.

As at the Latest Practicable Date, each of the remaining Directors, namely, Mr. Ho Lon Gee, Mr. Jimmy Yim Wing Kuen and Ms. Stefanie Yuen Thio, consider themselves to be independent for the purposes of making a recommendation to the Shareholders and the Optionholders on the Offer and the Options Proposal.

13.2 Independent Directors' Recommendation

The Independent Directors, having considered carefully:– (i) the terms of the Offer and the Options Proposal; (ii) the current operating environment and the continuing challenges faced by the Group, namely, the significant trends and competitive conditions of the industry in which the Group presently operates as disclosed in paragraph 4 of the accompanying notes to the 1H FY2022 Results where the Company had stated that “[d]espite these tailwinds from medical tourism, the healthcare industry has faced an ongoing labour crunch as resignations persist throughout the industry. The replacement cost from these resignations will affect the Group’s cost structure and impact operations. The Group also foresees the need for salary adjustments for existing employees as inflationary pressures drive up salary expectations for both existing and new employees” and which have contributed materially to the reported decline in net profit attributable to equity holders of the Company from S\$7.2 million for the six-month period ended 30 June 2022 as compared with S\$6.3 million achieved for the comparable six-month period ended 30 June 2021 amount to approximately 12.9%; and (iii) the advice given by the IFA in the IFA Letter, set out their recommendation on the Offer and the Options Proposal respectively below:

(a) The Offer

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

(b) Options Proposal

The Independent Directors **concur** with the advice of the IFA in respect of the Options Proposal, and accordingly, recommend that Optionholders should **ACCEPT** the Options Proposal.

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

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

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

14. OVERSEAS PERSONS

Paragraph 11 of the Offer Document sets out information in relation to Overseas Persons, which has been extracted from the Offer Document and set out below.

11 OVERSEAS PERSONS

This Offer Document and the Notification Letter does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Offer Document and the Notification Letter in any jurisdiction in contravention of applicable law. The Offer will be made solely by this Offer Document, the relevant Acceptance Form(s) accompanying this Offer Document, and (where applicable) the Sub-Account Holders Form, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted.

*The availability of the Offer to Shareholders whose mailing addresses are outside of Singapore (as shown on the register of members of the Company or, as the case may be, in the records of CDP) (each, an "**Overseas Person**") may be affected by the laws of the relevant overseas jurisdictions. Accordingly, any Overseas Person should inform himself about and observe any applicable legal requirements, and exercise caution in relation to the Offer, as this Offer Document, the Notification Letter, the Acceptance Forms, the Sub-Account Holders Form, the DA Letter and/or any related documents have not been reviewed by any regulatory authority in any overseas jurisdiction. **Where there***

LETTER TO SHAREHOLDERS

are potential restrictions on sending this Offer Document, the Notification Letter, the Acceptance Forms, the Sub-Account Holders Form and/or the DA Letter to any overseas jurisdictions, the Offeror, EYCF, CDP and the Share Registrar each reserves the right not to send these documents to Shareholders in such overseas jurisdictions. For the avoidance of doubt, the Offer will be open to all Shareholders, including those to whom this Offer Document, the Notification Letter, the Acceptance Forms, the Sub-Account Holders Form, the DA Letter and/or any related documents have not been, or may not be, sent.

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

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

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

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

It is the responsibility of any Overseas Person who wishes to (a) request for the Notification Letter, the Acceptance Forms and/or any related documents; and/or (b) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such

LETTER TO SHAREHOLDERS

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

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

15. INFORMATION PERTAINING TO SRS INVESTORS

Paragraph 14.3 of the Offer Document sets out information pertaining to SRS Investors, which has been extracted from the Offer Document and set out below.

14.3 Information Pertaining to SRS Investors

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

16. ACTION TO BE TAKEN BY SHAREHOLDERS AND OPTIONHOLDERS

16.1 The Offer

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

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

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

LETTER TO SHAREHOLDERS

in each case, not later than **5.30 p.m. (Singapore time) on the Closing Date**.

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

16.2 Options Proposal

Optionholders who **wish to accept the Options Proposal** must do so not later than 5.30 p.m. (Singapore time) on the Closing Date, abiding by the procedures for the acceptance of the Options Proposal as set out in paragraphs 6, 7 and 8 of the Options Proposal Letter.

The Options Proposal Acceptance Letter should be completed and returned as soon as possible and, in any event, so as to be received, on behalf of the Offeror, by the Share Registrar not later than **5.30 p.m. (Singapore time) on the Closing Date**. Acceptances of the Options Proposal shall be irrevocable.

Optionholders who **do not wish to accept the Options Proposal** need not take any further action in respect of the Offer Document, Options Proposal Letter and the Options Proposal Acceptance Letter which have been sent to them.

17. CONSENTS

17.1 IFA

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter in **APPENDIX I** to this Circular, and all references thereto, in the form and context in which they appear in this Circular.

17.2 Ernst & Young LLP

Ernst & Young LLP, named as the independent auditor of the Company, has given and has not withdrawn its written consent to the inclusion of its name, the independent auditor's report in relation to the FY2021 Accounts as set out in **APPENDIX IV** to this Circular, and all references thereto in the form and context in which they appear in this Circular.

17.3 Shook Lin & Bok LLP

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

18. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular are fair and accurate and that no material facts have been omitted from this Circular (the omission of which would render any statement in this Circular misleading in any material respect), and they jointly and severally accept responsibility accordingly.

LETTER TO SHAREHOLDERS

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source (including, without limitation, the Offer Announcement, Offer Document, Options Proposal Letter and IFA Letter), the sole responsibility of the Directors has been to ensure through reasonable enquiries, that such information is accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this Circular in its proper form and context.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are fair and accurate. Further, the Independent Directors are solely responsible in respect of the recommendation of the Independent Directors to Shareholders and Optionholders as set out in Section 13 of this Circular.

19. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at 1004 Toa Payoh North #06-03/07 Singapore 318995 during normal business hours from the date of this Circular up to and including the Closing Date:

- (a) the Constitution;
- (b) the annual reports of the Company for FY2019, FY2020 and FY2021;
- (c) the IFA Letter, as set out in **APPENDIX I** to this Circular;
- (d) the 1HFY2022 Results, as set out in **APPENDIX V** to this Circular;
- (e) the FY2021 Accounts, as set out in **APPENDIX IV** to this Circular; and
- (f) the letters of consent referred to in Section 17 of this Circular.

20. ADDITIONAL INFORMATION

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

Yours faithfully

For and on behalf of the Board of Directors of
SINGAPORE MEDICAL GROUP LIMITED

Ho Lon Gee
Lead Independent Director

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER AND THE OPTIONS PROPOSAL

18 October 2022

Singapore Medical Group Limited

1004 Toa Payoh North

#06-03/07

Singapore 318995

To: The Directors of Singapore Medical Group Limited (the “**Company**” or “**SMG**”) who are considered independent for the purposes of making the recommendation to the Shareholders in respect of the Offer and the Options Proposal (as defined herein):

Mr. Ho Lon Gee	Lead Independent Director
Mr. Jimmy Yim Wing Kuen	Independent Director
Ms. Stefanie Yuen Thio	Independent Director

(collectively, the “**Recommending Directors**”)

Dear Sirs,

VOLUNTARY CONDITIONAL GENERAL OFFER BY ERNST & YOUNG CORPORATE FINANCE PTE LTD (“EYCF”), FOR AND ON BEHALF OF TLW SUCCESS PTE. LTD. (THE “OFFEROR”), FOR ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (OTHER THAN ANY SHARES HELD IN TREASURY AND THOSE SHARES HELD, DIRECTLY OR INDIRECTLY, BY THE OFFEROR AS AT THE DATE OF THE OFFER)

*Unless otherwise defined or the context otherwise requires, all capitalised terms used in this letter shall have the same meaning as defined in the circular to shareholders of the Company dated 18 October 2022 (the “**Circular**”). For the purposes of this letter, the Latest Practicable Date is 7 October 2022 as defined in the Circular.*

1. INTRODUCTION

On 13 September 2022 (the “**Offer Announcement Date**”), Ernst & Young Corporate Finance Pte Ltd (“**EYCF**”) announced, for and on behalf of the Offeror, that the Offeror intends to make a voluntary conditional general offer (the “**Offer**”) for all the issued and paid-up ordinary shares (the “**Shares**”) in the capital of the Company, other than any Shares held in treasury and those Shares held, directly or indirectly, by the Offeror as at the date of the Offer (collectively, the “**Offer Shares**” and each, an “**Offer Share**”), in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (the “**Code**”). It was also announced that the Offeror will make a proposal (the “**Options Proposal**”) to the holders of the Company Options (the “**Optionholders**”) to pay a cash amount in consideration of them agreeing not to exercise any of their options into new Shares and not to exercise any of their rights as Optionholders, subject to the terms set out in the Offer Announcement.

In connection with the Offer, the Company has appointed ZICO Capital Pte. Ltd. (“**ZICO Capital**”) as the independent financial adviser (the “**IFA**”) to advise the Recommending Directors, for the purpose of making a recommendation to the shareholders of the Company (“**Shareholders**”) and Optionholders in respect of the Offer and the Options Proposal.

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER AND THE OPTIONS PROPOSAL

This IFA letter is addressed to the Recommending Directors and sets out, *inter alia*, our evaluation and opinion on whether the financial terms of the Offer and the Options Proposal are fair and reasonable, and our recommendations thereon (the “**IFA Letter**”). This IFA Letter forms part of the Circular to be despatched to Shareholders and Optionholders in relation to the Offer and the Options Proposal, which provides, *inter alia*, the details of the Offer and the Options Proposal as well as the recommendations of the Recommending Directors in respect of the Offer and the Options Proposal.

2. TERMS OF REFERENCE

ZICO Capital has been appointed as IFA to opine on whether the financial terms of the Offer and the Options Proposal are fair and reasonable, and to provide our recommendations thereon.

We were not involved in or responsible for, any aspect of the negotiations pertaining to the Offer and the Options Proposal, nor were we involved in the deliberations leading up to the Offer and the Options Proposal. We were not required, instructed or authorised, to solicit, and we have not solicited, any indications of interest from any third party with respect to any other proposals for transactions similar to or in lieu of the Offer and the Options Proposal. It is also not within our terms of reference to compare the relative merits of the Offer and the Options Proposal *vis-à-vis* any alternative transactions previously considered by the Directors or transactions that the Directors may consider in the future. Such comparison and consideration shall remain the responsibility of the Directors. We do not, by this IFA Letter, warrant the merits of the Offer and the Options Proposal other than to express an opinion on whether the financial terms of the Offer and the Options Proposal are fair and reasonable, and to provide our recommendations thereon.

We have confined our evaluation and analysis of the Offer and the Options Proposal strictly and solely to the financial terms of the Offer and the Options Proposal. Our terms of reference do not require us to evaluate or comment on the rationale for, as well as the legal, strategic, commercial and financial risks and/or merits (if any) of the Offer and the Options Proposal, or on the future financial performance or prospects of the Company and its subsidiaries (the “**Group**”). Accordingly, we have not made such evaluations or comments. Such evaluations or comments shall remain the sole responsibility of the Directors and the management of the Company (the “**Management**”), although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion and recommendation as set out in this IFA Letter.

It is also not within the scope of our appointment to express any view herein as to the prices at which the Shares may trade or on the future performance of the Company and/or the Group upon the completion or expiry of the Offer and the Options Proposal. We have not relied upon any financial projections or forecasts in respect of the Company or the Group. We are not required to express, and we do not express, any views on the growth prospects, earnings potential, future financial performance, or future financial position of the Company or the Group arising from the Offer and the Options Proposal or otherwise. No financial or profit forecasts, business plans or management accounts of the Company and/or the Group have been specifically prepared for the purpose of evaluating the Offer and the Options Proposal, save for those that were provided by the Company.

In the course of our evaluation of the financial terms of the Offer and the Options Proposal, we have held discussions with the Directors, the Management and/or their professional advisers (where applicable) and have examined and relied to a considerable extent on the information set out in the Circular, other publicly available information collated by us as well as information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Directors, the Management and/or their professional advisers (where applicable). Whilst care has been exercised in reviewing the information upon which we have relied, we have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any warranty or representation, expressed or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER AND THE OPTIONS PROPOSAL

such information or representations. We have nevertheless made such reasonable enquiries and exercised judgement on the reasonable use of such information, as were deemed necessary, and have found no reason to doubt the accuracy or reliability of the information and representations.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular in relation to the Offer and the Options Proposal have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified the information but nevertheless have made reasonable enquiries and exercised judgement on the reasonable use of such information, as were deemed necessary, and have found no reason to doubt the accuracy or reliability of the information and representations.

We have relied upon the assurances from the Directors and the Management (including those who may have delegated detailed supervision of the Circular), who have accepted full responsibility for the accuracy and completeness of the information provided to us, that, to the best of their knowledge and belief, they have taken reasonable care to ensure that the facts stated and opinions expressed by them or the Company in the Circular are true, complete and accurate in all material aspects. The Directors and Management have confirmed to us that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Offer, the Options Proposal and the Group, and the Directors and the Management are not aware of any facts, the omission of which would cause any statement in the Circular in respect of the Group, the Offer and the Options Proposal to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

We have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, the property, plant and equipment) of the Group.

Our opinion and recommendation set out in this IFA Letter are based on market, economic, industry, monetary and other conditions (if applicable) prevailing, as well as information and representations provided to us as at the Latest Practicable Date. Such conditions and information may change significantly over a short period of time. We assume no responsibility to update, revise or reaffirm our opinion and recommendation in light of any subsequent developments after the Latest Practicable Date that may affect our opinion and/or our recommendation contained herein. Shareholders and Optionholders should take note of any announcements relevant to their consideration of the Offer and/or the Options Proposal, as the case may be, which may be released after the Latest Practicable Date.

In rendering our advice and providing our opinion and recommendation, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Shareholder, Optionholder or any specific group of Shareholders or Optionholders. As different Shareholders would have different investment profiles and objectives, we would advise the Recommending Directors to recommend that any individual Shareholder group of Shareholders, Optionholder or group of Optionholders who may require specific advice in the context of his or their investment objective(s) or portfolio(s) consult his or their legal, financial, tax or other professional advisers immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this IFA Letter). We have had no role or involvement, and have not provided any advice (financial or otherwise) whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for, and express no views, whether expressed or implied, on the contents of the Circular (except for this IFA Letter and the extract of our opinion and recommendation in the Circular).

We have prepared this IFA Letter for the use by the Recommending Directors in connection with their consideration of the Offer and the Options Proposal, but any recommendations made by the

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER AND THE OPTIONS PROPOSAL

Recommending Directors in respect of the Offer and the Options Proposal shall remain their sole responsibility.

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purposes other than for the consideration of the Offer at any time and in any manner without the prior written consent of ZICO Capital in each specific case.

Our opinion and recommendation in relation to the Offer and the Options Proposal should be considered in the context of the entirety of this IFA Letter and the Circular.

3. THE OFFER

The Offeror is making an offer to acquire all the Offer Shares in accordance with Rule 15 of the Code and subject to the terms and conditions set out in the offer document dated 4 October 2022 (the "**Offer Document**"), the FAA and/or the FAT (as the case may be). The principal terms of the Offer are set out in Section 2 of, and Appendix V to the Offer Document. We recommend that Shareholders read the terms and conditions of the Offer contained therein carefully.

The key terms of the Offer are set out below for your reference.

3.1 Offer Consideration

The consideration for each Offer Share is as follows:

EITHER

- (a) S\$0.37 in cash (the "**Cash Consideration**")

OR

- (b) in lieu of the Cash Consideration, one (1) new ordinary share in the capital of the Offeror ("**New Offeror Share**") (the "**Share Consideration**"). The issue price for each New Offeror Share shall be equivalent to the Cash Consideration.

Shareholders should note that each Shareholder:

- (i) who is holding Offer Shares directly in a securities account with CDP and who accepts the Offer shall have in relation to all their Offer Shares tendered in acceptance of the Offer, the right to elect to receive either the Cash Consideration or the Share Consideration, **but not a combination of both**; and
- (ii) who is an Entitled Depository Agent holding the Offer Shares on behalf of sub-account holder(s), shall in respect of each sub-account holder who accepts the Offer, have the right to **elect** to receive either the Cash Consideration or the Share Consideration, **but not a combination of both**.

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

- (a) all the Shares, other than treasury Shares and those Shares already owned, controlled or agreed to be acquired by the Offeror;
- (b) all Shares unconditionally issued and/or transferred (as the case may be) pursuant to the valid exercise of any options (the "**Company Options**") granted under the SMG Share Option Scheme (the "**Company Option Scheme**") prior to the close of the Offer; and
- (c) all Shares unconditionally issued or delivered or to be issued or delivered pursuant to the vesting and release of any outstanding Company Awards prior to the close of the Offer.

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

3.1.1 Share Consideration

The New Offeror Shares to be allotted and issued pursuant to the Share Consideration shall be issued at an issue price equivalent to the Cash Consideration for each New Offeror Share, and will, on issue, be credited as fully paid and free from all encumbrances and will rank *pari passu* in all respects with the existing Offeror Shares as at the date of their issue.

The New Offeror Shares are not listed on any securities exchange. There are risks and restrictions involved with investing in the New Offeror Shares, some of which are set out in Appendix I and Appendix II to the Offer Document. Shareholders, and sub-account holders of Entitled Depository Agents, who elect for the Share Consideration should be prepared to take the risks associated with an investment as a minority shareholder of an unlisted company.

Further details on the election of the Share Consideration by Shareholders, Entitled Depository Agents, or any other person(s) as such Entitled Depository Agents may direct in the Sub-Account Holders Form are set out under Section 2.5 of the Offer Document.

3.2 No Encumbrances

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

3.3 Adjustment for Distributions

In the event that any dividends, rights, other distributions or return of capital is declared, paid or made on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Consideration by the amount of such dividend, right and other distribution or return of capital.

3.4 Conditional Offer

The Offer will be conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it (whether before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and persons acting in concert with it holding not less than 90% of total Shares (excluding any Shares held in treasury) as at the close of the Offer (the "**Acceptance Condition**").

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it (whether before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and persons acting in concert with it holding such number of Shares carrying more than 90% of the voting rights attributable to the maximum potential issued share capital of the Company. For this purpose, the "**maximum potential issued share capital of the Company**" means the total number of Shares (excluding treasury Shares) which would be in issue had all outstanding Company Options and Company Awards (if any) been validly exercised as at the date of such declaration.

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER AND THE OPTIONS PROPOSAL

The Offeror has given notice that it will not reduce the Acceptance Condition to a lower minimum acceptance level.

Save for the above, the Offer will be unconditional in all other respects.

3.5 Closing Date

The Offer will remain open for acceptances for a period of at least 28 days from the date of electronic dissemination of the Offer Document, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. **Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 1 November 2022 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.**

3.6 Further Details of the Offer

Further details of the Offer are set out in Appendix V to the Offer Document.

4. OPTIONS PROPOSAL

Based on the information provided by the Company, there are 7,655,000 outstanding Company Options as at the latest practicable date of the Offer Document, being 27 September 2022 ("**Offer Document LPD**").

Under the rules of the Company Option Scheme, the Company Options are not freely transferable by the Optionholders thereof (other than to an Optionholder's personal representative on the death of that Optionholder), in whole or in part, except with the prior written approval of the Remuneration Committee of the Company. In view of this restriction, the Offeror will not make an offer to acquire the Company Options in connection with the Offer (although, as stated above, the Offer will be extended to all new Shares unconditionally issued and/or transferred (as the case may be) pursuant to the valid exercise of the Company Options prior to the close of the Offer).

Instead, EYCF will, on behalf of the Offeror, make a proposal (the "**Options Proposal**") to the Optionholders on the following terms, that subject to:

- (a) the Offer becoming or being declared unconditional in all respects; and
- (b) the relevant Company Options being exercisable into new Shares as at the Optionholders' respective dates of acceptance of the Options Proposal and continuing to be exercisable into Shares,

the Offeror will pay to such Optionholders a cash amount (determined as provided below) (the "**Option Price**") in consideration of such Optionholders agreeing:

- (i) not to exercise any of such Company Options into new Shares; and
- (ii) not to exercise any of their rights as Optionholders,

in each case from the date of their acceptance of the Options Proposal to the respective dates of expiry of such Company Options. Further, if the Offer becomes or is declared unconditional in all respects, Optionholders who have accepted the Options Proposal will also be required to surrender their relevant Company Options for cancellation. If the Offer lapses or is withdrawn or if the relevant Company Options cease to be exercisable into new Shares, the Options Proposal will lapse accordingly.

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4.1 Option Price

The Option Price is computed on a "see-through" basis, being the amount of the excess of the Cash Consideration over the exercise price of that Company Option. If, however, the exercise price of a Company Option is equal to or more than the Cash Consideration, the Option Price for each Company Option will be the nominal amount of S\$0.001.

4.2 Offer and Options Proposal mutually exclusive

For the avoidance of doubt, whilst the Options Proposal is conditional upon the Offer becoming or being declared unconditional in all respects in accordance with its terms, the Offer will not be conditional upon acceptances received in relation to the Options Proposal. **The Offer and the Options Proposal are separate and mutually exclusive.** The Options Proposal does not form part of the Offer, and vice versa.

Without prejudice to the foregoing, if Optionholders wish to exercise their Company Options in order to accept the Offer in respect of the Shares to be issued and/or transferred (as the case may be) pursuant to such exercise, they may not accept the Options Proposal in respect of such Company Options. Conversely, if Optionholders wish to accept the Options Proposal in respect of their Company Options, they may not exercise those Company Options in order to accept the Offer in respect of the Shares to be issued and/or transferred (as the case may be) pursuant to such exercise.

4.3 Details of the Option Proposal

Details of the Options Proposal have been separately despatched to Optionholders on 4 October 2022.

5. INFORMATION ON THE OFFEROR

The Offeror is a special purpose vehicle incorporated in Singapore on 8 August 2022 for the purpose of undertaking the Offer. Its principal activities are those of an investment holding company. The Offeror has not carried on any business since its incorporation, except in relation to matters in connection with the making of the Offer.

As at the Offer Document LPD, the Offeror has an issued and paid-up share capital of S\$3.00, consisting of 3 ordinary shares (the "**Offeror Shares**"), which are held by the shareholders as follows:

Shareholder of the Offeror	Number of shares in the Offeror	Proportion of the total number of issued shares in the Offeror
Mr. Tony Tan Choon Keat (" TTCK ") (<i>Non-Executive Chairman of the Company</i>)	1	33.33%
Mr. Beng Teck Liang (" BTL ") (<i>Executive Director and Chief Executive Officer of the Company</i>)	1	33.33%
Mr. Wong Seng Weng (" WSW ") (<i>Executive Director of the Company</i>)	1	33.33%
Total	3	100.00%

The board of directors of the Offeror comprises TTCK and BTL.

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Please refer to Appendix I to the Offer Document for additional information on the Offeror.

6. INFORMATION ON THE COMPANY

Based on publicly available information, the Company was incorporated in Singapore on 10 March 2005 and was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 23 July 2009. The principal activities of the Company lie in the provision of multi-disciplinary specialist healthcare services across the fields of ophthalmology, aesthetic medicine, sports medicine and oncology.

As at the Offer Document LPD, based on publicly available information:

- (a) the Company has an issued and paid-up share capital of S\$101,979,219.02 comprising 486,382,109 Shares (excluding 232,729 Shares held by the Company as treasury shares);
- (b) the Company has 7,655,000 outstanding Company Options and there are no outstanding Company Awards. Save for the 7,655,000 outstanding Company Options, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities being offered for or which carry voting rights affecting the Shares; and
- (c) the directors of the Company are:
 - (i) Mr. Tony Tan Choon Keat (Non-Executive Chairman);
 - (ii) Dr. Beng Teck Liang (Executive Director and Chief Executive Officer);
 - (iii) Dr. Wong Seng Weng (Executive Director);
 - (iv) Mr. Ho Lon Gee (Lead Independent Director);
 - (v) Mr. Jimmy Yim Wing Kuen (Independent Director); and
 - (vi) Ms. Stefanie Yuen Thio (Independent Director).

Please refer to Appendix III to the Offer Document for additional information on the Company.

7. IRREVOCABLE UNDERTAKINGS

7.1 Details of Promoters Irrevocable Undertakings

As at the Offer Document LPD, TTCK, BTL and WSW (the "Undertaking Promoters") have an aggregate interest in 80,203,255 Shares, representing approximately 16.49% of the total number of issued Shares in the following proportion:

Undertaking Promoter	Number of Shares	Proportion of the total number of issued Shares ⁽¹⁾⁽²⁾
TTCK	35,708,073 ⁽³⁾	7.34%
BTL	33,626,329 ⁽⁴⁾	6.91%
WSW	10,868,853	2.23%
Total	80,203,255	16.49%

Notes:

- (1) Based on the Company's issued and paid-up capital of 486,382,109 Shares (excluding 232,729 treasury shares) as at the Latest Practicable Date.
- (2) Any discrepancies between the listed percentages and the totals shown thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

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- (3) Excluding TTCK's deemed interest in 600,000 Shares held by his immediate family member, Joyce Ooi Eu Huey Mrs Joyce Tan (who has provided a Relevant Shareholder Irrevocable Undertaking). TTCK does not have any outstanding Company Options.
- (4) In addition to 33,626,329 Shares, BTL holds 3,700,000 outstanding Company Options.

As at the Offer Document LPD, each of the Undertaking Promoter has executed an irrevocable undertaking (the "**Promoters Irrevocable Undertaking**") in favour of the Offeror, pursuant to which each of them has undertaken and/or agreed to:

- (a) accept the Offer in respect of all Shares held by him;
- (b) elect to receive only the Share Consideration (and not the Cash Consideration), provided that as each Undertaking Promoter has already subscribed for one (1) share in the Offeror at a share price of S\$1.00 as at the date of incorporation of the Offeror, each Promoter agrees (i) to receive one (1) less New Offeror Share than would have otherwise been received in respect of the Share Consideration; and (ii) that the aggregate value of such New Offeror Shares received by each Promoter will be such dollar amount derived by multiplying the Cash Consideration and the number of Shares tendered in the Offer, less the initial subscription amount of S\$1.00;
- (c) waive, or procure the waiver of, his rights to receive any cash settlement or payment for his acceptance of the Offer within the time period prescribed under Rule 30 of the Code;
- (d) accept the Offer in respect of any other Shares or securities in the capital of the Company that he may acquire, or which may be allocated and issued to him, on or after the date of the Promoter Irrevocable Undertaking; and
- (e) (in respect of BTL only) to not exercise all or any of his Company Options held by him and to accept the Options Proposal in respect of all the Company Options held by him.

7.2 Details of Relevant Shareholder Irrevocable Undertakings

As at the Offer Document LPD, and in addition to the Promoter Irrevocable Undertakings, each of the Shareholder named in Section 6.2 of the Offer Document (collectively, the "**Relevant Undertaking Shareholders**") have also executed irrevocable undertakings (the "**Relevant Shareholder Irrevocable Undertakings**") in favour of the Offeror, pursuant to which each of them has undertaken to, (a) accept the Offer in respect of all Shares held by it/him/her (as the case may be); (b) elect to receive only the Share Consideration (and not the Cash Consideration); and (c) accept the Offer in respect of any other Shares or securities in the capital of the Company that each of them may acquire, or which may be allocated and issued to it/him/her (as the case may be), on or after the date of the Relevant Shareholder Irrevocable Undertakings.

Details of the Relevant Undertaking Shareholders' shareholding in the Company are set out in Section 6.2 of the Offer Document.

As at the Offer Document LPD, the Undertaking Promoters and the Relevant Undertaking Shareholders collectively hold an aggregate interest in 251,302,040 Shares, representing approximately 51.67% of the total number of issued Shares, and have executed the aforementioned irrevocable undertakings in favour of the Offeror to accept the Offer and elect to receive the Share Consideration as the Offer Consideration for all their Offer Shares.

7.3 Termination of Irrevocable Undertakings

Each Promoter Irrevocable Undertaking and Relevant Shareholder Irrevocable Undertaking shall terminate, lapse and cease to have any effect upon the Offer lapsing or being withdrawn or failing to become unconditional in all respects for whatever reason other than as a result of a breach by the relevant undertaking Shareholder of any of his/her/its obligations under the relevant Promoter Irrevocable Undertaking or Relevant Shareholder Irrevocable Undertaking (as the case may be).

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In addition, in respect of CHA Healthcare Singapore Pte. Ltd. only, its Relevant Shareholder Irrevocable Undertaking shall not extend beyond six (6) months from the date of execution.

7.4 No Other Irrevocable Undertakings

Save for the Promoters Irrevocable Undertakings and the Relevant Shareholder Irrevocable Undertakings, as at the Offer Document LPD, neither the Offeror nor any persons acting in concert with the Offeror has received any irrevocable undertaking from any other person to accept or reject the Offer.

7.5 Resultant Shareholdings of the Offeror

Following the close of the Offer, and for illustrative purposes only, assuming that (i) all Shareholders (save for the Undertaking Promoters and the Relevant Undertaking Shareholders) accept the Offer and elect to receive the Cash Consideration as the Offer Consideration for all their Offer Shares; and (ii) the Undertaking Promoters and the Relevant Undertaking Shareholders accept the Offer and elect to receive the Share Consideration for all their Offer Shares in accordance with the terms of the Promoters Irrevocable Undertaking or Relevant Shareholder Irrevocable Undertaking (as the case may be), the resultant shareholding in the Offeror will be as follows:

Shareholder of the Offeror	Number of shares in the Offeror	Proportion of the total number of issued shares in the Offeror ⁽¹⁾
TTCK	36,308,073 ⁽²⁾	14.45%
BTL	33,626,329	13.38%
WSW	10,868,853	4.33%
CHA Healthcare Singapore	116,000,000	46.16%
Silver Mines Global Limited	26,949,348	10.72%
Red Ancient Global Ltd	377,000	0.15%
Cheng Yong Liang	10,023,121 ⁽³⁾	3.99%
Richard Yong Chin-Wee	10,703,952 ⁽⁴⁾	4.26%
Low Chai Ling (Liu Jialin)	5,190,312	2.07%
Chua Han Boon Kenneth	1,255,052	0.50%
Total	251,302,040	100.00%

Notes:

- (1) Any discrepancies between the listed percentages and the totals shown thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them. Numeric figures are rounded to the nearest two (2) decimal places.
- (2) This includes the 600,000 New Offeror Shares to be received by TTCK's immediate family member, Joyce Ooi Eu Huey Mrs Joyce Tan (who has provided a Relevant Shareholder Irrevocable Undertaking). TTCK does not have any outstanding Company Options.
- (3) Assuming Vertical Assets Holdings Inc nominates Mr. Cheng Yong Liang as the recipient of the Share Consideration.
- (4) Assuming MCC Management Ltd nominates Mr. Richard Yong Chin-Wee as the recipient of the Share Consideration.

The Offeror reserves its rights to convert to a public company in accordance with Section 31 of the Companies Act 1967 of Singapore (the “**Companies Act**”), including in the event that the number of Shareholders electing the Share Consideration results in the number of shareholders in the Offeror exceeding 50.

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8. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY

8.1 Rationale for the Offer

Please refer to Section 7 of the Offer Document for the full text of the rationale for the Offer, as articulated by the Offeror. A summary is set out below.

- (i) Intention to delist and privatise the Company;
- (ii) Uncertain economic environment in the short to medium term;
- (iii) Opportunity for shareholders to realise their investment in the Shares at a premium to market price;
- (iv) Low trading liquidity of Shares;
- (v) Clear and distinct choice between Cash Consideration and Share Consideration for Shareholders;
- (vi) No need for access to capital markets;
- (vii) Compliance costs relating to listing status; and
- (viii) Greater management flexibility.

8.2 Offeror's intentions in relation to the Company

The Offeror does not intend to maintain the listing status of the Company. The Offeror, if and when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10% of total Shares (excluding any Shares held in treasury) are held in public hands. In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1308 of the Catalist Rules. Please refer to Section 9.1 (Listing Status) and Section 9.2 (Compulsory Acquisition) of the Offer Document for details on the listing status requirement and the right of compulsory acquisition.

The Offeror currently does not intend to (i) make major changes to the business of the Company or its management team, (ii) re-deploy the fixed assets of the Company or (iii) discontinue the employment of the employees of the Company, other than in the normal course of business. Nonetheless, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which the Offeror may regard to be in the interest of the Company and its subsidiaries. The Offeror will review and carefully examine the business opportunities afforded to the Company with the intention to grow and develop the Company into a pan-Asian healthcare player. Such opportunities may involve entering into joint ventures, collaborations, investments and acquisitions or may involve the restructuring or reorganisation of the Company or a combination thereof.

9. EVALUATION OF THE FINANCIAL TERMS OF THE OFFER AND THE OPTIONS PROPOSAL

In our evaluation of the financial terms of the Offer and the Options Proposal, we have given due consideration to, *inter alia*, the following key factors:

- (i) Historical Share price performance and trading liquidity of the Shares;
- (ii) Historical financial performance and position of the Group;

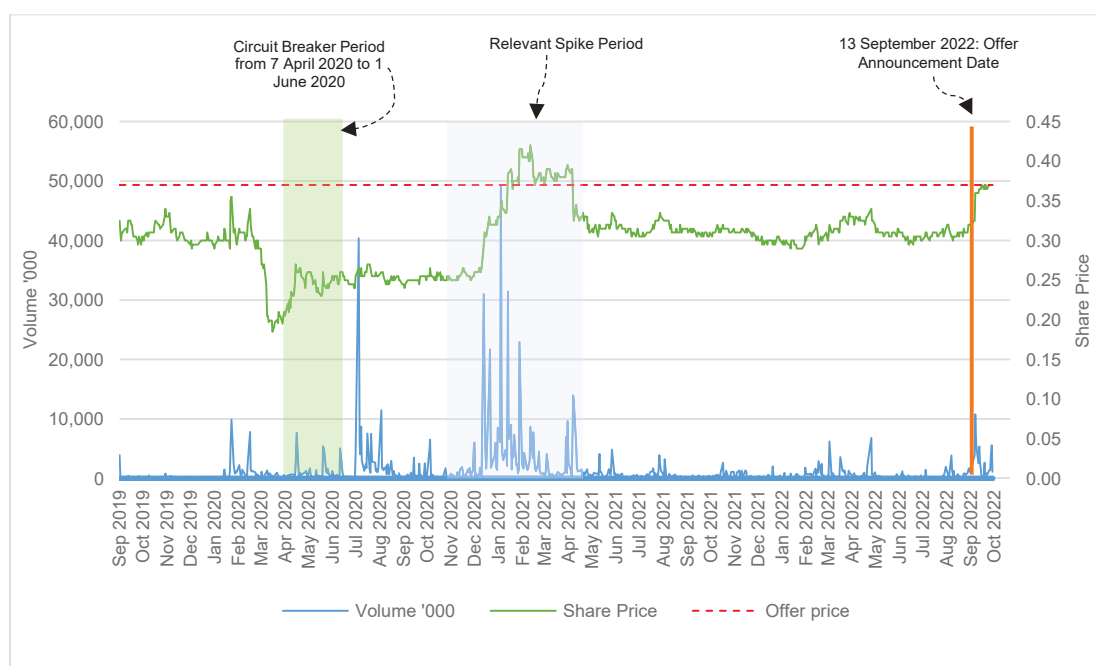
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- (iii) The Group's Net Asset Value ("**NAV**") and Net Tangible Asset Value ("**NTA**");
- (iv) Comparison with selected comparable companies listed on the SGX-ST;
- (v) Comparison with recent privatisation transactions of comparable companies listed on the SGX-ST;
- (vi) Comparison with recent successful privatisation transactions of companies listed on the SGX-ST;
- (vii) Estimated range of values of the Shares;
- (viii) The Options Price;
- (ix) Share buy-back transactions of the Company;
- (x) Dividend track record of the Company; and
- (xi) Other relevant considerations.

9.1 Historical Share price performance and trading liquidity of the Shares

Having considered the impact of the COVID-19 pandemic on the global economy since early 2020 and the circuit breaker period in Singapore which first commenced on 7 April 2020 ("**Circuit Breaker Period**"), which would have had an effect on the historical Share price performance and trading liquidity of the Shares, we set out below a chart showing the daily closing prices and trading volume of the Shares for the 3-year period from 9 September 2019 to 8 September 2022 (being the last trading day where Shares were traded on SGX-ST immediately preceding the trading halt prior to the Offer Announcement Date on 13 September 2022 ("**Last Trading Day**")), and up to the Latest Practicable Date.

Daily closing prices and trading volume of the Shares from 9 September 2019 to the Latest Practicable Date (the "**Reference Period**")



Source: Bloomberg L.P.

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From the chart above, we note the following:

- From **9 September 2019 to the Last Trading Day**, the daily closing prices of the Shares were in a range of S\$0.185 to S\$0.420. The Offer Consideration represents a premium of 100.0% to the low of S\$0.185 and a discount of 11.9% to the high of S\$0.420;
- From 7 April 2020 (being the commencement of the **Circuit Breaker Period**) to the Last Trading Day, the daily closing prices of the Shares were in a range of S\$0.205 to S\$0.420. The Offer Consideration represents a premium of 80.5% to the low of S\$0.205 and a discount of 11.9% to the high of S\$0.420;
- The Shares mainly traded above the Offer Consideration over the period from 18 December 2020 to 15 April 2021 (the **“Relevant Spike Period”**), with the highest closing price of the Shares during the Relevant Spike Period being S\$0.420 on 18 February 2021. On 18 December 2020, the Company had announced that it was in preliminary discussions with a third party regarding a possible transaction involving the Shares, and subsequently on 15 April 2021, the Company announced that the Company and the third party decided not to proceed with further exploration of the said transaction. We further note that the daily closing prices of the Shares generally trended downwards from 15 April 2021 to the Offer Announcement Date;
- Share price closed at S\$0.325 on the Last Trading Date; and
- From 14 September 2022 (the first trading day after the Offer Announcement Date) to the Latest Practicable Date, the daily closing prices of the Shares were in a range of S\$0.360 to S\$0.370, which is close to the Offer Consideration. The market price of the Shares after the Offer Announcement Date appeared to be supported by the Offer Consideration.

In addition, to assess the market price performance of the Shares *vis-à-vis* the general price performance in the Singapore equity market, we have compared the movement of the prices of the Shares against the Straits Times Index (**“STI”**) from 9 September 2019 up to the Last Trading Day prior to the Offer Announcement Date, and up to the Latest Practicable Date, as illustrated below. Save for the Relevant Spike Period, we note that the Shares have generally underperformed the STI over the Reference Period.



Source: Bloomberg L.P.

In addition, we have set out below additional information on the volume-weighted average price (**“VWAP”**), trading liquidity, and other trading statistics of the Shares during the Reference Period:

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Reference Period	Highest Traded Price (\$)	Lowest Traded Price (\$)	VWAP ⁽¹⁾ (\$)	Premium of Offer Consideration over VWAP (%)	No. of traded days ⁽²⁾	Average daily trading volume ⁽³⁾	Average daily trading volume as a percentage of free float ⁽⁴⁾ (%)
<u>Prior to and including the Last Trading Day prior to the Offer Announcement Date</u>							
From 9 September 2019 to the Last Trading Day	0.425	0.179	0.316	17.1	749	1,274,029	0.489
Last 12 months	0.355	0.285	0.300	23.5	251	534,963	0.205
Last 6 months	0.355	0.295	0.294	26.0	125	615,501	0.236
Last 3 months	0.325	0.295	0.252	46.7	64	530,483	0.204
Last 1 month	0.325	0.300	0.257	44.2	23	1,004,378	0.385
As at 8 September 2022, being the Last Trading Day	0.325	0.320	0.125	195.4	1	3,875,500	1.487
<u>After the Offer Announcement Date and up to the Latest Practicable Date</u>							
14 September 2022, being the first traded day after the Offer Announcement Date up to the Latest Practicable Date	0.370	0.360	0.364	1.6	18	4,771,800	1.830
Latest Practicable Date	0.370	0.365	0.365	1.3	1	1,122,900	0.431

Source: Bloomberg L.P.

Notes:

- (1) The VWAP for the respective periods are calculated based on the VWAP turnover divided by the VWAP volume, as extracted from Bloomberg L.P. VWAP turnover is computed based on the aggregate daily turnover value of the Shares and VWAP volume is computed based on the aggregate daily trading volume of the Shares for the respective periods.
- (2) Traded days refer to the number of days on which the Shares were traded on the SGX-ST during the relevant periods.
- (3) The average daily trading volume of the Shares was computed based on the total volume of the Shares traded on SGX-ST during the relevant periods, divided by the number of days when the SGX-ST was open for trading during the relevant periods.
- (4) Free float refers to the Shares other than those held by the Directors, Substantial Shareholders and their respective associates (as defined in the Listing Manual). For the purpose of computing the average daily trading volume as a percentage of free float, we have used a free float of 260,692,206 Shares or 53.6% of the issued Shares of the Company as at the Offer Announcement Date ("Free Float").
- (5) Pursuant to a share buy-back mandate adopted by the Company, the Company acquired an aggregate of 139,000 Shares at between S\$0.300 and S\$0.305 per Share on 7 October 2019 and 445,000 Shares at between S\$0.182 and S\$0.195 per Share on 19 March 2020 during the Reference Period.

From the table above, we note the following:

- (a) the Offer Consideration represents a premium of approximately 17.1% over the VWAP of the Shares from 9 September 2019 to the Last Trading Day;
- (b) the Offer Consideration represents premia of approximately 23.5%, 26.0%, 46.7% and 44.2% over the respective VWAPs of the Shares for the last 12-month, 6-month, 3-month and 1-month periods prior to and including the Last Trading Day;

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- (c) the Offer Consideration represents a premium of approximately 195.4% over the VWAP of the Shares on the Last Trading Day;
- (d) the Offer Consideration represents a premium of approximately 1.6% over the VWAP of the Shares for the period from 14 September 2022 (being the first traded day after the Offer Announcement Date) to the Latest Practicable Date. The daily closing prices of the Shares during this period did not go above the Offer Consideration. Based on the foregoing, it appears that the VWAPs of the Shares for the period between 14 September 2022 (being the first traded day after the Offer Announcement Date) and up to the Latest Practicable Date, were supported by the Offer;
- (e) the Offer Consideration is at a premium of approximately 1.3% over the VWAP of the Shares on the Latest Practicable Date;
- (f) the Offer Consideration is higher than the highest traded prices during the last 12-month, 6-month, 3-month and 1-month periods prior to and including the Last Trading Day;
- (g) the Shares were not actively traded in the relevant periods from 9 September 2019 to the Last Trading Day, 12-month, 6-month, 3-month and 1-month periods prior to and including the Last Trading Day. The average daily trading volume of the Shares for the period from 12-month, 6-month, 3-month and 1-month periods prior to and including the Last Trading Day were in the range of 0.204% to 0.385% of the Free Float respectively;
- (h) as at 8 September 2022, being the Last Trading Day, the average daily trading volume of the Shares represent 1.487% of the Free Float; and
- (i) the average daily traded volume of the Shares for the period 14 September 2022, being the first traded day after the Offer Announcement Date and up to the Latest Practicable Date represents approximately 1.830% of the Free Float, and the traded volume of the Shares on the Latest Practicable Date represents approximately 0.431% of the Free Float.

We wish to highlight that the above analysis on the historical trading performance of the Shares serves only as an illustrative guide. **There is no assurance that the market price and trading volume of the Shares will be maintained at the level prevailing as at the Latest Practicable Date after the close or lapse of the Offer and the Options Proposal. Shareholders are advised that the past trading performance of the Shares should not, in any way, be relied upon as an indication or promise of its future trading performance.**

9.2 Historical financial performance and position of the Group

A summary of the consolidated statements of comprehensive income, consolidated statements of financial position and consolidated statements of cash flows of the Group for financial years ended 31 December 2019 (“FY2019”), 31 December 2020 (“FY2020”) and 31 December 2021 (“FY2021”), and the six-month periods ended 30 June 2021 (“1H2021”) and 30 June 2022 (“1H2022”) (collectively, the “Period Under Review”) is set out below. The following summary financial information should be read in conjunction with the Company’s annual reports for FY2019, FY2020 and FY2021, and the Company’s financial results announcements for 1H2022, including the notes and commentaries thereto.

9.2.1 Historical Financial Performance of the Group

We set out below a summary of the key financial results of the Group for the Period Under Review:

(\$S’000)	FY2019 (Audited)	FY2020 (Audited)	FY2021 (Audited)	1H2021 (Unaudited)	1H2022 (Unaudited)
Revenue	94,672	87,340	100,840	49,682	54,099
Gross profit / (loss)	43,241	38,040	44,260	22,277	22,515

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Gross profit margin	45.67%	43.55%	43.89%	44.84%	41.62%
Profit for the year	13,635	9,097	15,716	7,727	6,776
Profit attributable to owners of the Company	13,661	8,730	15,608	7,190	6,266

Source: The Company's annual reports for FY2019, FY2020 and FY2021 and the Company's financial results announcement for 1H2022 released on SGXNET.

We note the following with respect to the historical financial performance of the Group:

FY2020 vs FY2019

- The Group's total revenue declined 7.7% year-on-year ("**yoy**") to S\$87.3 million due to falling patient loads as a result of the deferment of non-essential medical services and temporary clinic closures during the Circuit Breaker Period implemented in Singapore from April to June 2020 to curb the COVID-19 pandemic. The decrease in revenue was also attributed to a significant decline in medical tourism over the period due to travel restrictions stemming from the pandemic.
- In line with the decline in revenue, gross profit decreased 12.0% yoy to S\$38.0 million.
- Despite the challenging market conditions and a severe curb of medical tourists which account for 15.0% to 20.0% of the Group's revenue, the Group reported a net profit attributable to owners of the Company of S\$8.7 million for FY2020, representing a 36.1% yoy decline.

FY2021 vs FY2020

- The Group's total revenue increased 15.5% yoy to S\$100.8 million for FY2021. In comparison to FY2019's pre-COVID-19 financial results, the Group reported a 6.5% increase in total revenue, as the Group's organic growth initiatives over the years came to fruition. The growth in revenue was attributed to rising demand across the Group's Health and Diagnostic and Aesthetics segments along with organic growth at its existing clinics in comparison to FY2020 when operations were significantly curtailed during the Circuit Breaker Period.
- Distribution and selling expenses increased by 4.1% from S\$3.4 million to S\$3.5 million in FY2021, in line with increase in revenue and partially offset by lower administrative fees paid to external administrators due to the decline in medical tourism resulting from COVID-19.
- The Group reported a 78.8% yoy increase in net profit attributable to owners of the Company to S\$15.6 million for FY2021. The increase in net profit was mainly due to the increase in revenue and further bolstered by S\$1.5 million in other gains recognised by the Group on its income statement, which were attributable to the remeasurement of previously held equity in the Group's joint venture, SMG International (Vietnam) Pte. Ltd. and was partially offset by impairment losses recognised from loans to an associated company, as a result of the cessation of the Group's aesthetics business in Vietnam.

1H2022 vs 1H2021

- The Group's total revenue increased 8.9% to S\$54.1 million for 1H2022. The increase was mainly attributed to increases in capacity within the Group's diagnostic segment, new clinic openings, organic growth of existing clinics, and the return of medical tourism.
- The Group's share of results of joint ventures and associates increased from S\$0.2 million for 1H2021 to S\$0.8 million for 1H2022, on the back of strong momentum of the Group's overseas investments in medical services in Vietnam, Indonesia and Australia.

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- Despite the increase of 1.1% in gross profit for 1H2022 to S\$22.5 million, gross profit margin declined 3.2 percentage points to 41.6%. This decline was attributed to a change in sales mix within the Group's business segments, and changes to certain doctors' remuneration in accordance with their contractual agreements.
- Administrative expenses rose 16.0% to S\$13.4 million in 1H2022, due to the opening of new clinics, salary adjustments in line with market adjustments across the healthcare industry, rising recruitment costs and the absence of wage credits which amounted to S\$0.5 million in 1H2021 stemming from the government's Job Support Scheme during the pandemic.
- As a result of the above, notwithstanding higher revenue, the Group reported a 12.9% decline in net profit attributable to owners of the Company from S\$7.2 million for 1H2021 to S\$6.3 million for 1H2022.

9.2.2 Historical Financial Position of the Group

We set out below a summary of the financial position of the Group as at 31 December 2021 and 30 June 2022:

(S\$'000)	31 December 2021 (Audited)	30 June 2022 (Unaudited)
Current assets	35,968	38,090
Non-current assets	165,869	166,418
Total assets	201,837	204,508
Current liabilities	26,471	26,941
Non-current liabilities	8,828	8,275
Total liabilities	35,299	35,216
Net assets	166,538	169,292
Equity attributable to owners of the Company	167,949	170,368
Non-controlling interests	(1,411)	(1,076)
Total equity	166,538	169,292
NAV attributable to owners of the Company (excluding non-controlling interests)	167,949	170,368
Number of issued Shares (excluding treasury shares)	486,382,109	486,382,109
NAV per Share (in S\$)	0.35	0.35

Source: The Company's financial results announcement for 1H2022 released on SGXNET.

As at 30 June 2022, the Group recorded total assets of S\$204.5 million comprising non-current assets amounting to S\$166.4 million (81.4% of total assets) and current assets amounting to S\$38.1 million (18.7% of total assets).

Current assets as at 30 June 2022 comprised mainly (i) inventories of S\$2.2 million, representing 1.1% of total assets; (ii) trade and other receivables of S\$7.3 million (3.6% of total assets); (iii) prepayments of S\$1.4 million (representing 0.7% of total assets); and (iv) cash and bank balances of S\$27.2 million (13.3% of total assets).

Non-current assets as at 30 June 2022 comprised mainly (i) property, plant and equipment of S\$8.8 million (4.3% of total assets); (ii) intangible assets of S\$123.8 million (60.5% of total assets); (iii) right-of-use assets ("ROUA") of S\$9.7 million (4.7% of total assets); (iv) investment in joint

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ventures of S\$3.1 million (1.5% of total assets); (v) investment in associates of S\$18.4 million (9.0% of total assets); (vi) other receivables and deferred tax assets of S\$2.5 million (1.2% of total assets).

Intangible assets

Intangible assets of the Group primarily relate to goodwill of S\$123.4 million which arose through business combinations. Such goodwill was allocated to five cash-generating units (“CGU”) as set out below:

(S\$'000)	As at 31 December 2021 (Audited)	As at 30 June 2022 (Unaudited)
Carrying amount of goodwill allocated under each CGU:		
- Women's Health business	74,379	74,379
- Paediatrics business	32,316	32,316
- Diagnostic business	9,593	9,593
- Aesthetics business	6,813	6,813
- Vietnam business	312	312
Total goodwill	123,413	123,413

Source: The Company's financial results announcement for 1H2022 released on SGXNET.

As at 30 June 2022, the Group's total liabilities amounted to S\$35.2 million, comprising non-current liabilities amounting to S\$8.3 million (23.5% of total liabilities) and current liabilities amounting to S\$26.9 million (76.5% of total liabilities).

Current liabilities as at 30 June 2022 comprised mainly (i) trade payables of S\$2.4 million (6.7% of total liabilities); (ii) other payables and accruals of S\$13.6 million (38.5% of total liabilities); (iii) contract liabilities of S\$3.5 million (9.8% of total liabilities); (iv) lease liabilities of S\$4.9 million (13.8% of total liabilities); (v) loans and borrowings of S\$0.6 million (1.8% of total liabilities); and (v) income tax payable of S\$2.1 million (5.8% of total liabilities).

Non-current liabilities as at 30 June 2022 comprised mainly (i) other payables and accruals of S\$0.4 million (1.1% of total liabilities); (ii) lease liabilities of S\$5.2 million (4.9% of total liabilities); (iii) loans and borrowings of S\$2.0 million (5.6% of total liabilities); and (iv) deferred tax liabilities of S\$0.7 million (1.8% of total liabilities).

The Group's core business operations continued to generate positive operating cash flows of S\$10.2 million for 1H2022 and maintained a cash balance of S\$27.2 million as at 30 June 2022. After accounting for total borrowings amounting to S\$2.6 million, the Group's net cash position improved to S\$24.6 million, up 6.9% from S\$22.9 million in the preceding financial year, while its gearing ratio declined to 1.5%.

The Group recorded positive working capital of S\$11.1 million, with a current ratio of 1.41 times, and a net assets position of S\$169.3 million as at 30 June 2022.

9.2.3. Summary of historical statement of cash flows

(S\$'000)	FY2021 (Audited)	1H2021 (Unaudited)	1H2022 (Unaudited)
Net cash flows from operating activities	24,467	9,800	10,169
Net cash flows (used in) investing activities	(9,668)	(3,194)	(1,502)
Net cash flows (used in) financing activities	(13,784)	(7,564)	(8,093)
Net increase/ (decrease) in cash and cash equivalents	995	(958)	574
Cash and cash equivalents at end of year/ period	26,618	24,665	27,192

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Source: The Company's annual reports for FY2021, and the Company's financial results announcement for 1H2022 released on SGXNET.

Net cash flows generated from operating activities of S\$10.2 million for 1H2022 arose mainly from the operating profit before working capital changes of S\$12.2 million, offset by outflow of working capital of S\$0.5 million, and interest and income tax payment of S\$0.2 million and S\$1.3 million respectively.

Net cash flows used in investing activities of S\$1.5 million for 1H2022 were mainly attributed to the purchase of property, plant and equipment of S\$1.0 million and investment in joint venture of S\$0.5 million.

Net cash flows used in financing activities of S\$8.1 million for 1H2022 were mainly attributed to dividends paid of S\$4.4 million, dividends paid to non-controlling interests of S\$0.2 million, and repayment of loans and borrowings and lease payments of S\$1.1 million and S\$2.5 million respectively.

The Group's cash and cash equivalents was S\$27.2 million as at 30 June 2022, taking into account an increase in cash and cash equivalents of S\$0.6 million since the beginning of 1H2022.

9.3 The Group's NAV and NTA

The NAV based approach in valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities of the company and non-controlling interests. The NAV based approach shows the extent to which the value of each share is backed by both tangible and intangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NAV based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (including any intangible assets such as goodwill, trademarks and brand names) in an orderly manner over a reasonable period of time at the aggregate value of the assets used in the computation of the NAV, the proceeds of which are used to settle the liabilities, non-controlling interests and other obligations of the company or group with the balance to be distributed to its shareholders. However, the NAV based approach does not take into account the hypothetical sale of assets in a non-orderly manner or over a short period of time. It also does not illustrate the values of which assets may actually be realised or disposed of.

The NTA based approach is similar to the NAV based approach except that it does not take into account or consideration the presence of any intangible assets including but not limited to land use rights, goodwill, trademarks and brand names in providing an estimate of the value of a company or group assuming the hypothetical sale of all its assets.

9.3.1 NAV of the Group

Based on the latest published unaudited financial statements of the Group for 1H2022, the NAV attributable to Shareholders was S\$170.4 million. The NAV per Share attributable to Shareholders as at 30 June 2022 was approximately S\$0.35, based on the issued share capital of 486,382,109 Shares as at the Latest Practicable Date.

The Offer Consideration represents a premium of 5.7% to the NAV per Share as at 30 June 2022.

9.3.2 NTA of the Group

The following is based on the Group's unaudited statement of financial position as at 30 June 2020.

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	(S\$'000)
NAV attributable to Shareholders	170,368
<i>Less:</i>	
Intangible assets (comprising goodwill and computer equipment amortisation expenses)	123,810
Deferred tax assets	804
<i>Add:</i>	
Deferred tax liabilities	651
NTA of the Group	<u>46,405</u>

Intangible assets comprised mainly goodwill through business combinations of S\$123.4 million or 72.9% of its NAV as at 30 June 2022. The aforesaid goodwill has been allocated to five cash generating units (“CGUs”) for impairment testing. According to the Company’s financial results for the period ended 30 June 2022, the calculations of these values allocated in use for the CGUs are most sensitive to the assumptions comprising growth rates and pre-tax discount rates. Any material changes in these assumptions, which are by nature, judgment from the Directors and Management of the Company, may affect the results of impairment testing.

The NTA per Share attributable to Shareholders as at 30 June 2022 was approximately S\$0.095, based on the issued share capital of 486,382,109 Shares as at the Latest Practicable Date.

The Offer Consideration represents a premium of approximately 289.5% to the NTA per Share as at 30 June 2022.

9.3.3 No further adjustments to the NAV and NTA of the Group

Save as disclosed in the unaudited financial statements of the Group as at 30 June 2022 and the Circular, the Directors and Management have confirmed to us that, to the best of their knowledge and belief, as at the Latest Practicable Date:

- (i) there are no material events that have or will likely have a material impact to the financial position of the Group since 30 June 2022;
- (ii) there are no other contingent liabilities, unrecorded earnings or expenses, or bad or doubtful debts or material events which are likely to have a material impact on the NAV or NTA of the Group as at the Latest Practicable Date;
- (iii) there is no litigation, claim or proceeding pending or threatened against the Company and any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Group taken as a whole as at 30 June 2022;
- (iv) save for the abovementioned intangible assets and deferred tax assets, there are no intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the SFRS(I) and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group as at 30 June 2022;
- (v) there are no material acquisitions or disposals of assets by the Group between 30 June 2022 and the Latest Practicable Date, and the Group does not have any plans for such impending material acquisition or disposal of assets, conversion of the use of its material assets or material changes in the nature of the Group’s business; and

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- (vi) there are no material changes to the accounting policies and methods of computation which may materially affect the NAV or NTA of the Group as at 30 June 2022.

Shareholders should note that the analysis above is solely for illustration purposes and the asset-based analysis of the Group only provides an estimate of the value of the Group based on a hypothetical scenario, wherein such scenario does not take into consideration factors including, but not limited to, liquidation costs, taxes, time value of money, prevailing market conditions, legal and professional fees, regulatory requirements, contractual limitations and obligations, and the availability of buyers, which may affect the value that can be realised by the Group.

9.4 Comparison with selected comparable companies listed on the SGX-ST

For the purpose of assessing the financial terms of the Offer, we have compared the valuation ratios of the Company implied by the Offer Consideration with those of selected companies listed on the SGX-ST which can be considered as broadly comparable with the principal businesses of the Group, and with market capitalisation of not more than S\$500 million (“**Comparable Companies**”).

We have held discussions with the Management about the suitability and reasonableness of the selected Comparable Companies acting as a basis for comparison with the Group. Relevant information has been extracted from Bloomberg L.P., publicly available annual reports and/or public announcements of the selected Comparable Companies. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information.

We wish to highlight that the list of selected Comparable Companies is not exhaustive and it should be noted that there may not be any listed company that is directly comparable with the Group in terms of, *inter alia*, business activities, customer base, size and scale of operations, medical specialisations and segments, asset base, geographical markets of activities, track record, financial performance and position, operating and financial leverage, future prospects, liquidity, quality of earnings, accounting policies, risk profile and other relevant criteria. Hence, any comparison made herein is necessarily limited and serves only as an illustrative guide, and any conclusion drawn from the comparison may not necessarily reflect the perceived or implied market valuation (as the case may be) of the Group as at the Latest Practicable Date.

A brief description of the selected Comparable Companies, as extracted from their respective company websites and/or annual reports is set out below:

Name of Comparable Company	Business Activities
Asian Healthcare Specialists Limited (“ Asian Healthcare ”)	Asian Healthcare provides medical services. The company offers spinal injection therapies, cervical disc replacement, trauma care, and sports medicine services. Asian Healthcare serves patients in Singapore.
HC Surgical Specialists Ltd (“ HC Surgical ”)	HC Surgical operates as a medical services group. The company focuses on the provision of endoscopic procedures, including gastroscopies and colonoscopies, and general surgery services with a focus on colorectal procedures. HC Surgical serves customers in Singapore.
Singapore Paincare Holdings Limited (“ Singapore Paincare ”)	Singapore Paincare provides healthcare services. The company offers persisting post-surgical, neck and chronic back, cancer, and arthritis pain management, as well as neuroplasty, intrathecal pump implants, and endoscopic laser decompression services. Singapore Paincare serves patients in Singapore.
Healthway Medical Corporation Ltd	Healthway provides outpatient medical services in Singapore. The company offers care in the areas of family

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Name of Comparable Company ("Healthway")	Business Activities
	medicine, specialists care, dental and oral care and medical aesthetics.
ISEC Healthcare Ltd ("ISEC Healthcare")	ISEC Healthcare provides eyecare (ophthalmology) services in Malaysia and Singapore. The company provides clinical care, research and educational services. ISEC Healthcare operates across Malaysia and Singapore.

Source: Annual Reports and Bloomberg L.P.

We have used the following valuation measures in our analysis:

Valuation Measure	Description
Price-to-earnings Ratio ("PER")	<p>This ratio is computed by dividing the market capitalisation of a company by the trailing 12-month consolidated net profits attributable to owners of a company.</p> <p>The PER is affected by, <i>inter alia</i>, the capital structure of a company, its tax position as well as its accounting policies relating to among others, depreciation and amortisation.</p>
Price-to-NAV ("P/NAV")	<p>This ratio illustrates the market price of a company's shares relative to the NAV per share as recorded in its financial statements.</p> <p>The NAV is defined as total assets less total liabilities, and excludes, where applicable, minority or non-controlling interests.</p> <p>The NAV figure provides an estimate of the value of a company assuming the hypothetical sale of all its assets at its book value and repayment of its liabilities and obligations, with the balance available for distribution to its shareholders.</p> <p>It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net assets of the company.</p> <p>Comparisons of companies using NAV are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.</p>
Price-to-Net Tangible Asset ("P/NTA")	<p>"NTA" or "net tangible asset" is defined to exclude, where applicable, minority interests, deferred tax assets and liabilities, deferred expenditure, land use rights and goodwill. P/NTA ratio illustrates the ratio of the market price of a company's share relative to its historical NTA per share as recorded in its financial statements. The NTA figure provides an estimate of the value of a company assuming the sale of all its tangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their NTAs are affected by differences in their respective accounting policies, in particular, their depreciation and asset valuation policies.</p>

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Valuation Measure	Description					
Enterprise value-to-earnings before interest, tax, depreciation and amortization expenses (“EV/EBITDA”)	<p>EV or enterprise value is the sum of the company’s market capitalization, preferred equity, perpetual bonds, minority interests, short and long term debt (inclusive of finance leases) less its cash and cash equivalents. EBITDA refers to the historical consolidated earnings before interest, tax, depreciation and amortization, inclusive of the share of associates’ and joint ventures’ income.</p> <p>EBITDA can be used to analyse the profitability between companies as it eliminates the effects of financing and accounting policy decisions. The historical EV/EBITDA ratio illustrates the market value of a company’s business relative to its historical consolidated pre-tax operating cash flow performance, and provides an indication of current market valuation relative to operating performance. Unlike the PER, the EV/EBITDA ratio does not take into account the capital structure of a company, its interest, taxation, depreciation and amortization expenses.</p>					
The following table sets out the valuation ratios of the Comparable Companies in comparison with the valuation ratios of the Group implied by the Offer Consideration:						
Comparable Company	Last Financial Year/ Period End	Market Capitalisation ⁽¹⁾ (S\$’million)	PER ⁽²⁾ (times)	P/NAV ⁽³⁾ (times)	P/NTA ⁽⁴⁾ (times)	EV/EBITDA ⁽⁵⁾ (times)
Asian Healthcare ⁽⁶⁾	31 March 2022	107.6	20.2	1.9	4.9	11.3
HC Surgical Specialists	31 May 2022	61.0	9.6	5.5	8.8	5.7
Singapore Paincare	30 June 2022	35.2	9.0	1.3	2.2	4.3
Healthway Medical	30 June 2022	158.7	12.3	0.8	3.4	5.2
ISEC Healthcare	30 June 2022	188.8	17.3	2.4	8.7	12.0
Maximum			20.2	5.5	8.8	12.0
Average			13.7	2.4	5.6	7.7
Median			12.3	1.9	4.9	5.7
Minimum			9.0	0.8	2.2	4.3
Company (as implied by the Offer Consideration)	30 June 2022	180.0	12.3	1.1	3.9	6.1

Source: Bloomberg L.P., annual reports and latest publicly available financial information on the Comparable Companies as at the Latest Practicable Date

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Notes:

- (1) The market capitalisation for the Comparable Companies was based on the outstanding number of shares and the closing price as at the Latest Practicable Date, or the last closing price if there were no trades on the Latest Practicable Date, as extracted from Bloomberg L.P. The market capitalisation for the Company was based on the Offer Consideration and the total outstanding Shares as at the Latest Practicable Date.
- (2) The PERs of the Comparable Companies were computed based on the latest published full year earnings or trailing 12-month earnings attributable to shareholders of the respective companies, available as at the Latest Practicable Date. The PER of the Company was computed on a trailing 12-month basis, based on the Company's unaudited consolidated financial results for 2H2021 and 1H2022.
- (3) The P/NAV ratios of the Comparable Companies were computed based on the NAV values attributable to shareholders of the respective companies as set out in their latest published financial results available as at the Latest Practicable Date. The P/NAV ratio of the Company was computed based on NAV of the Company as at 30 June 2022.
- (4) The P/NTA ratios of the Comparable Companies were computed based on the NTA values attributable to shareholders of the respective companies as set out in their latest published financial results available as at the Latest Practicable Date. The P/NTA ratio of the Company was computed based on NTA of the Company as at 30 June 2022.
- (5) The EVs of the Comparable Companies were computed based on the latest published financial position of the respective companies available as at the Latest Practicable Date. The EBITDAs of the Comparable Companies were computed on a trailing 12-month basis, based on the respective published financial results available as at the Latest Practicable Date. The EV of the Company was based on the market capitalisation implied by the Offer Consideration, and the Company's latest unaudited consolidated financial results as at 30 June 2022. The EBITDA of the Company was computed on a trailing 12-month basis, based on the Company's unaudited consolidated financial results for 2H2021 and 1H2022.
- (6) On 6 October 2022, Asian Healthcare Specialists Limited was the subject of a voluntary conditional cash offer by DBS Bank Ltd. for and on behalf of Labrador Park Pte. Ltd. for all of the issued ordinary shares in the capital of the company other than those already owned, controlled or agreed to be acquired by the offeror. The PER as implied by the offer price of S\$0.188 per share was 20.5 times.

Based on the above, we note the following:

- (i) the PER of the Group as implied by the Offer Consideration is 12.3 times, and is within the range observed for the Comparable Companies, comparable with the median but lower than the average PERs of the Comparable Companies.
- (ii) the P/NAV ratio of the Group as implied by the Offer Consideration is 1.1 times, and is within the range observed for the Comparable Companies, but lower than the average and median P/NAV ratios of the Comparable Companies.
- (iii) the P/NTA ratio of the Group as implied by the Offer Consideration is 3.9 times, and is within the range observed for the Comparable Companies, but lower than the average and median P/NTA ratios of the Comparable Companies; and
- (iv) the EV/EBITDA ratio of the Group as implied by the Offer Consideration is 6.1 times, and is within the range observed for the Comparable Companies, higher than the median but lower than the average EV/EBITDA ratios of the Comparable Companies.

9.5 Comparison with recent privatisation transactions of comparable companies listed on the SGX-ST

We have also compared the Offer with selected announced and/or completed voluntary general offers of companies whose businesses are broadly comparable to the Group since 1 January 2022 ("**Selected Comparable Transactions**"). This analysis serves as a general indication of the relevant premium that offerors have paid for companies in the medical services industry, without having regard to their specific transaction rationale, offeror's intention, the commercial and financial merits or other considerations.

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We wish to highlight that the selected comparable companies set out below (“Selected Comparable Companies”) are not directly comparable to the Company in terms of market capitalisation, asset base, medical specialisations and segments, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, future prospects and other relevant criteria. In addition, the circumstances of transactions could be unique and are subject to the then prevailing economic, market and industry conditions when the Selected Comparable Transactions were executed. We also wish to highlight that the list of Selected Comparable Transactions is by no means exhaustive and has been compiled based on publicly available information.

Selected Comparable Company	Closing share price on last trading day prior to announcement of offer (“Last Share Price”)	PER on last trading day prior to announcement of offer (“Last PER”) ⁽³⁾	EV/EBITDA on last trading day prior to announcement of offer (“Last EV/EBITDA”) ⁽⁴⁾	PER implied by offer (“Implied PER”)	EV/EBITDA implied by offer (“Implied EV/EBITDA”)
Asian Healthcare ⁽¹⁾	0.160	17.4	9.5	20.5	11.4
Singapore O&G Ltd ⁽²⁾	0.255	14.6	7.3	16.8	8.9
Company	0.325	10.8	5.3	12.3	6.1

Offer premium analysis

Selected Comparable Company	Premium of offer price over Last Share Price (“Offer Price Premium”) (%)	Premium of Implied PER over Last PER (“PER Premium”) (%)	Premium of Implied EV/EBITDA over Last EV/EBITDA (“EV/EBITDA Premium”) (%)
Asian Healthcare	17.5	17.5	19.8
Singapore O&G Ltd	15.7	15.7	21.6
Company	13.9	13.9	15.2

Source: Bloomberg L.P., Selected Comparable Companies’ announcements, annual reports and latest publicly available financial information on the Selected Comparable Companies as at the Latest Practicable Date

Notes:

- (1) On 6 October 2022, Asian Healthcare Specialists Limited was the subject of a voluntary conditional cash offer by DBS Bank Ltd. for and on behalf of Labrador Park Pte. Ltd. for all of the issued ordinary shares in the capital of the company other than those already owned, controlled or agreed to be acquired by the offeror. The offeror, its concert parties and/or the relevant undertaking shareholders held approximately 79.5% of the total shares of Asian Healthcare Specialists Limited at the date of the offer.
- (2) On 7 March 2022, Singapore O&G Ltd was the subject of a voluntary unconditional cash offer by United Overseas Bank Limited for an on behalf of Newmedco Group Ltd. for all of the issued and paid-up ordinary shares in the capital of the company other than those shares held in treasury and those shares held, directly or indirectly, by the offeror as at the date of the offer. The offeror, its concert parties and/or the relevant undertaking shareholders held approximately 71.5% of the total shares of Singapore O&G Ltd at the date of the offer.
- (3) The PERs of the Selected Comparable Companies were computed based on the latest published full year earnings or trailing 12-month earnings attributable to shareholders of the respective companies available at the material time of the Selected Comparable Transactions. The PER of the Company was computed on a trailing 12-month basis, based on the Company’s unaudited consolidated financial results for 2H2021 and 1H2022.
- (4) The EVs of the Selected Comparable Companies were computed based on the latest published financial position of the respective companies available at the material time of the Selected Comparable Transactions. The EBITDAs

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of the Selected Comparable Companies were computed on a trailing 12-month basis, based on the respective published financial results available at the material time of the Selected Comparable Transactions. The EV of the Company was based on the market capitalisation implied by the Offer Consideration, and the Company's latest unaudited consolidated financial results as at 30 June 2022. The EBITDA of the Company was computed on a trailing 12-month basis, based on the Company's unaudited consolidated financial results for 2H2021 and 1H2022.

Based on the above, we note the following:

- (i) the Group's Offer Price Premium of 13.9% is lower than the Offer Price Premium observed for the Selected Comparable Companies.
- (ii) the Group's PER Premium of 13.9% is lower than the PER Premium observed for the Selected Comparable Companies.
- (iii) the Group's EV/EBITDA Premium of 15.2% is lower than the EV/EBITDA Premium observed for the Selected Comparable Companies.

9.6 Comparison with recent successful privatisation transactions of companies listed on the SGX-ST

In assessing the reasonableness of the Offer Consideration, we have compared the financial terms of the Offer with those of selected privatisation transactions involving companies listed on the SGX-ST (excluding real estate investment trusts and business trusts), that were announced and completed, since 1 January 2020 and up to the Latest Practicable Date (the "**Precedent Privatisation Transactions**").

This analysis serves as a general indication of the premium or discount of the respective offers, without having regard to their specific transaction rationale, offeror's intention, industry characteristics or other considerations.

We wish to highlight that the Precedent Privatisation Transactions may not be directly comparable to the Group due to differences in, *inter alia*, business activities, scale of operations, types of products, geographical markets, track record, future prospects, asset base, liquidity, market capitalisation, risk profile, customer base and other relevant criteria. In addition, economic conditions have changed and may differ over the aforementioned period, thus affecting, *inter alia*, the economic terms of the relevant offer considerations. Therefore, it should be noted that the comparison made herein serves only as an illustrative guide and the conclusions drawn from such comparisons may not necessarily reflect the perceived or implied market valuation for the Company. Shareholders should also note that the list of Precedent Privatisation Transactions is not exhaustive and information relating to the Precedent Privatisation Transactions was compiled from publicly available information.

Premium / (Discount) of offer consideration over/(to) ⁽¹⁾ :								Offer Price/NAV or Offer Price/RNA V ⁽³⁾ (times)
Company Name	Type ⁽²⁾	Announcement date ⁽¹⁾	Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	12-month VWAP (%)	
Silkroad Nickel Ltd	VGO	29 August 2022	2.4	5.4	5.1	(5.5)	(3.2)	5.1
Allied Technologies Limited	VGO	17 June 2022	-	-	-	-	-	-
TTJ Holdings Limited	VGO	20 May 2022	36.1	33.6	28.8	28.0	29.4	0.63
Hwa Hong Corporation Limited	VGO	17 May 2022	37.9	36.1	32.0	22.0	24.6	0.79
Singapore O&G Ltd	VGO	7 March 2022	18.0	14.8	12.2	11.3	11.3	3.55
Shinvest Holding Ltd	VGO	16 February 2022	13.6	8.5	10.2	10.1	14.3	0.66

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Koufu Group Limited	VGO	29 December 2021	15.8	14.5	13.6	15.1	15.3	0.53
Roxy-Pacific Holdings Limited	VGO	15 December 2021	19.8	21.0	23.5	30.3	37.0	0.64
United Global Limited	VGO	10 December 2021	12.5	16.7	16.7	16.2	14.1	1.06
Starburst Holdings Limited	VGO	10 November 2021	4.4	3.9	9.2	12.8	25.3	1.84
SingHaiyi Group Ltd	VGO	9 November 2021	8.3	7.1	10.7	18.3	20.0	0.60
Fragrance Group Limited	VGO	9 July 2021	16.9	19.0	19.0	20.0	21.1	0.70
Dutech Holdings Ltd	VGO	31 May 2021	74.0	73.3	74.7	73.3	61.1	1.06
Cheung Woh Technologies Limited	VGO	6 May 2021	90.0	90.0	92.6	109.6	141.5	1.10
Top Global Limited	VGO	30 April 2021	122.9	133.6	146.8	148.7	142.6	0.32
Sin Ghee Huat Corporation Ltd	VGO	29 April 2021	25.6	68.2	68.2	68.8	68.2	0.64
Singapore Press Holdings Limited	SOA	30 March 2021	57.3	71.5	80.3	94.8	199.2	1.05
Neo Group Limited	VGO	30 March 2021	19.9	17.9	14.5	15.4	30.9	1.22
Singapore Reinsurance Corporation Limited	VGO	19 March 2021	17.8	20.6	20.8	21.8	27.4	0.79
World Class Global Limited	SOA	12 March 2021	112.1	107.9	107.9	89.2	73.6	0.83
International Press Softcom Limited	VGO	28 January 2021	12.5	25.3	32.0	21.6	26.8	1.08
GL Limited	VGO	15 January 2021	42.9	46.6	52.4	45.8	25.1	0.66
CEI Limited	VGO	11 January 2021	16.2	18.1	20.5	23.6	26.1	1.89
Hi-P International Limited	VGO	18 December 2020	13.6	23.2	42.3	50.6	62.5	2.60
Sunvic Chemical Holdings Limited	VGO	20 November 2020	27.3	40.0	(3.40)	16.7	(12.5)	0.16
LCT Holdings Limited	VGO	16 September 2020	39.5	60.8	61.7	61.5	25.4	0.91
Sunningdale Tech Ltd.	SOA	9 September 2020	32.0	39.1	45.0	58.2	42.6	0.77
SK Jewellery Group Limited	VGO	2 September 2020	70.5	90.2	94.8	93.7	81.2	1.31
China Jishan Holdings Limited	VGO	20 August 2020	84.2	101.3	106.4	116.7	83.0	0.78

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Teckwah Industrial Corporation Limited	VGO	12 August 2020	17.8	23.1	25.0	32.4	38.3	0.81
Luzhou Bio-chem Technology Limited	VGO	30 June 2020	100.0	87.5	130.8	150.0	150.0	n.m. ⁽⁴⁾
Dynamic Colours Limited	VGO	1 June 2020	13.6	22.8	29.1	26.8	32.2	0.91
Perennial Real Estate Holdings Limited	VGO	12 June 2020	88.1	105.2	124.2	112.7	95.1	0.58
Elec & Eltek International Company Limited	VGO	3 April 2020	93.0	61.3	43.8	48.4	55.1	1.00
Breadtalk Group Ltd	VGO	24 February 2020	19.4	30.1	24.0	25.0	20.5	2.81
Maximum			122.9	133.6	146.8	150.0	199.2	5.1
Average			39.3	43.9	46.2	48.1	48.7	1.2
Median			19.9	30.1	29.1	28.0	29.4	0.8
Minimum			2.4	3.9	(3.4)	(5.5)	(12.5)	0.2
The Company – Implied by the Offer Consideration	VGO	8 September 2022	13.8 ⁽⁵⁾	44.2	46.7	26.0	23.5	1.1

Source: SGX-ST announcements and circulars to shareholders in relation to the Precedent Privatisation Transactions

Notes:

- (1) Date of announcement and premium/(discount) of Offer Consideration over the last transacted price and VWAPs refer to the date of the first announcement, including holding announcement, of offers and are extracted from the independent financial adviser's letter set out in the respective circulars of the companies.
- (2) VGO – Voluntary General Offer; and SOA – Scheme of Arrangement.
- (3) Based on the NAV per share or adjusted/RNAV per share, where available, as published in the independent financial adviser's letter set out in the respective circulars of the companies.
- (4) 'n.m.' denotes not meaningful as Luzhou Bio-chem Technology Limited had net liability value position and net tangible liability position for its latest reporting period.
- (5) Based on the last transacted price on 8 September 2022, which was the last transacted price of the Company before the Offer Announcement.
- (6) As the trading of the shares of Allied Technologies Limited has been suspended for more than 3 years, no market premia/discounts were computed.

Based on the above, we note the following:

- (a) the premium of 13.8% implied by the Offer Consideration over the last transacted price of the Shares on the Last Trading Day is within the range of premia, but lower than the median and average premia, of the Precedent Privatisation Transactions;
- (b) the premia of 44.2%, 46.7%, 26.0% and 23.5% implied by the Offer Consideration over the 1-month, 3-month, 6-month and 12-month VWAPs of the Shares prior to and including the Last Trading Day are within the range of premia/discounts, and generally higher than the average and median premia, of the Precedent Privatisation Transactions save for the 6-month and 12-month VWAPs;
- (c) the P/NAV as implied by the Offer Consideration of 1.1 times is within the range, above the median but below the average Offer Price/NAV or Offer Price/RNAV ratios of the Precedent Privatisation Transactions; and

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- (d) save for the premium of 13.8% implied by the Offer Consideration over the last transacted price of the Shares on the Last Trading Day, the premia implied by the Offer Consideration over the 1-month, 3-month, 6-month, and 12-month VWAPs of the Shares prior to and including the Last Trading Day, are each higher than the relevant premia associated with the voluntary general offer for Singapore O&G Ltd, a comparable company operating within the same industry as the Group, which has since been delisted from the SGX-ST.

9.7 Estimated range of values of the Shares

As mentioned in paragraphs 9.1 to 9.6 of this IFA Letter, we have evaluated various factors, and considered among others, the historical market prices of the Shares, earnings-based ratios such as PER and EV/EBITDA ratio, asset-based ratios such as P/NAV and P/NTA ratios of the Company.

Given that the Group does not rely on its fixed assets to generate revenue, we have focused on the earnings-based approach for the purpose of estimating a range of values of the Shares. Based on the average PER and EV/EBITDA statistics of the Comparable Companies as well as the offer premium analyses in connection with the Selected Comparable Transactions, we are of the view that the estimated range of values of the Shares is between S\$0.39 and S\$0.46 per Share. The Offer Consideration is lower than the aforementioned estimated range of values of the Shares.

We wish to highlight that such historical earnings-based analysis is necessarily limited, considering the different profiles of the Comparable Companies in terms of market capitalisation, asset base, medical specialisations and segments, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, future prospects and other relevant criteria. Such value estimation is thus intended solely for illustration purposes, and has not taken into consideration other factors that may affect the value that can ultimately be realised by the Group. These include, but are not limited to, liquidation value and costs, legal and other professional fees, taxes, time value of money, prevailing market conditions, regulatory requirements, contractual limitations and obligations, and the availability of buyers.

9.8 The Options Price

Details of the outstanding Company Options are set out in Section 4 of this IFA Letter. The analysis in this Section is applicable to the Optionholders.

The Offeror will pay to such Optionholders the Option Price, in consideration of such Optionholders agreeing (i) not to exercise any of such Company Options into new Shares; and (ii) not to exercise any of their rights as Optionholders, in each case from the date of their acceptance of the Options Proposal to the respective dates of expiry of such Company Options. Further, if the Offer becomes or is declared unconditional in all respects, Optionholders who have accepted the Options Proposal will also be required to surrender their relevant Company Options for cancellation. If the Offer lapses or is withdrawn or if the relevant Company Options cease to be exercisable into new Shares, the Options Proposal will lapse accordingly.

We note that the Option Price is calculated on a “see-through” basis, i.e. the consideration an Optionholder would receive from accepting the Options Proposal would be the same as if the Optionholders were to exercise the Options and accept the Offer. If, however, the exercise price of a Company Option is equal to or more than the Cash Consideration, the Option Price for each Company Option will be the nominal amount of S\$0.001.

As the Option Price is calculated on a “see-through” basis, our evaluation of and the recommendation on the Offer as set out in this IFA Letter is also relevant to Optionholders. Please refer to Section 10 of this IFA Letter on our recommendation on the Offer and Options Proposal.

Optionholders should take note of the closing date for the acceptance of the Options Proposal as set out in the Options Proposal Letter.

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9.9 Share buy-back transactions of the Company

During the Reference Period, the Company purchased, in aggregate, 584,000 Shares under its share buy-back mandate:

Date of share buy-back	Number of Shares	Price paid for each Share
7 October 2019	139,000	Between S\$0.300 and S\$0.305
19 March 2020	445,000	Between S\$0.182 and S\$0.195
Total	584,000	

Source: Bloomberg L.P. and Company's SGXNET announcements

The Offer Consideration represents a premium of \$0.065 or 21.3%, and a premium of S\$0.175 or 89.7% to the highest price per Share paid by the Company, for the purchases of Shares under the share buy-back mandate adopted in 2019 and 2020 respectively.

9.10 Dividend track record of the Company

We set out below the information on the dividend per Share declared and paid by the Company from FY2019 to FY2021:

Dividends declared (S\$)	FY2019	FY2020	FY2021 ⁽³⁾	1H2022 ⁽⁴⁾
Final dividend per Share	0.004	0.004	0.0065	N.A.
Average share price ⁽¹⁾	0.245	0.315	0.310	N.A.
Dividend yield ⁽²⁾	1.6%	1.3%	2.1%	N.A.

Source: Bloomberg L.P. and Company's SGXNET announcements

Notes:

- (1) Based on the daily closing prices of the Shares for the respective financial years
- (2) Computed based on dividend per Share divided by the average Share price
- (3) Higher final dividend per Share as compared to the previous 2 financial years due to the special dividend of S\$0.0025 per share to reward shareholders for their continued support as noted in the Company's press release announcement dated 22 February 2022
- (4) No dividend has been declared or recommended for the financial period ended 30 June 2022 in view of the funding needs of the Group for future business development and expansion as noted in the Company's unaudited interim condensed financial statements for 1H2022

We note that the Company had paid dividends of varying amounts to its Shareholders for the review period from FY2019 to FY2021. The average dividend per Share over the last 4 financial years was approximately S\$0.005. This translates into a dividend yield of 1.4% based on the Offer Consideration.

However, the Company's track record of paying dividends is relatively short, given that it was listed on the SGX-ST since 23 July 2009. Prior to FY2019, the Company did not pay any dividends, save for in respect of FY2010 and FY2009.

We wish to highlight that the above dividend track record analysis only serves as an illustrative guide and is not an indication of the Company's future dividend pay-out. **There is no assurance that the Company will continue the dividends pay-out in the future.**

9.11 Other relevant considerations

9.11.1 Outlook of the Group

We note that the following statement on the significant trends and competitive conditions of the industry in which the Group operates, as disclosed in the Company's announcement on the unaudited interim financial results for 1H2022 on 11 August 2022:

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“Following a near two-year period of strict border controls and lockdowns, medical tourism has gradually begun to return since April 2022, positively contributing to the Group’s topline and key specialist verticals such as imaging, oncology and cardiology. The Group expects the gradual resumption of medical tourism demand to continue in 2H2022 driving further growth in the Group. Despite these tailwinds from medical tourism, the healthcare industry has faced an ongoing labour crunch as resignations persist throughout the industry. The replacement cost from these resignations will affect the Group’s cost structure and impact operations. The Group also foresees the need for salary adjustments for existing employees as inflationary pressures drive up salary expectations for both existing and new employees.”

According to Section 7.2 of the Offer Document, the Offeror is of the view that *“the Company faces significant headwinds comprising a challenging macro-economic and operating environment driven by operational cost increases, shortage of skilled healthcare labour and wage increases in the midst of an inflationary environment and as a result of the ongoing COVID-19 pandemic.”* Accordingly, the Offeror believes that *“the Company will face significant operating and financial constraints in executing its strategies and plans for growth. The Offeror also believes that while investment opportunities are still available to pursue organic and inorganic growth with synergistic partners, the environment in which such opportunities can be realised will become more challenging in the short to medium term.”*

Based on the above, the Group expects revenue growth in the near future to be underpinned by the gradual return of medical tourism. At the same time, the Group expects margin compression in certain aspects of its business, due to the ongoing labour crunch within the healthcare industry and inflationary pressures, as well as the need to adjust salaries to retain existing employees, and attract new employees.

The Offeror is of the view that the Offer provides an attractive exit alternative for Shareholders who wish to exit their investment in an uncertain economic environment.

9.11.2 No alternative offer and the Irrevocable Undertakings

As at the Latest Practicable Date, apart from the Offer Consideration proposed by the Offeror, there are no competing offers or an enhancement or revision of the Offer received.

The Undertaking Promoters and the Relevant Undertaking Shareholders, who collectively hold an aggregate interest in 251,302,040 Shares representing approximately 51.67% of the total number of issued Shares, have executed irrevocable undertakings in favour of the Offeror to accept the Offer and elect to receive the Share Consideration as the Offer Consideration for all their Offer Shares.

9.11.3 Minimum acceptance condition

The Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it (whether before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and persons acting in concert with it holding not less than 90% of total Shares (excluding any Shares held in treasury) as at the close of the Offer.

9.11.4 Listing status and compulsory acquisition

The Offeror does not intend to maintain the listing status of the Company. The Offeror, if and when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10% of total Shares (excluding any Shares held in treasury) are held in public hands. In

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addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1308 of the Catalist Rules. Please refer to Section 9.1 (Listing Status) and Section 9.2 (Compulsory Acquisition) of the Offer Document for details on the listing status requirement and the right of compulsory acquisition.

9.11.5 Exit opportunity

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

9.11.6 Offeror's intentions

The Offeror will review and carefully examine the business opportunities afforded to the Company with the intention to grow and develop the Company into a pan-Asian healthcare player. Such opportunities may involve entering into joint ventures, collaborations, investments and acquisitions or may involve the restructuring or reorganisation of the Company or a combination thereof which can result in increased operating risk to the Company especially given the current global operating and economic environment.

There is no assurance that the aforementioned plans can be successfully implemented or when, if at all, positive returns can be generated if such plans are pursued. The Offeror has stated that the Offer provides the Offeror with the ability to immediately reduce its regulatory and compliance related costs and to execute its future plans for the Company without exposing public shareholders to the increased risks that may arise as a result.

9.11.7 Clear and distinct choice between Cash Consideration and Share Consideration for Shareholders

Shareholders have the opportunity to make a clear choice pursuant to the Offer between (a) an attractive cash exit alternative for Shareholders who do not wish to be subject to the risk of uncertainty in the direction and strategy of the Company following privatisation; or (b) the Share Consideration in the form of New Offeror Shares for Shareholders having long-term investment objectives who believe in the management team and the business model of the Company (albeit subject to investment, execution and other risks commensurate with a shareholding in the Offeror).

We wish to highlight that the New Offeror Shares are in an unlisted company, and Shareholders should carefully consider the risks and restrictions set out in Appendix I and Appendix II to the Offer Document.

9.11.8 No indication that the terms of the Offer are final

The Offeror reserves the right to revise the terms of the Offer in accordance with the Code. There is no indication that the terms of the Offer are final.

10. OUR OPINION

In arriving at our opinion in relation to the Offer, we have considered the views and representations made by the Directors and Management and reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment of the financial terms of the Offer and the Options Proposal. We have carefully considered factors which we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information which we have taken into account, be read in its entirety.

We wish to highlight some of the key factors we have considered, in reaching our opinion:

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- (i) the Offer Consideration represents a premia of approximately 5.7% and 289.5% to the NAV per Share and NTA per Share respectively, as at 30 June 2022;
- (ii) the Shares have traded below the Offer Consideration during the Reference Period, save for the Relevant Spike Period during which the Company had announced that it was in preliminary discussions with a third party regarding a possible transaction involving the Shares. The daily closing prices of the Shares had trended downwards below the Offer Consideration from 15 April 2021 (after the Company announced that the said transaction would not proceed further) to the Offer Announcement Date;
- (iii) the Offer Consideration represents premia of approximately 23.5%, 26.0%, 46.7% and 44.2% over the respective VWAPs of the Shares for the last 12-month, 6-month, 3-month and 1-month periods prior to and including the Last Trading Day;
- (iv) the Group's PER ratio as implied by the Offer Consideration is 12.3 times and is within the range observed for the Comparable Companies, comparable with the median but lower than the average PERs of the Comparable Companies;
- (v) the Group's P/NAV and P/NTA ratios as implied by the Offer Consideration is 1.1 times, and 3.9 times respectively, and are within the range observed for the Comparable Companies, but lower than the average and median respective ratios of the Comparable Companies;
- (vi) the EV/EBITDA ratio of the Group as implied by the Offer Consideration is 6.1 times, and is within the range observed for the Comparable Companies, higher than the median but lower than the average EV/EBITDA ratios of the Comparable Companies;
- (vii) the premia of 44.2%, 46.7%, 26.0% and 23.5% implied by the Offer Consideration over the 1-month, 3-month, 6-month and 12-month VWAPs of the Shares prior to and including the Last Trading Day are within the range of premia/discounts, and generally higher than the average and median premia, of the Precedent Privatisation Transactions save for the 6-month and 12-month VWAPs;
- (viii) save for the premium of 13.8% implied by the Offer Consideration over the last transacted price of the Shares on the Last Trading Day, the premia implied by the Offer Consideration over the 1-month, 3-month, 6-month, and 12-month VWAPs of the Shares prior to and including the Last Trading Day, are each higher than the relevant premia associated with the voluntary general offer for Singapore O&G Ltd., a comparable company operating within the same industry as the Group, which has since been delisted from the SGX-ST;
- (ix) the Group's Offer Price Premium of 13.9% is lower than the Offer Price Premium of the Selected Comparable Companies;
- (x) the Group's PER Premium of 13.9% is lower than the PER Premium of the Selected Comparable Companies;
- (xi) the Group's EV/EBITDA Premium of 15.2% is lower than the EV/EBITDA Premium of the Selected Comparable Companies;
- (xii) the Offer Consideration is lower than the estimated range of values of the Shares set out in paragraph 9.7 of this IFA Letter;
- (xiii) the relatively short track record in paying dividends since 23 July 2009, being the year of listing on the SGX-ST;

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- (xiv) the outlook of the Group, in which the Group expects revenue growth, but at the same time margin compression, and significant operating and financial constraints in executing its strategies and plans for growth; and
- (xv) there is no indication that the Offer is a final offer from the Offeror.

Having considered carefully the information available to us as at the Latest Practicable Date, and based on our analyses, we are of the opinion that the financial terms of the Offer are on balance, not fair but reasonable. Accordingly, we advise the Recommending Directors to recommend Shareholders to **ACCEPT** the Offer.

In addition, Shareholders who wish to accept the Offer may elect to receive the Cash Consideration, or the Share Consideration if they have confidence in the Company's long-term prospects after considering the Offeror's views set out in Section 7.5 of the Offer Document and having regard to their own specific investment profiles and objectives. Nevertheless, we wish to highlight that Shareholders who elect to receive the Share Consideration should be mindful of the risks and restrictions associated with an investment as a minority shareholder of an unlisted company (including those set out in Appendix I and Appendix II to the Offer Document).

With regard to the Options Proposal and the Optionholders, as the Option Price is calculated on a "see-through" basis, the consideration an Optionholder would receive from accepting the Options Proposal would be the same as if the Optionholders were to exercise the Options and accept the Offer (after considering the nominal Option Price of S\$0.001 for each Company Option if the exercise price of a Company Option is equal to or more than the Cash Consideration). Our analysis and conclusion with reference to the Offer Consideration will therefore, be similarly relevant to the Optionholders. Accordingly, we advise the Recommending Directors to recommend the Optionholders to **ACCEPT** the Option Proposal.

In arriving at our opinion, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints of any individual Shareholder and Optionholder. As different Shareholders and Optionholders would have different investment profiles and objectives, we recommend that any Shareholder or Optionholders who may require specific advice in relation to his/her investment objectives or portfolio should consult his/her legal, financial, tax or other professional adviser immediately.

We wish to emphasise that the Directors have not provided us with any financial projections or forecasts in respect of the Company or the Group and we have, *inter alia*, relied on the relevant statements contained in the Offer Document, Circular, confirmations, advice and representations by the Directors, the Management and/or their professional advisers (where applicable), and the Company's announcements in relation to the Offer and the Options Proposal. In addition, Directors should note that we have arrived at our recommendation based on information made available to us prior to and including the Latest Practicable Date. We assume no responsibility to update, review or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date, unless otherwise stated.

We would like to highlight that we do not express any opinion on the rationale for, as well as the legal and commercial risks and/or merits (if any) of the Offer and the Options Proposal, which remains the sole responsibility of the Directors. It is also not within our terms of reference to provide an opinion on the relative merits of the Offer and the Options Proposal *vis-à-vis* any alternative transactions previously considered by the Company or transactions that the Company may consider in the future.

We have prepared this IFA Letter for the use by the Recommending Directors in connection with their consideration of the Offer and the Options Proposal, but any recommendations made by the Recommending Directors in respect of the Offer and the Options Proposal shall remain their sole

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responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for the purposes (other than for the consideration of the Offer and the Options Proposal) at any time and in any manner without the prior written consent of ZICO Capital.

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

Yours faithfully
For and on behalf of
ZICO Capital Pte. Ltd.

Alex Tan
Chief Executive Officer

Karen Soh
Managing Director

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APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

1. DIRECTORS

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

Name	Address	Designation
Mr. Tony Tan Choon Keat	c/o 1004 Toa Payoh North #06-03/07, Singapore 318995	Non-Executive Chairman
Dr. Beng Teck Liang	c/o 1004 Toa Payoh North #06-03/07, Singapore 318995	Executive Director and Chief Executive Officer
Dr. Wong Seng Weng	c/o 1004 Toa Payoh North #06-03/07, Singapore 318995	Executive Director
Mr. Ho Lon Gee	c/o 1004 Toa Payoh North #06-03/07, Singapore 318995	Lead Independent Director
Mr. Jimmy Yim Wing Kuen	c/o 1004 Toa Payoh North #06-03/07, Singapore 318995	Independent Director
Ms. Stefanie Yuen Thio	c/o 1004 Toa Payoh North #06-03/07, Singapore 318995	Independent Director

2. REGISTERED OFFICE

The registered office of the Company is 1004 Toa Payoh North #06-03/07 Singapore 318995.

3. PRINCIPAL ACTIVITIES

The Company was incorporated in Singapore on 10 March 2005 and was listed on the Catalist Board of the SGX-ST on 23 July 2009. The principal activities of the Company are those relating to the operation of medical clinics, provision of general and specialist healthcare services and investment holdings.

4. SHARE CAPITAL

4.1 Issued Share Capital

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$101,979,219.02 consisting of 486,382,109 Shares (excluding 232,729 Shares held by the Company as treasury shares). The issued Shares are listed and quoted on the Catalist Board of the SGX-ST. As at the Latest Practicable Date, the Company does not have any other class of share capital.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

4.2 Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. The selected texts of the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting have been extracted and reproduced in **APPENDIX VI** to this Circular.

4.3 New Issues

As at the Latest Practicable Date, no new Shares have been issued by the Company since 31 December 2021, being the end of the last financial year.

4.4 Convertible Securities

As at the Latest Practicable Date, there are 7,655,000 outstanding Company Options and there are no outstanding Company Awards. Details of the Company Options are set out below:

Date of grant	Expiry date of Company Options	Exercise price per Share (\$)	Number of outstanding Company Options	Number of Shares represented by the outstanding Company Options
30 April 2018	30 April 2023	S\$0.493	4,915,000	4,915,000
31 May 2019	31 May 2024	S\$0.393	1,560,000	1,560,000
12 May 2020	12 May 2025	S\$0.255	190,000	190,000
1 April 2021	1 April 2026	S\$0.381	60,000	60,000
24 May 2022	24 May 2027	S\$0.309	930,000	930,000
		TOTAL:	7,655,000	7,655,000

As at the Latest Practicable Date, save for the 7,655,000 outstanding Company Options, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities being offered for or which carry voting rights affecting the shares in the Company.

5. DISCLOSURE OF INTERESTS AND DEALINGS

5.1 Interest of the Company in Offeror Securities

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

5.2 Dealings in Offeror Securities by the Company

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

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

5.3 Interests of the Directors in Company Securities

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

Name	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
TTCK	35,708,073	7.34	600,000 ⁽²⁾	0.12	36,308,073	7.46
BTL	33,626,329	6.91	–	–	33,626,329	6.91
WSW	10,868,853	2.23	–	–	10,868,853	2.23
Ho Lon Gee	100,000	0.02	–	–	100,000	0.02
Jimmy Yim Wing Keun	1,360,300	0.28	–	–	1,360,300	0.28
Stefanie Yuen Thio	100,000	0.02	–	–	100,000	0.02

Notes:

(1) The percentage shareholding interest is based on the Company's issued and paid-up capital of 486,382,109 Shares (excluding 232,729 treasury shares) as at the Latest Practicable Date. Numeric figures are rounded to the nearest two (2) decimal places.

(2) Tony Tan Choon Keat is deemed interested in 600,000 Shares held by his immediate family member, Joyce Ooi Eu Huey Mrs Joyce Tan (who has provided a Relevant Shareholder Irrevocable Undertaking).

Name	Direct Interest		Deemed Interest		Total Interest	
	No. of Company Options	% ⁽¹⁾	No. of Company Options	% ⁽¹⁾	No. of Company Options	% ⁽¹⁾
TTCK	–	–	–	–	–	–
BTL	3,700,000	48.05	–	–	3,700,000	48.05
WSW	–	–	–	–	–	–

Note:

(1) The percentage options interest is based on the Company's total number of 7,655,000 Company Options as at the Latest Practicable Date. Numeric figures are rounded to the nearest two (2) decimal places.

As at the Latest Practicable Date, there are no outstanding Company Awards.

5.4 Dealings in Company Securities by the Directors

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

5.5 Interests of the Directors in Offeror Securities

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

- (a) TTCK has a direct interest in one (1) share of the Offeror, representing 33.33% of the total shareholding of the Offeror;

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

- (b) BTL has a direct interest in one (1) share of the Offeror, representing 33.33% of the total shareholding of the Offeror; and
- (c) WSW has a direct interest in one (1) share of the Offeror, representing 33.33% of the total shareholding of the Offeror.

5.6 Dealings in Offeror Securities by the Directors

Save as disclosed in this Circular, none of the Directors has dealt for value in the Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date. The Company understands that on 8 August 2022, TTCK, BTL and WSW each subscribed for one (1) Offeror Share at S\$1.00 each on the incorporation of the Offeror.

5.7 Company Securities owned or controlled by the IFA

As at the Latest Practicable Date, none of the IFA, its related corporations or funds whose investments are managed by it and/or its related corporations on a discretionary basis, owns or controls any Company Securities.

5.8 Dealings in Company Securities by the IFA

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

5.9 Offeror Securities owned or controlled by the IFA

As at the Latest Practicable Date, none of the IFA, its related corporations or funds whose investments are managed by it and/or its related corporations on a discretionary basis, owns or controls any Offeror Securities.

5.10 Dealings in Offeror Securities by the IFA

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

5.11 Intentions of the Directors in respect of their Offer Shares

As at the Latest Practicable Date, the Directors who hold or have a deemed interest in the Offer Shares have indicated their intention in relation to accepting or rejecting the Offer in respect of such Offer Shares as follows:

- (a) as set out in paragraph 6.1 of the Offer Document, TTCK has given a Promoter Irrevocable Undertaking and accordingly, will be, *inter alia*, (i) accepting the Offer in respect of all the Shares held by him; (ii) electing to receive the Share Consideration (and not the Cash Consideration) for all his Shares, provided that as he has already subscribed for one (1) share in the Offeror at a share price of S\$1.00 as at the date of incorporation of the Offeror, he agrees (A) to receive one (1) less New Offeror Share

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

than would have otherwise been received in respect of the Share Consideration; and (B) that the aggregate value of such New Offeror Shares received by him will be such dollar amount derived by multiplying the Cash Consideration and the number of Shares tendered in the Offer, less the initial subscription amount of S\$1.00; and (iii) accepting the Offer in respect of any other Shares or securities in the capital of the Company that he may acquire, or which may be allocated and issued to him on or after the date of the Promoter Irrevocable Undertakings;

- (b) as set out in paragraph 6.1 of the Offer Document, BTL has given a Promoter Irrevocable Undertaking and accordingly, will be, *inter alia*: (i) accepting the Offer in respect of all the Shares held by him; (ii) electing to receive the Share Consideration (and not the Cash Consideration) for all his Shares, provided that as he has already subscribed for one (1) share in the Offeror at a share price of S\$1.00 as at the date of incorporation of the Offeror, he agrees (A) to receive one (1) less New Offeror Share than would have otherwise been received in respect of the Share Consideration; and (B) that the aggregate value of such New Offeror Shares received by him will be such dollar amount derived by multiplying the Cash Consideration and the number of Shares tendered in the Offer, less the initial subscription amount of S\$1.00; (iii) accepting the Offer in respect of any other Shares or securities in the capital of the Company that he may acquire, or which may be allocated and issued to him on or after the date of the Promoter Irrevocable Undertakings; and (iv) not exercising all or any of his Company Options held by him and accepting the Options Proposal in respect of all the Company Options held by him;
- (c) as set out in paragraph 6.1 of the Offer Document, WSW has given a Promoter Irrevocable Undertaking and accordingly, will be, *inter alia*, (i) accepting the Offer in respect of all the Shares held by him; (ii) electing to receive the Share Consideration (and not the Cash Consideration) for all his Shares, provided that as he has already subscribed for one (1) share in the Offeror at a share price of S\$1.00 as at the date of incorporation of the Offeror, he agrees (A) to receive one (1) less New Offeror Share than would have otherwise been received in respect of the Share Consideration; and (B) that the aggregate value of such New Offeror Shares received by him will be such dollar amount derived by multiplying the Cash Consideration and the number of Shares tendered in the Offer, less the initial subscription amount of S\$1.00; and (iii) accepting the Offer in respect of any other Shares or securities in the capital of the Company that he may acquire, or which may be allocated and issued to him on or after the date of the Promoter Irrevocable Undertakings;
- (d) Mr. Ho Lon Gee has informed the Company that he intends to accept the Offer in respect of all the Shares held by him and to elect to receive the Cash Consideration (and not the Share Consideration) for all his Shares;
- (e) Mr. Jimmy Yim Wing Kuen has informed the Company that he intends to accept the Offer in respect of all the Shares held by him and to elect to receive the Share Consideration (and not the Cash Consideration) for all his Shares; and
- (f) Ms. Stefanie Yuen Thio has informed the Company that she intends to accept the Offer in respect of all the Shares held by her and to elect to receive the Cash Consideration (and not the Share Consideration) for all her Shares.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

The interests of the Directors in the Company Securities is set out under Paragraph 5.3 of **APPENDIX II** above whereas the Promoter Irrevocable Undertakings are further described under paragraph 6 of the Offer Document and reproduced in Section 5 of this Circular.

Save as disclosed above, none of the Directors hold or have a deemed interest in the Company Securities.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date:

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

7. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date:

- (a) it is not proposed that any payment or other benefit be made or given to any Director or to any director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;
- (b) save for the Promoter Irrevocable Undertakings, Relevant Shareholder Irrevocable Undertakings and the Facilities and the Financing Security Arrangements, there is no agreement or arrangement made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) there are no material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect.

8. MATERIAL CONTRACTS WITH INTERESTED PERSONS

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

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

9. MATERIAL LITIGATION

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

10. FINANCIAL INFORMATION

Set out in Sections 10.1 and 10.2 are certain financial information extracted from the annual reports of the Company for FY2019, FY2020 and FY2021 and the 1H FY2022 Results.

The financial information for FY2019, FY2020, and FY2021 should be read in conjunction with the audited consolidated financial statements of the Group and the accompanying notes as set out in the annual reports of the Company for FY2019, FY2020 and FY2021 respectively. The financial information for 1H FY2022 should be read in conjunction with the 1H FY2022 Results and the accompanying notes as set out therein. Copies of the annual reports of the Company for FY2019, FY2020, and FY2021 and the 1H FY2022 Results are available for inspection as set out in Section 19 of this Circular.

10.1 Consolidated Income Statements of the Group

	1H2022	FY2021	FY2020	FY2019
	(Unaudited)	(Audited)	(Audited)	(Audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	54,099	100,840	87,340	94,672
Exceptional items	—	—	—	—
Net profit before tax	7,936	18,070	10,528	16,069
Net profit after tax	6,776	15,716	9,097	13,635
Non-controlling interests	510	108	367	(26)
Net earnings per share (Singapore cents)	1.29	3.23	1.81	2.83
Net dividends per share (Singapore cents)	—	0.9	0.4	0.4

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

10.2 Consolidated Statements of Financial Position of the Group

Set out below is a summary of the statements of financial positions of the Group as at 31 December 2019, 31 December 2020, 31 December 2021 and 30 June 2022.

	As at 30 June 2022	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
	(Unaudited)	(Audited)	(Audited)	(Audited)
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Property, plant and equipment	8,824	9,296	6,755	7,742
Intangible assets	123,810	123,976	123,912	126,921
Right-of-use assets	9,698	10,343	9,902	13,007
Investment in joint ventures and associates	21,541	19,786	8,459	7,617
Other investment	—	—	3,041	1,285
Deferred tax assets	804	829	730	754
Inventories	2,218	1,961	1,828	1,800
Trade and other receivables	9,038	8,133	9,585	10,194
Prepayments	1,383	895	703	982
Cash and bank balances	27,192	26,618	25,623	27,316
Total assets	204,508	201,837	190,538	197,618
LIABILITIES				
Trade and other payables	16,352	15,091	14,258	14,682
Contract liabilities	3,453	3,196	2,945	2,026
Lease liabilities	10,109	10,504	8,477	11,677
Deferred purchase consideration	—	—	—	1,377
Loans and borrowings	2,598	3,682	8,956	11,004
Convertible loan	—	—	—	9,201
Income tax payable	2,053	2,294	2,132	2,174
Deferred tax liabilities	651	532	259	228
Total liabilities	35,216	35,299	37,027	52,369
NET ASSETS	169,292	166,538	153,511	145,249

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

10.3 Significant Accounting Policies

A summary of the significant accounting policies of the Group is set out in Note 2 to the FY2021 Accounts, which is reproduced in **APPENDIX IV** to this Circular.

Save as disclosed in this Circular and in publicly available information on the Group (including but not limited to that contained in the FY2021 Accounts), there are no significant accounting policies or any matters from the notes of the financial statements of the Group which are of any major relevance for the interpretation of the financial statements of the Group.

10.4 Changes in Accounting Policies

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

10.5 Material Changes in Financial Position

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

10.6 Material Changes in Information

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

11. COST AND EXPENSES

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

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APPENDIX III – ADDITIONAL INFORMATION ON THE OFFEROR

The following additional information on the Offeror has been extracted from Appendix I to the Offer Document.

APPENDIX I ADDITIONAL INFORMATION ON THE OFFEROR

1. DIRECTORS OF THE OFFEROR

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

Name	Address	Description
Mr. Tony Tan Choon Keat	391A Orchard Road #21-05 Ngee Ann City Singapore 238873	Director
Dr. Beng Teck Liang	391A Orchard Road #21-05 Ngee Ann City Singapore 238873	Director

2. PRINCIPAL OFFICE OF THE OFFEROR

The principal office of the Offeror is at 391A Orchard Road, #21-05, Ngee Ann City, Singapore 238873.

3. PRINCIPAL ACTIVITY OF THE OFFEROR

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

4. CAPITAL STRUCTURE

4.1 CAPITAL

The Offeror has one (1) class of securities, being the Offeror Shares.

4.2 CHANGES TO CAPITAL STRUCTURE OF OFFEROR

As at the Latest Practicable Date, save for the three (3) Offeror Shares issued as subscriber shares to the Promoters upon incorporation of the Offeror on 8 August 2022, no new Offeror Shares have been issued since the incorporation of the Offeror.

4.3 NEW OFFEROR SHARES

The New Offeror Shares to be allotted and issued pursuant to the Share Consideration shall be issued at an issue price equivalent to the Cash Consideration for each New Offeror Share, and will, on issue, be credited as fully paid and free from all Encumbrances and will rank pari passu in all respects with the existing Offeror Shares as at the date of their issue. The New Offeror Shares are not listed on any securities exchange.

APPENDIX III – ADDITIONAL INFORMATION ON THE OFFEROR

4.4 **CONVERTIBLE SECURITIES OF OFFEROR**

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

4.5 **RE-ORGANISATION OF CAPITAL OF OFFEROR**

As at the Latest Practicable Date, the Offeror has not undergone any re-organisation of its capital structure since the incorporation of the Offeror on 8 August 2022.

5. **CONSTITUTION OF OFFEROR**

The rights and privileges attached to the Offeror Shares (including the New Offeror Shares) are stated in the constitution of the Offeror, a copy of which is available for inspection at the office of the Share Registrar at 80 Robinson Road, #11-02, Singapore 068898 during normal business hours.

*For ease of reference, a summary of certain provisions of the constitution of the Offeror in relation to the rights of the shareholders of the Offeror in respect of capital, dividends and voting have been reproduced in **APPENDIX II** to this Offer Document.*

6. **SUMMARY OF FINANCIAL INFORMATION OF OFFEROR**

As the Offeror was recently incorporated on 8 August 2022, the Offeror has not prepared any financial statements since the date of its incorporation.

7. **MATERIAL CHANGES IN FINANCIAL POSITION**

As at the Latest Practicable Date, save for (a) the making and financing of the Offer and (b) any publicly available information on the Offeror, there has been no known material changes in the financial position of the Offeror since its incorporation.

8. **SIGNIFICANT ACCOUNTING POLICIES**

As at the Latest Practicable Date, no audited financial statements of the Offeror have been prepared since its incorporation, and accordingly, there are no significant accounting policies to be noted.

9. **INDEBTEDNESS**

*The Offeror (as borrower) has entered into a facility agreement in connection with its financing arrangements for the Offer for an amount of up to S\$98,000,000 (the “**Facilities**”), with DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited as the original lenders, and DBS Bank Ltd. as the facility agent and security agent (the “**Security Agent**”).*

*The Facilities are secured (on a first priority basis) to the Security Agent as follows (the “**Financing Security Arrangements**”):*

(a) a charge over bank accounts of the Offeror;

APPENDIX III – ADDITIONAL INFORMATION ON THE OFFEROR

(b) a charge over the shares of the Offeror; and

(c) a fixed and floating charge over all the assets of the Offeror.

Following the privatisation of the Company, it is anticipated that, pursuant to the Facilities, the Company will enter into such other documents to provide such other security in relation to the Facilities.

Save as disclosed in this Offer Document, as at the Latest Practicable Date, the Offeror and its subsidiaries do not have any bank overdrafts or loans, or other similar indebtedness, mortgages, charges, or guarantees or other material contingent liabilities.

. . .

12. MATERIAL LITIGATION

As at the Latest Practicable Date, the Offeror is not aware of any litigation, arbitration or other legal proceedings to which the Offeror is, or may become, a party, or of any facts likely to give rise to such proceedings which might have a material adverse effect on the financial position or business of the Offeror.

13. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, there are no material contracts which are not in the ordinary course of business which have been entered into by the Offeror with an interested person (within the meaning of Note 1 to Rule 23.12 of the Code) since the date of incorporation of the Offeror to the Latest Practicable Date.

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APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

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

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

A copy of the Company's annual report for FY2021 is available for inspection at the registered office of the Company at 1004 Toa Payoh North #06-03/07 Singapore 318995, during normal business hours from the date of this Circular up to and including the Closing Date.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP 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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

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:

Name of director	Direct interest		Deemed interest	
	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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

DIRECTORS' STATEMENT

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
		<u>10,440,000</u>	<u>150,000</u>	<u>(195,000)</u>	<u>(2,455,000)</u>	<u>7,940,000</u>	

* 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	<u>168,000</u>	<u>–</u>	<u>10,231</u>	<u>(178,231)</u>	<u>–</u>

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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

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				
<i>Director of the Company</i>				
Dr Beng Teck Liang	–	8,300,000	3,900,000	3,700,000
Dr Wong Seng Weng	–	2,400,000	1,600,000	–
<i>Key executive of the Company</i>				
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				
<i>Director of the Company</i>				
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

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

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;

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

INDEPENDENT **AUDITOR'S REPORT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

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

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group	
	Note	2021 \$'000	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:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences		(362)	384
		(362)	384
<i>Items that will not be reclassified to profit or loss</i>			
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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

BALANCE SHEETS

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 \$'000	2020 \$'000	2021 \$'000	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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the Company						
	Share capital (Note 30) \$'000	Treasury shares (Note 31) \$'000	Retained earnings (Note 32) \$'000	Share option reserve (Note 32) \$'000	Foreign currency translation reserve (Note 33) \$'000	Fair value reserve (Note 34) \$'000	Total equity \$'000
Group							
2021							
Balance at 1 January 2021	119,838	(89)	32,304	939	(261)	1,353	153,511
Profit for the year	-	-	15,608	-	-	-	15,716
Other comprehensive income							
Foreign currency translation differences	-	-	-	-	(362)	-	(362)
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	-	(362)	(1,353)	(1,573)
Total comprehensive income for the year	-	-	15,750	-	(362)	(1,353)	14,143
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)
Dividends paid by subsidiaries	-	-	-	-	-	-	(1,040)
Total contributions by and distributions to owners	99	39	(1,930)	127	-	-	(2,705)
Changes in ownership interests in subsidiaries							
Shares issued for acquisition of subsidiary (Note 15)	1,091	-	-	-	-	-	1,091
Transfer of interests in subsidiaries to non-controlling interests without a change in control (Note 15)	-	-	(110)	-	-	-	-
Dilution of interests in subsidiary to non-controlling interests without a change in control (Note 15)	-	-	514	-	-	-	498
Total changes in ownership interests in subsidiaries	1,091	-	404	-	-	-	1,589
Total transactions with owners in their capacity as owners	1,190	39	(1,526)	127	-	(170)	(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)	-	166,538

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the 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	Foreign currency translation reserve (Note 33) \$'000	Fair value reserve (Note 34) \$'000	Non-controlling interests \$'000
Group								
2020								
Balance at 1 January 2020	119,789	(42)	25,566	680	603	(645)	-	145,249
Profit for the year	-	-	8,730	-	-	-	-	9,097
Other comprehensive income								
Foreign currency translation differences	-	-	-	-	-	384	-	384
Fair value gain on equity instrument designated at FVOCI	-	-	-	-	-	-	1,353	-
Other comprehensive income for the year, net of tax	-	-	-	-	-	384	1,353	1,737
Total comprehensive income for the year	-	-	8,730	-	-	384	1,353	367
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)
Dividends paid by subsidiaries	-	-	-	-	-	-	-	(300)
Repayment of convertible loan	-	-	-	-	(603)	-	-	(603)
Total contributions by and distributions to owners	49	(47)	(1,930)	259	(603)	-	(2,272)	(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)	(2,572)
Balance at 31 December 2020	119,838	(89)	32,304	939	-	(261)	1,353	153,511

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

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

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)

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 \$'000	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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

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 <i>Leases</i> : Covid-19 – Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to SFRS(I) 3 <i>Business Combinations</i> : Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16 <i>Property, Plant and Equipment</i> : Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> : 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 <i>Presentation of Financial Statements</i> : Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 1-1 <i>Presentation of Financial Statements</i> and SFRS(I) Practice Statement 2 <i>Making Materiality Judgements</i> : Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> : Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12 <i>Income Taxes</i> : Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 10 <i>Consolidated Financial Statements</i> and SFRS(I) 1-28 <i>Investments in Associates and Joint Ventures</i> : 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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

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

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

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 complied 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.

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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

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NOTES TO THE FINANCIAL STATEMENTS

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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.

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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.

Contract balances

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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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.

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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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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								
<i>Type of good or service</i>								
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
<i>Timing of transfer of good or service</i>								
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
	\$'000	\$'000
Receivables from contracts with customers (Note 20)	5,968	5,631
Contract liabilities	(3,196)	(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.

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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)

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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.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

10. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

	Group	
	2021 \$'000	2020 \$'000
<i>Remuneration paid to key management personnel</i>		
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 No. of performance shares '000	2020 No. of performance shares '000
<i>Performance shares granted to:</i>		
– 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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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).

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

NOTES TO THE FINANCIAL STATEMENTS

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 \$'000	2020 \$'000
<i>Statement of comprehensive income:</i>		
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 \$'000	2020 \$'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

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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	No. of
	shares	shares
	'000	'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.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

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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.

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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

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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.

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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%	-

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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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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	–**
<i>Held through SMG Astra Women's Specialists Pte. Ltd.</i>				
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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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
<i>Held through SMG Kids Clinic Pte. Ltd.</i>				
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
<i>Held through SMG Aesthetics & Plastic Surgery Pte. Ltd.</i>				
Pheniks Pte. Ltd. ^(a)	Singapore	Provision of aesthetics services	85	85
SW1 (Vietnam) Pte. Ltd. ^(a)	Singapore	Investment holding	68***	61***
<i>Held through Pheniks Pte. Ltd.</i>				
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.

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

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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.

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

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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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:

	AWH \$'000	2021 AOG \$'000	HiDoc \$'000	2020 AWH \$'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.

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16. INVESTMENT IN JOINT VENTURES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'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 \$'000	2020 \$'000	2021 %	2020 %
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 %
<i>Held by SMG International (Vietnam) Pte. Ltd.</i>			
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).

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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⁾ 2021 \$'000	SIV ⁽²⁾ 2020 \$'000	PTCS 2021 \$'000	2020 \$'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:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
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⁾ 2021 \$'000	SIV ⁽²⁾ 2020 \$'000	PTCS 2021 \$'000	2020 \$'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 2021 \$'000	2020 \$'000	Company 2021 \$'000	2020 \$'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

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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		Percentage of equity held by the Group	
		2021 \$'000	2020 \$'000	2021 %	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:						
<i>Items that may be reclassified subsequently to profit or loss</i>						
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

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17. INVESTMENT IN ASSOCIATES (CONTINUED)

	APPL 2021 \$'000	CCAI 2021 \$'000	CAPL		CSA	
			2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'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
	<u>2,571</u>
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
	<u>800</u>
<u>Consideration transferred for the acquisition of AAPL</u>	
Cash paid	800
Total consideration transferred	<u>800</u>
Net cash outflow on acquisition	<u>(800)</u>

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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 \$'000	2020 \$'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 \$'000	2020 \$'000	2021 \$'000	2020 \$'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 \$'000	2020 \$'000	2021 \$'000	2020 \$'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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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	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:

	Within five years \$'000	Group More than 5 years \$'000	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

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28. LOANS AND BORROWINGS

Term loans	Effective interest rate	Maturity	Group		Company	
			2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Current</u>						
SGD Term loans:	2.00% to	2022				
– secured	3.05%					
			1,494	5,307	817	801
			1,494	5,307	817	801
<u>Non-current</u>						
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	Acquisition \$'000	Non-cash changes			31.12.2021 \$'000
				Amortisation of loan costs and interest accrued \$'000	Rental relief \$'000	Other \$'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)

	1.1.2020 \$'000	Cash flows \$'000	Acquisition \$'000	Non-cash changes			31.12.2020 \$'000
				Amortisation of loan costs and interest accrued \$'000	Rental relief \$'000	Other \$'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	Consolidated Balance Sheet	Consolidated Income Statement
	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	–
Fair value adjustment on acquisition of subsidiary	3	3	–	–
	829	730	99	(24)
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)

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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
<u>Issued and fully paid ordinary shares:</u>				
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 through 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.

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35. DIVIDENDS

	Group and Company	
	2021	2020
	\$'000	\$'000
<i>Cash dividends on ordinary shares declared and paid:</i>		
Final exempt (one-tier) dividend for year ended 2020: \$0.004 (2019: \$0.004) per share	1,930	1,930
<i>Proposed dividends on ordinary shares:</i>		
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
<u>No. of performance shares</u>		
Outstanding at 1 January	168,000	336,000
– Adjusted	10,231	5,040
– Vested	(178,231)	(173,040)
Outstanding at 31 December	–	168,000

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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 \$'000	2020 \$'000	2021 \$'000	2020 \$'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 \$'000	2020 \$'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.

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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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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	<u>2,650</u>	<u>1,370</u>	<u>607</u>	<u>1,341</u>	<u>5,968</u>
2020					
Gross carrying amount	2,277	1,192	597	1,648	5,714
Loss allowance provision	–	–	–	(446)	(446)
Net carrying amount	<u>2,277</u>	<u>1,192</u>	<u>597</u>	<u>1,202</u>	<u>5,268</u>

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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 than 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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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	2020
		\$'000	\$'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

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 \$'000	2020 \$'000	2021 \$'000	2020 \$'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".

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 \$'000	2020 \$'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.

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APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

The 1H FY2022 Results set out below have been extracted from the announcement by the Company on 11 August 2022 and were not specifically prepared for inclusion in this Circular. The figures have not been audited.

A copy of the 1H FY2022 Results is available for inspection at the registered office of the Company at 1004 Toa Payoh North #06-03/07 Singapore 318995, during normal business hours from the date of this Circular up to and including the Closing Date.

**APPENDIX V – UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022**



Company Registration No. 200503187W

Singapore Medical Group Limited and
its Subsidiaries

Unaudited Interim Condensed Financial Statements
For the six-month financial period ended 30 June 2022

APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

Singapore Medical Group Limited and its Subsidiaries

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APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

Singapore Medical Group Limited and its Subsidiaries

Interim condensed consolidated statement of comprehensive income For the six-month financial period ended 30 June 2022

		Group		Increase/ (decrease)
	Note	30.6.2022 \$'000	30.6.2021 \$'000	%
Revenue	4	54,099	49,682	8.9
Cost of sales		(31,584)	(27,405)	15.2
Gross profit		22,515	22,277	1.1
Finance income		16	19	(15.8)
Other income		74	35	111.4
Distribution and selling expenses		(1,830)	(1,763)	3.8
Administrative expenses		(13,416)	(11,561)	16.0
Finance expenses		(229)	(292)	(21.6)
Share of results of joint ventures and associates		806	229	252.0
Profit before tax	5	7,936	8,944	(11.3)
Income tax expense	7	(1,160)	(1,217)	(4.7)
Profit for the period		6,776	7,727	(12.3)
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences		449	(129)	N.M
		449	(129)	N.M
<i>Items that will not be reclassified to profit or loss</i>				
Net loss on equity instrument designated at fair value through other comprehensive income ("FVOCI")		-	(584)	(100.0)
		-	(584)	(100.0)
Other comprehensive income for the period, net of tax		449	(713)	N.M
Total comprehensive income for the period		7,225	7,014	3.0
Profit attributable to:				
Owners of the Company		6,266	7,190	(12.9)
Non-controlling interests		510	537	(5.0)
		6,776	7,727	(12.3)
Total comprehensive income attributable to:				
Owners of the Company		6,715	6,477	3.7
Non-controlling interests		510	537	(5.0)
		7,225	7,014	3.0
Earnings per share attributable to owners of the Company (cents per share)				
Basic	8	1.29	1.49	
Diluted	8	1.29	1.49	

N.M: Not meaningful

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

APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

Singapore Medical Group Limited and its Subsidiaries

Interim condensed balance sheets As at 30 June 2022

	Note	Group		Company	
		30.6.2022	31.12.2021	30.6.2022	31.12.2021
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	8,824	9,296	294	544
Intangible assets	11	123,810	123,976	45	98
Right-of-use assets		9,698	10,343	5,334	5,761
Investment in subsidiaries		-	-	140,215	142,670
Investment in joint ventures		3,142	2,249	1,876	1,376
Investment in associates		18,399	17,537	11,285	11,285
Other receivables		1,741	1,639	937	850
Deferred tax assets		804	829	384	384
		<u>166,418</u>	<u>165,869</u>	<u>160,370</u>	<u>162,968</u>
Current assets					
Inventories		2,218	1,961	-	-
Trade receivables		6,733	5,968	-	-
Prepayments		1,383	895	351	60
Other receivables		564	526	79	76
Due from related companies		-	-	15,194	15,645
Cash and bank balances		27,192	26,618	2,246	2,521
		<u>38,090</u>	<u>35,968</u>	<u>17,870</u>	<u>18,302</u>
Total assets		<u>204,508</u>	<u>201,837</u>	<u>178,240</u>	<u>181,270</u>
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables		2,377	2,075	2	2
Other payables and accruals		13,567	12,608	819	929
Contract liabilities		3,453	3,196	-	-
Due to related companies		-	-	10,277	9,633
Lease liabilities		4,874	4,804	3,009	2,755
Loans and borrowings		617	1,494	617	817
Income tax payable		2,053	2,294	-	-
		<u>26,941</u>	<u>26,471</u>	<u>14,724</u>	<u>14,136</u>
Net current assets		<u>11,149</u>	<u>9,497</u>	<u>3,146</u>	<u>4,166</u>
Non-current liabilities					
Other payables and accruals		408	408	212	212
Due to related companies		-	-	4,986	3,468
Lease liabilities		5,235	5,700	2,509	3,169
Loans and borrowings		1,981	2,188	1,981	2,188
Deferred tax liabilities		651	532	-	-
		<u>8,275</u>	<u>8,828</u>	<u>9,688</u>	<u>9,037</u>
Total liabilities		<u>35,216</u>	<u>35,299</u>	<u>24,412</u>	<u>23,173</u>
Net assets		<u>169,292</u>	<u>166,538</u>	<u>153,828</u>	<u>158,097</u>

APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

Singapore Medical Group Limited and its Subsidiaries

Interim condensed balance sheets As at 30 June 2022

	Note	Group		Company	
		30.6.2022	31.12.2021	30.6.2022	31.12.2021
		\$'000	\$'000	\$'000	\$'000
Equity attributable to owners of the Company					
Share capital	14	121,028	121,028	121,028	121,028
Treasury shares	15	(50)	(50)	(50)	(50)
Retained earnings		48,777	46,741	32,063	36,266
Share option reserve		787	853	787	853
Foreign currency translation reserve		(174)	(623)	-	-
		170,368	167,949	153,828	158,097
Non-controlling interests		(1,076)	(1,411)	-	-
Total equity		169,292	166,538	153,828	158,097
Total equity and liabilities		204,508	201,837	178,240	181,270

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

APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

Singapore Medical Group Limited and its Subsidiaries

Interim condensed statements of changes in equity For the six-month financial period ended 30 June 2022

	Attributable to owners of the Company					
	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Share option reserve \$'000	Foreign currency translation reserve \$'000	Non- controlling interests \$'000
Group						
2022						
At 1 January 2022	121,028	(50)	46,741	853	(623)	166,538
Profit for the period	-	-	6,266	-	-	6,776
Other comprehensive income						
Foreign currency translation differences	-	-	-	-	449	-
Other comprehensive income for the period, net of tax	-	-	-	-	449	-
Total comprehensive income for the period	-	-	6,266	-	449	510
Contributions by and distributions to owners						
Share-based payment transactions	-	-	-	81	-	-
Dividends on ordinary shares (Note 17)	-	-	(4,377)	-	-	-
Dividends paid by subsidiaries	-	-	-	-	-	(175)
Total contributions by and distributions to owners	-	-	(4,377)	81	-	(175)
Total transactions with owners in their capacity as owners	-	-	(4,377)	81	-	(175)
Others						
Expiry of employee share options	-	-	147	(147)	-	-
Total others	-	-	147	(147)	-	-
At 30 June 2022	121,028	(50)	48,777	787	(174)	169,292

APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

Singapore Medical Group Limited and its Subsidiaries

Interim condensed statements of changes in equity For the six-month financial period ended 30 June 2022

	Attributable to owners of the Company								
	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Share option reserve \$'000	Foreign currency translation reserve \$'000	Fair value reserve \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
Group									
2021									
At 1 January 2021	119,838	(89)	32,304	939	(261)	1,353	154,084	(573)	153,511
Profit for the period	-	-	7,190	-	-	-	7,190	537	7,727
<u>Other comprehensive income</u>									
Foreign currency translation differences	-	-	-	-	(129)	-	(129)	-	(129)
Fair value gain on equity instrument designated at FVOCI	-	-	-	-	-	(584)	(584)	-	(584)
Other comprehensive income for the period, net of tax	-	-	-	-	(129)	(584)	(713)	-	(713)
Total comprehensive income for the period	-	-	7,190	-	(129)	(584)	6,477	537	7,014
<u>Contributions by and distributions to owners</u>									
Treasury shares re-issued pursuant to SMG Share Plan	50	39	-	(89)	-	-	-	-	-
Share-based payment transactions	-	-	-	130	-	-	130	-	130
Dividends on ordinary shares (Note 17)	-	-	(1,930)	-	-	-	(1,930)	-	(1,930)
Dividends paid by subsidiaries	-	-	-	-	-	-	-	(160)	(160)
Total contributions by and distributions to owners	50	39	(1,930)	41	-	-	(1,800)	(160)	(1,960)
<u>Changes in ownership interests in subsidiaries</u>									
Dilution of interests in subsidiary without a change in control	-	-	(47)	-	-	-	(47)	47	-
Total changes in ownership interests in subsidiary	-	-	(47)	-	-	-	(47)	47	-
Total transactions with owners in their capacity as owners	50	39	(1,977)	41	-	-	(1,847)	(113)	(1,960)
At 30 June 2021	119,888	(50)	37,517	980	(390)	769	158,714	(149)	158,565

APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

Singapore Medical Group Limited and its Subsidiaries

Interim condensed statements of changes in equity For the six-month financial period ended 30 June 2022

Company	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Share option reserve \$'000	Fair value reserve \$'000	Total \$'000
2022						
At 1 January 2022	121,028	(50)	36,266	853	-	158,097
Profit for the period	-	-	27	-	-	27
<u>Contributions by and distributions to owners</u>						
Share-based payment transactions	-	-	-	81	-	81
Dividends on ordinary shares (Note 17)	-	-	(4,377)	-	-	(4,377)
Total transactions with owners in their capacity as owners	-	-	(4,377)	81	-	(4,296)
<u>Others</u>						
Expiry of employee share options	-	-	147	(147)	-	-
Total others	-	-	147	(147)	-	-
At 30 June 2022	121,028	(50)	32,063	787	-	153,828
2021						
At 1 January 2021	119,838	(89)	23,168	939	1,353	145,209
Profit for the period	-	-	3,881	-	-	3,881
<u>Other comprehensive income</u>						
Fair value gain on equity instrument designated at FVOCI	-	-	-	-	(584)	(584)
Other comprehensive income for the period, net of tax	-	-	-	-	(584)	(584)
Total comprehensive income for the period	-	-	3,881	-	(584)	3,297
<u>Contributions by and distributions to owners</u>						
Treasury shares re-issued pursuant to SMG Share Plan	50	39	-	(89)	-	-
Share-based payment transactions	-	-	-	130	-	130
Dividends on ordinary shares (Note 17)	-	-	(1,930)	-	-	(1,930)
Total transactions with owners in their capacity as owners	50	39	(1,930)	41	-	(1,800)
At 30 June 2021	119,888	(50)	25,119	980	769	146,706

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

APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

Singapore Medical Group Limited and its Subsidiaries

Interim condensed consolidated cash flow statement For the six-month financial period ended 30 June 2022

	Group	
	30.6.2022	30.6.2021
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	7,936	8,944
Adjustments for:		
Depreciation of property, plant and equipment	1,634	1,486
Depreciation of right-of-use assets	2,934	2,899
Amortisation of intangible assets	181	187
Share-based compensation expense	81	130
Reversal of provision for expected credit loss on trade receivables	-	(11)
Bad debts written off	2	6
Interest income	(16)	(19)
Interest expenses	229	279
Amortisation of loan costs	-	13
Loss/(gain) on disposal of property, plant and equipment	3	(3)
Share of results of joint ventures and associates	(806)	(229)
Total adjustments	4,242	4,738
Operating cash inflows before changes in working capital	12,178	13,682
Changes in working capital:		
(Increase)/decrease in:		
Inventories	(256)	(36)
Trade and other receivables	(908)	366
Prepayments	(488)	(497)
Increase/(decrease) in:		
Trade payables	302	96
Contract liabilities, other payables and accruals	808	(1,881)
Total changes in working capital	(542)	(1,952)
Cash flows generated from operations	11,636	11,730
Interest received	16	19
Interest paid	(226)	(278)
Income tax paid	(1,257)	(1,671)
Net cash flows from operating activities	10,169	9,800
Cash flows from investing activities		
Purchase of property, plant and equipment	(987)	(2,858)
Purchase of intangible assets	(15)	(354)
Proceeds from disposal of property, plant and equipment	-	18
Investment in joint ventures	(500)	-
Net cash flows used in investing activities	(1,502)	(3,194)

APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

Singapore Medical Group Limited and its Subsidiaries

Interim condensed consolidated cash flow statement For the six-month financial period ended 30 June 2022

	Group	
	30.6.2022	30.6.2021
	\$'000	\$'000
Cash flows from financing activities		
Dividends paid	(4,377)	(1,930)
Dividends paid to non-controlling interests	(175)	(160)
Repayment of loans and borrowings	(1,082)	(2,825)
Payment of principal portion of lease liabilities	(2,459)	(2,649)
Net cash flows used in financing activities	(8,093)	(7,564)
Net increase/(decrease) in cash and cash equivalents	574	(958)
Cash and cash equivalents at beginning of financial period	26,618	25,623
Cash and cash equivalents at end of financial period	27,192	24,665

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

APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

Singapore Medical Group Limited and its Subsidiaries

Notes to the interim condensed financial statements For the six-month financial period ended 30 June 2022

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. These interim condensed financial statements as at and for the six-month financial period ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the "**Group**").

The principal activities of the Company are those relating to the operation of medical clinics, provision of general medical services and investment holding. The principal activities of the Group are:

- (a) Operation of medical clinics and provision of specialist medical services including obstetrics and gynaecology, oncology, paediatrics, radiology, aesthetics, LASIK and general ophthalmology, dentistry, cardiology, breast care, urology and endocrinology, and general medicine and health screening services; and
- (b) Investment holding.

2. Basis of preparation

The interim condensed financial statements for the six-month financial period ended 30 June 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The interim condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the financial year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The interim condensed financial statements are presented in Singapore Dollars ("**SGD**" or "**\$**"), which is the Company's functional currency, and all values are rounded to the nearest thousand ("**\$'000**") except when otherwise indicated.

2.1 *New and amended standards adopted by the Group*

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 *Use of judgements and estimates*

In preparing the interim condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year ended 31 December 2021.

APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

Singapore Medical Group Limited and its Subsidiaries

Notes to the interim condensed financial statements For the six-month financial period ended 30 June 2022

2. Basis of preparation (cont'd)

2.2 Use of judgements and estimates (cont'd)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There were no significant judgements made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next interim period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following note:

- Note 11: Impairment testing of goodwill - Key assumptions underlying recoverable amounts

3. Seasonal operations

The Group's businesses within both the Health and Diagnostic and Aesthetics business segments are widely diversified across a broad range of multidisciplinary medical specialties. Accordingly, the Group is able to negate the impact from seasonality as seasonal declines within a particular business segment would be offset by an increase in demand for other business segments. As a result, the Group was not materially affected by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group is organised into the following business segments:

- 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; (f) Urology services; and (g) Endocrinology services.;
- The Diagnostic and 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; and
- The Others segment comprises group-level corporate services as well as business consultancy functions and telemedicine services.

APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

Singapore Medical Group Limited and its Subsidiaries

Notes to the interim condensed financial statements For the six-month financial period ended 30 June 2022

4. Segment and revenue information (cont'd)

These operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (“**CODM**”), Chief Executive Officer (“**CEO**”), who are responsible for allocating resources and assessing performance of the operating segments. 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.

(a) Reportable segment

	Health \$'000	Diagnostic and Aesthetics \$'000	Others \$'000	Adjustments and eliminations \$'000	Total \$'000
30.6.2022					
Revenue:					
External customers	32,645	21,262	192	-	54,099
Inter-segment	148	819	282	(1,249)	-
Total revenue	32,793	22,081	474	(1,249)	54,099
Segment results:					
Segment gross profit ¹	11,393	10,864	412	(154)	22,515
Depreciation of property, plant and equipment	(401)	(962)	(271)	-	(1,634)
Depreciation of right-of-use assets (not included in segment gross profit)	-	(33)	-	-	(33)
Amortisation of intangible assets	(10)	(53)	(118)	-	(181)
Loss on disposal of property, plant and equipment	(3)	-	-	-	(3)
Share-based compensation expense	-	-	(81)	-	(81)
Bad debt written off	(2)	-	-	-	(2)
Finance income	-	-	16	-	16
Interest expenses	(25)	(57)	(147)	-	(229)
Share of results of joint ventures and associates	85	721	-	-	806
Unallocated expenses					(13,238)
Profit before tax					7,936

APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

Singapore Medical Group Limited and its Subsidiaries

Notes to the interim condensed financial statements For the six-month financial period ended 30 June 2022

4. Segment and revenue information (cont'd)

(a) Reportable segment (cont'd)

	Health \$'000	Diagnostic and Aesthetics \$'000	Others \$'000	Adjustments and eliminations \$'000	Total \$'000
30.6.2021					
Revenue:					
External customers	30,509	19,125	48	-	49,682
Inter-segment	4	696	277	(977)	-
Total revenue	30,513	19,821	325	(977)	49,682
Segment results:					
Segment gross profit ¹	12,387	9,746	302	(158)	22,277
Depreciation of property, plant and equipment	(462)	(807)	(217)	-	(1,486)
Depreciation of right-of-use assets (not included in segment gross profit)	-	(165)	(63)	-	(228)
Amortisation of intangible assets	(7)	(56)	(124)	-	(187)
Gain on disposal of property, plant and equipment	3	-	-	-	3
Share-based compensation expense	-	-	(130)	-	(130)
Reversal of provision for expected credit loss on trade receivables	10	1	-	-	11
Bad debt written off	(3)	(3)	-	-	(6)
Finance income	-	-	19	-	19
Interest expenses	(94)	(35)	(150)	-	(279)
Amortisation of loan costs	(13)	-	-	-	(13)
Share of results of joint ventures and associates	(140)	369	-	-	229
Unallocated expenses					(11,266)
Profit before tax					8,944

¹ Included in segment gross profit is depreciation of right-of-use assets of \$2,901,000 (30.6.2021: \$2,671,000) of which \$640,000 (30.6.2021: \$583,000), \$735,000 (30.6.2021: \$708,000) and \$1,526,000 (30.6.2021: \$1,380,000) 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 \$1,121,000 (30.6.2021: \$480,000) profits and \$Nil (30.6.2021: \$237,000) losses respectively.

APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

Singapore Medical Group Limited and its Subsidiaries

Notes to the interim condensed financial statements
For the six-month financial period ended 30 June 2022

4. Segment and revenue information (cont'd)

(a) Reportable segment (cont'd)

Geographical information (cont'd)

The share of results from joint ventures and associates based on geographical location are as follows:

	Group	
	30.6.2022	30.6.2021
	\$'000	\$'000
<i>Share of (losses)/profits from joint ventures:</i>		
Singapore	(277)	-
Indonesia	721	369
Vietnam	-	(237)
Total net share of profits from joint ventures	444	132
<i>Share of (losses)/profits from associates:</i>		
Singapore	(38)	(14)
Vietnam	205	-
Australia	195	111
Total net share of profits from associates	362	97
Total net share of profits from joint ventures and associates	806	229

**APPENDIX V – UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022**

Singapore Medical Group Limited and its Subsidiaries

**Notes to the interim condensed financial statements
For the six-month financial period ended 30 June 2022**

4. Segment and revenue information (cont'd)

(b) Disaggregation of revenue

Segments	Health		Diagnostic and Aesthetics				Others		Total	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021	30.6.2022	30.6.2021	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Type of good or service</i>										
Rendering of services	21,143	20,222	19,950	17,858	192	48	41,285	38,128		
Sale of medicine and related products	11,502	10,287	1,312	1,267	-	-	12,814	11,554		
Total revenue	32,645	30,509	21,262	19,125	192	48	54,099	49,682		
<i>Timing of transfer of good or service</i>										
At a point in time	32,645	30,509	19,369	17,484	167	35	52,181	48,028		
Over time	-	-	1,893	1,641	25	13	1,918	1,654		
Total revenue	32,645	30,509	21,262	19,125	192	48	54,099	49,682		

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

APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

Singapore Medical Group Limited and its Subsidiaries

Notes to the interim condensed financial statements For the six-month financial period ended 30 June 2022

5. Profit before tax

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

	Group	
	30.6.2022	30.6.2021
	\$'000	\$'000
Depreciation of property, plant and equipment	1,634	1,486
Depreciation of right-of-use assets	2,934	2,899
Amortisation of intangible assets	181	187
Loss/(gain) on disposal of property, plant and equipment	3	(3)
Lease expenses	202	186
Reversal of provision for expected credit loss on financial assets:		
- trade receivables	-	(11)
Bad debts written off	2	6
Personnel expenses	19,641	16,808
Interest expense on:		
- loans and borrowings	20	111
- lease liabilities	209	168
Amortisation of loan costs	-	13

6. Related party transactions

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

	Group	
	30.6.2022	30.6.2021
	\$'000	\$'000
Rental paid to companies related to directors	170	173
Professional fees paid to companies related to directors	101	179
Management fee from associate	25	13

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., a company owned by an immediate family member of Dr Beng Teck Liang, the Company's Executive Director and CEO and a substantial shareholder of the Company, to lease commercial premises for rental of \$93,000 (30.6.2021: \$91,000). The Group also paid professional fees of \$84,000 (30.6.2021: \$87,000) in relation to medical services rendered by the same entity.
- (ii) The Group had entered into a lease agreement with MW Medical Holdings Pte. Ltd., a company related to Dr Wong Seng Weng, an Executive Director of the Company, to lease a commercial premise for rental of \$77,000 (30.6.2021: \$82,000). The Group also engaged MW Medical Pte. Ltd., a company related to the same director, for nursing services of \$4,000 (30.6.2021: \$4,000).

APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

Singapore Medical Group Limited and its Subsidiaries

Notes to the interim condensed financial statements For the six-month financial period ended 30 June 2022

6. Related party transactions (cont'd)

Companies related to directors (cont'd)

- (iii) The Group had engaged Tricor Singapore Pte. Ltd. and Tricor WP Corporate Services Pte. Ltd. which are companies related to Mr Ho Lon Gee, an Independent Director of the Company, for secretarial services. The Group incurred professional fees of \$12,000 for the financial period ended 30 June 2021. These companies are no longer related parties of the Group from 1 January 2022.
- (iv) The Group had engaged TSMP Law Corporation, a company related to Ms Stefanie Yuen-Thio, an Independent Director of the Company, for legal services. The Group incurred professional fees of \$13,000 (30.6.2021: \$76,000).

7. Income tax expense

The Group calculates the period's income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense for the financial periods ended 30 June 2022 and 2021 are:

	Group	
	30.6.2022	30.6.2021
	\$'000	\$'000
<i>Statement of comprehensive income:</i>		
Current income tax		
- current income taxation	1,016	1,136
- over provision in respect of previous years	-	(29)
	1,016	1,107
Deferred income tax		
- origination and reversal of temporary differences	144	110
	144	110
Income tax expense recognised in statement of comprehensive income	1,160	1,217

8. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue of 486,382,109 (30.6.2021: 482,644,155) during the financial period.

Diluted earnings per share is calculated by dividing the net profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue of 487,214,452 (30.6.2021: 482,904,120) during the financial period. The weighted average number of ordinary shares for diluted earnings per share computation has taken into consideration the share options granted to the employees under the existing employee share option plan.

APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

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Notes to the interim condensed financial statements For the six-month financial period ended 30 June 2022

9. Net assets value

	Group		Company	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021
Net assets value per share (cents)	35.03	34.53	31.63	32.50

Net asset value per ordinary share is calculated based on 486,382,109 and 486,382,109 ordinary shares (excluding treasury shares) outstanding as at 30 June 2022 and 31 December 2021 respectively.

10. Property, plant and equipment

During the financial period, the Group and Company acquired assets amounting to \$987,000 (30.6.2021: \$2,753,000) and \$13,000 (30.6.2021: \$25,000) respectively.

11. Intangible assets

As at 30 June 2022, intangible assets of the Group of \$123,810,000 (31.12.2021: \$123,976,000) include goodwill of \$123,413,000 (31.12.2021: \$123,413,000).

Impairment testing of goodwill

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

**APPENDIX V – UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022**

Singapore Medical Group Limited and its Subsidiaries

**Notes to the interim condensed financial statements
For the six-month financial period ended 30 June 2022**

11. Intangible assets (cont'd)

Impairment testing of goodwill (cont'd)

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

Women's Health business		Paediatrics business		Diagnostic business		Aesthetics business		Vietnam business	
30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
74,379	74,379	32,316	32,316	9,593	9,593	6,813	6,813	312	312

Goodwill

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 pre-tax 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	
30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	4.0%	4.0%
10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	12.0%	12.0%

Long-term growth rates

Pre-tax discount rate

APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

Singapore Medical Group Limited and its Subsidiaries

Notes to the interim condensed financial statements For the six-month financial period ended 30 June 2022

11. Intangible assets (cont'd)

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.

Pre-tax 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.

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.

12. Financial assets and financial liabilities

	Group		Company	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Financial assets at amortised cost:				
- Trade receivables	6,733	5,968	-	-
- Other receivables (Note (i))	2,305	2,165	1,016	926
- Due from related companies	-	-	15,194	15,645
- Cash and bank balances	27,192	26,618	2,246	2,521
	<u>36,230</u>	<u>34,751</u>	<u>18,456</u>	<u>19,092</u>
Financial liabilities				
Financial liabilities at amortised cost:				
- Trade payables	2,377	2,075	2	2
- Other payables and accruals* (Note (ii))	12,223	11,381	742	839
- Due to related companies	-	-	15,263	13,101
- Lease liabilities	10,109	10,504	5,518	5,924
- Loans and borrowings	2,598	3,682	2,598	3,005
	<u>27,307</u>	<u>27,642</u>	<u>24,123</u>	<u>22,871</u>

APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

Singapore Medical Group Limited and its Subsidiaries

Notes to the interim condensed financial statements For the six-month financial period ended 30 June 2022

12. Financial assets and financial liabilities (cont'd)

* Other payables and accruals exclude goods and services tax payable and provision for reinstatement.

(i) Other receivables comprise:

	Group		Company	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
<i>Non-current:</i>				
Refundable deposits	1,741	1,639	937	850
<i>Current:</i>				
Refundable deposits	260	331	48	40
Amounts due from associates	25	24	25	24
Other receivables	279	171	6	12
	564	526	79	76
Total other receivables	2,305	2,165	1,016	926

(ii) Other payables and accruals comprise:

	Group		Company	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
<i>Current:</i>				
Goods and services tax payable	1,344	1,227	77	90
Medisave payable to patients	133	170	-	-
Accrued operating expenses	9,756	9,406	468	583
Amount due to a related party	-	188	-	188
Sundry creditors	2,334	1,617	274	68
	13,567	12,608	819	929
<i>Non-current:</i>				
Provision for reinstatement	408	408	212	212
Total other payables and accruals	13,975	13,016	1,031	1,141

13. Loans and borrowings

	Group		Company	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
<u>Amounts repayable within one year</u>				
Secured ²	617	1,539	617	817
<u>Amounts repayable after one year</u>				
Secured	1,981	2,188	1,981	2,188
	2,598	3,727	2,598	3,005

² For the financial year ended 31 December 2021, the above includes hire purchase of medical equipment by the Group of \$45,000, which are recorded under "Lease liabilities", that were secured by the Group's medical equipment with net carrying amount of \$742,000. All hire purchase of medical equipment are fully repaid during the financial period.

APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

Singapore Medical Group Limited and its Subsidiaries

Notes to the interim condensed financial statements For the six-month financial period ended 30 June 2022

13. Loans and borrowings (cont'd)

Total loans and borrowings amounted to \$2,598,000 (31.12.2021: \$3,682,000), of which \$Nil (31.12.2021: \$677,000), were 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 Companies³;
- (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 \$2,598,000 (31.12.2021: \$3,005,000) are drawn down by the Company and secured by corporate guarantees taken by two subsidiaries of the Group.

³ Astra Companies comprise Astra Women's Specialists (WB) Pte. Ltd., The Women's Specialist Centre (HC) Pte. Ltd., Fong's Clinic (TB) Pte. Ltd., Astra Centre for Women & Fertility Pte. Ltd., Astra Women's Specialists (JL) Pte. Ltd., TCK@Novena Pte. Ltd. and Alpha Healthcare International Pte. Ltd.

14. Share capital

	Group and Company			
	30.6.2022		31.12.2021	
	No. of shares '000	\$'000	No. of shares '000	\$'000
<u>Issued and fully paid ordinary shares (including treasury shares):</u>				
At 1 January	486,614	121,028	483,021	119,838
Reclassification from share option reserve for performance shares issued via transfer of treasury shares	-	-	-	50
Issue of shares (Note a)	-	-	195	55
Reclassification from share option reserve for share options exercised by employees	-	-	-	17
Share issuance expenses	-	-	-	(23)
Shares issued for acquisition of subsidiary (Note b)	-	-	3,398	1,091
At 30 June/31 December	486,614	121,028	486,614	121,028

	Group and Company	
	30.6.2022	31.12.2021
	No. of shares	No. of shares
Total number of issued shares, including treasury shares	486,614,838	486,614,838
Treasury shares	(232,729)	(232,729)
Total number of issued shares, excluding treasury shares	486,382,109	486,382,109

APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

Singapore Medical Group Limited and its Subsidiaries

Notes to the interim condensed financial statements For the six-month financial period ended 30 June 2022

14. Share capital (cont'd)

(a) In 2021, the Company issued 195,000 ordinary shares following the exercise of share options under the SMG Share Option Scheme.

(b) In 2021, the Company issued a total of 3,398,203 ordinary shares to three external parties, pursuant to the sale and purchase agreement between the Company and these parties, as part of the consideration for the acquisition of the remaining 50% equity interest in SMG International (Vietnam) Pte. Ltd. ("**SIV**"). Upon completion of the acquisition, SIV became a wholly-owned subsidiary of the Company.

As at 30 June 2022, the Company held 232,729 (31.12.2021: 232,729) treasury shares and the total number of ordinary shares in the capital of the Company (excluding treasury shares and subsidiary holdings) was 486,382,109 (31.12.2021: 486,382,109) shares.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022, 31 December 2021 and 30 June 2021.

15. Treasury shares

	Group and Company			
	30.6.2022		31.12.2021	
	No. of shares '000	\$'000	No. of shares '000	\$'000
At 1 January	233	50	411	89
Re-issue of treasury shares pursuant to SMG Share Plan	-	-	(178)	(39)
At 30 June/31 December	<u>233</u>	<u>50</u>	<u>233</u>	<u>50</u>
As percentage of total issued shares (excluding treasury shares and subsidiary holdings)	<u>0.05%</u>		<u>0.05%</u>	

There are no purchases of treasury shares during the six months ended 30 June 2022 (31.12.2021: Nil).

In 2021, the Company re-issued 178,231 treasury shares pursuant to SMG Share Plan.

The number of treasury shares held by the Company as at 30 June 2021 was 232,729, representing 0.05% of total issued shares (excluding treasury shares and subsidiary holdings).

APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

Singapore Medical Group Limited and its Subsidiaries

Notes to the interim condensed financial statements For the six-month financial period ended 30 June 2022

16. Share options and performance shares

Share Options

The SMG Share Option Scheme (“SSOS”) was approved by the shareholders at the Extraordinary General Meeting on 30 April 2014. During the six-month financial period ended 30 June 2022, 930,000 (30.6.2021: 150,000) share options were granted by the Company and accepted by employees. As at 30 June 2022, the number of shares that may be issued on conversion of all the outstanding share options were 7,700,000 (30.6.2021: 10,465,000), representing approximately 1.58% (30.6.2021: 2.17%), of the total issued shares (excluding treasury shares and subsidiary holdings).

The movement of share options of the Company during the financial period is as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1.1.2022	Options granted	Options exercised	Options forfeited/expired	Options outstanding at 30.6.2022	Expiry date
3.4.2017	\$0.544	540,000	-	-	(540,000)	-	2.4.2022
30.4.2018	\$0.493	5,200,000	-	-	(240,000)	4,960,000	29.4.2023
31.5.2019	\$0.393	1,860,000	-	-	(300,000)	1,560,000	30.5.2024
12.5.2020	\$0.255	190,000	-	-	-	190,000	11.5.2025
1.4.2021	\$0.381	150,000	-	-	(90,000)	60,000	31.3.2026
24.5.2022	\$0.309	-	930,000	-	-	930,000	23.5.2027
		<u>7,940,000</u>	<u>930,000</u>	<u>-</u>	<u>(1,170,000)</u>	<u>7,700,000</u>	

Performance Shares

In addition to the SSOS, share awards can be granted to employees under the SMG Share Plan (“SSP”), which was approved by the shareholders at the Extraordinary General Meeting on 30 April 2014.

Depending on the achievement of pre-determined targets over the performance periods for the SSP, the final number of performance shares awarded will be adjusted accordingly.

During the six-month financial period ended 30 June 2022, no performance shares (30.6.2021: Nil) were granted to employees under the SSP. There were no outstanding performance shares to be granted under the SSP as at 30 June 2022 and 30 June 2021 respectively.

17. Dividends

	Group and Company	
	30.6.2022	30.6.2021
	\$'000	\$'000
Cash dividends on ordinary shares declared and paid		
Final exempt (one-tier) dividend for year ended 2021: \$0.009 (30.6.2021: Year ended 2020: \$0.004) per share	<u>4,377</u>	<u>1,930</u>

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For the six-month financial period ended 30 June 2022

18. Investment in joint venture

On 10 February 2022 and 20 April 2022, Aurum SMG Pte. Ltd. (“**ASPL**”), a 50%-owned joint venture entity of the Company, increased its issued and paid-up share capital by way of an allotment and issuance of 600,000 and 400,000 new ordinary shares of \$1 each respectively, and these are subscribed by the Company and Aurum Land (Private) Limited pursuant to their 50% interest in ASPL respectively for a total subscription price of \$500,000 each in cash. Following the allotment and issuance of these new shares, ASPL’s issued and paid-up share capital is 2,050,000 comprising of 2,050,000 shares, and the Company’s interest in ASPL remains unchanged at 50%. The investment is funded through the Company’s internal resources.

19. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim condensed financial statements.

**APPENDIX V – UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022**

Other Information Required by Appendix 7C of the Catalist Rules

APPENDIX V – UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2022

Singapore Medical Group Limited and its Subsidiaries

Other information required by Appendix 7C of the Catalist Rules
For the six-month financial period ended 30 June 2022

Other Information

1. Review

The interim condensed consolidated balance sheet of Singapore Medical Group Limited (the “Company”) and its subsidiaries (collectively, the “Group”) as at 30 June 2022 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and certain explanatory notes have not been audited or reviewed by the Company’s auditors.

1A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

2. Review of performance of the Group

Interim Condensed Consolidated Statement of Comprehensive Income

Revenue

The Group’s revenue increased by 8.9% from \$49.7 million for the six-month financial period ended 30 June 2021 (“HY2021”) to \$54.1 million for the six-month financial period ended 30 June 2022 (“HY2022”). Revenue from the Diagnostic and Aesthetics Business segment and the Health Business segment increased by \$2.2 million and \$2.2 million respectively. The increase was mainly due to: (i) increased capacity of the Imaging business with the acquisition of a Magnetic Resonance Imaging (“MRI”) equipment in May 2021; (ii) the return of medical tourism during the financial period following the lifting of travel restrictions on 1 April 2022; (iii) the organic growth of the existing clinics; and (iv) contributions from the new clinics set up during the financial period.

Gross profit

Gross profit increased by 1.1% from \$22.3 million for HY2021 to \$22.5 million for HY2022 as a result of the increase in revenue. Gross profit margin decreased by three percentage points from 45% in HY2021 to 42% in HY2022 mainly due to the change in sales mix of the Health Business segment and the Diagnostic and Aesthetics Business segment, and increase in doctors’ remuneration arising from changes to the remuneration scheme of certain doctors pursuant to their agreements.

Other income

Other income increased by 111.4% from \$35,000 for HY2021 to \$74,000 for HY2022 mainly due to higher miscellaneous income received in HY2022.

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Singapore Medical Group Limited and its Subsidiaries

Other information required by Appendix 7C of the Catalyst Rules
For the six-month financial period ended 30 June 2022

2. Review of the performance of the Group (cont'd)

Interim Condensed Consolidated Statement of Comprehensive Income (cont'd)

Distribution and selling expenses

Distribution and selling expenses increased by 3.8% from \$1.7 million for HY2021 to \$1.8 million for HY2022. The increase is in line with the increase in revenue.

Administrative expenses

Administrative expenses increased by 16.0% from \$11.6 million for HY2021 to \$13.4 million for HY2022. This was mainly due to increase in staff costs as a result of: (i) the receipt of \$0.5 million of wage credits under the Job Support Scheme in HY2021; (ii) increase in headcount due to the opening of new clinics; (iii) salary adjustments and additional bonuses to match with the market; and (iv) increase in recruitment costs.

Financial expenses

Financial expenses decreased by 21.6% from \$0.3 million for HY2021 to \$0.2 million for HY2022 mainly due to lower interest expense from bank loans with the repayment of the loan principal.

Share of results of joint ventures and associates

Share of profit of joint ventures and associates increased by 252.0% from \$0.2 million for HY2021 to \$0.8 million for HY2022. This is mainly due to higher profits earned by the joint venture entity, PT Ciputra SMG, and associated company, CHA SMG (Australia) Pte. Ltd., and improved performance by the associated company, CityClinic Asia Investments Pte. Ltd. The increase is offset by the loss incurred by the joint venture entity, Aurum SMG Pte. Ltd. (“ASPL”), where it only commences operations in March 2022.

Income tax expense

Income tax expense decreased by 4.7% from \$1.2 million for HY2021 to \$1.1 million for HY2022 mainly due to a lower taxable profit during the financial period.

Net profit

As a result of the reasons mentioned above, the Group's net profit attributable to equity holders of the Company decreased by 12.9% from \$7.2 million for HY2021 to \$6.3 million for HY2022.

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Other information required by Appendix 7C of the Catalist Rules
For the six-month financial period ended 30 June 2022

2. Review of the performance of the Group (cont'd)

Interim Condensed Consolidated Balance Sheet

Non-current assets increased by \$0.5 million from \$165.9 million as at 31 December 2021 to \$166.4 million as at 30 June 2022, mainly due to:

- (i) Increase in investment in joint ventures mainly due to subscription of additional shares in ASPL, and the net share of profits arising from joint ventures during the financial period;
- (ii) Increase in investment in associates mainly due to the net share of profits arising from associates during the financial period; and
- (iii) Increase in other receivables due to increase in rental deposits placed for new and renewed leases during the financial period.

The above is offset by: (i) decrease in property, plant and equipment arising from depreciation charged, offset by additions during the financial period; (ii) decrease in intangible assets arising from amortisation charged, offset by additions during the financial period; and (iii) decrease in right-of-use assets arising from depreciation charged, offset by the renewal of existing leases and new leases obtained for clinic/office premises during the financial period.

Current assets increased by \$2.1 million from \$36.0 million as at 31 December 2021 to \$38.1 million as at 30 June 2022, mainly due to increases in inventories, trade receivables, prepayments, and cash and cash equivalents of \$0.2 million, \$0.8 million, \$0.5 million and \$0.6 million respectively.

Current liabilities increased by \$0.4 million from \$26.5 million as at 31 December 2021 to \$26.9 million as at 30 June 2022, mainly due to: (a) increase in trade payables of \$0.3 million; (b) increase in other payables and accruals of \$0.9 million; and (c) increase in contract liabilities of \$0.3 million. The increase is offset by: (a) decrease in the current portion of loans and borrowings of \$0.9 million as a result of repayment of bank loans; and (b) decrease in income tax payable of \$0.2 million.

Non-current liabilities decreased by \$0.5 million from \$8.8 million as at 31 December 2021 to \$8.3 million as at 30 June 2022, mainly due to decrease in lease liabilities arising from lease payments, offset by the additional lease liabilities from the renewal of existing leases and new leases obtained for clinic/office premises during the financial period, and decrease in loans and borrowings as a result of reclassification from non-current to current during the financial period. The decrease is offset by increase in deferred tax liabilities.

Refer to Note 14 of the interim condensed financial statements for details of movements in share capital.

Interim Condensed Consolidated Cash Flow Statement

Net cash flows generated from operating activities of \$10.2 million for HY2022 arose mainly from the operating profit before working capital changes of \$12.2 million, offset by outflow of working capital of \$0.5 million, and interest and income tax payment of \$0.2 million and \$1.3 million respectively.

Net cash flows used in investing activities of \$1.5 million for HY2022 were mainly attributed to the purchase of property, plant and equipment of \$1.0 million and investment in joint venture of \$0.5 million.

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Other information required by Appendix 7C of the Catalist Rules
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2. Review of the performance of the Group (cont'd)

Interim Condensed Consolidated Cash Flow Statement (cont'd)

Net cash flows used in financing activities of \$8.1 million for HY2022 were mainly from dividends paid of \$4.4 million, dividends paid to non-controlling interests of \$0.2 million, and repayment of loans and borrowings and lease payments of \$1.1 million and \$2.4 million respectively.

Cash and cash equivalents was \$27.2 million as at 30 June 2022, compared to \$26.6 million as at 31 December 2021.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No specific forecast or prospect statement has been previously disclosed to shareholders.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

Following a near two-year period of strict border controls and lockdowns, medical tourism has gradually begun to return since April 2022, positively contributing to the Group's topline and key specialist verticals such as imaging, oncology and cardiology. The Group expects the gradual resumption of medical tourism demand to continue in 2H2022 driving further growth in the Group.

Despite these tailwinds from medical tourism, the healthcare industry has faced an ongoing labour crunch as resignations persist throughout the industry. The replacement cost from these resignations will affect the Group's cost structure and impact operations. The Group also foresees the need for salary adjustments for existing employees as inflationary pressures drive up salary expectations for both existing and new employees.

Nevertheless, the Group remains confident in its diversified business model and continues to chart opportunities for growth. In particular, the Group is looking to further strengthen its position as a leading private specialist healthcare provider within the women's and children's space through the hiring of new O&G specialists and paediatricians, along with the continued expansion of our regional healthcare services in Indonesia, Vietnam, Australia and beyond.

On the organic growth front, the Group expects to further expand through the hiring of new specialists, the opening of new clinics, as well as increasing capacity within existing facilities. These initiatives extend to the Group's overseas investments in Australia, Indonesia and Vietnam which continue to garner momentum and have begun to contribute positively to the Group's financial performance. The Group is undertaking these efforts against the backdrop of rising demand for private specialist healthcare services, an increasingly ageing population, rising prevalence of chronic diseases and a more health-conscious population.

On the inorganic growth front, the Group continues to explore merger and acquisition opportunities in both key and complementary specialist verticals. In addition, the Group continues to explore various avenues and corporate actions to enhance shareholder value. Any material developments on potential future corporate actions will be announced to shareholders accordingly via SGXNet.

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Singapore Medical Group Limited and its Subsidiaries

**Other information required by Appendix 7C of the Catalyst Rules
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5. Dividend information

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividend has been declared or recommended for the current financial period.

(b) Corresponding period of the immediately preceding financial year.

No dividend has been declared or recommended for the corresponding period of the immediately preceding financial year.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 p.m.) will be registered before entitlements to the dividend are determined.

Not applicable.

6. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision

No dividend has been declared or recommended for the financial period ended 30 June 2022 in view of the funding needs of the Group for future business development and expansion.

7. Interested person transactions

The Group does not have a general mandate for interested person transactions. The aggregate value of the interested person transactions conducted during the six-month financial period ended 30 June 2022 is disclosed below:

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Singapore Medical Group Limited and its Subsidiaries

Other information required by Appendix 7C of the Catalist Rules
For the six-month financial period ended 30 June 2022

7. Interested persons transactions (cont'd)

Name of interested person	Aggregate value of all interested person transactions (including transactions less than \$100,000) during the financial period under review	
	30.6.2022 \$'000	30.6.2021 \$'000
K S Beng Pte Ltd ⁽¹⁾ - Rental	93	91
MW Medical Holdings Pte Ltd ⁽²⁾ - Rental	77	82
MW Medical Pte Ltd ⁽²⁾ - Nursing	4	4
TSMP Law Corporation ⁽³⁾ - Professional Fees	13	76

Notes:

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

8. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H of the Catalist Rules) under Rule 720(1) of the Catalist Rules.

9. Acquisition or sale of shares in subsidiaries and/or associated companies under Rule 706(A)

Save for the disclosures set out in Note 18 to the interim condensed financial statements, the Group has the following transactions during the six-month financial period ended 30 June 2022 and up to the date of this document:

(a) Completion of Member's Voluntary Liquidation of a Dormant Subsidiary

The Company had previously placed Singapore Vision Centre Pte. Ltd. ("SVC"), a dormant wholly-owned subsidiary, under member's voluntary liquidation (the "Liquidation") which was announced via SGXNET on 30 December 2020.

The Liquidation proceedings have been completed and SVC is officially dissolved with effect from 6 March 2022.

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Singapore Medical Group Limited and its Subsidiaries

Other information required by Appendix 7C of the Catalyst Rules
For the six-month financial period ended 30 June 2022

9. Acquisition or sale of shares in subsidiaries and/or associated companies under Rule 706(A) (cont'd)

(b) Incorporation of Subsidiary

On 25 July 2022, the Company incorporated a wholly-owned subsidiary in Singapore known as SMG Kids Orthopaedic Pte. Ltd. ("**SKO**").

SKO was registered with an issued and paid-up capital of \$100 comprising 100 ordinary shares and its principal activities are those relating to the provision of orthopaedic services for children and adolescents.

The above investment is funded through the Company's internal resources.

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Other information required by Appendix 7C of the Catalist Rules
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Confirmation by the Board

We, the undersigned, hereby confirm on behalf of the Board of Directors (the “**Board**”) that to the best of our knowledge, nothing has come to the Board’s attention which may render the unaudited interim condensed financial statements of the Group for the six-month financial period ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Dr Beng Teck Liang
Executive Director and Chief Executive Officer

Mr Ho Lon Gee
Independent Director

Singapore
11 August 2022

*This announcement 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 announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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.

APPENDIX VI – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

The rights of Shareholders in respect of, *inter alia*, capital, dividends and voting as extracted and reproduced from the Constitution are set out below. All capitalised terms used in the following extracts shall have the same meanings ascribed to them in the Constitution, a copy of which is available for inspection at 1004 Toa Payoh North #06-03/07 Singapore 318995 during normal business hours from the date of this Circular up to and including the Closing Date.

ISSUE OF SHARES

3. Subject to the Statutes and the provisions of these presents, no shares may be issued by the Directors without the prior approval of the Company by Ordinary Resolution but subject thereto and to Article 7, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of shares to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions whether as regards dividend, return of capital, participation in surplus assets and profits, voting, conversion or otherwise, as the Directors may think fit. Preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, PROVIDED THAT:
- (a) (subject to any direction to the contrary that may be given by the Company in a General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 7(A) with such adaptations as are necessary shall apply; and
- (b) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same and in the provisions of these presents. *Appendix 4C Paragraph 1(b)*
4. (A) Preference shares may be issued subject to such limitation thereof as may be prescribed by any securities exchange upon which shares in the Company are listed. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six Months in arrear. *Appendix 4C Paragraphs 1(a) and 1(d)*
- (B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued. *Appendix 4C Paragraph 1(c)*

APPENDIX VI – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

(C) Definitions

In Articles 4(C) to 4(E), the following expressions shall, unless the context otherwise requires, have the following meanings:

“Aggregate Consideration” means the aggregate consideration of S\$5,588,145.04 payable by the Investor to the Company;

“Business Day” means a day (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Singapore and Cayman Islands;

“Catalist” means a sponsor-supervised listing platform on the SGX-ST;

“Catalist Rules” means the listing rules Section B: Rules of Catalist of the SGX-ST as may be amended, supplemented or modified from time to time;

“CDC Investment Code” means the code stipulated by the CDC Group plc that defines principles, objectives, policies and management systems for sustainable and responsible investment with respect to environmental, social and governance matters, as may be revised and/or supplemented from time to time, and which amendments shall be mutually agreed with the Company;

“Company” means Singapore Medical Group Limited;

“Completion” means the completion of the subscription and the allotment and issue of the RCPS pursuant to the Subscription Agreement and the Supplemental Agreement (including receipt of the Aggregate Consideration by the Company at its bank account in Singapore);

“Completion Date” means the date on which the Completion takes place;

“Conversion Price” means the conversion price for each RCPS which is equivalent to the Issue Price, subject to adjustments from time to time in accordance with Article 4(D)(3);

“Conversion Ratio” means one new Ordinary Share for one RCPS, subject to adjustments from time to time in accordance, with Article 4(D)(3);

“Conversion Shares” mean the new Ordinary Shares to be issued by the Company to the RCPS Holder(s) upon the conversion of the RCPS into Ordinary Shares and such further Ordinary Shares as may be required to be issued pursuant to any adjustments under the terms and conditions of the proposed RCPS Issue;

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“**Group**” means the Company and its subsidiaries;

“**Investor**” means Kendall Court (Singapore) Pte. Ltd.;

“**Issue Price**” means S\$0.219 for each RCPS;

“**Ordinary Shares**” mean ordinary shares in the capital of the Company;

“**RCPS**” means the new cumulative redeemable convertible preference shares to be subscribed by the Investor and issued by the Company pursuant to the terms and conditions of the Subscription Agreement and the Supplemental Agreement;

“**RCPS Holder**” means a person registered as holder of RCPS in the Register of RCPS Holders maintained by the Company;

“**RCPS Issue**” means the proposed issue of 25,516,644 RCPS by the Company, pursuant to the terms and conditions of the Subscription Agreement and the Supplemental Agreement;

“**Redemption Amount**” means the redemption amount payable by the Company upon the redemption of the RCPS which is equivalent to the aggregate Issue Price for all or such part of the RCPS to be redeemed, subject to adjustments from time to time in accordance with Article 4(D)(4);

“**Relevant Group Company**” means Singapore Medical Group (HK) Limited;

“**SGX-ST**” means Singapore Exchange Securities Trading Limited;

“**Subscription Agreement**” means the subscription agreement dated 28 December 2011 entered into between the Company and the Investor, pursuant to which the Investor has agreed to subscribe for, and the Company has agreed to allot and issue, 25,516,644 RCPS at S\$0.219 for each RCPS;

“**Supplemental Agreement**” means the supplemental agreement dated 16 March 2012 entered into between the Company and the Investor, pursuant to which the Company and the Investor have agreed to amend certain terms and conditions of the RCPS stated in the Subscription Agreement;

“**Territory**” means China (excluding Hong Kong, Macau and Taiwan);

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In these Articles 4(C) to 4(E):

- (i) undefined terms shall bear the same meanings ascribed to them in Article 2 of these presents;
- (ii) words importing the singular number include the plural number and vice versa;
- (iii) words importing the masculine gender include the feminine gender and vice versa;
- (iv) “written” and “in writing” include all modes of representing or reproducing words in visible form;
- (v) references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced from time to time;
- (vi) any phrase introduced by the terms “including”, “include” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms; and
- (vii) headings are inserted for reference only and shall be ignored in construing these Articles 4(C) to 4(E).

(D) Terms and Conditions of the RCPS

(1) Preference Dividend

Each RCPS Holder shall be entitled to receive out of the profits of the Company available for distribution and in priority to the payment of dividend to the holders of any other class of shares in the capital of the Company a fixed net cash cumulative preferential dividend at the fixed rate of 4% per annum on the Issue Price (as adjusted for any share dividend, share split, recapitalisation, subdivision, combination, bonus issue, rights issue and other changes in capital structure of the Company), or such amount of dividends the RCPS Holder would have received on an as-if converted basis if the dividend paid per Ordinary Share is higher. For the avoidance of doubt, the preferential dividend shall be cumulative, and if not paid in any financial year, shall be compounded onto the Issue Price such that the cumulated but unpaid dividend shall itself be entitled to a preferential dividend at the same fixed rate in the subsequent financial year(s).

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(2) **Capital**

Application of proceeds

On a return of capital on liquidation or otherwise, the assets of the Company remaining after payments to all the creditors of the Company, whether secured or unsecured, shall be applied in the manner set out in the paragraphs below:–

- (a) First, in repaying to the RCPS Holder(s) the aggregate Issue Price for the RCPS held and a sum equal to any arrears, deficiency or accruals of the Preference Dividend, such arrears, deficiency or accruals to be calculated down to the date of the return of capital (collectively, the **“Preferred Amount”**);
- (b) The balance (if any) of such assets shall belong to and be distributed amongst the holders of the Ordinary Shares in proportion to the amounts paid up or credited as paid up on the Ordinary Shares held by them respectively.

Proceeds insufficient to pay the Preferred Amount in full

If upon liquidation of the Company, the proceeds are insufficient to pay the Preferred Amount in full to the RCPS Holder(s), they will be repaid on a pro rata basis in proportion to the Preferred Amount that each is otherwise entitled to receive.

All holders of Ordinary Shares shall rank after the RCPS Holder(s) in repayment of capital upon the Company’s liquidation.

Distribution of surplus assets

For the avoidance of doubt, after payment of the Preferred Amount to the RCPS Holder(s), the RCPS Holder(s) shall have no further right or claim to any surplus assets of the Company.

(3) **Conversion**

Conversion Ratio

Each RCPS shall be convertible into one Ordinary Share in the capital of the Company. The initial conversion price for each RCPS is equivalent to the Issue Price.

The Conversion Shares when allotted and issued, shall be credited as fully paid up and rank *pari passu* in all respects with the then existing Ordinary Shares in issue on the relevant date of issue of the Conversion Shares, including the right to receive

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all dividends and distributions which may be declared, made or paid from time to time and are free and clear of all encumbrances whatsoever, save for rights, that may be declared or paid, the record date for which falls before the date of issue of the Conversion Shares.

Rights of conversion

The right of conversion may be exercised at any time for a period of 6.5 calendar years from the Completion Date (“**Voluntary Conversion Period**”). For the avoidance of doubt while the RCPS Holder(s) may exercise its right to convert at any time for a period of 6.5 calendar years, if by the 6.5th year and for a 90 trading day period prior to the expiry of the Voluntary Conversion Period: (i) the share price of the Group is at S\$0.28 and above per share for 90 consecutive trading days; and (ii) the average daily trading volume of the Group’s shares over the preceding 90 trading days period prior to the expiry of this Voluntary Conversion Period, shall be equal to or greater than the weighted average daily trading volume of the shares of five largest companies (by market capitalisation) listed and quoted on the Catalist over the same period of 90 trading days, then the RCPS Holder(s) is required to promptly convert all its RCPS to Ordinary Shares without exception. The determination of which five largest companies (by market capitalisation) to be used for the calculation under this paragraph, shall be made by comparing market capitalisation of all companies listed and quoted on the Catalist, on the first trading day in the calendar month in which the expiry of the Voluntary Conversion Period will occur.

Conversion

RCPS shall be convertible in the following manner:

- (a) any RCPS Holder(s) may serve a notice on the Company that it intends to exercise its right of conversion (accompanied by the share certificates for the RCPS) and conversion shall take place within 10 Business Days from the date of such notice (“**Conversion Date**”); and the Company may also serve a notice on the RCPS Holder(s) to convert in the event stated in the paragraph on “Right of conversion” above. In the latter case, the Conversion Price shall be based on the exact date and time of the Company’s notification to the RCPS Holder(s) and any changes in the prices that comes after that exact date and time of notification shall not have any bearing on the mandatory conversion; and

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- (b) on Conversion Date, the Company shall issue to such holder the original share certificate(s) for the Conversion Shares arising from the conversion or credit the securities account of the RCPS Holder(s) notified by the RCPS Holder(s) to the Company with such Conversion Shares.

The Conversion Price will be subject to adjustment in the following events:

- (a) Consolidation, Subdivision or Reclassification: If and whenever there shall be an alteration to the number of Ordinary Shares as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

Where:

A is the number of Ordinary Shares immediately before such alteration; and

B is the number of Ordinary Shares immediately after such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

- (b) Capitalisation of Profits or Reserves

- (1) If and whenever the Company shall issue any Ordinary Shares credited as fully paid to the Ordinary Shares holders by way of capitalisation of profits or reserves, including Ordinary Shares paid up out of distributable profits or reserves (except any Scrip Dividend) and which would not have constituted a Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

Where:

A is the aggregate number of issued Ordinary Shares immediately before such issue; and

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B is the aggregate number of issued Ordinary Shares immediately after such issue.

- (2) In the case of an issue of Ordinary Shares by way of a Scrip Dividend where the Current Market Price of such Ordinary Shares exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Ordinary Shares by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

A is the aggregate number of issued Ordinary Shares immediately before such issue;

B is the aggregate number of Ordinary Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is the Current Market Price of the Ordinary Shares issued by way of Scrip Dividend in respect of each existing Ordinary Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and

C is the aggregate number of Ordinary Shares issued by way of such Script Dividend;

or by making such other adjustment as an Independent Investment Bank shall certify as fair and reasonable.

Such adjustment shall become effective on the date of issue of such Ordinary Shares or if a record date is fixed therefor, immediately after such record date.

(c) Distributions

- (1) Subject to Article 4(D)(3)(c)(2) below (Distributions), if and whenever the Company shall pay or make any Distribution to the Ordinary Shares holders (except to the extent, but only to the extent, that the Conversion Price falls to be adjusted under Article 4D(3)(b) above (Capitalisation of Profits or Reserves), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Distribution by the following fraction:

$$\frac{A - B}{A}$$

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Where:

- A is the Current Market Price of one Ordinary Share on the last Trading Day preceding the date on which the Distribution is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the Distribution attributable to one Ordinary Share.

Such adjustment shall become effective on the date that such Distribution is actually made or if a record date is fixed therefore, immediately after such record date.

- (2) If and whenever the Company shall pay or make any Distribution in cash only to the Ordinary Shares holders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Distribution by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A is the Current Market Price of one Ordinary Share on the record date for the determination of Ordinary Shares holders entitled to receive such Distribution in cash; and
- B is the amount of cash so distributed attributable to one Ordinary Share.

Such adjustment shall become effective on the record date for the determination of Ordinary Shares holders entitled to receive such Distribution in cash.

- (d) Rights Issues of Shares or Options over Shares. If and whenever the Company shall issue Ordinary Shares to all or substantially all Ordinary Shares holders as a class by way of rights, or issue or grant to all or substantially all Ordinary Shares holders as a class by way of rights, of options, warrants or other rights to subscribe for or purchase any Ordinary Shares, in each case at less than the Current Market Price per Ordinary Share on the last Trading Day preceding the date of the announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

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Where:

- A is the number of Ordinary Shares in issue immediately before such announcement;
- B is the number of Ordinary Shares which the aggregate amount (if any) payable for the Ordinary Shares issued by way of rights or for the options or warrants or other rights issued by way of rights and for the total number of Ordinary Shares comprised therein would purchase at such Current Market Price per Ordinary Share; and
- C is the aggregate number of Ordinary Shares issued or, as the case may be, comprised in the grant.

Such adjustment shall become effective on the date of issue of such Ordinary Shares or issue or grant of such options, warrants or other rights (as the case may be).

- (e) Rights Issues of Other Securities. If and whenever the Company shall issue any securities (other than Ordinary Shares or options, warrants or other rights to subscribe or purchase Ordinary Shares) to all or substantially all Ordinary Shares holders as a class by way of rights or grant to all or substantially all Ordinary Shares holders as a class by way of rights, options, warrants or other rights to subscribe for or purchase any securities (other than Ordinary Shares or options, warrants or other rights to subscribe or purchase Ordinary Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A is the Current Market Price of one Ordinary Share on the last Trading Day preceding the date on which such issue or grant is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Ordinary Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be).

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- (f) Issues at less than Current Market Price: If and whenever the Company shall issue any Ordinary Shares (other than Ordinary Shares issued on the exercise of conversion rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Ordinary Shares) or the issue or grant of options, warrants or other rights to subscribe or purchase Ordinary Shares in each case at a price per Ordinary Share which is less than the Current Market Price on the last Trading Day preceding the date, of announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{C}$$

Where:

- A is the number of Ordinary Shares in issue immediately before the issue of such additional Ordinary Shares or the grant of such options, warrants or other rights to subscribe for or purchase any Ordinary Shares;
- B is the number of Ordinary Shares which the aggregate consideration receivable for the issue of such additional Ordinary Shares would purchase at such Current Market Price per Ordinary Share; and
- C is the number of Ordinary Shares in issue immediately after the issue of such additional Ordinary Shares.

References to additional Ordinary Shares in the above formula shall, in the case of an issue by the Company of options, warrants or other rights to subscribe or purchase Ordinary Shares, mean such Ordinary Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Ordinary Shares or, as the case may be, the issue of such options, warrants or other rights.

- (g) Other Issues at less than Current Market Price: Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Article 4(D)(3)(g), if and whenever the Company or any of its Subsidiaries otherwise than as mentioned in

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Article 4(D)(3)(d) (Rights Issues of Shares or Options over Shares), Article 4(D)(3)(e) (Rights Issues of Other Securities) or Article 4(D)(3)(f) (Issues at less than Current Market Price) or (at the direction or request of or pursuant to any arrangements with the Company or any of its Subsidiaries) any other company, person or entity shall issue any securities (other than the RCPS) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Ordinary Shares to be issued by the Company on conversion, exchange or subscription at a consideration per Ordinary Share which is less than the Current Market Price on the last Trading Day preceding the date of announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

- A is the number of Ordinary Shares in issue immediately before such issue;
- B is the number of Ordinary Shares which the aggregate consideration receivable by the Company for the Ordinary Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Ordinary Share; and
- C is the maximum number of Ordinary Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

- (h) Modification of Rights of Conversion etc.: If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Article 4(D)(3)(g) (Other Issues at less than Current Market Price) (other than in accordance with the terms of such securities) so that the consideration per Ordinary Share (for the number of Ordinary Shares available on conversion, exchange or subscription following the modification) is less than the Current Market

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Price on the last Trading Day preceding the date of announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

- A is the number of Ordinary Shares in issue immediately before such modification;
- B is the number of Ordinary Shares which the aggregate consideration receivable by the Company for the Ordinary Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to the securities so modified would purchase at such Current Market Price per Ordinary Share or, if lower, the existing conversion, exchange or subscription price; and
- C is the maximum number of Ordinary Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an Independent Investment Bank considers appropriate (if at all) for any previous adjustment under this Article 4(D)(3)(h) or Article 4(D)(3)(g) (Other Issues at less than Current Market Price).

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

- (i) Other Offers to Shareholders: If and whenever the Company or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Company or any of its Subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with which an offer to which the Ordinary Shares holders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Article 4(D)(3)(d) (Rights Issues of Shares or Options over Shares), Article 4(D)(3)(e) (Rights Issues of Other Securities), Article 4(D)(3) (f) (Issues at less than Current Market Price) or Article 4(D)(3)(g) (Other Issues at less than Current Market Price)), the Conversion Price

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shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A is the Current Market Price of one Ordinary Share on the last Trading Day preceding the date on which such issue is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Ordinary Share.

Such adjustment shall become effective on the date of issue of the securities.

- (j) Other Events: If either the Company or the RCPS Holder(s) determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Article 4(D)(3) (Conversion), the Company shall, at its own expense, consult an Independent Investment Bank, to determine as soon as practicable whether an adjustment should be made to the Conversion Price and what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination by the Independent Investment Bank such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that where the circumstances giving rise to any adjustment pursuant to this Article 4(D)(3) (Conversion) have already resulted or will result in an adjustment to the Conversion Price or where the circumstances giving rise to any adjustment arise by virtue of circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Article 4(D)(3) (Conversion) as may be advised by the Independent Investment Bank to be in its opinion appropriate to give the intended result.
- (k) More than One Event in Quick Succession: Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of an Independent Investment Bank, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Investment Bank to be in its opinion appropriate for that purpose to give such intended result.

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- (l) SMG Employee Share Option Scheme: The Conversion Price shall not be subject to any adjustment as a result of any issue of Ordinary Shares by the Company pursuant to the employee share option scheme adopted by the Company on 30 June 2009.
- (m) Independent Investment Banks’ Certificate Conclusive: If any doubt shall arise as to the appropriate adjustment to the Conversion Price a certificate or report of an Independent Investment Bank shall be conclusive and binding on all concerned save in the case of manifest error.
- (n) Rounding and Minor Adjustments: On any adjustment, the resultant Conversion Price, if not an integral multiple of one Singapore cent, shall be rounded down to the nearest Singapore cent. No adjustment shall be made to the Conversion Price if such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustments shall be given to RCPS Holder(s) in accordance with Clause 8.1 of the Subscription Agreement as soon as practicable after their determination.
- (o) Selection of Independent Investment Bank: If the Company fails to select an Independent Investment Bank when required for the purposes of this Article 4(D)(3) (Conversion), the RCPS Holder(s) may by resolution select such bank (as the case may require) at the expense of the Company.
- (p) Post-Record Date Adjustments: If the Conversion Date in relation to any RCPS shall be after the record date for any such issue, distribution or grant as is mentioned in Article 4(D)(3)(b) (Capitalisation of Profits or Reserves) to Article 4(D)(3)(e) (Rights Issues of Other Securities) and Article 4(D)(3)(i) (Other Offers to Shareholders), or any such issue as is mentioned in Article 4(D)(3)(f) (Issues at less than Current Market Price) and Article 4(D)(3)(g) (Other Issues at less than Current Market Price) which is made to the Ordinary Shares holders or any of them, but before the relevant adjustment becomes effective under this Article 4(D)(3) (Conversion), the Company shall (conditional on such adjustment becoming effective) procure that there be issued to the converting RCPS Holder(s) or in accordance with the instructions contained in the Conversion Notice such additional number of Ordinary Shares as, together with the Ordinary Shares issued or to be issued on conversion of the relevant RCPS,

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is equal to the number of Ordinary Shares which would have been required to be issued on conversion of such RCPS if the relevant adjustment (more particularly referred to in the said paragraphs above) to the Conversion Price had in fact been made and become effective immediately after the relevant record date. Such additional Ordinary Shares will be allotted as at, and within one month after, the relevant Conversion Date or, if the adjustment results from the issue of Ordinary Shares, the date of issue of Ordinary Shares. Certificates for such Ordinary Shares will be despatched or credited into the securities account of the relevant RCPS Holder(s) within such period of one month.

For the purposes of this Article 4(D)(3) (Conversion):

“Alternative Stock Exchange” means at any time, in the case of the Ordinary Shares, if they are not at that time listed and traded on the Catalist, the principal stock exchange or securities market on which the Ordinary Shares are then listed or quoted or dealt in.

“Current Market Price” means, in respect of an Ordinary Share at a particular date, the average of the daily Volume Weighted Average Price for one Ordinary Share (being an Ordinary Share carrying full entitlement to dividend) on each of the 20 consecutive Trading Days ending on the Trading Day immediately preceding such date, provided that if at any time during the said 20 Trading Day period the Ordinary Shares shall have been quoted ex-dividend and during some other part of that period the Ordinary Shares shall have been quoted cum-dividend then:

- (i) if the Ordinary Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Ordinary Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Ordinary Share; or
- (ii) if the Ordinary Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Ordinary Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by such similar amounts,

and provided further that if the Ordinary Shares on each of the said 20 Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Ordinary Shares to be issued do not rank for that dividend, the

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quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Ordinary Share.

“Distribution” means (a) any dividend or distribution (whether of cash or assets in specie) by the Company for any financial period (whenever paid or made and however described) (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid (other than Ordinary Shares credited as fully paid to the extent an adjustment to the Conversion Price is made in respect thereof under Article 4(D)(3)(b)(1) (Capitalisation of Profits or Reserves)) by way of capitalisation of reserves and including any Scrip Dividend to the extent of the Relevant Cash Dividend) unless it comprises a purchase or redemption of Ordinary Shares by or on behalf of the Company (or a purchase of Ordinary Shares by or on behalf of a Subsidiary), where the price of such purchases does not exceed the price allowed under the Catalist Rules or any other applicable laws or regulations (1) on that date, or (2) where an announcement has been made of the intention to purchase Ordinary Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement and, if in the case of either (1) or (2), the relevant day is not a Trading Day, the immediately preceding Trading Day.

“Fair Market Value” means, with respect to any assets, security, option, warrants or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Investment Bank, provided that (i) the fair market value of a cash dividend paid or to be paid per Ordinary Share shall be the amount of such cash dividend per Ordinary Share determined as at the date of announcement of such dividend; and (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Independent Investment Bank) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five trading days on the relevant market commencing on the first such trading day such options, warrants or other rights are publicly traded.

“Independent Investment Bank” means an independent investment bank or financial institution in Singapore duly licensed by the Monetary Authority of Singapore (acting as expert) and selected by the Company.

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“Relevant Cash Dividend” means any cash dividend specifically declared by the Company.

“Scrip Dividend” means any Ordinary Shares issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the Ordinary Shares holders concerned would or could otherwise have received and which would not have constituted a Distribution (and for the avoidance of doubt to the extent that no adjustment is to be made under Article 4(D)(3)(c) (Distributions) in respect of the amount by which the Current Market Price of the Ordinary Shares exceeds the Relevant Cash Dividend or part thereof).

“Subsidiary” has the meaning ascribed to it by Section 5 of the Act.

“Trading Day” means a day when the SGX-ST or, as the case may be an Alternative Stock Exchange, is open for dealing business, provided that if no closing price is reported in respect of the relevant Ordinary Shares on the SGX-ST or, as the case may be the Alternative Stock Exchange, for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not have existed when ascertaining any period of dealing days.

“Volume Weighted Average Price” means, in respect of an Ordinary Share on any Trading Day, the order book volume-weighted average price of an Ordinary Share appearing on or derived from Bloomberg “SMG SP” (or any successor service) on such Trading Day, provided that on any such Trading Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share in respect of such Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined.

Fractional shares

No fractional Ordinary Shares shall be issued upon conversion of any RCPS.

All Ordinary Shares (including fractions thereof) issuable upon conversion of more than one RCPS by a RCPS Holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional Ordinary Share, and the Company shall, in lieu of issuing any fractional Ordinary Share, pay cash equal to the product of such fraction multiplied by the Ordinary Share’s last traded share price on the date of conversion.

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Optional Conversion

The RCPS Holder(s) shall further be entitled, at any time during the Voluntary Conversion Period, at its option, to convert all (and not some only) of its RCPS into new shares in the Relevant Group Company into which any portion of the Aggregate Consideration has been spent pursuant to clause 2.2.1 of the Subscription Agreement (“**Clause 2.2.1**”), such that the percentage shareholdings held by the RCPS Holder(s) in such Relevant Group Company upon conversion shall be equal to:

19% X	$\frac{\begin{array}{c} \text{Amount of Aggregate} \\ \text{Consideration utilised for} \\ \text{the expansion of the} \\ \text{Relevant Group} \\ \text{Company, in accordance} \\ \text{with Clause 2.2.1} \end{array}}{\begin{array}{c} \text{The total portion} \\ \text{Aggregate Consideration} \\ \text{earmarked for expansion} \\ \text{into the Territory} \\ \text{pursuant to Clause 2.2.1} \end{array}}$	X	$\begin{array}{c} \text{Aggregate equity} \\ \text{interest (directly} \\ \text{or indirectly) held} \\ \text{by the Company} \\ \text{in such Relevant} \\ \text{Group Company} \\ \text{as at conversion} \end{array}$
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Completion of such conversion shall take place within 10 Business Days from the date of the RCPS Holder(s)’s exercise of such option, with the Company delivering to the RCPS Holder(s) original duly executed share certificate(s), certified true copies of updated register of members and such other documents as the RCPS Holder(s) may reasonably require evidencing the RCPS Holder(s)’s shareholdings in such Relevant Group Company.

(4) **Redemption**

Redemption event

The Company shall be obliged upon written notice by a RCPS Holder to redeem the RCPS at the Redemption Amount in any of the following events:–

- (a) 6.5 calendar years from the Completion Date if the RCPS Holder has not converted the RCPS pursuant to the “Right of conversion” above; or
- (b) there is a breach of (i) any of the terms and conditions of the Subscription Agreement and the Supplemental Agreement, or (ii) the CDC Investment Code, in which case, the RCPS Holder shall be entitled to require the Company to redeem all of the RCPS; or

APPENDIX VI – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

- (c) on or after the second anniversary of the Completion Date, the proceeds of the Aggregate Consideration have not been fully utilised in accordance with clause 2.2 of the Subscription Agreement (“**Clause 2.2**”), in which case, the RCPS Holder shall be entitled to require the Company to redeem such number of RCPS computed as follows:

$$\frac{\text{Amount of Aggregate Consideration not utilised in accordance with Clause 2.2}}{\text{Aggregate Consideration}} \times \text{Number of RCPS held by the RCPS Holder}$$

; or

- (d) if Mr. Felix Huang or Dr Cheryl Baumann, directly or indirectly, disposes of any Ordinary Shares for less than S\$0.28 per Ordinary Share and their shareholdings collectively fall below 51%, the RCPS Holder shall have the right to require the Company to redeem all the RCPS at S\$0.28 per RCPS held by the RCPS Holder at that point of time and all accrued dividends.

Manner of redemption

The RCPS shall be redeemable in the following manner:

- (a) any RCPS Holder(s) shall be entitled to serve a notice on the Company at any time after the aforesaid occurrence and redemption of all or such part of the RCPS held by that RCPS Holder(s) shall take place within 10 Business Days from the date of such notice; and
- (b) at the registered office of the Company at such time fixed by the RCPS Holder, each RCPS Holder shall be bound to surrender to the Company the certificate(s) for its RCPS to be redeemed and the Company shall pay to the holder the amount payable in respect of such redemption. The certificates relating to the RCPS which have been surrendered to the Company for redemption shall be cancelled forthwith.

Redemption Amount

The redemption amount payable by the Company upon the redemption of the RCPS shall be an amount equal to the aggregate Issue Price for all or such part of the RCPS to be redeemed together with a sum equal to any arrears, deficiency or accruals of the Preference Dividend (whether earned or declared or resolved to be paid or not), such arrears, deficiency or accruals to be calculated down to the date of full repayment.

APPENDIX VI – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

Right of First Refusal

In the event a RCPS Holder proposes to dispose or transfer its shareholding interest in any RCPS to a third party, provided that such third party is not an affiliate of the RCPS Holder, or the RCPS Holder’s or its affiliates’ investment adviser, manager, director, employee, officer, or shareholder (“**Transfer**”), the Company shall have the right of first refusal in acquiring the RCPS comprised in such Transfer (the “**Subjected Shares**”), and the RCPS Holder shall, prior to effecting any such Transfer, give at least 45 Business Days prior written notice in writing to the Company of its intention and informing the amount of consideration involved in such disposal (the “**Transfer Price**”). During this notice period, the RCPS comprised in such Transfer shall thereupon be subject to the Company’s right of first refusal, and the Company may exercise its right (by itself or through its affiliate) to purchase the Subjected Shares by acquiring the Subjected Shares at the Transfer Price, provided that in the event the Company does not exercise such right of first refusal in respect of all such Subjected Shares within 45 Business Days from the date of the notice, the RCPS Holder shall be entitled to proceed with the Transfer.

(5) **Voting rights**

The RCPS Holder(s) shall have the same rights as holders of Ordinary Shares as regards receiving notices, reports and balance sheets, and attending general meetings of the Company. If:

- (a) general meetings of the Company are convened for the purpose of reducing the capital of the Company;
- (b) general meetings of the Company are convened for the purpose of winding up of the Company;
- (c) general meetings of the Company are convened for the purpose of sanctioning a sale of the whole or substantially the whole of the undertaking of the Company;
- (d) general meetings of the Company are convened where the proposal to be submitted to the meetings directly affects their rights and privileges as RCPS Holder(s); or
- (e) (and so long as) dividends on the RCPS are in arrear for more than six months,

the RCPS Holder(s) shall have the right to receive notice of, attend, speak and vote at such general meetings of the Company. Every RCPS Holder who is present in person at such general meetings shall have on a show of hands one vote and on a poll such votes in respect of the RCPS on an as-if converted basis.

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(6) Approval of holders of Ordinary Shares

To the extent required by the Listing Rules of the SGX-ST from time to time, any material modification to the terms and conditions of the RCPS which is to the advantage of the RCPS Holder(s) shall only be effected with the prior approval of Ordinary Shares holders at a general meeting of the Ordinary Shares holders, unless such modification is made otherwise pursuant to the terms and conditions of the RCPS. For the avoidance of doubt, any adjustment of Conversion Price under Article 4(D)(3)(j) herein to the advantage of the RCPS Holder(s) shall only be effected with the prior approval of Ordinary Shares holders at a general meeting of the Ordinary Shares holders.

(7) Protective Provisions

Consent of the RCPS Holder(s) holding in aggregate 75% in value of the RCPS shall be required for any proposals of the holders of Ordinary Shares for any action that alters or changes the rights, preferences and privileges of the RCPS.

(E) Articles 4(C) to 4(E) prevail

In the event of any conflict or inconsistency between the provisions of Articles 4(C) to 4(E) and the other provisions of these Articles, then the provisions of Articles 4(C) to 4(E) shall prevail.

VARIATION OF RIGHTS

5. (A) Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the Statutes, be varied or abrogated either with the consent in writing of holders who represent at least three-quarters of the total voting rights of all the shares of that class or by a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting, all the provisions of these presents relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the total voting rights of all the shares of that class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, PROVIDED THAT where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from holders who represent at least three-quarters of the total voting rights of all the shares of that class concerned within two Months of such General Meeting shall be as

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valid and effectual as a Special Resolution passed at such General Meeting. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

- (B) The repayment of preference capital other than redeemable preference capital, or any alteration of preference shareholders’ rights, may only be made pursuant to a Special Resolution of the preference shareholders concerned PROVIDED THAT where the necessary majority for such a Special Resolution is not obtained at the General Meeting, consent in writing if obtained from holders who represent at least three-quarters of the total voting rights of all the preference shares concerned within two Months of the General Meeting, shall be as valid and effectual as a Special Resolution carried at the General Meeting.
- (C) The special rights attached to any class of shares having preferential rights shall not, unless otherwise expressly provided by the terms of issue thereof, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.

*Appendix 4C
Paragraph
5(a)*

ALTERATION OF SHARE CAPITAL

6. The Company in General Meeting may from time to time by Ordinary Resolution increase its capital by the allotment and issue of new shares.
7. (A) Subject to the bye-laws or listing rules of the securities exchange upon which shares in the Company are listed or to any direction to the contrary that may be given by the Company in a General Meeting, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 7(A).

*Appendix 4C
Paragraph
1(e)*

APPENDIX VI – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

- (B) Except so far as otherwise provided by the conditions of issue or by the provisions of these presents, all new shares shall be subject to the Statutes and the provisions of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.
8. The Company may by Ordinary Resolution:
- (a) consolidate and divide all or any of its shares;
 - (b) cancel any shares which, at the date of the passing of the resolution, have been forfeited and diminish the amount of its capital by the number of shares so cancelled;
 - (c) sub-divide its shares, or any of them in accordance with the Statutes and the bye-laws or listing rules of the securities exchange upon which shares in the Company are listed, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares; or
 - (d) subject to the Statutes, convert any class of paid-up shares into any other class of paid-up shares.
9. (A) The Company may reduce its share capital or any reserve in any manner and with and subject to any incident authorised and consent required by law.
- (B) Subject to the Statutes, the Company may purchase or otherwise acquire any of its issued shares on such terms and in such manner as the Company may from time to time think fit and in the manner prescribed by the Statutes. If required by the Statutes, any share which is so purchased or acquired by the Company, unless held as treasury shares in accordance with the Statutes, shall be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share (including treasury shares) which is so purchased or acquired by it in accordance with the Statutes.
10. Shares that the Company purchases or otherwise acquires may be held as treasury shares in accordance with the provisions of these presents and the Act.

APPENDIX VI – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

11. Where the shares purchased or otherwise acquired are held as treasury shares by the Company, the Company shall be entered in the Register of Members as the member holding the treasury shares.
12. The Company shall not exercise any right in respect of the treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.

SHARES

13. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way (except by the Statutes or the provisions of these presents) to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee, as the case may be) entered in the Register of Members as the registered holder thereof or (as the case may be) a person whose name is entered in the Depository Register in respect of that share.
14. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions (as regards dividend, return of capital, voting or otherwise) as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination, as the Directors may determine) and subject to the Statutes, the Company may issue preference shares which are, or at the option of the Company, are liable to be redeemed.
15. Subject to the Statutes and the provisions of these presents relating to authority, pre-emption rights and otherwise and of any resolution of the Company in a General Meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.
16. The Company may exercise the powers of paying commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly shares or partly in one way and partly in the other.

APPENDIX VI – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

17. Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten Market Days of the closing date (or such other period as may be approved by the securities exchange upon which shares in the Company are listed) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

SHARE CERTIFICATES

18. Every share certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates and the amount paid and the amount (if any) unpaid thereon. No certificate shall be issued representing shares of more than one class.
19. (A) The Company shall not be bound to register more than three persons as the registered joint holders of a share except in the case of executors, trustees or administrators of the estate of a deceased member.
- (B) In the case of a share registered jointly in the names of several persons, the Company shall not be bound to issue more than one certificate thereof and delivery of a certificate to any one of the registered joint holders shall be sufficient delivery to all.
20. Subject to the payment of all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Directors in their absolute discretion may require, the Company shall despatch to every person whose name is entered as a member in the Register of Members and who is entitled to receive such certificate, one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred, within ten Market Days of the closing date of any application for shares (or such other period as may be approved by the securities exchange upon which shares in the Company are listed) or within ten Market Days after the date of lodgement of a registrable transfer (or such other period as may be approved by the securities exchange upon which shares in the Company are listed). Where such a member transfers part only of the shares comprised in a certificate or where such a member requires the Company to cancel any certificate or certificates and issue new certificate or certificates for the purpose of subdividing his holding in a different manner, the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and such member shall pay all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Directors in their absolute discretion may require and a maximum fee of \$2 for each new certificate (or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by the securities exchange upon which shares in the Company are listed).

*Appendix 4C
Paragraph
4(d)*

*Appendix 4C
Paragraph
2(a)*

APPENDIX VI – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

21. (A) Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register of Members may at his request be cancelled and a single new certificate for such shares issued in lieu without charge.
- (B) If any person whose name is entered in the Register of Members shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu two or more share certificates representing such shares in such proportions as he may specify, the Directors may, if they think fit, comply with such request. Such person shall (unless such fee is waived by the Directors) pay a maximum fee of \$2 for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by the securities exchange upon which shares in the Company are listed.
- (C) In the case of shares registered jointly in the names of several persons, any such request may be made by any one of the registered joint holders.
22. Subject to the Statutes, if any share certificates shall be defaced, worn-out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the securities exchange upon which shares in the Company are listed or on behalf of its or their client or clients as the Directors shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding \$2 as the Directors may from time to time require together with the amount of the proper duty with which such share certificate is chargeable under any law for the time being in force relating to stamps. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

*Appendix 4C
Paragraph 1(f)*

CALLS ON SHARES

23. The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.
24. Each member shall (subject to receiving at least fourteen days’ notice specifying the time or times and place of payment) pay to the Company, the amount called on his shares, at the time or times and place of payment specified by the Company. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.

APPENDIX VI – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

25. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding ten per cent. per annum) as the Directors determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part.
26. Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of the provisions of these presents be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment, all the relevant provisions of these presents as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
27. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.
28. The Directors may, if they think fit, receive from any member willing to advance the same all or any part of the moneys uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish pro tanto the liability upon the shares in respect of which it is made and upon the moneys so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum) as the member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, while carrying interest, confer a right to participate in profits.

FORFEITURE AND LIEN

29. If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.
30. The notice shall name a further day (not being less than fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith, the shares on which the call has been made will be liable to be forfeited.
31. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.

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32. A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit and at any time before a sale, re-allotment or disposition, the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer or effect the transfer of a forfeited or surrendered share to any such other person as aforesaid.
33. A member whose shares have been forfeited or surrendered shall cease to be a member in respect of the shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest thereon at eight per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of the shares at the time of forfeiture or surrender or waive payment in whole or in part.
34. The Company shall have a first and paramount lien on every share (not being a fully paid share) and on the dividends declared or payable in respect thereof. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid and for all moneys as the Company may be called upon by law to pay in respect of the shares of the member or deceased member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article.
35. The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.
36. The residue of the proceeds of such sale pursuant to Article 35 after the satisfaction of the unpaid calls and accrued interest and expenses of such sale shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, or as he may direct. For the purpose of giving effect to any such sale, the Directors may authorise some person to transfer or effect the transfer of the shares sold to the purchaser.
37. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold or disposed to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein

*Appendix 4C
Paragraph
3(a)*

*Appendix 4C
Paragraph
3(b)*

APPENDIX VI – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository or its nominee, as the case may be) or allottee thereof shall (subject to the execution of a transfer if the same is required) constitute a good title to the share and the share shall be registered in the name of the person to whom the share is sold, re-allotted or disposed of or, where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

TRANSFER OF SHARES

38. All transfers of the legal title in shares may be effected by the registered holders thereof by transfer in writing in the form for the time being approved by the securities exchange upon which shares in the Company are listed or in any other form acceptable to the Directors. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, PROVIDED THAT an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.
39. The Register of Members may be closed at such times and for such period as the Directors may from time to time determine, PROVIDED THAT such Register shall not be closed for more than thirty days in any Year. The Company shall give prior notice of such closure as may be required to the securities exchange upon which shares in the Company are listed, stating the period and purpose or purposes for which the closure is made.
40. (A) Subject to the provisions of these presents, there shall be no restriction on the transfer of fully paid up shares (except where required by law, the Statutes or the bye-laws or listing rules of any securities exchange upon which shares in the Company are listed) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve (except where such refusal to register contravenes the bye-laws or listing rules of the securities exchange upon which shares in the Company are listed).

*Appendix 4C
Paragraph
4(a)*

*Appendix 4C
Paragraph
4(c)*

APPENDIX VI – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

- (B) The Directors may in their sole discretion refuse to register any instrument of transfer of shares unless:
- (a) all or any part of the stamp duty (if any) payable on each share certificate and such fee not exceeding \$2 as the Directors may from time to time require in accordance with the provisions of these presents, is paid to the Company in respect thereof;
 - (b) the instrument of transfer is deposited at the registered office or at such other place (if any) as the Directors may appoint accompanied by the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do;
 - (c) the instrument of transfer is in respect of only one class of shares; and
 - (d) the amount of the proper duty with which each share certificate to be issued in consequence of the registration of such transfer is chargeable under any law for the time being in force relating to stamps is tendered.
41. If the Directors refuse to register a transfer of any shares, they shall within ten Market Days after the date on which the transfer was lodged with the Company (or such period of time as may be prescribed by the bye-laws or listing rules of the securities exchange upon which shares in the Company are listed), send to the transferor and to the transferee, written notice of the refusal stating reasons for the refusal as required by the Statutes.
42. All instruments of transfer which are registered may be retained by the Company.
43. There shall be paid to the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding \$2 as the Directors may from time to time require or prescribe.
44. The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six Years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six Years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six Years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the

*Appendix 4C
Paragraph
4(b)*

*Appendix 4C
Paragraph
4(b)*

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basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, PROVIDED THAT:

- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
- (b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and
- (c) references herein to the destruction of any document include references to the disposal thereof in any manner.

TRANSMISSION OF SHARES

- 45. (A) In the case of the death of a member whose name is entered in the Register of Members, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.
 - (B) In the case of the death of a member who is a Depositor, the survivor or survivors where the deceased is a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.
 - (C) Nothing in this Article shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.
46. Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register of Members may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his legal title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of such desire or transfer such share to some other person. All the limitations, restrictions and provisions of these presents relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as

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aforesaid as if the death or bankruptcy of the person whose name is entered in the Register of Members had not occurred and the notice or transfer were a transfer executed by such person.

47. Save as otherwise provided by or in accordance with the provisions of these presents, a person becoming entitled to a share pursuant to Article 45(A) or (B) or Article 46 (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the member in respect of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member in the Register of Members or his name shall have been entered in the Depository Register in respect of the share.

STOCK

48. The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares
49. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Articles and subject to which the shares from which the stock arose might previously to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine.
50. The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose, but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by any number of stock units which would not, if existing in shares, have conferred such privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.

GENERAL MEETINGS

51. Subject to the Statutes, an Annual General Meeting shall be held once in every Year and not more than fifteen Months after the holding of the last preceding Annual General Meeting, at such time and place as may be determined by the Directors. All other General Meetings shall be Extraordinary General Meetings.
52. The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.

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NOTICE OF GENERAL MEETINGS

53. (A) Subject to the Statutes, any General Meeting at which it is proposed to pass a Special Resolution shall be called by twenty-one days’ notice in writing at the least. Subject to the foregoing, an Annual General Meeting and any other Extraordinary General Meeting shall be called by fourteen days’ notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereafter mentioned to all members other than those who are not under the provisions of these presents entitled to receive such notices from the Company, PROVIDED THAT a General Meeting which has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:
- Appendix 4C
Paragraph
7(a)*
- (a) in the case of an Annual General Meeting, by all the members entitled to attend and vote thereat; and
- (b) in the case of an Extraordinary General Meeting, by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. of the total voting rights of all the members having a right to vote at that meeting,
- except that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting.
- (B) Where special notice is required of a resolution pursuant to the Statutes, notice of the intention to move the resolution shall be given to the Company and notice of any General Meeting shall be called in accordance with the Statutes and in particular, Section 185 of the Act.
- (C) Subject to the Statutes or the bye-laws or listing rules of the securities exchange on which shares in the Company are listed, for so long as the shares in the Company are listed on the Securities Exchange, notices convening any General Meeting at which it is proposed to pass a Special Resolution shall be provided to the Securities Exchange and sent to members entitled to attend and vote at the meeting at least fifteen Market Days before the meeting. Notices convening any other General Meeting shall be provided to the Securities Exchange and sent to members entitled to attend and vote at the meeting at least ten Market Days before the meeting. At least fourteen days’ notice of any General Meeting shall be given by advertisement in the daily press and in writing to any securities exchange on which shares in the Company are listed.
- Appendix 4C
Paragraph
7(a)*

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54. (A) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the Company. *Appendix 4C
Paragraph
7(a)*
- (B) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.
- (C) In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of such business; and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.
55. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:
- (a) Declaring dividends;
 - (b) receiving and adopting the accounts, the reports of the Directors and Auditors and other documents required to be attached or annexed to the accounts;
 - (c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
 - (d) re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting);
 - (e) fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and
 - (f) fixing the fees of the Directors proposed to be passed under Article 81.
56. Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business. *Appendix 4C
Paragraph
7(a)*

PROCEEDINGS AT GENERAL MEETINGS

57. The Chairman of the Board, failing whom the Deputy Chairman of the Board, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present and willing to act within five minutes after the time appointed for holding the meeting, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting.

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58. No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two or more members present in person or by proxy, PROVIDED THAT where a member is represented by more than one proxy such proxies shall count as only one member for the purpose of determining the quorum.
59. If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week (or if that day is a public holiday, then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days’ notice appoint. At the adjourned meeting, any one or more members present in person or by proxy shall be a quorum.
60. The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty days or more or sine die, not less than seven days’ notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.
61. Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
62. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.
63. At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:
- (a) the chairman of the meeting;
 - (b) not less than five members having the right to vote at the meeting;

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- (c) a member having the right to vote at the meeting representing not less than ten per cent. of the total voting rights of all the members having the right to vote at the meeting; or
- (d) a member having the right to vote at the meeting and holding shares on which an aggregate sum has been paid up equal to not less than ten per cent. of the total sum paid-up on all shares of the Company conferring that right (excluding treasury shares),

PROVIDED THAT no poll shall be demanded on the choice of a chairman or on a question of adjournment.

- 64. A demand for a poll may be withdrawn only with the approval of the meeting. Unless a poll is required, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.
- 65. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.
- 66. A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTES OF MEMBERS

- 67. Each member who is a holder of ordinary shares in the capital of the Company shall be entitled to be present at any General Meeting. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Article 12, each member entitled to vote may vote in person or by proxy. On a show of hands, every member who is present in person or by proxy shall have one vote PROVIDED THAT in the case of a member who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion, shall be entitled to vote. On a poll, every member who is present in person or by proxy shall have one vote for

*Appendix 4C
Paragraph
8(e)*

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every share which he holds or represents. For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company.

68. In the case of joint holders of a share, any one of such person may vote, and be reckoned in quorum at any General Meeting, either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto, but if more than one of such joint holders is so present at any meeting, then the person present whose name stands first in the Register of Members or (as the case may be) the Depository Register in respect of the share shall alone be entitled to vote in respect thereof.

*Appendix 4C
Paragraph
8(b)*

69. Where in Singapore or elsewhere, a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.

70. Any member shall be entitled to be present and to vote either personally or by proxy, at any General Meeting of the Company, in respect of any share or shares upon which all calls due to the Company have been paid, and shall be entitled to exercise any other right conferred by membership in relation to meetings of the Company.

*Appendix 4C
Paragraph
8(a)*

71. No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.

72. On a poll, votes may be given personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

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73. (A) A member may appoint not more than two proxies to attend and vote at the same General Meeting, PROVIDED THAT if the member is a Depositor, the Company shall be entitled and bound:
- (a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company; and
 - (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.
- (B) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.
- (C) In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (D) A proxy need not be a member of the Company.
74. (A) An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:
- (a) In the case of an individual, shall be signed by the appointor or his attorney; and
 - (b) In the case of a corporation, shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
- (B) The signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to Article 75, failing which the instrument may be treated as invalid.

*Appendix 4C
Paragraph
8(c)*

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75. An instrument appointing a proxy shall be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the registered office of the Company) not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates, PROVIDED THAT an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.
76. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.
77. A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made PROVIDED THAT no intimation in writing of such death, insanity or revocation shall have been received by the Company at the registered office of the Company at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.
- 77A. Subject to these presents and the Statutes, the Board may, at its sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow members who are unable to vote in person at any General Meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.

*Appendix 4C
Paragraph
8(d)*

CORPORATIONS ACTING BY REPRESENTATIVES

78. Any corporation which is a member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of the provisions of these presents, be deemed to be present in person at any such meeting if a person so authorised is present thereat.

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RESERVES

122. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any part of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same, the Directors shall comply with the Statutes.

DIVIDENDS

123. The Company may by Ordinary Resolution declare dividends but no such dividends shall exceed the amount recommended by the Directors. No dividends may be paid, unless otherwise provided in the Statutes, to the Company in respect of treasury shares.
124. If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.
125. Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide and except as otherwise permitted under the Statutes:
- (a) all dividends in respect of shares shall be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and
 - (b) all dividends shall be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which dividend is paid.

For the purposes of this Article, no amount paid on a share in advance of calls shall be treated as paid on the share.

126. No dividend shall be paid otherwise than out of profits available for distribution under the Statutes.
127. No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.

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128. (A) The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
- (B) The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.
- (C) The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or moneys unclaimed after a period of six Years from the date they are first payable may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture.
- (D) A payment by the Company to the Depository of any dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability in respect of that payment. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six Years has elapsed from the date on which such other moneys are first payable.
129. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.
130. The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

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131. (A) Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:
- (a) the basis of any such allotment shall be determined by the Directors;
 - (b) the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked shall be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Article;
 - (c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded PROVIDED THAT the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and
 - (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the “elected ordinary shares”) and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of Article 135, the Directors shall (i) capitalise and apply the amount standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary

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shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.

- (B) (a) The ordinary shares allotted pursuant to the provisions of paragraph (A) of this Article shall rank *pari passu* in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.
- (b) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (A) of this Article, with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in these presents, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down or whereby the benefit of the fractional entitlements accrues to the Company rather than the members).
- (C) The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Article, determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors may think fit, and in such event the provisions of this Article shall be read and construed subject to such determination.
- (D) The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Article, further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to members whose registered addresses entered in the Register or (as the case may be) the Depository Register is outside Singapore or to such other members or class of members as the Directors may in their sole discretion decide and in such event the only entitlement of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.

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- (E) Notwithstanding the foregoing provisions of this Article, if at any time after the Directors’ resolution to apply the provisions of paragraph (A) of this Article in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and without assigning any reason therefor, cancel the proposed application of paragraph (A) of this Article.
132. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Notwithstanding the foregoing provisions of this Article and the provisions of Article 134, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.
133. If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.
134. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in a General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

APPENDIX VI – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

CAPITALISATION OF PROFITS AND RESERVES

135. Subject to Article 3 and Article 7, the Directors may capitalise any sum standing to the credit of any of the Company’s reserve accounts (including any undistributable reserve) or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter into an agreement with the Company on behalf of all the members interested, providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.
- 135A. In addition and without prejudice to the power to capitalise profits and other moneys provided for by Article 135, the Directors shall have power to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full unissued shares on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit.

WINDING UP

145. The Directors shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.
146. Subject to the provisions of these presents and the Statutes, if the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the liquidator may, with the authority of a Special Resolution, divide among the members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more

*Appendix 4C
Paragraph
11(a)*

APPENDIX VI – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

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