

# Trusted for Healthcare Excellence in Asia

**Placement of 25,600,000 Placement Shares comprising 8,550,000 New Shares and 17,050,000 Vendor Shares at S\$0.21 for each Placement Share, payable in full on application.**

## OFFER DOCUMENT DATED 15 JULY 2009

(Registered by Singapore Exchange Securities Trading Limited (the "Exchange" or the "SGX-ST") acting as agent on behalf of the Monetary Authority of Singapore (the "Authority") on 15 July 2009)

**This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser(s).**

An application has been made to the Exchange for permission for all the existing issued ordinary shares in the capital of Singapore Medical Group Limited (the "Company") (including the 17,050,000 shares (the "Vendor Shares") offered by Dr Cheryl Baumann (the "Vendor")), the 8,550,000 new shares which are the subject of this Placement (the "New Shares" and together with the Vendor Shares, the "Placement Shares"), the 2,186,000 new shares (the "PPCF Shares") to be issued to PrimePartners Corporate Finance Pte. Ltd. ("PPCF" or the "Sponsor") pursuant to the Management Agreement (as defined herein) and the shares which may be issued upon the exercise of the options granted or to be granted under the SMG Employee Share Option Scheme (the "Option Shares") to be listed for quotation on Catalyst (as defined herein) (together, the "Shares"). The Sponsor has submitted this Offer Document to the Exchange. Acceptance of applications will be conditional upon the issue of the New Shares, permission being granted by the Exchange for the listing and quotation of the Shares on Catalyst and upon listing of the Shares on Catalyst. Monies paid in respect of any application accepted will be returned if the Placement (as defined herein) is not completed because the admission and listing do not proceed or for any other reason. The dealing in and quotation of the Shares will be in Singapore dollars.

This offer is made in or accompanied by an Offer Document that has been registered by the Exchange acting as agent on behalf of the Authority. We have not lodged this Offer Document in any other jurisdiction.

The registration of this Offer Document by the Exchange does not imply that the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or any other legal or regulatory requirements, or requirements under the Exchange's listing rules, have been complied with.

Companies listed on Catalyst may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalyst without a track record of profitability and there is no assurance that there will be a liquid market in the Shares traded on Catalyst. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

Neither the Authority nor the Exchange has examined or approved the contents of this Offer Document. Neither the Authority nor the Exchange assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The Exchange does not normally review the application for admission but relies on the Sponsor confirming that the Company is suitable to be listed and complies with the Rules of Catalyst (as defined herein). Neither the Authority nor the Exchange has in any way considered the merits of the Shares being offered for investment.

**Investing in the Shares involves risks which are described in the section entitled "RISK FACTORS" of this Offer Document.**

**After the expiration of six months from the date of registration of this Offer Document, no person shall make an offer of securities, or allot, issue or sell any securities, on the basis of this Offer Document; and no officer or equivalent person or promoter of the Company will authorise or permit the offer of any securities or the allotment, issue or sale of any securities, on the basis of this Offer Document.**

Manager, Sponsor and Sub-Placement Agent



**PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.**

Placement Agent



**DMG & Partners**  
SECURITIES

**DMG & PARTNERS SECURITIES PTE LTD**

## ABOUT US

Our Group is a fast-growing healthcare organisation, which strives to innovate and build on providing specialist healthcare services through the highest quality of care matched with stringent management and clinical standards. Our Group provides specialist healthcare services including refractive surgery, sports medicine, sports orthopaedic surgery, aesthetic and implant dentistry (prosthodontics), aesthetic medicine, liposuction and cancer treatment. Our Group has 10 operating subsidiaries that are categorised into four medical clusters: Eye Cluster, Sports Cluster, Aesthetics Cluster and Critical Illness Cluster. Our Company and all 10 of our medical clinics are certified by SGS International Certification Services Pte Ltd, in accordance with the accreditation schemes of Swiss Accreditation Service and ANSI-ASQ National Accreditation Board for ISO 9001:2008.



The Lasik Surgery Clinic



Singapore Vision Centre



Singapore Sports Medicine Centre



The Cancer Centre



The Dental Studio



Singapore Lipo, Body & Face Centre



Singapore Aesthetic Centre

### COMPETITIVE STRENGTHS

- We are established in the fields of LASIK procedures and sports medicine
- We believe we have an established reputation and brand name
- We have an effective and efficient business model
- We have a team of qualified, experienced and committed specialist medical practitioners
- We adhere strictly to stringent management and clinical standards
- Our medical clinics are strategically located

### GROWTH PROSPECTS

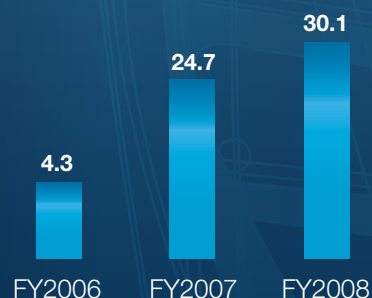
- Latent market potential in refractive surgery
- Increasing focus on healthy lifestyle
- Government initiatives to profile Singapore as a regional medical hub
- Rising level of economic development and educational standards in Singapore

### BUSINESS STRATEGIES AND FUTURE PLANS

- Focus on providing the highest quality of care
- Focus on potential specialist healthcare areas with potential for growth
- Regional expansion through organic growth
- Improve service standards and quality assurance

## GROUP CONSOLIDATED FINANCIAL HIGHLIGHTS

REVENUE



GROSS PROFIT



NET PROFIT





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## CORPORATE INFORMATION

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<b>BOARD OF DIRECTORS</b>	: Felix Huang (Executive Chairman) Dr Cheryl Baumann (Chief Executive Officer) Shirley See-Toh (Executive Vice President) Jimmy Yim Wing Kuen, SC (Non-executive Director) Ho Lon Gee (Lead Independent Director) Lew Foon Keong, Charles (Independent Director)
<b>COMPANY SECRETARIES</b>	: Tan Ping Ping, ACIS Chan Lai Yin, ACIS
<b>REGISTERED OFFICE</b>	: 290 Orchard Road #13-01 Paragon Singapore 238859
<b>SHARE REGISTRAR</b>	: Tricor Barbinder Share Registration Services 8 Cross Street #11-00 PWC Building Singapore 048424
<b>MANAGER, SPONSOR AND SUB-PLACEMENT AGENT</b>	: PrimePartners Corporate Finance Pte. Ltd. 1 Raffles Place #30-03 OUB Centre Singapore 048616
<b>PLACEMENT AGENT</b>	: DMG & Partners Securities Pte Ltd 20 Raffles Place #22-01 Ocean Towers Singapore 048620
<b>SOLICITORS TO THE PLACEMENT AND LEGAL ADVISERS TO OUR COMPANY AND THE VENDOR AS TO SINGAPORE LAW</b>	: WongPartnership LLP One George Street #20-01 Singapore 049145
<b>AUDITORS AND REPORTING ACCOUNTANTS</b>	: Ernst & Young LLP Public Accountants and Certified Public Accountants One Raffles Quay North Tower, Level 18 Singapore 048583  Partner-in-charge: Max Loh Khum Whai Certified Public Accountant
<b>RECEIVING BANKER</b>	: United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624
<b>VENDOR</b>	: Dr Cheryl Baumann 7 Draycott Drive #20-01 Singapore 259421

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## DEFINITIONS

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In this Offer Document and the accompanying Application Forms, the following definitions apply where the context so admits:

### Group Companies

<i>“Company” or “SMG”</i>	:	Singapore Medical Group Limited
<i>“Group”</i>	:	Our Company and our subsidiaries
<i>“LSC”</i>	:	The Lasik Surgery Clinic Pte. Ltd.
<i>“Premium LSC”</i>	:	Premium Lasik Surgery Clinic Pte. Ltd.
<i>“SAC”</i>	:	Singapore Aesthetic Centre Pte. Ltd.
<i>“SECTC”</i>	:	Singapore Eye & Cornea Transplant Centre Pte. Ltd.
<i>“SLBFC”</i>	:	Singapore Lipo, Body & Face Centre Pte. Ltd.
<i>“SSMC”</i>	:	Singapore Sports Medicine Centre Pte. Ltd.
<i>“SSOSC”</i>	:	Singapore Sports Orthopaedic Surgery Centre Pte. Ltd.
<i>“SVC”</i>	:	Singapore Vision Centre Pte. Ltd.
<i>“TCC”</i>	:	Cancer Centre Pte. Ltd.
<i>“TDS”</i>	:	The Dental Studio Pte. Ltd.

### Other Corporations and Agencies

<i>“ANAB”</i>	:	ANSI-ASQ National Accreditation Board, the accreditation board formed by the American National Standards Institute and the American Society for Quality
<i>“Authority”</i>	:	The Monetary Authority of Singapore
<i>“CDP”</i>	:	The Central Depository (Pte) Ltd
<i>“Changi General Hospital”</i>	:	Changi General Hospital Pte Ltd
<i>“DMG” or “Placement Agent”</i>	:	DMG & Partners Securities Pte Ltd
<i>“FDA”</i>	:	The US Food and Drug Administration
<i>“ISO”</i>	:	International Organisation for Standardisation
<i>“Keller”</i>	:	Keller Consultancy Pte. Ltd., a company that is wholly-owned by Dr Kevin Teh
<i>“Manager”, “PPCF”, “Sponsor” or “Sub-Placement Agent”</i>	:	PrimePartners Corporate Finance Pte. Ltd.
<i>“MOH”</i>	:	Ministry of Health of Singapore
<i>“Receiving Banker”</i>	:	United Overseas Bank Limited



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## DEFINITIONS

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<i>“SCCS”</i>	:	Securities Clearing & Computer Services (Pte) Ltd
<i>“SGX-ST” or “Exchange”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Share Registrar”</i>	:	Tricor Barbinder Share Registration Services
<i>“Tricor”</i>	:	Tricor Barbinder Share Registration Services and Tricor WP Corporate Services Pte Ltd

### General

<i>“Application Forms”</i>	:	The printed application forms to be used for the purpose of the Placement and which form part of this Offer Document
<i>“Application List”</i>	:	The list of applications for purchase and/or subscription of the Placement Shares
<i>“Articles” or “Articles of Association”</i>	:	The articles of association of our Company, as amended or modified from time to time
<i>“associate”</i>	:	<p>(a) In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:</p> <p>(i) his immediate family;</p> <p>(ii) the trustees, acting in their capacity as such trustees, of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or</p> <p>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more of the aggregate of the nominal amount of all the voting shares;</p> <p>(b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more</p>
<i>“Audit Committee”</i>	:	The audit committee of our Company
<i>“Board” or “Board of Directors”</i>	:	The board of Directors of our Company
<i>“Business Registration Act”</i>	:	The Business Registration Act (Chapter 32) of Singapore
<i>“Catalist”</i>	:	The sponsor-supervised listing platform of the SGX-ST
<i>“Companies Act”</i>	:	The Companies Act (Chapter 50) of Singapore

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## DEFINITIONS

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<i>“Controlling Shareholder”</i>	: As defined in the Rules of Catalist:  (a) a person who has an interest of 15.0% or more of the aggregate of the nominal amount of all the voting shares in our Company (unless otherwise determined by the SGX-ST); or  (b) a person who in fact exercises control over our Company
<i>“Dental Director”</i>	: Our dental clinic manager who, under the Private Hospitals and Medical Clinic Regulations, is responsible for overseeing the dental functions of our dental clinic
<i>“Dental Registration Act”</i>	: The Dental Registration Act (Chapter 76) of Singapore
<i>“Directors”</i>	: The directors of our Company as at the date of this Offer Document
<i>“EPS”</i>	: Earnings per Share
<i>“Executive Directors”</i>	: The executive directors of our Company
<i>“Executive Officers”</i>	: The executive officers of our Group
<i>“FY”</i>	: Financial year ended or, as the case may be, ending 31 December
<i>“GIRO”</i>	: The electronic payment system whereby a payment order automatically transfers funds from the payor’s bank account to the payee’s bank account
<i>“GST”</i>	: Goods & Services Tax
<i>“Independent Directors”</i>	: The independent directors of our Company
<i>“Latest Practicable Date”</i>	: 15 June 2009, being the latest practicable date for the purposes of lodgment of this Offer Document with the SGX-ST
<i>“Listing”</i>	: The listing of our Company and the quotation of our Shares on Catalist
<i>“Listing Manual”</i>	: The provisions of Sections A and B of the listing manual of the SGX-ST as from time to time amended, modified or supplemented
<i>“Management Agreement”</i>	: The full sponsorship and management agreement entered into between our Company, the Vendor and PPCF pursuant to which PPCF has agreed to sponsor and manage the Listing as set out in the sections entitled “Plan of Distribution” and “General and Statutory Information — Management and Placement Arrangements” of this Offer Document

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## DEFINITIONS

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<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“Medical Directors”</i>	:	Our clinic managers who, under the Private Hospitals and Medical Clinic Regulations, are responsible for overseeing the clinical functions of our medical clinics
<i>“Medical Registration Act”</i>	:	The Medical Registration Act (Chapter 174) of Singapore
<i>“Medicine Act”</i>	:	The Medicine Act (Chapter 176) of Singapore
<i>“NETS”</i>	:	Network for Electronic Transfers (Singapore) Pte Ltd
<i>“New Shares”</i>	:	The 8,550,000 new Shares for which we invite applications to subscribe for pursuant to the Placement, subject to and on the terms and conditions of this Offer Document
<i>“Nominating Committee”</i>	:	The nominating committee of our Company
<i>“Non-executive Directors”</i>	:	The non-executive directors of our Company (including Independent Directors)
<i>“NTA”</i>	:	Net tangible assets
<i>“Nurses and Midwives Act”</i>	:	The Nurses and Midwives Act (Chapter 209) of Singapore
<i>“Offer Document”</i>	:	This offer document dated 15 July 2009 issued by us in respect of the Placement
<i>“Official List”</i>	:	The list of issuers maintained by the SGX-ST in relation to Catalist
<i>“Options”</i>	:	The options granted or which may be granted pursuant to the Share Option Scheme
<i>“Option Shares”</i>	:	The new Shares which may be issued upon the exercise of the Options
<i>“Optometrists and Opticians Act”</i>	:	The Optometrists and Opticians Act (Chapter 213A) of Singapore
<i>“PER”</i>	:	Price earnings ratio
<i>“period under review”</i>	:	The period which comprises FY2006, FY2007 and FY2008
<i>“Placement”</i>	:	The placement of the Placement Shares by the Placement Agent on behalf of the Vendor and us for purchase and/or subscription at the Placement Price subject to and on the terms and conditions of this Offer Document

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## DEFINITIONS

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<i>“Placement Agreement”</i>	:	The placement agreement entered into between our Company, the Vendor and DMG pursuant to which DMG has agreed to purchase and/or subscribe for or procure purchasers for and/or subscribers for the Placement Shares at the Placement Shares as set out in the sections entitled “Plan of Distribution” and “General and Statutory Information — Management and Placement Arrangements” of this Offer Document
<i>“Placement Price”</i>	:	S\$0.21 for each Placement Share
<i>“Placement Shares”</i>	:	The 25,600,000 Placement Shares which are the subject of the Placement comprising 8,550,000 New Shares and 17,050,000 Vendor Shares
<i>“PPCF Shares”</i>	:	The 2,186,000 new Shares to be issued by our Company to PPCF as part of PPCF’s professional fees as the Manager and Sponsor
<i>“Private Hospitals and Medical Clinics Act”</i>	:	The Private Hospitals and Medical Clinics Act (Chapter 248 of Singapore)
<i>“Remuneration Committee”</i>	:	The remuneration committee of our Company
<i>“Rules of Catalist”</i>	:	Section B of the Listing Manual dealing with the rules of Catalist, as from time to time amended, modified or supplemented
<i>“SAS”</i>	:	Swiss Accreditation Service
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP
<i>“Service Agreements”</i>	:	The service agreements entered into between our Company and our Executive Directors as set out under the section entitled “Management and Corporate Governance — Service Agreements” of this Offer Document
<i>“Share Split”</i>	:	The sub-division of each Share into 270 Shares as described in the section entitled “Share Capital” of this Offer Document
<i>“Singapore”</i>	:	The Republic of Singapore
<i>“SFA”</i>	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended or modified from time to time
<i>“SGS”</i>	:	SGS International Certification Services Pte Ltd
<i>“Share Option Scheme”</i>	:	The SMG Employee Share Option Scheme
<i>“Shares”</i>	:	Ordinary shares in the capital of our Company

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## DEFINITIONS

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<i>“Shareholders”</i>	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
<i>“Substantial Shareholders”</i>	:	Persons who have an interest in the Shares, the nominal amount of which is not less than 5.0% of the aggregate of the nominal amount of all the voting shares of our Company
<i>“Vendor”</i>	:	Dr Cheryl Baumann
<i>“Vendor Shares”</i>	:	The 17,050,000 issued and fully paid-up Shares for which the Vendor invites applications to purchase pursuant to the Placement, subject to and on the terms and conditions of this Offer Document
<i>“US”</i>	:	The United States of America

### Currencies, Units and Others

<i>“US\$”</i>	:	US dollars
<i>“\$” or “S\$” and “cents”</i>	:	Singapore dollars and cents respectively
<i>“%” or “per cent.”</i>	:	Per centum
<i>“sq ft”</i>	:	Square feet

The expressions “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

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 genders and *vice versa*. References to persons shall include corporations.

Any reference in this Offer Document and the Application Forms to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA or any statutory modification thereof and used in this Offer Document and the Application Forms shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA or any statutory modification thereof, as the case may be.

Any reference in this Offer Document and the Application Forms to Shares being allotted to an applicant includes allotment to CDP for the account of that Applicant.

Any reference to a time of day in this Offer Document shall be a reference to Singapore time unless otherwise stated.

References in this Offer Document to “the Group”, “we”, “our”, and “us” refer to our Group.

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



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## DEFINITIONS

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Unless we indicate otherwise, all information in this Offer Document is presented on the basis of the Group.

Felix Huang Keming is also known as Felix Huang. Any reference in this Offer Document to Felix Huang is to Felix Huang Keming.

Dr Xiaoyan Baumann Geb. Bi is also known as Dr Cheryl Baumann. In 1993, Dr Cheryl Baumann changed her name from Bi Xiaoyan to Xiaoyan Baumann Geb. Bi and in 1998, she became a citizen of Germany. Any reference in this Offer Document to Dr Cheryl Baumann is to Dr Xiaoyan Baumann Geb. Bi.

Mrs See-Toh Wai Keong nee Ng Kwee Lang is also known as Shirley See-Toh. Any reference in this Offer Document to Shirley See-Toh is to Mrs See-Toh Wai Keong nee Ng Kwee Lang.

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## GLOSSARY OF TECHNICAL TERMS

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The glossary contains explanations of certain technical terms and abbreviations used in this Offer Document in connection with our Group and our business. The terms and abbreviations and the assigned meanings may not correspond to standard industry meanings and usage of these terms.

<i>“aesthetic medicine”</i>	:	The branch of medicine concerned with the improvement of the physical appearance of a person mainly through non-surgical procedures and some minor surgical procedures, such as skin rejuvenation using radio frequency and lasers, intense pulse light and the use of fillers and botox injections
<i>“dentistry”</i>	:	The branch of medicine concerned with the prevention, diagnosis and treatment of oral disease and restoration of defective or missing tissue of teeth, oral cavities and associated structures
<i>“Epi-LASIK”</i>	:	Epithelial laser in situ keratomileusis. In this procedure, a specially designed motorised instrument is used to gently separate the epithelium (outer layer of the cornea) from the underlying corneal tissue. The excimer laser is then used to reshape the corneal tissue so as to eliminate or reduce the need for spectacles and contact lenses
<i>“evidence-based”</i>	:	The application of scientific evidence in the practice of medicine to ensure the best prediction of outcomes in medical treatment for individual patients
<i>“refractive surgery”</i>	:	Any eye surgery used to improve the refractive state of the eye to eliminate or reduce the need for spectacles and contact lenses, including LASIK, Epi-LASIK and photorefractive keratectomy (PRK)
<i>“IntraLase machine”</i>	:	A femtosecond laser that fires at an exceptionally fast rate at a wavelength which does not heat or damage tissue
<i>“LASIK”</i>	:	Laser in situ keratomileusis, a kind of laser eye surgery designed to change the shape of the cornea to eliminate or reduce the need for spectacles and contact lenses
<i>“medical”</i>	:	Relating to the study or practice of medicine, and where relevant, including dentistry
<i>“microkeratome”</i>	:	A precision surgical instrument that can slice an extremely thin layer of tissue from the surface of the cornea
<i>“musculoskeletal system”</i>	:	The complex system involving the body’s muscles and skeleton, and including the joints, ligaments, tendons, and nerves
<i>“oncology”</i>	:	The branch of medicine concerned with cancer, including the diagnosis, treatment and prevention of cancer
<i>“ophthalmology”</i>	:	The branch of medicine concerned with the diagnosis and medical or surgical treatment of visual disorders and eye diseases

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## GLOSSARY OF TECHNICAL TERMS

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<i>“orthopaedic surgery”</i>	:	The branch of surgery concerned with the conditions involving the musculoskeletal system. Orthopaedic surgeons use both surgical and non-surgical means to treat musculoskeletal trauma, sports injuries, degenerative diseases, infections, tumours, and congenital conditions
<i>“prosthodontics”</i>	:	The branch of dentistry concerned with the restoration of natural teeth and/or the replacement of missing teeth and related mouth or jaw structures with artificial substitutes
<i>“sports medicine”</i>	:	The branch of medicine and sports science concerned with the diagnosis, treatment, rehabilitation and prevention of injuries or illnesses resulting from or hindering sports and/or exercise-related activities. Sports medicine also comprises selected aspects of performance enhancement in both healthy people and patients suffering from injuries
<i>“VISX machine”</i>	:	An excimer laser system, approved by FDA for refractive surgery
<i>“VISX Treatment Card”</i>	:	A card containing credits that are required to perform laser vision correction procedures on the VISX machine

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by the Vendor, us or our Directors, officers or employees acting on our behalf, that are not statements of historical fact, constitute “forward-looking statements”. You can identify some of these forward-looking statements by terms such as “expects”, “believes”, “plans”, “intends”, “predicts”, “estimates”, “anticipates”, “may”, “will”, “would” and “could” or similar expressions. However, you should note that these words or phrases are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, including without limitation, statements as to our revenue and profitability, cost measures, planned strategy and anticipated expansion plans, expected growth in demand, expected industry trends and any other matters discussed in this Offer Document regarding matters that are not historical fact, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others, the following:

- (a) changes in political, social and economic conditions, the regulatory environment, laws and regulations and interpretation thereof in the jurisdictions where we conduct business or expect to conduct business;
- (b) the risk that we may be unable to realise our anticipated growth strategies and expected internal growth;
- (c) changes in currency exchange rates;
- (d) changes in the availability and prices of technical parts and equipment which we require to operate our business;
- (e) changes in customer preferences and needs;
- (f) changes in technology;
- (g) changes in competitive conditions and our ability to compete under such conditions, locally and internationally;
- (h) changes in our future capital needs and the availability of financing and capital to fund these needs; and
- (i) other factors beyond our control.

Some of these risk factors are discussed in greater detail in this Offer Document, in particular, but not limited to, the discussions under the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Offer Document. These forward-looking statements are applicable only as of the date of this Offer Document.

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Document, undue reliance must not be placed on these statements. None of the Vendor, us, the Manager, Sponsor and Sub-Placement Agent, the Placement Agent or any other person represents or warrants that our actual future results, performance or achievements will be as discussed in those statements.

All forward-looking statements by or attributable to us, or persons acting on our behalf, contained in this Offer Document are expressly qualified in their entirety by such factors. Our actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. We, the Vendor, the Manager, Sponsor and Sub-Placement Agent, and the Placement Agent disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances. We are, however, subject to the provisions of the SFA and the Rules of Catalist regarding corporate disclosure.

In particular, pursuant to Section 241 of the SFA, if after the Offer Document is registered by the SGX-ST but before the close of the Placement, we become aware of:

- (a) a false or misleading statement or matter in the Offer Document;
- (b) an omission from the Offer Document of any information that should have been included in it under the requirements of the Rules of Catalist; or
- (c) a new circumstance that has arisen since the Offer Document was lodged with the SGX-ST and would have been required under the Rules of Catalist to be included in the Offer Document if it had arisen before the Offer Document was lodged,

and that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement offer document with the SGX-ST.



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## **SELLING RESTRICTIONS**

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This Offer Document does not constitute an offer, solicitation or invitation to purchase and/or subscribe for the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legal or regulatory requirements of any jurisdiction, except for the filing and/or lodgment of this Offer Document in Singapore in order to permit a public offering of the Placement Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of the Placement Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Offer Document are required by us, the Vendor, the Manager, Sponsor and Sub-Placement Agent, and the Placement Agent to inform themselves about, and to observe and comply with, any such restrictions.

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## DETAILS OF THE PLACEMENT

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### LISTING ON CATALIST

An application has been made to the SGX-ST for permission to deal in, and for the listing and quotation of, all our existing issued Shares (including the Vendor Shares), the New Shares which are the subject of the Placement, the PPCF Shares and the Option Shares, on Catalist. Such permission will be granted when we have been admitted to the Official List of Catalist. Our acceptance of applications will be conditional upon, *inter alia*, the issue of New Shares and upon permission being granted by the SGX-ST to deal in, and for quotation of, all of our Shares. Monies paid in respect of any application accepted will be returned, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, if the completion of the Placement does not occur because the said permission is not granted or for any reason, and the applicant will not have any claim against us, the Vendor, the Manager, Sponsor and Sub-Placement Agent, and the Placement Agent. No Shares will be allotted on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST on behalf of the Authority.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the SGX-ST Main Board. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor certifying that we are suitable to be listed and comply with the Rules of Catalist. Neither the Authority nor the SGX-ST has in any way considered the merits of the Placement Shares being offered for investment.

Admission to the Official List of Catalist is not to be taken as an indication of the merits of the Placement, our Company, our subsidiaries, our existing issued Shares (including the Vendor Shares), the New Shares, the PPCF Shares or the Option Shares.

A copy of this Offer Document has been lodged with and registered by the SGX-ST acting as agent on behalf of the Authority. Registration of the Offer Document by the SGX-ST does not imply that the SFA, or any other legal or regulatory requirement, has been complied with. The SGX-ST has not, in any way, considered the merits of our existing issued Shares (including the Vendor Shares), the New Shares, the PPCF Shares or the Option Shares, as the case may be, being offered or in respect of which an invitation is made, for investment. We have not lodged this Offer Document in any other jurisdiction.

This Offer Document has been seen and approved by our Directors and the Vendor and they individually and collectively accept full responsibility for the accuracy of the information given in this Offer Document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and all expressions of opinion, intention and expectation in this Offer Document are fair and accurate in all material respects as at the date of this Offer Document and that there are no material facts the omission of which would make any statements in the Offer Document misleading, and that this Offer Document constitutes full and true disclosure of all material facts about the Placement and our Group.

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## DETAILS OF THE PLACEMENT

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We are subject to the provisions of the SFA and the Rules of Catalist regarding corporate disclosure. In particular, if after the registration of this Offer Document but before the close of the Placement, we become aware of:

- (a) a false or misleading statement or matter in the Offer Document;
- (b) an omission from the Offer Document of any information that should have been included in it under the requirements of the Rules of Catalist; or
- (c) a new circumstance that has arisen since the Offer Document was lodged with the SGX-ST which would have been required under the requirements of the Rules of Catalist to be included in the Offer Document if it had arisen before this Offer Document was lodged,

that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement offer document with the SGX-ST.

In the event that a supplementary or replacement offer document is lodged with the SGX-ST, the Placement shall be kept open for at least 14 days after the lodgment of such supplementary or replacement offer document.

Where prior to the lodgment of the supplementary or replacement offer document, applications have been made under this Offer Document to purchase and/or subscribe for the Placement Shares, as the case may be, and:

- (a) where the Placement Shares have not been transferred and/or issued to the applicants, the Vendor and/or we shall either:
  - (i) (A) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgment of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;
  - (ii) within seven days from the date of lodgment of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; or
  - (iii) (A) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled; and (B) we (and on behalf of the Vendor) shall return all monies paid in respect of any application, without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk; or

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## DETAILS OF THE PLACEMENT

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- (b) where the Placement Shares have been transferred and/or issued to the applicants, the Vendor and/or we shall either:
- (i) (A) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgment of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to the Vendor and/or us the Placement Shares which they do not wish to retain title in; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;
  - (ii) within seven days from the date of lodgment of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to the Vendor and/or us the Placement Shares which they do not wish to retain title in; or
  - (iii) treat the issue and/or sale of the Placement Shares as void, in which case the sale or issue shall be deemed void and we (and on behalf of the Vendor) shall return all monies paid in respect of any application, without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk.

Any applicant who wishes to exercise his option under paragraph (a)(i) or (a)(ii) to withdraw his application shall, within 14 days from the date of lodgment of the supplementary or replacement offer document, notify us of this, whereupon we (and on behalf of the Vendor) shall, within seven days from the receipt of such notification, return the application monies without interest or any share of revenue or other benefit arising therefrom and at his own risk, and he will not have any claim against us, the Vendor, the Manager, Sponsor and Sub-Placement Agent, or the Placement Agent.

An applicant who wishes to exercise his option under paragraph (b)(i) or (b)(ii) to return the Placement Shares issued to him shall, within 14 days from the date of lodgment of the supplementary or replacement offer document, notify us of this and return all documents, if any, purporting to be evidence of title to those Placement Shares to us, whereupon we (and on behalf of the Vendor) shall, within seven days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those Shares, without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the transfer or issue of those Shares shall be deemed to be void, and he will not have any claim against us, the Vendor, the Manager, Sponsor and Sub-Placement Agent, or the Placement Agent.

Neither us, the Vendor, the Manager, Sponsor and Sub-Placement Agent, the Placement Agent nor any other parties involved in the Placement is making any representation to any person regarding the legality of an investment by such person under any investment or other laws or regulations. No information in this Offer Document should be considered as being business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own professional or other advisers for business, legal or tax advice regarding an investment in our Shares.

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## DETAILS OF THE PLACEMENT

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No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Placement and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Vendor, or the Manager, Sponsor and Sub-Placement Agent, or the Placement Agent. Neither the delivery of this Offer Document and the Application Forms nor any documents relating to the Placement, nor the Placement shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change or development reasonably likely to create any change in our affairs, conditions or prospects, or the Placement Shares or in the statements of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur and are material or are required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we may make an announcement of the same to the SGX-ST and the public and if required, we may lodge a supplementary or replacement offer document with the SGX-ST and will comply with the requirements of the SFA and/or any other requirements of the SGX-ST. All applicants should take note of any such announcements and, upon the release of such an announcement, shall be deemed to have notice of such changes.

Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies. The Placement Shares are offered for purchase and/or subscription solely on the basis of the information contained and representations made in this Offer Document.

This Offer Document has been prepared solely for the purpose of the Placement and may not be relied upon by any persons other than the applicants in connection with their application for the Placement Shares or for any other purpose.

**This Offer Document does not constitute an offer, solicitation or invitation of the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or unauthorised nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.**

Copies of this Offer Document and the Application Forms may be obtained on request, subject to availability during office hours, from:

**PrimePartners Corporate Finance Pte. Ltd.**  
**1 Raffles Place**  
**#30-03 OUB Centre**  
**Singapore 048616**

**DMG & Partners Securities Pte Ltd**  
**20 Raffles Place**  
**#22-01 Ocean Towers**  
**Singapore 048620**

and members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Offer Document is also available on the SGX-ST website at <http://www.sgx.com>.

**The Application List will open immediately upon the registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority and will remain open until 12 noon on 21 July 2009 or for such further period or periods as our Directors may, in consultation with the Manager, Sponsor and Sub-Placement Agent, and the Placement Agent, in their absolute discretion decide, subject to any limitation under all applicable laws. In the event a supplementary offer document or replacement offer document is lodged with the SGX-ST, the Application List will remain open for at least 14 days after the lodgment of the supplementary or replacement offer document.**

**Details of the procedures for application of the Placement Shares are set out in Appendix C to this Offer Document.**



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## INDICATIVE TIMETABLE FOR LISTING

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An indicative timetable on the trading of our Shares is set out below:

<b>Indicative date/time</b>	<b>Event</b>
21 July 2009 at 12 noon	Close of Application List
23 July 2009 at 9.00 a.m.	Commence trading on a “ready” basis
29 July 2009	Settlement date for all trades done on a “ready” basis

The above timetable is only indicative as it assumes that the date of closing of the Application List will be on 21 July 2009, the date of admission of our Company to the Official List of Catalist will be on 23 July 2009, the shareholding spread requirement will be complied with and the New Shares will be issued and fully paid-up prior to 23 July 2009.

The above timetable and procedures may be subject to such modification as the SGX-ST may, in its absolute discretion, decide, including the commencement of trading on a “ready” basis.

In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same:

- (a) through an SGXNET announcement to be posted on the internet at the SGX-ST website at <http://www.sgx.com>; and
- (b) in local English and Chinese newspaper(s).

We will publicly announce the level of subscription and the results of the distribution of the Placement Shares pursuant to the Placement, as soon as it is practicable after the close of the Application List through channels in (a) and (b) above.

You should consult the SGX-ST’s announcement on “ready” trading date released on the Internet (at the SGX-ST website at <http://www.sgx.com>), or the newspapers or check with your brokers on the date on which trading on a “ready” basis will commence.

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## OFFER DOCUMENT SUMMARY

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*The following summary highlights certain information found in greater detail elsewhere in this Offer Document. Terms defined elsewhere in this Offer Document have the same meaning when used herein. In addition to this summary, we urge you to read the entire Offer Document carefully, especially the section entitled “Risk Factors” of this Offer Document, before deciding to invest in our Shares.*

### **Our Company**

Our Company was incorporated in Singapore on 10 March 2005 under the Companies Act as a private exempt company limited by shares, under the name of Lasik Club Pte. Ltd. The name of our Company was changed to Singapore Medical Group Pte. Ltd. on 4 August 2006. Our Company was converted into a public limited company and the name of our Company was changed to Singapore Medical Group Limited in connection therewith on 9 July 2009. Our Company is the investment holding company of our Group.

### **Business Overview**

Our Group’s principal activities lie in the provision of multi-disciplinary specialist healthcare services across the fields of ophthalmology, aesthetic medicine, sports medicine and oncology. We currently operate 10 medical clinics in Singapore, which are categorised into four medical clusters:

- (a) Eye Cluster;
- (b) Aesthetics Cluster;
- (c) Sports Cluster; and
- (d) Critical Illness Cluster.

Please refer to section entitled “General Information on our Group — Business Overview” of this Offer Document for further details.

### **Competitive Strengths**

We believe that we are able to compete effectively with the following competitive strengths:

- We are established in the fields of LASIK procedures and sports medicine;
- We believe we have an established reputation and brand name;
- We have an effective and efficient business model;
- We have a team of qualified, experienced and committed specialist medical practitioners;
- We adhere strictly to stringent management and clinical standards; and
- Our medical clinics are strategically located.

Please refer to section entitled “General Information on our Group — Competitive Strengths” of this Offer Document for further details.

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## OFFER DOCUMENT SUMMARY

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### Prospects

Our Directors believe that our long term prospects are encouraging for the following reasons:

- Latent market potential in refractive surgery;
- Increasing focus on healthy lifestyle;
- Government initiatives to profile Singapore as a regional medical hub; and
- Rising level of economic development and educational standards in Singapore.

Please refer to section entitled “General Information on our Group — Prospects” of this Offer Document for further details.

### Business Strategies and Future Plans

Our principal business strategies and future plans are:

- Focus on providing the highest quality of care;
- Focus on potential specialist healthcare areas within our medical clusters with potential for growth;
- Regional expansion through organic growth; and
- Improve our service standards and quality assurance to our patients.

Please refer to section entitled “General Information on our Group — Business Strategies and Future Plans” of this Offer Document for further details.

### Where you can find us

All of our operations are currently located in Singapore. Our registered office is at 290 Orchard Road, #13-01 Paragon, Singapore 238859. Our telephone number is (65) 6836 1000 and our facsimile number is (65) 6836 8385. Our internet address is <http://www.smg.sg>. **Information contained in our website does not constitute part of this Offer Document.**

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## THE PLACEMENT

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Placement Size	:	25,600,000 Placement Shares comprising 17,050,000 Vendor Shares and 8,550,000 New Shares.  The New Shares will, upon issue and allotment, rank <i>pari passu</i> in all respects with the existing issued Shares (including the Vendor Shares).
Placement Price	:	S\$0.21 for each Placement Share.
The Placement	:	The Placement comprises a placement of 25,600,000 Placement Shares at the Placement Price, subject to and on the terms and conditions of this Offer Document.
Purpose of the Placement	:	Our Directors believe that the listing of our Company and the quotation of our Shares on Catalist will enhance our public image locally and overseas and enable us to raise funds from the capital markets to fund the expansion of our business operations. The Placement will also provide members of the public with an opportunity to participate in the equity of our Company. In addition, the proceeds from the New Shares will provide us with additional capital to finance our business expansion and for general working capital of our Company.
Listing status	:	Prior to the Placement, there had been no public market for our Shares. Our Shares will be quoted in Singapore dollars on Catalist, subject to admission of our Company to the Official List of Catalist and permission to deal in, and for quotation of, our Shares being granted by the SGX-ST.

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## ISSUE STATISTICS

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<b>Placement Price</b>	21.0 cents
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### NTA

NTA per Share based on the audited balance sheet of our Group as at 31 December 2008:

- |   |           |
|---|-----------|
| (a) before adjusting for the estimated net proceeds from the issue of the New Shares and based on our pre-Placement share capital of 135,000,000 Shares | 0.6 cents |
| (b) after adjusting for the estimated net proceeds from the issue of the New Shares and based on our post-Placement share capital of 145,736,000 Shares | 1.0 cents |

Premium of Placement Price per Share over the NTA per Share as at 31 December 2008:

- |   |          |
|---|----------|
| (a) before adjusting for the estimated net proceeds from the issue of the New Shares and based on our pre-Placement share capital of 135,000,000 Shares | 3,400.0% |
| (b) after adjusting for the estimated net proceeds from the issue of the New Shares and based on our post-Placement share capital of 145,736,000 Shares | 2,000.0% |

### EPS

EPS of our Group for FY2008 based on our pre-Placement share capital of 135,000,000 Shares	3.7 cents
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EPS of our Group for FY2008 based on our pre-Placement share capital of 135,000,000 Shares had the Service Agreements been effected for FY2008	3.1 cents
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### PER

PER based on the EPS of our Group for FY2008	5.7 times
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PER based on the EPS of our Group for FY2008 had the Service Agreements been effected for FY2008	6.8 times
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### Net Operating Cash Flow

Net operating cash flow per Share of our Group for FY2008 based on our Company's pre-Placement share capital of 135,000,000 Shares	5.7 cents
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Net operating cash flow per Share of our Group for FY2008 based on our Company's pre-Placement share capital of 135,000,000 Shares had the Service Agreements been effected for FY2008	4.9 cents
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### Price To Net Operating Cash Flow Ratio

Ratio of Placement Price to net operating cash flow for FY2008 based on our Company's pre-Placement share capital of 135,000,000 Shares	3.7 times
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## ISSUE STATISTICS

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Ratio of Placement Price to net operating cash flow for FY2008 based on our Company's pre-Placement share capital of 135,000,000 Shares had the Service Agreements been effected for FY2008 4.3 times

### **Market Capitalisation**

Market capitalisation based on the Placement Price of S\$0.21 per Share and post-Placement share capital of 145,736,000 Shares S\$30.6 million

## SUMMARY FINANCIAL INFORMATION

*The following financial information of our Group should be read in conjunction with the “Audited Combined Financial Statements of Singapore Medical Group Limited and its Subsidiaries for the Financial Years Ended 31 December 2006, 2007 and 2008” as set out in Appendix A to this Offer Document.*

(S\$'000)	Audited		
	FY2006	FY2007	FY2008
<b>Revenue</b>	4,282	24,650	30,115
Profit before tax <sup>(1)</sup>	1,587	9,929	6,190
<b>Profit for the year<sup>(1)</sup></b>	1,286	8,146	5,000
EPS (cents) <sup>(2)</sup>	1.0	6.0	3.7
Adjusted EPS (cents) <sup>(3)</sup>	0.9	5.6	3.4

**Notes:**

- (1) Had the Service Agreements been in effect for FY2008, our profit before income tax, profit for the year and EPS for FY2008 would have been approximately S\$5.2 million, approximately S\$4.2 million and 3.1 cents respectively.
- (2) For comparative purposes, EPS for the period under review have been computed based on the net profit attributable to Shareholders and the pre-Placement share capital of 135,000,000 Shares.
- (3) For comparative purposes, adjusted EPS for the period under review have been computed based on the net profit attributable to Shareholders and the post-Placement share capital of 145,736,000 Shares.

(S\$'000)	Audited		
	As at 31 December 2006	As at 31 December 2007	As at 31 December 2008
Current Assets	1,845	4,017	3,595
Non-Current Assets	1,662	3,599	4,296
<b>Total Assets</b>	3,507	7,616	7,891
Current Liabilities	1,519	6,741	6,969
Non-Current Liabilities	572	313	160
<b>Total Liabilities</b>	2,091	7,054	7,129
<b>Net Assets</b>	1,416	562	762
<b>Total Equity</b>	1,416	562	762
<b>NTA per Share (cents)<sup>(1)</sup></b>	1.0	0.4	0.6

**Note:**

- (1) The NTA per Share is computed based on the net tangible assets of our Group and the pre-Placement share capital of 135,000,000 Shares.

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## RISK FACTORS

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*Investors should consider carefully the following risk factors and all other information contained in this Offer Document, before deciding to invest in our Shares. You should also note that certain of the statements set forth below constitute “forward-looking statements” that involve risks and uncertainties.*

*If any of the following risk factors and uncertainties develops into actual events, our business, financial condition or results of operations or cash flows may be adversely affected. In such circumstances, the trading price of our Shares could decline and investors may lose all or part of their investment. To the best of our Directors’ belief and knowledge, all the risk factors that are material to investors in making an informed judgement have been set out below.*

### **RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE AND OUR BUSINESS**

#### **We are subject to regulations and licensing requirements for our operations**

We and our healthcare professionals are subject to government laws and regulations, including for example, the Private Hospitals and Medical Clinics Act, the Medical Registration Act, the Dental Registration Act and the Nurses and Midwives Act. Any adverse changes in such government laws and regulations or the introduction of new applicable laws and regulations could result in, among others, more stringent requirements and an increase in compliance costs, which could materially and adversely affect our business, financial condition and results of operations.

Further, the relevant authorities such as the MOH and the Singapore Medical Council may suspend or deny renewal of licenses in respect of our business operations and healthcare professionals if they determine that we or our healthcare professionals do not meet the applicable standards and this could also materially and adversely affect our business, financial condition and results of operations.

#### **We are dependent on our continued ability to retain our key management personnel**

Our continued success is highly dependent on our ability to retain our key management personnel including our Executive Chairman, Felix Huang, our Chief Executive Officer, Dr Cheryl Baumann, and our Executive Officers. Together, our Executive Directors and Executive Officers are responsible for formulating and implementing our growth, corporate development and overall business strategies. Any loss of the services of any of our key management personnel without a suitable and timely replacement could materially and adversely affect our business, financial condition and results of operations.

#### **We are dependent on the continued effectiveness of our business model**

We maintain separate management and clinical functions within our Group and our key management personnel do not have any medical training and have also had limited exposure to the medical industry. This business model is not widely utilised across the medical industry and has a limited operating history. Any loss of the services of any of our management personnel or specialist medical practitioners or any cessation of the effectiveness or difficulty encountered in the operations of the business model could materially and adversely affect our business, financial condition and results of operations.

#### **We are dependent on our continued ability to attract and retain specialist medical practitioners**

Our business operations comprise primarily the provision of specialist medical services. Our market presence and reputation are dependent to a significant extent on the skills and experience of our specialist medical practitioners. Most of our Medical Directors and our Dental Director are employed on fixed term contracts and there is no assurance that they will renew their employment with us upon the

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## RISK FACTORS

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expiry of their employment contracts. Some of our other specialist medical practitioners are visiting consultants and there is no assurance that they will continue to be our visiting consultants. Further, we may not be able to successfully attract and recruit highly qualified specialist medical practitioners in the future in line with our expansion plans. Any loss of the services of any of our specialist medical practitioners without suitable and timely replacements or an inability to attract and recruit qualified specialist medical practitioners could materially and adversely affect our business, financial condition and results of operations.

### **We have a limited operating history and we recently established four new medical clinics**

We were incorporated on 10 March 2005 and commenced business operations in June 2005. As such, our limited operating history and historical financial data may not be sufficiently established or detailed for you to judge and assess our past and future performance. Further, we recently established four new medical clinics in 2009, namely the Singapore Lipo, Body & Face Centre, the Singapore Sports Orthopaedic Surgery Centre, The Eye & Cornea Transplant Centre and the Premium Lasik Surgery Clinic, which may not be profitable in the near term or at all. The success of our business will depend on, among others, the degree of success we achieve in respect of these new medical clinics, the development of our management expertise, our future expansion plans and retention of skilled and qualified healthcare professionals. There is no assurance that we can sustain profitability or avoid losses in the future and our past operating results may not be indicative of our future financial performance.

### **We may not be able to compete successfully with our competitors**

The specialist healthcare services industry in Singapore is highly competitive. We face competition from existing specialist healthcare services providers from both the public and private sectors, some of whom may have longer operating histories, greater brand recognition and/or greater financial resources.

Our success depends on our ability to compete effectively against our competitors. With the potential influx of new entrants to the specialist healthcare services industry and more intense competition from existing competitors, there is no assurance that we will be able to maintain or grow our market share. There can also be no assurance that we will be able to compete effectively against our competitors in the future due to various reasons including possible pricing wars and our inability to contain our operating costs and these could materially and adversely affect our business, financial condition and results of operations.

### **We are exposed to the risk of complaints, potential litigation and professional liability**

We are a specialist healthcare services provider and are therefore exposed to the risk of receiving complaints or having complaints and/or allegations made against us, litigation and potential liability arising from the conduct of our business and the performance of our services. Complaints, allegations and legal actions, with or without merit, may be made or taken against us and/or our healthcare professionals in relation to, *inter alia*, our services, the marketing activities we conduct, negligence or medical malpractice. Such complaints, allegations and legal actions, regardless of their validity, may lead to negative publicity, which may affect the number of patients visiting our medical clinics. There is also no assurance that there will not be any medical and legal claims against us that are in excess of the amount covered by our insurance policies or that such insurance policies are comprehensive and cover all types of claims.

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## RISK FACTORS

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Further, we and our healthcare professionals may also be subject to disciplinary actions from the relevant governing professional body which could result in fines and/or suspension or revocation of licences. Accordingly, the occurrence of any of the foregoing could materially and adversely affect our professional standing, business, financial condition and results of operations.

### **We may suffer material losses in excess of insurance proceeds**

Our medical clinics and medical equipment face the risks of suffering physical damage caused by fire or natural disasters or other causes, which could disrupt our business operations. Further, our medical clinics also face the risks of potential public liability claims. There is no assurance that there will not be any such damage or liability claims that are in excess of the amount covered by our insurance policies or that such insurance policies are comprehensive and cover all types of damage suffered or public liability claims. As such, the occurrence of any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

### **Our medical clinics are subject to lease renewals and relocation risks**

Currently, we lease the premises of all of our medical clinics. Our present lease terms for all of the properties are for a period of three years. Upon the expiry of such lease term, the landlords have the right to review and revise the terms and conditions of such lease agreements. We therefore face the risk of an increase in rental or not being able to renew the leases on terms and conditions favourable to us or at all. Any increase in rental or relocation would increase our operating expenses. Further, in the event that our existing lease agreements are not renewed upon their expiry and alternative locations cannot be found in a timely manner or at all, we may have to suspend the operations of affected medical clinics. Accordingly, the occurrence of any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

### **Our results of operations may be affected by additional expenses in FY2009 and the current slowdown in the economy which affects demand for certain specialist healthcare services**

In FY2009, we will be incurring additional expenses compared to FY2008, including expenses to be borne by our Company in relation to the Listing and the payment of salaries to our Executive Directors, Felix Huang and Dr Cheryl Baumann. In addition, we may be affected by the current slowdown in the economy which may cause potential patients to be more cautious about their healthcare expenses, resulting in reduced demand for some of the specialist healthcare services that we provide. Further, the slowdown in the economy may also lead to the scale back of medical benefits by some affected companies that would normally be extended to their employees. As such, we expect that our business, financial condition and results of operations for FY2009 may be materially and adversely affected.

There is also no assurance that the current slowdown in the economy will not extend beyond FY2009, which could materially and adversely affect our business, financial condition and results of operations going forward.

### **We cannot give assurance that our expansion plans will be successful**

We intend to expand our business operations in Singapore, as well as in other countries which may include Japan, Vietnam, Indonesia, Malaysia and China. Such expansion plans may involve the setting up of new business units and medical clinics, expansion of existing medical facilities and entering into of joint ventures, which may require significant funding. In the event we do not have sufficient internal funds available and are not able to secure third party financing on acceptable terms, or at all, to fund such expansion plans, we may not be able to proceed with our expansion plans.

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## **RISK FACTORS**

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Further, our current experience stems primarily from the provision of specialist healthcare services in Singapore. However, the overseas markets we intend to expand into in the future may differ from the Singapore market in terms of, among others, consumer preferences and demands, regulatory requirements and operating costs. Accordingly, we may not be able to fully capitalise on our current experience to successfully implement our business expansion plans.

### **We are subject to risks associated with technological changes**

The specialist healthcare services industry, particularly in the field of refractive surgery, is heavily dependent on medical technology. As a result, we may be exposed to changes in technology in the fields in which we operate, including alternative technologies and processes, medical equipment and other products that may be more effective, easier to use or more economical than the technology currently utilised by us. There can therefore be no assurance that the technology, including the processes and medical equipment used by us will not become obsolete or that we will be able to acquire any alternative technology or processes and this could materially and adversely affect our business, financial condition and results of operations.

### **We are exposed to risks in respect of outbreaks of influenza A (H1N1), bird flu, virus and/or other communicable diseases**

An outbreak of influenza A (H1N1), bird flu, virus and/or other communicable diseases in Singapore and the region could materially and adversely affect our business. In the event that an outbreak occurs at any of our facilities, we may be required to temporarily suspend part of our operations and/or quarantine all affected employees. Further, outbreaks of communicable diseases could result in a reduced demand for the healthcare services provided by us and negative public opinion of medical facilities, which could materially and adversely affect our business, financial condition and results of operations.

## **RISKS RELATING TO OUR SHARES**

### **Investments in securities quoted on Catalist involve a higher degree of risk and can be less liquid than shares quoted on the Main Board of the SGX-ST**

An application has been made for our Shares to be listed for quotation on Catalist, a listing platform designed primarily for fast-growing and emerging or smaller companies to which a higher investment risk tends to be attached as compared to larger or more established companies. An investment in shares quoted on Catalist may carry a higher risk than an investment in shares quoted on the Main Board of the SGX-ST. Catalist was newly formed in December 2007 and the future success and liquidity in the market of our Shares cannot be guaranteed.

### **An active trading market for our Shares may not develop and their trading price may fluctuate significantly**

Prior to the Placement, there has been no public market for our Shares. Although an application has been made to the SGX-ST for the listing and quotation of our Shares on Catalist, there can be no assurance that there will be a liquid public market for our Shares after the Placement. If an active public market for our Shares does not develop after the Placement, the market price and liquidity of our Shares may be adversely affected.

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## RISK FACTORS

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The Placement Price may not necessarily be indicative of the market price of the Shares after the Placement is complete. The prices at which our Shares will trade after the Placement will be determined by the market and may be influenced by many factors, including:

- our financial results;
- our history and prospects, and those of the industry in which we compete;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenue and cost structures;
- the present state of our development;
- the valuation of publicly-traded companies that are engaged in business activities similar to ours; and
- any volatility in the securities markets of Singapore.

You may be unable to resell your Shares at or above the Placement Price and, as a result, you may lose all or part of your investment.

### **External factors could affect the trading price of our Shares**

The market price of our Shares may fluctuate significantly and rapidly as a result of, amongst others, the following factors, some of which are beyond our control:

- variation in our results of operations;
- changes in securities analysts' estimates of our results of operations and recommendations;
- announcements by us of significant contracts, acquisitions, strategic alliances or joint ventures or capital commitments;
- additions or departures of key personnel;
- fluctuations in stock market prices and volume;
- involvement in litigation;
- general economic and stock market conditions; and
- discrepancies between our actual operating results and those expected by investors and securities analysts.

### **If there is significant volatility in the price of our Shares following the Placement, you may lose all or part of your investment, and securities litigation may be brought against us**

Following the Placement, the price at which our Shares will trade may be volatile. The stock markets have from time to time experienced significant price and volume fluctuations that have affected the market prices of securities. These fluctuations often have been unrelated or disproportionate to the operating performance of publicly-traded companies. In the past, following periods of volatility in the market price of a particular company's securities, securities litigation has sometimes been brought



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## RISK FACTORS

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against that company. If similar litigation is instituted against us, it could result in substantial costs and divert management's attention and resources from our core business.

### **New investors will incur immediate dilution in NTA per Share**

The Placement Price of our Shares is substantially higher than our NTA per Share based on the post-Placement issued share capital. Investors who purchase or subscribe for Shares in the Placement will therefore experience immediate and significant dilution of approximately 20.0 cents per Share. If we are liquidated based on the NTA immediately following the Placement, each investor who purchased or subscribed for Shares would receive less than the price they paid for their Shares.

### **Issue of Shares by us and sale of Shares by our existing Shareholders may adversely affect the price of our Shares**

In the event we issue or our Shareholders sell substantial amounts of our Shares in the public market following this Placement, the price of our Shares may be adversely affected. Such issues or sales may also make it difficult for us to issue new Shares and raise the necessary funds in the future at a time and price we deem appropriate.

Except as otherwise described in the section entitled "Shareholders — Moratorium" of this Offer Document, there will be no restriction on the ability of our Substantial Shareholders to sell their Shares either on Catalist or otherwise.

### **Investors may not be able to participate in future rights issues or certain other equity issues of our Shares**

In the event we issue new Shares, we will be under no obligation to offer those Shares to our existing Shareholders at the time of issue, except where we elect to conduct a rights issue. However, in electing to conduct a rights issue or certain other equity issues, we will have the discretion and may also be subject to certain regulations as to the procedures to be followed in making such rights available to Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to them. In addition, we may not offer such rights to our existing Shareholders having an address in jurisdictions outside of Singapore.

Accordingly, certain Shareholders may be unable to participate in future equity offerings by us and may experience dilution in their shareholdings as a result.

### **We may be controlled by our existing major Shareholder, which may limit your ability to influence the outcome of decisions requiring the approval of Shareholders**

Dr Cheryl Baumann, will own approximately 52.1% of our enlarged share capital pursuant to the Placement. Dr Cheryl Baumann holds sufficient Shares to pass a proposed ordinary resolution of Shareholders by her affirmative vote on a poll or to defeat a proposed ordinary resolution of Shareholders by her negative vote on a poll. This concentration of ownership could have the effect of delaying or preventing a change in control of our Company or otherwise discourage a potential acquirer from attempting to obtain control of our Company at a premium over the then current market price of our Shares.

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## **RISK FACTORS**

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### **Certain transactions may dilute the ownership of holders of our Shares**

As a result of adjustments from stock splits and combinations, stock dividends, extraordinary cash dividends, rights offerings, certain issuances of new Shares and certain other actions we may take to modify our capital structure, Shareholders may experience a dilution in their ownership of our Shares. There can be no assurance that we will not take any of the foregoing actions, and such actions in the future may adversely affect the market price of our Shares.

### **Negative publicity which includes those relating to any of our Directors, Executive Officers or Substantial Shareholders may adversely affect our Share price**

Negative publicity or announcements relating to any of our Directors, Executive Officers or Substantial Shareholders may adversely affect the market perception of our Group or the performance of the price of our Shares, whether or not it is justified. For instance, such negative publicity may arise from unsuccessful attempts in joint ventures, acquisitions or take-overs, or involvement in insolvency proceedings.

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## USE OF PROCEEDS AND LISTING EXPENSES

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### USE OF PROCEEDS

The net proceeds raised from the Placement (comprising Vendor Shares and New Shares), after deducting estimated cash expenses of approximately S\$1.2 million, are approximately S\$4.2 million. We will not receive any of the proceeds from the Vendor Shares sold by the Vendor in the Placement. The net proceeds attributable to the Vendor from the sale of the Vendor Shares (after deducting the Vendor's share of the estimated cash expenses of approximately S\$0.1 million) will be approximately S\$3.5 million.

The net proceeds to be raised by us from the issue of the New Shares (after deducting our share of the estimated cash expenses to be borne by us of approximately S\$1.1 million) are approximately S\$0.7 million.

The following table sets out the breakdown of the use of proceeds to be raised by us from the issue of the New Shares:

Intended Use	Amount in aggregate (S\$'000)	Estimated amount allocated for each dollar of the gross proceeds to be raised by us from the issue of the New Shares (in cents)
Establishment of new medical clinics and purchase of new medical equipment	500	27.8
General working capital for our Group	233	13.0
Listing expenses to be borne by our Company	1,063	59.2
Total	1,796	100.0

Further details of our use of proceeds may be found in the section entitled "General Information on our Group — Business Strategies and Future Plans" of this Offer Document.

The foregoing discussion represents our best estimate of our allocation of the net proceeds of the Placement based on our current plans and estimates regarding our anticipated expenditures. Actual expenditures may vary from these estimates and we may find it necessary or advisable to reallocate the net proceeds within the categories described above or to use portions of the net proceeds for other purposes. In the event we decide to reallocate the net proceeds of the Placement for other purposes, we will publicly announce our intention to do so through an SGXNET announcement to be posted on the internet at the SGX-ST website, <http://www.sgx.com>.

Pending the deployment of the net proceeds from the issue of New Shares as aforesaid, the funds will be placed in short-term deposits or money market instruments, as our Directors may, in their absolute discretion, deem fit.

There is no minimum amount which, in the reasonable opinion of our Directors, must be raised by the Placement.

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## USE OF PROCEEDS AND LISTING EXPENSES

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### LISTING EXPENSES

The estimated amount of the cash expenses of the Placement and of the application for listing, including the placement commission, management fees, audit and legal fees, fees payable to the SGX-ST and other incidental fees is approximately S\$1.2 million. Save for the placement commission, which will be borne by the Vendor and our Company in the proportion in which the Placement Shares are offered by the Vendor and our Company, the rest of the listing expenses will be borne by our Company.

A breakdown of these estimated cash expenses to be borne by us in relation to the Placement is as follows:

Expenses borne by us	Estimated amount (S\$'000)	As a percentage of the gross proceeds to be raised by us from the issue of the New Shares
Listing and application fees	34	1.9
Professional fees <sup>(1)</sup>	770	42.9
Placement commission <sup>(2)</sup>	59	3.3
Miscellaneous expenses	200	11.1
Total	1,063	59.2

**Notes:**

- (1) This excludes professional fees to be paid by our Company to PPCF by the issue of 2,186,000 PPCF Shares at the Placement Price.
- (2) A commission of 3.25% of the Placement Price for each Placement Share is payable to DMG, as the Placement Agent.

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## PLAN OF DISTRIBUTION

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The Placement Price is determined by us and the Vendor, after negotiations with the Manager, Sponsor and Sub-Placement Agent and the Placement Agent based on, *inter alia*, market conditions and the estimated market demand for our Shares, determined through a book-building process. The Placement Price is the same for all Placement Shares and is payable in full on application.

Investors may apply to purchase and/or subscribe for any number of Placement Shares at the Placement Price in integral multiples of 1,000 Shares. In order to ensure a reasonable spread of shareholders, we have the absolute discretion to prescribe a limit to the number of Placement Shares to be allocated and/or allotted to any single applicant and/or to allocate and/or allot the Placement Shares above or under such prescribed limit as we shall deem fit.

Pursuant to the Management Agreement entered into between us, the Vendor and PPCF as set out in the section entitled “General and Statutory Information — Management and Placement Arrangements” of this Offer Document, PPCF has agreed to manage and sponsor the Listing.

### Placement Shares

The Placement Shares are made available to retail and institutional investors who apply through their brokers or financial institutions by way of application forms.

Pursuant to the Placement Agreement entered into between us, the Vendor and DMG as set out in the section entitled “General and Statutory Information — Management and Placement Arrangements” of this Offer Document, DMG has agreed to purchase and/or subscribe or procure purchasers for and/or subscribers for the Placement Shares at the Placement Price. DMG may, at its absolute discretion, appoint one or more sub-placement agents for the Placement Shares.

### Purchase of and Subscription for Placement Shares

Purchasers and subscribers of the Placement Shares may be required to pay brokerage of up to 1.0% of the Placement Price to the Placement Agent or any sub-placement agent that may be appointed by the Placement Agent including the prevailing goods and services tax, if applicable.

None of our Directors or Substantial Shareholders intends to purchase and/or subscribe for the Placement Shares. To the best of our knowledge and belief, none of the members of our management or employees intends to purchase and/or subscribe for more than 5.0% of the Placement Shares.

To the best of our knowledge and belief, we are not aware of any person who intends to purchase and/or subscribe for more than 5.0% of the Placement Shares. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate an interest to purchase and/or subscribe for Shares amounting to more than 5.0% of the Placement Shares. If such person(s) were to make an application for more than 5.0% of the Placement Shares pursuant to the Placement and are subsequently allocated and/or allotted such number of Shares, we will make the necessary announcements at an appropriate time. The final allocation and/or allotment of Placement Shares will be in accordance with the shareholding spread and distribution guidelines as set out in Rule 406 of the Rules of Catalist.

No Shares shall be allocated and/or issued and allotted on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST.

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## PLAN OF DISTRIBUTION

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### **Interests of the Manager, Sponsor and Sub-Placement Agent, and the Placement Agent**

In the reasonable opinion of our Directors, the Manager, Sponsor and Sub-Placement Agent, and the Placement Agent, PPCF and DMG, do not have a material relationship with us save as disclosed below and in the section entitled “General and Statutory Information — Management and Placement Arrangements” of this Offer Document:

- (a) PPCF is the Manager and Sponsor of the Listing and the Sub-Placement Agent of the Placement and the Listing;
- (b) PPCF will be our continuing Sponsor for a period of three years from the date we are admitted and listed on Catalist;
- (c) DMG is the Placement Agent of the Placement and the Listing; and
- (d) our Company will issue 2,186,000 PPCF Shares at the Placement Price to PPCF, representing approximately 1.5% of our Company’s post-Placement issued and paid-up share capital.

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## DIVIDEND POLICY

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Our Company declared and paid dividends to our then Shareholders as set out in the table below:

	FY2006	FY2007	FY2008
Dividend (S\$'000)	—	9,000	4,800 <sup>(1)</sup>
Dividend per Share (S\$)	—	45 <sup>(2)</sup>	9.6 <sup>(3)</sup>

**Notes:**

- (1) In FY2008, LSC declared and paid a dividend of S\$1.4 million to our Company and our Company declared and paid a dividend of S\$4.8 million to our then Shareholders.
- (2) Based on the share capital of 200,000 Shares as at 31 December 2007.
- (3) Based on the share capital of 500,000 Shares as at 31 December 2008.

Any dividends paid historically are not necessarily indicative of our future financial performance and/or dividends declared after our admission to the Official List of Catalist (if any). We currently do not have a formal dividend policy. The form, frequency and amount of future dividends on our Shares will depend on our earnings and financial position, our results of operations, our capital needs, our plans for expansion and other factors as our Directors may deem appropriate. Future dividends (if any) will be paid by us as and when approved by our Shareholders and Directors.

We may, by ordinary resolution of our Shareholders, approve dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Directors. The declaration and payment of final dividends will be determined at the sole discretion of our Directors subject to the approval of our Shareholders.

Our Directors may also declare and pay an interim dividend without the approval of our Shareholders.

Subject to the above, our Directors intend to recommend and distribute (i) an interim dividend for the period from 1 January 2009 to 30 June 2009 and a final dividend for FY2009, which together will represent approximately 20.0% of our consolidated net profits attributable to Shareholders for FY2009; and (ii) a dividend for FY2010, which represents approximately 20.0% of our consolidated net profits attributable to Shareholders for FY2010 (the "Proposed Dividends"). However, investors should note that all the foregoing statements, including the statements on the Proposed Dividends, are merely statements of our present intention and shall not constitute legally binding statements in respect of our future dividends, which may be subject to modification (including reduction or non-declaration thereof) in our Directors' sole and absolute discretion. Investors should not treat the Proposed Dividends as an indication of our Group's future dividend policy. No inference should or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends in any of the periods discussed.

For information relating to taxes payable on dividends, please refer to the section entitled "Taxation" of this Offer Document.



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## SHARE CAPITAL

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Our Company (Company Registration Number 200503187W) was incorporated in Singapore on 10 March 2005 under the Companies Act as a private exempt company limited by shares, under the name of Lasik Club Pte. Ltd. The name of our Company was changed to Singapore Medical Group Pte. Ltd. on 4 August 2006. Our Company was converted into a public limited company and the name of our Company was changed to Singapore Medical Group Limited in connection therewith on 9 July 2009.

As at the Latest Practicable Date, our issued and paid-up capital was S\$500,000 comprising 500,000 Shares.

Further to the Share Split, as at the date of this Offer Document, our issued and paid-up capital was S\$500,000 comprising 135,000,000 Shares.

Pursuant to written resolutions dated 30 June 2009, our Shareholders approved, *inter alia*, the following:

- (a) the sub-division of each Share into 270 Shares;
- (b) the conversion of our Company into a public limited company and the change of our name to "Singapore Medical Group Limited";
- (c) the adoption of a new set of Articles of Association;
- (d) the allotment and issue of 8,550,000 New Shares which are the subject of the Placement, on the basis that the New Shares, when allotted, issued and fully-paid, will rank *pari passu* in all respects with the existing Shares;
- (e) the allotment and issue of 2,186,000 PPCF Shares to PPCF, on the basis that the PPCF Shares, when allotted, issued and fully-paid, will rank *pari passu* in all respects with the existing Shares;
- (f) the adoption of the SMG Employee Share Option Scheme, and the authorisation of our Directors, pursuant to Section 161 of the Companies Act, to allot and issue Shares upon the exercise of Options granted under the Share Option Scheme and that authority be given to our Directors to grant Options at a discount up to a maximum discount of 20.0%; and
- (g) the authorisation of our Directors, pursuant to Section 161 of the Companies Act, to:
  - (i) allot and issue Shares whether by way of rights, bonus or otherwise (including Shares as may be issued pursuant to any Convertible Securities (as defined below) made or granted by our Directors while this resolution is in force notwithstanding that the authority conferred by this resolution may have ceased to be in force at the time of issue of such Shares), and/or
  - (ii) make or grant offers, agreements or options (collectively, "Convertible Securities") that might or would require Shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit, provided that the aggregate number of Shares issued pursuant to such authority (including Shares to be issued pursuant to any Convertible Securities but excluding Shares which may be issued pursuant to any adjustments ("Adjustments") effected under any relevant Convertible Securities, which Adjustment shall be made in compliance with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) and our Articles of Association for the time being), shall not exceed 100.0% of our total number of issued Shares (excluding treasury shares) immediately after the Placement, and provided that the aggregate number of such Shares to be issued other than on a *pro rata* basis in pursuance to such authority (including Shares to be issued pursuant to any Convertible Securities but excluding shares which may be issued pursuant to any Adjustment effected under any relevant Convertible Securities) to the existing Shareholders shall not exceed 50.0% of our total number of issued Shares (excluding treasury shares) immediately

## SHARE CAPITAL

after the Placement, and, unless revoked or varied by our Company in general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier.

As at the date of this Offer Document, there is only one class of shares in the capital of our Company, being the Shares. A summary of our Articles of Association relating to, among others, the voting rights of our Shareholders is set out under Appendix B entitled “Summary of Selected Articles of Association of our Company” to this Offer Document. There are no founder, management, deferred or unissued Shares reserved for issuance for any purpose. Save as disclosed under the section entitled “Management and Corporate Governance” of this Offer Document, no person has been, or is permitted to be, given an option to purchase or subscribe for any securities of our Company or any of our subsidiaries.

Details of changes in our issued and paid-up capital since our incorporation and immediately after the Placement are as follows:

	Number of Shares	S\$
Issued and fully paid Shares as at 10 March 2005	100	100
Issued and fully paid Shares as at 7 November 2005	200,000	200,000
Issued and fully paid Shares as at 1 January 2008	200,000	200,000
Issued and fully paid Shares as at 30 October 2008	500,000	500,000
Issued and fully paid Shares as at 31 December 2008	500,000	500,000
	<hr/> 500,000	<hr/> 500,000
Share Split	135,000,000	500,000
Pre-Placement issued and paid-up share capital	135,000,000	500,000
New Shares issued pursuant to the Placement	8,550,000	1,795,500
PPCF Shares issued pursuant to the Management Agreement	2,186,000	459,060
	<hr/> 145,736,000	<hr/> 2,754,560

Save as disclosed above, there were no changes in the issued and paid-up capital of our Company within the three years preceding the date of this Offer Document.

The shareholders’ equity of our Company as at 31 December 2008, after adjustments to reflect the issue of the New Shares pursuant to the Placement and the PPCF Shares pursuant to the Management Agreement are set out below. This should be read in conjunction with the financial statements:

(S\$'000)	As at 31 December 2008	After the Placement
<b>Equity</b>		
Share capital	500	2,588 <sup>(1)</sup>
Accumulated profits/(loss)	262	(1,093) <sup>(2)</sup>
Total	<hr/> 762	<hr/> 1,495

**Notes:**

(1) Listing expenses of S\$167,000 in connection with the Listing will be capitalised.

(2) Listing expenses of S\$1,355,000 in connection with the Listing have been and will be expensed off.

## SHAREHOLDERS

### OWNERSHIP STRUCTURE

Our Directors and Substantial Shareholders and their respective shareholdings immediately before and after the Placement are set out below:

	Before the Placement				After the Placement			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
<b>Directors</b>								
Felix Huang <sup>(1)(2)</sup>	30,375,000	22.5	—	—	30,375,000	20.8	—	—
Dr Cheryl Baumann <sup>(1)(2)</sup>	94,500,000	70.0	—	—	75,992,700	52.1	—	—
Shirley See-Toh <sup>(1)</sup>	—	—	—	—	—	—	—	—
Jimmy Yim Wing Kuen, SC <sup>(3)(9)</sup>	3,375,000	2.5	—	—	3,375,000	2.3	—	—
Ho Lon Gee	—	—	—	—	—	—	—	—
Lew Foon Keong, Charles	—	—	—	—	—	—	—	—
<b>Others</b>								
Dr Ho Choon Hou <sup>(4)</sup>	—	—	—	—	1,457,300	1.0	—	—
Dr Kevin Teh Tze Chen <sup>(5)</sup>	1,350,000	1.0	—	—	1,350,000	0.9	—	—
Ng Pei Ling, Sherona <sup>(6)</sup>	2,025,000	1.5	—	—	2,025,000	1.4	—	—
PPCF <sup>(7)</sup>	—	—	—	—	2,186,000	1.5	—	—
Yim Wing Soon <sup>(8)(9)</sup>	3,375,000	2.5	—	—	3,375,000	2.3	—	—
<b>Public</b>								
New public investors	—	—	—	—	25,600,000	17.6	—	—
<b>Total</b>	<b>135,000,000</b>	<b>100.0</b>	<b>—</b>	<b>—</b>	<b>145,736,000</b>	<b>100.0<sup>(10)</sup></b>	<b>—</b>	<b>—</b>

**Notes:**

- (1) Felix Huang is the husband of Dr Cheryl Baumann as well as the brother of Shirley See-Toh.
- (2) As both Felix Huang and Dr Cheryl Baumann are Directors, by virtue of Section 164(15)(a) of the Companies Act, they are not deemed to be interested in the Shares held by the other. Felix Huang and Dr Cheryl Baumann have also confirmed that they are not deemed to be interested in the Shares held by the other by virtue of Section 4 of the SFA as they, *inter alia*, do not have the authority (whether formal or informal, or expressed or implied) to dispose of, or to exercise control over the disposal of the Shares held by the other; do not have the right to require the Shares held by the other to be transferred to him or her; and are not entitled to exercise or control the exercise of any voting or other rights of the Shares held by the other.
- (3) Pursuant to a sale and purchase agreement dated 20 April 2009 and entered into between Felix Huang and Jimmy Yim Wing Kuen, SC, Felix Huang transferred 12,500 Shares (which pursuant to the Share Split, currently amounts to 3,375,000 Shares), representing 2.5% of our Company's pre-Placement issued and paid-up share capital, to Jimmy Yim Wing Kuen, SC for a consideration of S\$500,000.
- (4) Pursuant to a consultancy agreement dated 1 April 2009 and entered into between Dr Cheryl Baumann and Dr Ho Choon Hou, as part of Dr Ho Choon Hou's professional fees for acting as Dr Cheryl Baumann's consultant, Dr Cheryl Baumann will transfer 1,457,300 Shares, representing approximately 1.0% of our Company's post-Placement issued and paid-up share capital, to Dr Ho Choon Hou.
- (5) Felix Huang transferred 5,000 Shares (which pursuant to the Share Split, currently amounts to 1,350,000 Shares), representing 1.0% of our Company's pre-Placement issued and paid-up share capital, to Dr Kevin Teh Tze Chen for a consideration of S\$200,000.

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## SHAREHOLDERS

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- (6) Felix Huang transferred 7,500 Shares (which pursuant to the Share Split, currently amounts to 2,025,000 Shares), representing 1.5% of our Company's pre-Placement issued and paid-up share capital, to Ng Pei Ling, Sherona for a consideration of S\$300,000.
- (7) Pursuant to the Management Agreement, as part of PPCF's professional fees as the Manager and Sponsor, our Company will issue 2,186,000 PPCF Shares, representing approximately 1.5% of our Company's post-Placement issued and paid-up share capital, at the Placement Price to PPCF.
- (8) Pursuant to a sale and purchase agreement dated 20 April 2009 and entered into between Felix Huang and Yim Wing Soon, Felix Huang transferred 12,500 Shares (which pursuant to the Share Split, currently amounts to 3,375,000 Shares), representing 2.5% of our Company's pre-Placement issued and paid-up share capital, to Yim Wing Soon for a consideration of S\$500,000.
- (9) Jimmy Yim Wing Kuen, SC and Yim Wing Soon are brothers.
- (10) Figures do not add up due to rounding.

Felix Huang has in a letter dated 22 June 2009, confirmed that the transfers of Shares to Jimmy Yim Wing Kuen, SC, Dr Kevin Teh Tze Chen, Ng Pei Ling, Sherona and Yim Wing Soon were *bona fide* transfers and were not effected pursuant to any nominee arrangements between the parties.

Each of Jimmy Yim Wing Kuen, SC, Dr Kevin Teh Tze Chen, Ng Pei Ling, Sherona and Yim Wing Soon has also in a letter of confirmation dated 22 June 2009, 20 June 2009, 22 June 2009 and 22 June 2009 respectively, confirmed that the transfer of Shares from Felix Huang to each of him or her was a *bona fide* transfer and was not effected pursuant to any nominee arrangement.

Our Executive Chairman and Substantial Shareholder, Felix Huang, is the husband of our Chief Executive Officer and Substantial Shareholder, Dr Cheryl Baumann, as well as the brother of our Executive Vice President, Shirley See-Toh.

Save as disclosed above, there are no other relationships between the Directors and Substantial Shareholders. Save as disclosed above, to the best of the knowledge of our Directors, we are not directly or indirectly owned or controlled, whether severally or jointly, by any other corporation, any government or other natural or legal person.

The Shares held by our Directors and Substantial Shareholders do not carry different voting rights from the New Shares which are the subject of the Placement. Save as disclosed above, our Directors are not aware of any arrangement the operation of which may, at a subsequent date, result in a change in control of our Company.

## SHAREHOLDERS

### SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP

The significant changes in the percentages of ownership of our Directors and Substantial Shareholders in our Company for the last three years prior to the Latest Practicable Date are as follows:

	As at 15 June 2006		After the Transfer of Shares on 13 September 2006		After the Transfer of Shares on 26 December 2007		After the Issue of Shares on 30 October 2008		After the Transfer of Shares on 30 January 2009		After the Transfer of Shares on 2 February 2009		After the Transfers of Shares in May and June 2009 <sup>(1)(2)</sup>		As at the Latest Practicable Date	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
<b>Directors</b>																
Felix Huang	—	—	—	—	—	—	—	—	118,750	23.8	125,000	25.0	112,500	22.5	112,500	22.5
Dr Cheryl Baumann	200,000	100.0	100,000	50.0	190,000	95.0	475,000	95.0	356,250	71.3	350,000	70.0	350,000	70.0	350,000	70.0
Jimmy Yim Wing Kuen, SC	—	—	—	—	—	—	—	—	—	—	—	—	12,500	2.5	12,500	2.5
<b>Others</b>																
Dr Kevin Teh Tze Chen	—	—	—	—	—	—	—	—	—	—	—	—	5,000	—	5,000	—
Ng Mei Ling	—	—	100,000	50.0	10,000	5.0	25,000	5.0	25,000	5.0	25,000	5.0	—	—	—	—
Ng Pei Ling, Sherona	—	—	—	—	—	—	—	—	—	—	—	—	7,500	1.5	7,500	1.5
Yim Wing Soon	—	—	—	—	—	—	—	—	—	—	—	—	12,500	2.5	12,500	2.5
<b>Total</b>	<b>200,000</b>	<b>100.0</b>	<b>200,000</b>	<b>100.0</b>	<b>200,000</b>	<b>100.0</b>	<b>500,000</b>	<b>100.0</b>	<b>500,000</b>	<b>100.0<sup>(3)</sup></b>	<b>500,000</b>	<b>100.0</b>	<b>500,000</b>	<b>100.0</b>	<b>500,000</b>	<b>100.0</b>

**Notes:**

- (1) Pursuant to the sale and purchase agreements as described under notes (1), (3), (4) and (5) to the table of our shareholders set out under the section entitled "Shareholders — Ownership Structure", Felix Huang transferred in aggregate 37,500 Shares, representing 7.5% of our Company's pre-Placement issued and paid-up share capital, to Jimmy Yim Wing Kuen, SC, Dr Kevin Teh Tze Chen, Ng Pei Ling, Sherona and Yim Wing Soon.
- (2) Ng Mei Ling transferred 25,000 Shares, representing 5.0% of our Company's pre-Placement issued and paid-up capital, to Felix Huang on 29 May 2009.
- (3) Figures do not add up due to rounding.

Save as disclosed above, there were no significant changes in the percentages of ownership of our Directors and Substantial Shareholders in our Company for the last three years prior to the Latest Practicable Date.

## SHAREHOLDERS

### VENDOR

The Vendor and the number of Vendor Shares which she will offer pursuant to the Placement are set out below:

Name	Shares held immediately before the Placement		Vendor Shares offered pursuant to the Placement	Shares held immediately after the Placement			
	Number of Shares	% of pre-Placement share capital		Number of Shares	% of post-Placement share capital		
Dr Cheryl Baumann	94,500,000	70.0	17,050,000	12.6	11.7	75,992,700 <sup>(1)</sup>	52.1

**Note:**

- (1) Pursuant to a consultancy agreement dated 1 April 2009 and entered into between Dr Cheryl Baumann and Dr Ho Choon Hou, as part of Dr Ho Choon Hou's professional fees for acting as Dr Cheryl Baumann's consultant, Dr Cheryl Baumann will transfer 1,457,300 Shares, representing approximately 1.0% of our Company's post-Placement issued and paid-up share capital, to Dr Ho Choon Hou.

The Vendor, Dr Cheryl Baumann, is an Executive Director and Substantial Shareholder of our Company.

### MORATORIUM

#### Substantial Shareholders

Each of Felix Huang and Dr Cheryl Baumann has undertaken not to sell, contract to sell, realise, transfer, pledge, grant any option to or otherwise dispose of any part of his or her interest in our Company for a period of six months commencing from the date of our admission to the Official List of Catalist (the "Initial Period") and at least 50.0% of each of his or her original shareholding for a period of six months following the Initial Period.

#### Others

Each of Dr Kevin Teh Tze Chen, Dr Ho Choon Hou, Ng Pei Ling, Sherona, PPCF, Jimmy Yim Wing Kuen, SC and Yim Wing Soon has undertaken not to sell, contract to sell, realise, transfer, pledge, grant any option to or otherwise dispose of any part of his or its interest in our Company for the Initial Period and at least 50.0% of his or its original shareholding for a period of six months after the Initial Period.

Upon the completion of the aforesaid moratorium period, PPCF will be disposing of its shareholding in our Company at its discretion.

## DILUTION

Dilution is the amount by which the Placement Price paid by the purchaser and/or subscribers of our Shares in this Placement exceeds our NTA per Share after the Placement. Our NTA per Share as at 31 December 2008 before adjusting for the estimated net proceeds due to us from the Placement and based on the pre-Placement issued and paid-up share capital of 135,000,000 Shares was 0.6 cents per Share.

Pursuant to the Placement in respect of 8,550,000 New Shares at the Placement Price, our NTA per Share as at 31 December 2008 after adjusting for the estimated net proceeds due to us from the Placement and based on the post-Placement issued and paid-up share capital of 145,736,000 Shares would have been 1.0 cents. This represents an immediate increase in NTA per Share of 0.4 cents to our existing Shareholders and an immediate dilution in NTA per Share of 20.0 cents or approximately 95.2% to our new public investors.

The following table illustrates the dilution per Share as at 31 December 2008 based on the Placement Price of S\$0.21 per Share:

	Cents
Placement Price per Share	21.0
NTA per Share based on the pre-Placement share capital of 135,000,000 Shares	0.6
Increase in NTA per Share attributable to existing shareholders	0.4
NTA per Share after the Placement of New Shares and based on the post-Placement share capital of 145,736,000 Shares	1.0
Dilution in NTA per Share to new public investors	20.0

The following table summarises the total number of Shares acquired by our existing Shareholders (as adjusted for the Share Split) as at the date of lodgment of this Offer Document, the total consideration paid by them and the effective cash cost per Share to our existing Shareholders of Shares acquired by them from the date of incorporation, and to the public Shareholders who purchase and/or subscribe for the Placement Shares at the Placement Price pursuant to the Placement:

	Number of Shares	Total consideration (S\$)	Effective cash cost per Share (cents)
<b>Existing shareholders</b>			
Felix Huang, Dr Cheryl Baumann and Ng Mei Ling <sup>(1)</sup>	135,000,000	500,000	0.4
Jimmy Yim Wing Kuen, SC	3,375,000	500,000	14.8
Dr Kevin Teh Tze Chen	1,350,000	200,000	14.8
Ng Pei Ling, Sherona	2,025,000	300,000	14.8
Yim Wing Soon	3,375,000	500,000	14.8
<b>New public investors</b>	25,600,000	5,376,000	21.0

**Note:**

- (1) This includes the 37,500 Shares (which pursuant to the Share Split, current amounts to 10,125,000 Shares) were transferred by Felix Huang to Jimmy Yim Wing Kuen, SC, Dr Kevin Teh Tze Chen, Ng Pei Ling, Sherona and Yim Wing Soon as set out under the section entitled "Shareholders" of this Offer Document.



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## RESTRUCTURING EXERCISE

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In preparation for the Listing, we undertook the restructuring exercising (the “Restructuring Exercise”), which involved the following steps:

**(a) Sale of shares in SAC**

Pursuant to a sale and purchase agreement dated 20 April 2009, our Company transferred 30 shares in SAC, representing 30.0% of the capital of SAC to Dr Yeak Hwee Lee, our Medical Director for the Singapore Aesthetic Centre, for a consideration of S\$30.

Under the sale and purchase agreement, Dr Yeak Hwee Lee has (i) agreed not to sell the 30.0% of the capital of SAC for a period of three years from the date of her service agreement with SAC, (ii) granted to our Company a right, if exercised by our Company, to sell to our Company the 30.0% of the capital of SAC in the event that her service agreement with SAC is terminated within the period of three years and (iii) granted to our Company a first right of refusal to 30.0% of the capital of SAC if she decides to sell all or part of the shares, at fair market value, which shall be determined by an independent valuer.

**(b) Sale of shares in TDS**

Pursuant to a sale and purchase agreement dated 28 May 2009, our Company transferred 35 shares in TDS, representing 35.0% of the capital of TDS to Dr Lynette Ng, our Dental Director for The Dental Studio, for a consideration of S\$35.

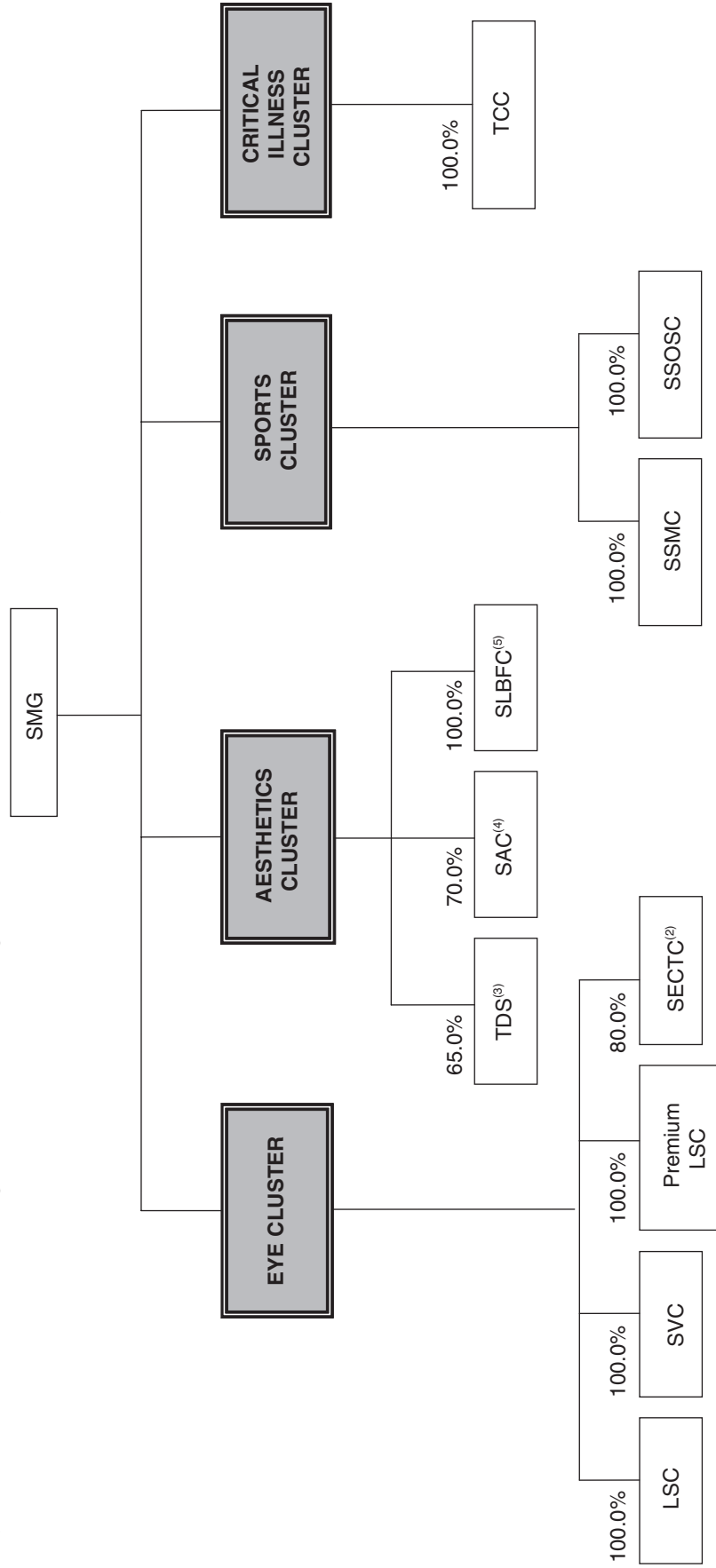
Under the sale and purchase agreement, Dr Lynette Ng has (i) agreed not to sell the 35.0% of the capital of TDS for a period of five years from 17 February 2007, (ii) granted to our Company a right, if exercised by our Company, to sell to our Company the 35.0% of the capital of TDS in the event that her service agreement with TDS is terminated within the period of five years from 17 February 2007 and (iii) granted to our Company a first right of refusal to the 35.0% of the capital of TDS if she decides to sell all or part of the shares, at fair market value, which shall be determined by an independent valuer.

**(c) Subscription of shares in SECTC**

Pursuant to a subscription agreement dated 11 November 2008, as supplemented by a supplemental agreement dated 17 April 2009, Dr Leonard Ang and our Company subscribed for 100,000 and 399,900 shares in SECTC, representing 20.0% and approximately 80.0% of the post-subscription capital of SECTC, respectively at a subscription price of S\$1 per share.

## GROUP STRUCTURE

Our group structure after the Restructuring Exercise and excluding our subsidiaries which are dormant companies<sup>(1)</sup> as at the Latest Practicable Date is as follows:



### Notes:

- (1) Singapore Cornea Transplant Centre Pte. Ltd., Singapore Dermatology Centre Pte. Ltd. and SMG International Partners Pte. Ltd.
- (2) Dr Leonard Ang, the Medical Director of The Eye & Cornea Transplant Centre, holds the remaining 20.0% of the shares in SECTC.
- (3) Dr Lynette Ng, the Dental Director of The Dental Studio, holds the remaining 35.0% of the shares in TDS.
- (4) Dr Yeak Hwee Lee, the Medical Director of the Singapore Aesthetic Centre, holds the remaining 30.0% of the shares in SAC.
- (5) Pursuant to a subscription agreement dated 2 January 2009, as supplemented by a supplemental agreement dated 1 April 2009, Keller and our Company have agreed to subscribe for 400 and 399,500 shares respectively, in the capital of SLBFC at a subscription price of S\$1.00 per share on 30 July 2009 or on such other date as may be agreed between the parties.

## GROUP STRUCTURE

The details of our subsidiaries as at the date of this Offer Document are as follows:

<b>Name of company</b>	<b>Date and place of incorporation</b>	<b>Principal business/Principal place of business</b>	<b>% effective ownership</b>
Cancer Centre Pte. Ltd.	26 December 2007/ Singapore	Provision of oncology services/ Singapore	100.0%
Premium Lasik Surgery Clinic Pte. Ltd.	12 January 2009/ Singapore	Provision of refractive surgery services/Singapore	100.0%
Singapore Aesthetic Centre Pte. Ltd. <sup>(1)</sup>	8 March 2008/ Singapore	Provision of aesthetic medicine services/Singapore	70.0%
Singapore Eye & Cornea Transplant Centre Pte. Ltd.	11 November 2008/ Singapore	Provision of cornea transplant services and other general ophthalmological services/ Singapore	80.0%
Singapore Lipo, Body & Face Centre Pte. Ltd.	24 October 2008/ Singapore	Provision of aesthetic services/ Singapore	100.0%
Singapore Sports Medicine Centre Pte. Ltd. <sup>(2)</sup>	2 September 2008/ Singapore	Provision of sports medicine services/Singapore	100.0%
Singapore Sports Orthopaedic Surgery Centre Pte. Ltd.	10 December 2008/ Singapore	Provision of sports orthopaedic surgery services/Singapore	100.0%
Singapore Vision Centre Pte. Ltd.	20 July 2007/ Singapore	Provision of general ophthalmological services/ Singapore	100.0%
The Lasik Surgery Clinic Pte. Ltd. <sup>(3)</sup>	17 July 2008/ Singapore	Provision of refractive surgery services/Singapore	100.0%
The Dental Studio Pte. Ltd. <sup>(4)</sup>	17 July 2008/ Singapore	Provision of dental services/ Singapore	65.0%
Singapore Cornea Transplant Centre Pte. Ltd.	23 October 2008/ Singapore	Dormant company/Singapore	100.0%
Singapore Dermatology Centre Pte. Ltd.	24 October 2008/ Singapore	Dormant company/Singapore	100.0%
SMG International Partners Pte. Ltd.	13 May 2009/ Singapore	Dormant company/Singapore	100.0%

**Notes:**

- (1) Singapore Aesthetic Centre was registered as a sole proprietorship on 26 December 2007 and terminated on 8 September 2008.
- (2) Singapore Sports Medicine Centre was registered as a sole proprietorship on 18 July 2006 and terminated on 1 March 2009.
- (3) The Lasik Surgery Clinic was registered as a sole proprietorship on 1 April 2005 and terminated on 14 January 2009.
- (4) The Dental Studio was registered as a sole proprietorship on 22 August 2007 and is in the process of being terminated.

None of the above subsidiary companies is listed on any stock exchange.

## SELECTED FINANCIAL STATEMENTS

*The following financial information of our Group should be read in conjunction with the “Audited Combined Financial Statements of Singapore Medical Group Limited and its Subsidiaries for the Financial Years Ended 31 December 2006, 2007 and 2008” as set out in Appendix A to this Offer Document.*

(S\$'000)	FY2006	Audited FY2007	FY2008
<b>Revenue</b>	4,282	24,650	30,115
Profit before tax <sup>(1)</sup>	1,587	9,929	6,190
<b>Profit for the year<sup>(1)</sup></b>	1,286	8,146	5,000
EPS (cents) <sup>(2)</sup>	1.0	6.0	3.7
Adjusted EPS (cents) <sup>(3)</sup>	0.9	5.6	3.4

**Notes:**

- (1) Had the Service Agreements been in effect for FY2008, our profit before income tax, profit for the year and EPS for FY2008 would have been approximately S\$5.2 million, approximately S\$4.2 million and 3.1 cents respectively.
- (2) For comparative purposes, EPS for the period under review have been computed based on the net profit attributable to Shareholders and the pre-Placement share capital of 135,000,000 Shares.
- (3) For comparative purposes, adjusted EPS for the period under review have been computed based on the net profit attributable to Shareholders and the post-Placement share capital of 145,736,000 Shares.

(S\$'000)	As at 31 December 2006	Audited As at 31 December 2007	As at 31 December 2008
Current Assets	1,845	4,017	3,595
Non-Current Assets	1,662	3,599	4,296
<b>Total Assets</b>	3,507	7,616	7,891
Current Liabilities	1,519	6,741	6,969
Non-Current Liabilities	572	313	160
<b>Total Liabilities</b>	2,091	7,054	7,129
<b>Net Assets</b>	1,416	562	762
<b>Total Equity</b>	1,416	562	762
<b>NTA per Share (cents)<sup>(1)</sup></b>	1.0	0.4	0.6

**Note:**

- (1) The NTA per Share is computed based on the net tangible assets of our Group and the pre-Placement share capital of 135,000,000 Shares.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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### FINANCIAL INFORMATION OF OUR GROUP

*The following discussion of our business, financial condition and results of operations for our Group should be read in conjunction with the "Audited Combined Financial Statements of Singapore Medical Group Limited and its Subsidiaries for the Financial Years Ended 31 December 2006, 2007 and 2008" as set out in Appendix A to this Offer Document and the related notes elsewhere in this Offer Document.*

### OVERVIEW

#### Revenue

We are a provider of multi-disciplinary specialist healthcare services in Singapore across the fields of ophthalmology, aesthetic medicine, sports medicine and oncology. We mainly engage in the operation of medical clinics and the provision of specialist healthcare services in particular LASIK procedures, cataract surgeries as well as other general ophthalmologic services.

Revenue is generated from the provision of specialist healthcare services to our walk-in, referred and private patients as well as corporate clients. Our sources of revenue are derived from:

- (a) fees for clinical consultation, medical tests, treatment procedures and medical services rendered; and
- (b) the sale of medicine and related healthcare products.

The majority of our revenue is derived from clinical consultation, medical tests, treatment procedures and medical services rendered. In FY2008, revenue from the provision of clinical consultation, treatment procedures and medical services rendered accounted for approximately 89.8% of our total revenue. Revenue derived from the sale of medicine and related healthcare products accounted for approximately 10.2% of our total revenue in FY2008.

Our revenue is recognised upon medical services being rendered and medicines being supplied based on the amount invoiced. These may vary depending on the type of medical services rendered, the complexity of the treatment procedures and the type of drugs supplied to our patients.

Our revenue amounted to approximately S\$4.3 million, S\$24.7 million and S\$30.1 million for FY2006, FY2007 and FY2008 respectively. Our revenue is mainly dependent on the following factors:

- (a) nature, complexity and duration of treatment as well as the level of medical expertise required;
- (b) types of medicines being dispensed and sold;
- (c) patient demand, which is dependent on individual preferences and their socio-economic circumstances;
- (d) our ability to recruit and retain experienced and qualified healthcare professionals who possess the requisite expertise to provide quality and effective specialist healthcare services to meet the demands of our patients;
- (e) our ability to maintain a good reputation as a quality specialist healthcare service provider;

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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- (f) changes in government policies or regulations; and
- (g) the outbreak of diseases that may affect the demand for our services.

Please refer to the section entitled "Risk Factors" of this Offer Document for other factors which may affect our revenue.

### Cost of sales

Our cost of sales comprises consultancy and doctors' fees, cost of medicines and other consumables, VISX Treatment Cards and procedural blades, and laboratory test fees. The cost of sales represented approximately 17.3%, 35.2% and 40.5% of our total revenue for FY2006, FY2007 and FY2008 respectively.

A breakdown of our cost of sales, for the period under review is as follows:

	FY2006		FY2007		FY2008	
	S\$'000	%	S\$'000	%	S\$'000	%
Consultancy and doctors' fees	432	58.3	5,906	68.1	6,473	53.1
Cost of medicines and other consumables	249	33.6	1,856	21.4	3,679	30.2
VISX Treatment Cards and procedural blades	59	8.0	885	10.2	1,729	14.2
Laboratory test fees	1	0.1	28	0.3	314	2.5
<b>Total</b>	<b>741</b>	<b>100.0</b>	<b>8,675</b>	<b>100.0</b>	<b>12,195</b>	<b>100.0</b>

Consultancy and doctors' fees include remuneration and CPF contributions of our doctors, consultation fees paid to visiting consultants and the quarterly retainer fees paid to Changi General Hospital for the alliance between SSMC and Changi Sports Medicine Centre to jointly promote sports medicine.

The cost of medicines and other consumables include drugs, pharmaceuticals and other medical consumables such as surgical gowns, ophthalmic consumables and syringes purchased from distributors and pharmaceutical companies.

VISX Treatment Cards and procedural blades include the purchase of VISX Treatment Cards used for the operation of the IntraLase machines, as well as the purchase of microkeratome blades.

Our cost of sales may be affected by the following factors:

- (a) changes in rates and fees paid to our doctors and visiting consultants based on their qualifications and experience;
- (b) changes in prices of medicines and other consumables; and
- (c) ability to obtain bulk discounts for purchase of medicines and other consumables.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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### Financial income

Financial income relates to interest income received from the placing of our additional funds with banking institutions. Financial income accounted for less than 0.01% of the total revenue for both FY2007 and FY2008. There was no financial income for FY2006.

### Other income

Other income comprises gain on disposal of equipment, foreign exchange difference and sponsorship from our suppliers for our marketing events. Other operating income accounted for approximately 0.5%, 0.3% and 0.4% of our total revenue for FY2006, FY2007 and FY2008 respectively.

### Distribution and selling expenses

Distribution and selling expenses consist of commission charges, advertising and marketing expenses, freight and handling charges and other distribution and selling expenses.

Commission charges relate to fees incurred for the provision of credit card and NETS payment facilities to our patients.

Advertising and marketing expenses are incurred for all the promotional activities conducted to promote our products and services through the printed media and for our public health education programmes to create brand awareness and recognition and to enhance public health consciousness.

Freight and handling charges comprise mainly logistics and transportation costs incurred for promotional activities such as road shows and exhibitions. It also includes the cost of transportation and handling of medical equipment.

Other distribution and selling expenses refer to fees paid to external parties for patient referrals to TCC.

Distribution and selling expenses amounted to S\$0.5 million, S\$1.8 million and S\$2.9 million, representing approximately 11.1%, 7.2% and 9.6% of our total revenue in FY2006, FY2007 and FY2008 respectively.

### Administrative expenses

Our administrative expenses consist of payroll and payroll-related expenses, office-related expenses, professional fees and miscellaneous administrative expenses.

Payroll and payroll-related expenses comprise mainly salaries, allowances and bonuses of our staff, CPF contributions, directors' fees and remuneration, staff commissions, salaries for casual labour and temporary staff and other related expenses such as staff welfare.

Office-related expenses comprise mainly expenses incurred on rental, utilities, telecommunications and other various office-related expenses.

Professional fees mainly include audit fees, corporate secretarial fees, legal fees, accounting fees, tax fees and media relation fees.



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## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

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Miscellaneous administrative expenses comprise mainly depreciation on fixed assets, service charges for lease of premises, repair and maintenance cost for our premises, travelling expenses and other general expenses.

Administrative expenses accounted for approximately 33.7%, 17.4% and 29.7% of our total revenue in FY2006, FY2007 and FY2008 respectively.

### **Financial expenses**

Financial expenses comprise interest expenses on finance lease obligations for medical equipment and motor vehicles as well as interest paid for a short term bank loan. The implicit interest rates in our finance lease obligations were approximately 5.3% for FY2006 and FY2007 and ranged between 3.3% to 5.3% for FY2008.

Financial expenses accounted for approximately 1.3%, 0.2% and 0.1% of our total revenue in FY2006, FY2007 and FY2008 respectively.

### **Income tax**

Our overall effective tax rate was approximately 19.0%, 18.0% and 19.2% for FY2006, FY2007 and FY2008 respectively. The Singapore statutory corporate tax rates for FY2006 was 20.0% and for FY2007 and FY2008 were 18.0%.

## **RESULTS OF OPERATIONS**

For the purpose of discussion, our revenue and gross profit are segmented by medical clusters for the period under review. As such, this analysis should be read in conjunction with the "Audited Combined Financial Statements of Singapore Medical Group Limited and its Subsidiaries for the Financial Years Ended 31 December 2006, 2007 and 2008" included in Appendix A to this Offer Document.

### **Review of past performance by medical clusters**

Most of our income was generated from our Eye Cluster as it is our first and our flagship medical cluster. Subsequent to the success of our Eye Cluster, we expanded our medical clusters to include our Sports Cluster in FY2006, our Aesthetics Cluster in FY2007 and subsequently our Critical Illness Cluster in FY2008. Please refer to the section entitled "General Information on our Group — Business Overview" of this Offer Document for more details of our medical clusters.

In FY2006, our Eye Cluster contributed S\$4.2 million or approximately 98.8% to our total revenue. Singapore Sports Medical Centre, which was registered as a sole proprietorship in July 2006 contributed S\$51,000 to our total revenue of S\$4.3 million.

In FY2007, our Eye Cluster contributed S\$23.8 million or approximately 96.6% to our total revenue of S\$24.7 million. Our Sports Cluster which gained greater market acceptance contributed S\$0.4 million to our total revenue for FY2007. Our Aesthetics Cluster which commenced operations in FY2007 contributed S\$0.4 million to our total revenue.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In FY2008, our Eye Cluster contributed S\$25.7 million or approximately 85.2% to our total revenue of S\$30.1 million. The other medical clusters contributed S\$4.4 million of which S\$1.8 million, S\$1.5 million and S\$1.1 million were contributed by our Critical Illness Cluster, our Aesthetics Cluster and our Sports Cluster, respectively.

For the period under review, our revenue was derived predominately from our Eye Cluster. As such, we grouped our Sports Cluster, Aesthetics Cluster and Critical Illness Cluster under "Other Clusters" and set out below the breakdown of our revenue, gross profit and gross profit margin by these two clusters:

Revenue	FY2006		FY2007		FY2008	
	S\$'000	%	S\$'000	%	S\$'000	%
Eye Cluster	4,231	98.8	23,803	96.6	25,666	85.2
Other Clusters	51	1.2	847	3.4	4,449	14.8
<b>Total</b>	<b>4,282</b>	<b>100.0</b>	<b>24,650</b>	<b>100.0</b>	<b>30,115</b>	<b>100.0</b>

Gross Profit	FY2006		FY2007		FY2008	
	S\$'000	%	S\$'000	%	S\$'000	%
Eye Cluster	3,514	99.2	15,495	97.0	16,196	90.4
Other Clusters	27	0.8	480	3.0	1,724	9.6
<b>Total</b>	<b>3,541</b>	<b>100.0</b>	<b>15,975</b>	<b>100.0</b>	<b>17,920</b>	<b>100.0</b>

Gross Profit Margin	FY2006	FY2007	FY2008
	%	%	%
Eye Cluster	83.1	65.1	63.1
Other Clusters	52.9	56.7	38.8

### Review of past performance by geographical segment

There is no breakdown and analysis of our revenue and profit by geographical segments as our operations are based solely in Singapore.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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### REVIEW OF PAST PERFORMANCE

#### FY2008 vs FY2007

##### Revenue

Our total revenue increased by S\$5.4 million or approximately 21.9% from S\$24.7 million in FY2007 to S\$30.1 million in FY2008 in line with our expansion plans to diversify our range of specialist healthcare services and establish more medical clinics. Revenue from our Eye Cluster increased by S\$1.9 million to S\$25.7 million mainly as a result of the increase in the number of LASIK procedures performed from approximately 16,000 in FY2007 to approximately 18,000 in FY2008. In FY2008, revenue from other medical clusters increased by S\$3.5 million due to the following factors:

- (a) Increase in revenue from our Aesthetics Cluster by S\$1.1 million as a result of an increase in number of patients of The Dental Studio. In addition, additional revenue was derived from SAC which was incorporated and commenced operations in FY2008;
- (b) Increase in revenue from our Sports Cluster by S\$0.6 million. This was mainly due to successful promotional activities of our Sports Cluster as well as the combined effort from our alliance with Changi General Hospital which led to an increase in the number of patients for our Sports Cluster; and
- (c) Additional revenue from our Critical Illness Cluster contributed by TCC, which commenced operations in FY2008. TCC contributed S\$1.8 million to our total revenue for FY2008.

##### Cost of sales

Our overall cost of sales increased by S\$3.5 million or approximately 40.2% from S\$8.7 million in FY2007 to S\$12.2 million in FY2008. In general, our cost of sales increased as a result of an increase in business volume in FY2008. Higher consultancy and doctors' fees, expenses for purchase of medicine and other consumables as well as expenses for VISX Treatment Cards and procedural blades were incurred in FY2008 to facilitate the increased number of LASIK procedures performed in that year. Expenses for laboratory tests had also increased in FY2008. We recorded a higher amount of expenses paid to third parties for outsourcing of laboratory tests in FY2008 due to the higher number of laboratory tests required by our Sports Cluster resulting from an increase in the number of patients. Our Critical Illness Cluster, which commenced operations in 2008, has also contributed to the increase in the number of laboratory tests done in FY2008.

##### Financial income

The decrease in financial income for FY2008 is due to lower interest rates on bank deposits placed during FY2008 as compared to FY2007.

##### Other income

In FY2008, other income of S\$0.1 million comprised sponsorships which we received from our suppliers for the production of corporate calendars and open house events. In FY2007, other income consisted of gain on disposal of equipment and foreign exchange difference amounting to S\$21,000 and S\$56,000 respectively.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

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### **Distribution and selling expenses**

Our distribution and selling expenses increased to S\$2.9 million. This represented an increase of approximately 61.1% over the amount of S\$1.8 million incurred in FY2007. This was mainly because of the additional advertising and marketing expenses incurred for our promotional activities.

We have consciously increased our expenditure on promotional activities in FY2008 to intensively promote our newly-formed medical clusters whilst at the same time increase our existing promotional and advertisement efforts for our existing medical clusters. In line with our strategy to focus on marketing and brand building, we had continued to conduct various types of promotional activities in FY2008 such as public health education programmes to enhance public health consciousness as well as to create brand awareness and recognition. We had increased our advertising expenses in the printed media to promote our existing and new medical services. We believe that additional promotional activities are essential in creating awareness of our brand and business since we further expanded our medical clusters and widened the range of our medical services in FY2008.

The increase in distribution and selling expenses was also due to higher commission charged as a result of the increase in payments made by patients via credit cards and NETS, as well as an increase in other distribution and selling expenses such as referral fees paid to external parties. The increase in overall distribution and selling expenses was offset by a slight decrease in freight and handling charges as we were able to better manage our transportation and logistics needs internally and became less dependent on outsourced transportation and logistics companies.

### **Administrative expenses**

Expansion and diversification of our medical clusters by setting up additional medical clinics in FY2008 resulted in an increase of S\$4.6 million in administrative expenses in FY2008.

In FY2008, payroll and payroll-related expenses increased by S\$2.2 million or approximately 92.9% due to the increase in salaries paid to our staff, casual labour and temporary staff and the increase in CPF contributions as a result of additional staff hired for the new medical clinics as well as increase in staff commissions.

Our office-related expenses, professional fees and miscellaneous administrative expenses increased by S\$2.4 million mainly due to additional rental expenditures and depreciation expenses. We incurred additional rental expenditures in FY2008 as we increased our rented premises for our new medical clinics at strategic locations which are situated near our existing medical clinics. The increase in depreciation expenses was due to additional capital investment of new clinics such as the renovation and refurbishment of The Cancer Centre and the Singapore Aesthetic Centre, both of which had special requirements. The Cancer Centre required specific design as compared to other medical clinics as additional fittings were required to meet the more stringent requirements for the provision of specialist services for critical illnesses. The Singapore Aesthetic Centre which provides aesthetics services was designed specifically to appear more appealing and to look less like a typical medical clinic. The clinic was specially designed to provide a tranquil and comfortable environment for our patients seeking aesthetics treatments and as such required renovation and fittings specially tailored for this purpose.

### **Financial expenses**

Financial expenses decreased by approximately 37.9% from S\$58,000 in FY2007 to S\$36,000 in FY2008 primarily due to the decrease in interest expenses arising from our finance lease obligations

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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in FY2008. The decrease was offset by interest expenses incurred on our short term bank loan obtained in FY2008. For further information on our bank loans, please refer to the section entitled "Capitalisation and Indebtedness" of this Offer Document.

### **Profit before tax**

Our profit before tax decreased by S\$3.7 million in FY2008 as compared to FY2007 primarily due to additional costs incurred for the new medical clinics as well as increase in costs for development of existing medical clinics.

### **Income tax**

Income tax expenses decreased by S\$0.6 million or approximately 33.3% from S\$1.8 million in FY2007 to S\$1.2 million in FY2008 as a result of a decrease in taxable income. Our effective tax rate increased from approximately 18.0% in FY2007 to approximately 19.2% in FY2008.

### **FY2007 vs FY2006**

#### **Revenue**

Our total revenue increased by S\$20.4 million from S\$4.3 million in FY2006 to S\$24.7 million in FY2007. Revenue from our Eye Cluster increased by S\$19.6 million as compared to FY2006 mainly due to the higher demand in The Lasik Surgery Clinic and additional revenue contribution for our Eye Cluster from SVC which was newly established and commenced operations in FY2007.

Our Sports Cluster which was formed in FY2006 only commenced operations in the fourth quarter of FY2006. The revenue for our Sports Cluster increased by S\$0.4 million in FY2007 as a result of an increase in patient traffic as well as the recognition of a full year's turnover for our Sports Cluster.

The increase in revenue in FY2007 was also partly due to the contribution of S\$0.4 million by our Aesthetics Cluster which commenced operations in the same year.

#### **Cost of sales**

Our total cost of sales increased by S\$8.0 million from S\$0.7 million in FY2006 to S\$8.7 million in FY2007. This was mainly due to the increase in consultancy and doctors' fees paid to our doctors and visiting consultants as a result of the additional number of doctors appointed to serve the increased number of patients in our medical clinics. We also incurred additional costs for the purchases of medicine, medical consumables, VISX Treatment Cards and procedural blades as a result of the increase in patient traffic and number of LASIK procedures performed in FY2007.

#### **Financial income**

We received S\$2,000 interest income as a result of placing our additional funds in an interest bearing account during FY2007.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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### Other income

Other income increased by S\$54,000 from S\$23,000 in FY2006 to S\$77,000 in FY2007. The increase was mainly due to the gain in foreign exchange difference in FY2007 of S\$56,000 arising from the one-off purchase of medical equipment denominated in US dollars. This was offset by a lesser gain on disposal of our medical equipment by S\$2,000 in FY2007.

### Distribution and selling expenses

The increase in distribution and selling expenses in FY2007 by S\$1.3 million as compared to FY2006 was mainly due to the increase in advertising and marketing expenses and commission charges which increased by S\$0.9 million and S\$0.4 million respectively.

Our advertising and marketing expenses increased by S\$0.9 million as a result of an increase in marketing activities conducted in FY2007 as part of our strategy to create brand awareness and recognition of our new and existing medical services as well as our new and existing medical clusters. Our freight and handling charges also increased as a result of increased logistic costs incurred for additional marketing activities.

The increase in commission charges of S\$0.4 million was due to the increase in payments made by patients via credit cards and NETS which resulted from our increased business volume.

### Administrative expenses

In FY2007, our administrative expenses increased by S\$2.9 million as compared to FY2006. This was mainly due to the increase in headcount, administrative work, rental paid for additional premises and an increase in depreciation of property, plant and equipment as a result of our business expansion.

In FY2007, the payroll and payroll-related expenses, office-related expenses and miscellaneous administrative expenses increased by S\$1.9 million, S\$0.7 million and S\$0.3 million respectively.

### Financial expenses

Our financial expenses increased by S\$1,000 from S\$57,000 in FY2006 to S\$58,000 in FY2007, as the majority of finance lease obligations only came into effect in the second half of FY2006.

### Profit before tax

Profit before tax increased by S\$8.3 million or approximately 518.8% from S\$1.6 million in FY2006 to S\$9.9 million in FY2007 as a result of our revenue growth in FY2007.

### Income tax

Income tax expenses for FY2006 and FY2007 were S\$0.3 million and S\$1.8 million respectively, representing an effective tax rate of approximately 19.0% and 18.0% respectively.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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### REVIEW OF FINANCIAL POSITION

**As at 31 December 2008**

#### **Non-current assets**

Our non-current assets comprised property, plant and equipment. As at 31 December 2008, the net carrying amount of our property, plant and equipment was S\$3.7 million. These comprised office equipment, medical equipment, furniture and fittings and motor vehicles of S\$0.2 million, S\$2.3 million, S\$1.2 million and S\$76,000 respectively. Other receivables comprised mainly rental deposits for our premises.

#### **Current assets**

Our current assets comprised inventories, trade receivables, prepayments, other receivables, amounts due from shareholder and cash and cash equivalents. As at 31 December 2008, our current assets of S\$3.6 million accounted for approximately 45.6% of our total assets.

Inventories, which comprised VISX Treatment Cards, medicines and other consumables such as lenses and procedural blades accounted for approximately 15.6% of our total current assets.

Generally, we have a low level of trade receivables as most of our transactions are conducted on cash terms. Our services are mainly paid for in cash, by credit cards or through NETS by our patients. As at 31 December 2008, our trade receivables of S\$88,000, constituted approximately 2.4% of our total current assets.

Prepayments consisted of advanced payments to our suppliers and payments made for insurance premiums. As at 31 December 2008, our prepayments of S\$0.3 million accounted for approximately 7.3% of our total current assets.

As at 31 December 2008, other receivables of S\$15,000 comprised mainly deposits paid for utilities.

As at 31 December 2008, the amount of non-interest bearing loans extended to our shareholder was S\$0.8 million, which represented approximately 21.8% of our total current assets.

Our cash and cash equivalents as at 31 December 2008 amounted to S\$1.9 million or approximately 52.5% of our total current assets.

#### **Non-current liabilities**

As at 31 December 2008, our non-current liabilities comprised solely of the deferred tax liabilities of S\$0.2 million representing approximately 2.2% of our total liabilities.

#### **Current liabilities**

Our current liabilities comprised trade payables, other payables and accruals, obligations under finance leases, short term bank loan and income tax payable. As at 31 December 2008, our current liabilities amounted to S\$7.0 million or approximately 97.8% of our total liabilities.



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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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Trade payables of S\$1.9 million constituted approximately 27.6% of our total current liabilities. Generally, our suppliers grant us credit terms of 30 to 90 days.

Other payables and accruals of S\$3.1 million constituted approximately 45.0% of our total current liabilities. Other payables and accruals mainly comprised other payables to our non-trade suppliers such as renovation and advertising expenses, accrued operating expenses derived from consultancy fees and remuneration payable to our visiting consultants and doctors, staff salaries and bonuses, net GST payable, and advances made by patients for advance bookings on medical consultation and package sessions.

As at 31 December 2008, obligations under finance leases for medical equipment and motor vehicle of S\$0.4 million constituted approximately 5.7% of our total current liabilities.

We have taken up a short term bank loan of S\$90,000 in FY2008, of which an amount of S\$68,000 is outstanding as at 31 December 2008.

Income tax payable as at 31 December 2008 was S\$1.4 million and constituted approximately 20.7% of our total current liabilities.

### **Net current liabilities**

As at 31 December 2008, our net current liabilities stood at approximately S\$3.4 million. This was mainly due to the financing of our business operations and acquisitions of assets by internal funds and short term renovation bank loan falling due within 12 months.

Generally, we have a low level of current assets such as trade receivables and inventory as our sales are mostly on cash basis and we maintain an optimum level of inventory.

On the other hand, our current liabilities comprise mainly trade payables, other payables and accruals, as well as income tax payable. Trade payables increased due to the increase in our business volume. In FY2008, we also increased the amount spent on operating expenses and capital expenditure as a result of the implementation of our business expansion plans which included the establishment of new medical clinics, renovation of existing medical clinics, as well as conducting more promotional activities and advertisements to promote our group of medical clinics. As a result, we have a generally high balance of other payables and accruals as at 31 December 2008. However, our payables are normally settled between 30 to 90 days.

### **Shareholders' equity**

As at 31 December 2008, our shareholders' equity amounted to S\$0.8 million comprising S\$0.5 million of issued share capital and S\$0.3 million of accumulated profits.



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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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### LIQUIDITY AND CAPITAL RESOURCES

#### Cash flow summary

The following table sets out a summary of our Group's cash flow for FY2006, FY2007 and FY2008:

(S\$'000)	FY2006	FY2007	FY2008
Net cash flows from operating activities	1,098	11,969	7,642
Net cash flows used in investing activities	429	2,356	1,825
Net cash flows used in financing activities	170	9,177	4,949
Net increase in cash and cash equivalents	499	436	868
Cash and cash equivalents at the beginning of the year	85	584	1,020
Cash and cash equivalents at the end of the year	584	1,020	1,888

#### FY2008

In FY2008, we generated net cash flows of S\$7.6 million from our operating activities. Operating profit before working capital changes amounted to S\$7.5 million. The net working capital inflow of S\$1.9 million was mainly due to the increase in inventories of S\$0.4 million, increase in trade receivables of S\$93,000, increase in prepayments of S\$0.2 million, increase in other receivables of S\$51,000, increase in trade payables of S\$1.3 million and decrease in other payables and accruals of S\$0.7 million. In addition, we received repayment of loan from our shareholder of S\$1.9 million. In FY2008, we paid out income taxes of S\$1.7 million and interest expenses of S\$36,000. We also received interest income of S\$1,000.

Net cash flows used in investing activities of S\$1.8 million was for the acquisition of property, plant and equipment primarily of furniture and fittings and medical and office equipment for our new medical clinics in FY2008.

Net cash flows used in financing activities amounting to S\$4.9 million was due to the dividend payment of S\$4.8 million, repayment of obligations under finance leases of approximately S\$0.2 million, repayment of short term bank loan of S\$22,000 and funds received from our short term bank loan of S\$90,000.

As at 31 December 2008, our cash and cash equivalents stood at S\$1.9 million.

#### FY2007

We recorded net cash flows from operating activities of S\$12.0 million. Our operating profit before working capital changes for FY2007 amounted to S\$10.4 million. The net working capital inflow of S\$1.6 million was mainly attributable to increases in inventories, prepayments, other receivables, amount due from shareholders, trade payables and other payables and accruals of S\$0.2 million, S\$81,000, S\$0.4 million, S\$1.5 million, S\$0.4 million and S\$3.3 million respectively.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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Net cash flows used in investing activities amounted to S\$2.4 million, which was attributable solely to the acquisition of property, plant and equipment as additional medical equipment was purchased for both of our new medical clinics which commenced operations in FY2008 as well as for our existing medical clinics to cater to the higher number of patients. The cash outflow from investing activities was offset by the proceeds received from the disposal of a unit of orbiscan machine for S\$52,000.

Net cash flows used in financing activities amounting to S\$9.2 million, was attributable to the dividend payment of S\$9.0 million to reward our Shareholders, who also serve as directors of our Group, in recognition of their contributions in achieving the highest revenue since establishment of our Group. It was also due to repayment of our finance lease obligations of S\$0.2 million.

As at 31 December 2007, our cash and cash equivalents amounted to S\$1.0 million.

### **FY2006**

In FY2006, we recorded net cash flows from operating activities of S\$1.1 million. Our operating profit before working capital changes for FY2006 amounted to S\$1.9 million. The net working capital outflow of S\$0.7 million was mainly due to an increase in prepayments, other receivables and amount due from shareholders of S\$1.3 million, and an increase in trade payables as well as other payables and accruals of S\$0.6 million. In FY2006, interest paid amounted to S\$57,000.

Net cash flows used in investing activities amounted to S\$0.4 million, which was attributable to the purchase of property, plant and equipment of S\$0.5 million, but this was offset by the proceeds received from the disposal of equipment amounting to S\$86,000.

Net cash flows used in financing activities amounting to S\$0.2 million was due to the repayment of our finance lease obligations.

As at 31 December 2006, our cash and cash equivalents amounted to S\$0.6 million.

### **Source of liquidity**

We funded our operations through a combination of mainly internal and some external sources of funds. We derived our internal funds from profit generated from our operations as well as from our existing cash and bank balances. Our external sources of funds are obtained through credit provided by our suppliers and also credit facilities from banking institutions such as a short term renovation loan and a bridging loan. Please refer to section entitled "Capitalisation and Indebtedness" of this Offer Document for further information.

The principal uses of cash are for operating expenses, purchase of property, plant and equipment, repayment of credit facilities and payment of dividend to our Shareholders. As at the Latest Practicable Date, our Group had cash and bank balances of approximately S\$2.1 million and total credit facilities of S\$490,000, which has been fully utilised.

Our Directors are of the reasonable opinion that, after having made due and careful enquiry and after taking into account the cash flows generated from our operations and our existing cash and cash equivalents, the working capital available to us as at the date of lodgment of this Offer Document is sufficient for present requirements and for at least 12 months after the listing of our Company on Catalist.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Sponsor is of the reasonable opinion that, after having made due and careful enquiry and after taking into account the cash flows generated from our Group's operations and existing cash and cash equivalents, the working capital available to our Group as at the date of lodgment of this Offer Document is sufficient for present requirements and for at least 12 months after the listing of our Company on Catalist.

### CAPITAL EXPENDITURE AND DIVESTMENTS

#### Capital expenditure

The following table summarises our principal capital expenditure:

	FY2006	FY2007	FY2008	From 1 January 2009 to the Latest Practicable Date
<b>(S\$'000)</b>				
Office equipment	35	102	166	67
Medical equipment	988	1,714	606	651
Furniture and fittings	196	592	1,036	545
Motor vehicles	—	—	83	—
<b>Total</b>	<b>1,219</b>	<b>2,408</b>	<b>1,891</b>	<b>1,263</b>

The above capital expenditures were largely financed by internally generated resources.

#### Capital divestment

We disposed our LASIK machines with net carrying amount of S\$63,000 and S\$0.4 million in FY2006 and FY2007 respectively.

Save as disclosed above, we did not have any material capital divestment during FY2006, FY2007 and FY2008.

#### Commitments

##### Operating lease commitments

As at the Latest Practicable Date, our Group's future minimum rental payables under non-cancellable operating leases are as follows:

<b>(S\$'000)</b>	
Not later than 1 year	2,378
Later than 1 year but not later than 5 years	3,028
	<u>5,406</u>

The leases do not contain escalation clauses and restrictions on our Group's activities concerning dividends, additional debt or further leasing.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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### Other commitments

As at the Latest Practicable Date, our Group has commitments for commercial contract relating to advertising expenditures. Future minimum payments under the advertising agreement are as follows:

(S\$'000)

Not later than 1 year	59
Later than 1 year but not later than 5 years	3
	<hr/>
	62
	<hr/>

### SEASONALITY

We experience a lower demand for our services during the months of January and February due to a number of public holidays and the holiday season.

### INFLATION

Our financial performance for the period under review was not materially affected by inflation.

### FOREIGN EXCHANGE MANAGEMENT

We operate solely in Singapore and have minimal exposure to foreign exchange risk.

### SIGNIFICANT ACCOUNTING POLICY CHANGES

The accounting policies have been consistently applied by the Group during the period under review, except for the changes in accounting policies as discussed in the "Audited Combined Financial Statements of Singapore Medical Group Limited and its Subsidiaries for the Financial Years Ended 31 December 2006, 2007 and 2008" as set out in Appendix A to this Offer Document.

## CAPITALISATION AND INDEBTEDNESS

The following table, which should be read in conjunction with the “Audited Combined Financial Statements of Singapore Medical Group Limited and its Subsidiaries for the Financial Years Ended 31 December 2006, 2007 and 2008” set out in the Appendix A to this Offer Document, shows our cash and bank balances, capitalisation and indebtedness as at 31 May 2009:

- (i) on a proforma basis before adjustments; and
- (ii) as adjusted to give effect to the application of the net proceeds from the Placement, after deducting estimated issue expenses related to the Placement.

(S\$'000)	As at 31 May 2009	As adjusted after the Placement
<b>Cash and bank balances</b>	1,291	2,024
<b>Short term debt</b>		
Bank loan	124	124
Obligations under finance leases	334	334
<b>Total</b>	458	458
<b>Long term debt</b>		
Bank loan	299	299
Obligations under finance leases	151	151
<b>Total</b>	450	450
<b>Total shareholders' equity</b>	1,679	2,412
<b>Total capitalisation and indebtedness</b>	2,587	3,320

As at 31 May 2009, the total banking facilities available to us amounted to S\$490,000, which has been fully utilised.

As at 31 May 2009, our banking facilities from the financial institutions are as follows:

Financial Institutions	Nature of facility	Outstanding amounts as at 31 May 2009 (S\$)	Borrower	Purpose of Facility
United Overseas Bank Limited	One-year S\$100,000 (or up to 80.0% of the renovation costs) renovation loan	30,605	SMG	Renovation of The Cancer Centre
Standard Chartered Bank	Four-year S\$400,000 term loan	392,454	SMG	General working capital
<b>Total</b>		423,059		

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## CAPITALISATION AND INDEBTEDNESS

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As at 31 May 2009, our hire purchase facilities are as follows:

<b>Facility Provider</b>	<b>Purpose of facility</b>	<b>Outstanding amounts as at 31 May 2009 (S\$)</b>	<b>Borrower</b>
Abwin Pte. Ltd.	Vehicle purchase financing	11,408	SMG
AMO Singapore Pte. Ltd.	Medical equipment purchase financing	312,324	SMG
Ning Kwong Optical Co Pte. Ltd.	Medical equipment purchase financing	162,040	SMG
<b>Total</b>		<hr/> 485,772	

### Contingent Liabilities

As at 31 May 2009, our Group does not have any contingent liabilities.

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## GENERAL INFORMATION ON OUR GROUP

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### HISTORY

Our Company was incorporated in Singapore on 10 March 2005 under the Companies Act as a private exempt company limited by shares, under the name of Lasik Club Pte. Ltd. for the purpose of being an investment holding company for our businesses and subsidiaries. The name of our Company was changed to Singapore Medical Group Pte. Ltd. on 4 August 2006. Our Company was converted into a public limited company and the name of our Company was changed to Singapore Medical Group Limited in connection therewith on 9 July 2009.

In early 2005, our Executive Chairman, Felix Huang, identified refractive surgery as a field within the specialist healthcare industry with good potential for growth in Singapore and proceeded to register a sole proprietorship under the Business Registration Act, The Lasik Surgery Clinic.

In June 2005, our Company commenced business operations with the establishment of The Lasik Surgery Clinic that occupied an area of approximately 800 sq ft at the Paragon Medical Centre along Orchard Road, Singapore.

In late 2005, our Chief Executive Officer, Dr Cheryl Baumann, joined our Company and together with our Executive Chairman, Felix Huang, envisioned the creation of a specialist healthcare group, which is dedicated towards the provision of high quality multi-disciplinary specialist healthcare services.

In August 2006, to meet the rising demand for our services due to an increasing patient load at The Lasik Surgery Clinic, we entered into a new lease agreement for an area of 6,652 sq ft on the 13th floor of the Paragon Medical Centre and relocated The Lasik Surgery Clinic to the new premises, which is also its present location.

In July 2006, in line with our vision of providing multi-disciplinary specialist healthcare services, we registered Singapore Sports Medicine Centre as a sole proprietorship under the Business Registration Act to prepare for our diversification into sports medicine. In September 2006, we entered into a contractual joint venture with Changi General Hospital, so as to collaborate with the Changi Sports Medicine Centre to set up the Singapore Sports Medicine Centre within our leased premises on the 13th floor of the Paragon Medical Centre.

In April 2007, our Company and our medical clinics, The Lasik Surgery Clinic and Singapore Sports Medicine Centre, were certified with the ISO 9001:2000 accreditations for quality management systems by SGS, in accordance with the accreditation schemes of SAS and ANAB.

In July 2007, we registered The Dental Studio as a sole proprietorship under the Business Registration Act and established The Dental Studio, a specialist dental practice at the same premises as The Lasik Surgery Clinic and the Singapore Sports Medicine Centre, which expanded our portfolio of specialist healthcare services to include general and cosmetic dentistry.

In August 2007, to expand the scope of the ophthalmological services provided by us to more than just refractive surgery, we established the Singapore Vision Centre, operated by our wholly-owned subsidiary, SVC. The Singapore Vision Centre provides general ophthalmological services such as diagnosis and treatment for cataract, retinal, glaucoma and other eye disorders.

In January 2008, we relocated the Singapore Sports Medicine Centre to the 8,000 sq ft of newly leased premises at the Novena Medical Centre, to allow us to further expand the operations of The Lasik Surgery Clinic, The Dental Studio and the Singapore Vision Centre at the Paragon Medical Centre.

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## GENERAL INFORMATION ON OUR GROUP

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In March 2008, we expanded our aesthetic medicine practice with the establishment of the Singapore Aesthetic Centre on the eighth floor of the Novena Medical Centre, next to the Singapore Sports Medicine Centre.

In May 2008, three more of our medical clinics, the Singapore Vision Centre, The Dental Studio and the Singapore Aesthetic Centre, were certified with the ISO 9001:2000 accreditations for quality management systems by SGS, in accordance with the accreditation schemes of SAS and ANAB.

In June 2008, The Lasik Surgery Clinic was awarded “The Highest Volume VISX Treatment Site in the World” for 2007 by Advanced Medical Optics, manufacturer of refractive technology.

In July 2008, we established The Cancer Centre, operated through our wholly-owned subsidiary, TCC, which is our first foray into the provision of specialist healthcare services for critical illnesses.

In February 2009, we established the Singapore Lipo, Body & Face Centre and the Singapore Sports Orthopaedic Surgery Centre, operated by our wholly-owned subsidiaries, SLBFC and SSOSC respectively. In the same month, The Lasik Surgery Clinic and its Medical Director, Dr Marc Tay, were awarded “The Highest Volume VISX Treatment Site in the World” for 2008 and “The Highest Volume Exclusive VISX LASIK Surgeon in the World” for 2008, respectively.

In March 2009, we expanded our ophthalmological operations at the Paragon Medical Centre with the establishment of the Premium Lasik Surgery Clinic, which provides refractive surgery services targeted at patients who prefer additional ancillary services.

In May 2009, we further expanded the range of ophthalmological services offered through the establishment of The Eye & Cornea Transplant Centre at the Paragon Medical Centre for the provision of cornea and stem cell transplant services. In the same month, our Company and all of our medical clinics were certified with the ISO 9001:2008 accreditations for quality management systems by SGS, in accordance with the accreditation schemes of SAS and ANAB.

## AWARDS AND CERTIFICATIONS

Our Group has received the following awards and certifications:

Date/Period	Award/Certificate	Recipient	Awarding Organisation
10 April 2007 to 9 April 2010	ISO 9001:2000	SMG and its medical clinics, The Lasik Surgery Clinic and Singapore Sports Medicine Centre	SGS SAS
26 April 2007 to 25 April 2010	ISO 9001:2000	SMG and its medical clinics, The Lasik Surgery Clinic and Singapore Sports Medicine Centre	SGS ANAB
16 May 2008 to 9 April 2010	ISO 9001:2000	SMG and its medical clinics, The Lasik Surgery Clinic, Singapore Vision Centre, The Dental Studio, Singapore Sports Medicine Centre and Singapore Aesthetic Centre	SGS SAS
22 May 2008 to 25 April 2010	ISO 9001:2000	SMG and its medical clinics, The Lasik Surgery Clinic, Singapore Vision Centre, The Dental Studio, Singapore Sports Medicine Centre and Singapore Aesthetic Centre	SGS ANAB



## GENERAL INFORMATION ON OUR GROUP

<b>Date/Period</b>	<b>Award/Certificate</b>	<b>Recipient</b>	<b>Awarding Organisation</b>
19 May 2009 to 9 April 2010	ISO 9001:2008	SMG and all its medical clinics, The Lasik Surgery Clinic, Singapore Vision Centre, The Eye & Cornea Transplant Centre, Premium Lasik Surgery Clinic, The Dental Studio, Singapore Sports Medicine Centre, Singapore Sports Orthopaedic Surgery Centre, Singapore Aesthetic Centre, Singapore Lipo, Body & Face Centre and The Cancer Centre	SGS SAS
29 May 2009 to 25 April 2010	ISO 9001:2008	SMG and all its medical clinics, The Lasik Surgery Clinic, Singapore Vision Centre, The Eye & Cornea Transplant Centre, Premium Lasik Surgery Clinic, The Dental Studio, Singapore Sports Medicine Centre, Singapore Sports Orthopaedic Surgery Centre, Singapore Aesthetic Centre, Singapore Lipo, Body & Face Centre and The Cancer Centre	SGS ANAB
June 2008	The Highest Volume VISX Treatment Site in the World	The Lasik Surgery Clinic	Advanced Medical Optics
February 2009	The Highest Volume VISX Treatment Site in the World	The Lasik Surgery Clinic	Advanced Medical Optics

## BUSINESS MODEL AND OPERATING PHILOSOPHY

Our business model is premised on maintaining separate management and clinical functions within our Group by capitalising on the different areas of expertise that the management team and the healthcare professionals possess. We refer to this as our M&M (Medical & Management) business system. In this respect, we have established a centralised administrative structure to support our four medical clusters, which includes:

- (a) human resource, administrative and finance functions such as the allocations of staff and nurses for the various medical clinics and the processing of payroll;
- (b) operations function including information technology support and management support;
- (c) marketing function to facilitate our corporate branding exercise, which is to enhance brand loyalty and awareness to “Singapore Medical Group”, and other initiatives. These marketing exercises help to attract patients to our various medical clusters. Please refer to the section entitled “General Information on our Group — Marketing” for more details;
- (d) a comprehensive quality management system and staff training. Please refer to the section entitled “General Information on our Group — Quality Assurance” for more details; and

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## GENERAL INFORMATION ON OUR GROUP

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- (e) a central system for more efficient purchasing. Please refer to the section entitled “General Information on our Group — Inventory Management” for more details.

Our business model has been implemented since our incorporation and by operating as a group in accordance with our business model, our healthcare professionals are able to devote themselves to the care of our patients and we are able to synergise and achieve greater economies of scale and maximise efficiency through more effective allocation and sharing of resources.

### MANAGEMENT CONTINUITY

We maintain separate management and clinical functions within our Group. Currently, we have a strong management team led by our Directors and a highly-qualified team of healthcare professionals. Please refer to the sections entitled “Management and Corporate Governance — Directors” and “General Information on our Group — Quality Assurance” for more information on our management team and our medical board respectively.

We constantly seek highly qualified managers and healthcare professionals with a long-term perspective to join our Group within both our management and clinical functions. In this respect, our business model, which allows our management and team of healthcare professionals to devote themselves to their respective fields of expertise, is a key factor which we believe allows us to attract both management talent and highly-qualified healthcare professionals.

Further, the high start-up costs and risks involved for a new medical practice may pose barriers to entry for some healthcare professionals. With a centralised administrative structure within our Group to support our medical clinics, healthcare professionals within our Group can enjoy an assured patient flow and dedicate themselves solely to clinical matters.

By successfully attracting new talents in both the management and the clinical functions, we are able to ensure management continuity and facilitate the building of a subsisting medical group with a reputation for offering quality multi-disciplinary specialist healthcare services.

### BUSINESS OVERVIEW

#### Principal activities

Our Group’s principal activities lie in the provision of multi-disciplinary specialist healthcare services across the fields of ophthalmology, aesthetic medicine, sports medicine and oncology.

We currently operate 10 medical clinics in Singapore, which are categorised into four medical clusters:

- (a) Eye Cluster;
- (b) Aesthetics Cluster;
- (c) Sports Cluster; and
- (d) Critical Illness Cluster.

The purpose of categorising our medical clinics into medical clusters is to increase general management efficiency and effectiveness through more effective allocation of resources (such as intra-cluster training and marketing) and intra-cluster referrals.

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## GENERAL INFORMATION ON OUR GROUP

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### Eye Cluster

Our Group's first and flagship specialist medical practice, The Lasik Surgery Clinic, which is the main contributor of our revenue within our Eye Cluster, together with the Singapore Vision Centre, the Premium Lasik Surgery Clinic and The Eye & Cornea Transplant Centre, form our Eye Cluster. We have four operating subsidiaries in Singapore, namely LSC, SVC, Premium LSC and SECTC managing our medical clinics under our Eye Cluster, which is conveniently located within the Paragon Medical Centre. The close proximity between the medical clinics of our Eye Cluster allows us to provide comprehensive, one-stop ophthalmological services to our patients. The table below gives a summary of our medical clinics under our Eye Cluster:

Subsidiaries	Medical Clinics	Services	Location
LSC	The Lasik Surgery Clinic	Refractive surgery services	Paragon Medical Centre
SVC	Singapore Vision Centre	General ophthalmological services	Paragon Medical Centre
Premium LSC	Premium Lasik Surgery Clinic	Refractive surgery services	Paragon Medical Centre
SECTC	The Eye & Cornea Transplant Centre	Cornea and stem cell transplant services and other general ophthalmological services	Paragon Medical Centre

The Lasik Surgery Clinic, established in June 2005, started operations with a single laser machine. By offering refractive surgery services at affordable rates, we were able to tap into the mass market in Singapore and established The Lasik Surgery Clinic's current market share. For the years 2007 and 2008, we performed approximately 16,000 and approximately 18,000 LASIK procedures, respectively. As a testimony of the achievements of The Lasik Surgery Clinic, we were awarded "The Highest Volume VISX Treatment Site in the World" by Advance Medical Optics for 2007 and 2008.

The Lasik Surgery Clinic is a dedicated refractive surgery clinic and offers a range of refractive surgery services including:

- Custom LASIK using microkeratome;
- Custom LASIK using femtosecond laser;
- Wavefront-guided LASIK using microkeratome;
- Wavefront-guided LASIK using femtosecond laser; and
- Epi-LASIK.

Currently, The Lasik Surgery Clinic has two operating theatres, which are equipped with femtosecond and excimer laser machines, including one IntraLase machine and two VISX machines. This allows us to better manage the schedules for the refractive surgery procedures to minimise waiting time for our patients and to maximise the number of refractive surgery procedures our ophthalmologists are able to perform.

As not all of our patients are suitable for refractive surgery, we established the Singapore Vision Centre in August 2007 to cater to such patients' needs for other ophthalmological services. The Singapore

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## GENERAL INFORMATION ON OUR GROUP

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Vision Centre offers general ophthalmological services, including diagnosis and treatment for, among others, cataract, retinal and diabetic eye disease, childhood myopia and other eye disorders.

We have also recently established the Premium Lasik Surgery Clinic and The Eye & Cornea Transplant Centre under our Eye Cluster, to provide refractive surgery services targeted at patients who prefer additional ancillary services and cornea and stem cell transplant services, respectively.

Dr Marc Tay, the Medical Director of The Lasik Surgery Clinic, Dr Jon Goh, the Medical Director of the Singapore Vision Centre and Dr Leonard Ang, the Medical Director of the Premium Lasik Surgery Clinic and The Eye & Cornea Transplant Centre, oversee the clinical functions of our Eye Cluster.

### Aesthetics Cluster

The Dental Studio, our main revenue contributor within our Aesthetics Cluster, together with the Singapore Aesthetic Centre and the Singapore Lipo, Body & Face Centre form our Aesthetics Cluster. Our Aesthetics Cluster offers a comprehensive range of healthcare services related to the improvement of physical appearances. We have three operating subsidiaries, namely TDS, SAC and SLBFC managing our medical clinics under our Aesthetics Cluster. With the exception of The Dental Studio, our Aesthetics Cluster is located on the same floor at the Novena Medical Centre. This is to provide patients seeking aesthetics-related services with the convenience of easy and one-stop access to a wide range of such services. We located The Dental Studio at the Paragon Medical Centre, separate from the other medical clinics within our Aesthetics Cluster, to take advantage of the human traffic at The Lasik Surgery Clinic. The table below gives a summary of our medical clinics under our Aesthetics Cluster:

Subsidiaries	Medical Clinics	Services	Location
TDS	The Dental Studio	Dental services	Paragon Medical Centre
SAC	Singapore Aesthetic Centre	Aesthetic medicine services	Novena Medical Centre
SLBFC	Singapore Lipo, Body & Face Centre	Liposuction and breast filler services	Novena Medical Centre

The Dental Studio, established in July 2007, specialises in providing aesthetic and implant dental services such as teeth whitening, prosthodontics, orthodontics and implant and gum surgery. The Dental Studio is fully digitalised and is equipped with technology and instrumentation including digital x-rays, intra-oral cameras, computer-controlled dental injection device, whitening equipment and ceramic restoration systems.

The Singapore Aesthetic Centre, established in March 2008, provides evidence-based aesthetic medicine services such as botox injections, skin rejuvenation using intense pulse light, chemical peeling and lasers.

We have also set up the Singapore Lipo, Body & Face Centre in February 2009 to provide services such as vaser-assisted liposuction and breast fillers procedures. The Singapore Lipo, Body & Face Centre is equipped with, among others, the Vaser liposelection system.

Dr Lynette Ng, the Dental Director of The Dental Studio, Dr Yeak Hwee Lee, the Medical Director of the Singapore Aesthetic Centre and Dr Kevin Teh, the Medical Director of the Singapore Lipo, Body & Face Centre, oversee the clinical functions of our Aesthetics Cluster.

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## GENERAL INFORMATION ON OUR GROUP

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### Sports Cluster

Our Sports Cluster comprises the Singapore Sports Medicine Centre, our main contributor to our revenue within our Sports Cluster, and the Singapore Sports Orthopaedic Surgery Centre. We have two operating subsidiaries, namely SSMC and SSOSC, managing the two sports centres under our Sports Cluster. The two sports centres are located on the same floor at the Novena Medical Centre as our Aesthetics Cluster. The table below gives a summary of our medical clinics under our Sports Cluster:

Subsidiaries	Medical Clinics	Services	Location
SSMC	Singapore Sports Medicine Centre	Sports medicine services	Novena Medical Centre
SSOSC	Singapore Sports Orthopaedic Surgery Clinic	Sports orthopaedic surgery services	Novena Medical Centre

We first branched into sports medicine with the establishment of the Singapore Sports Medicine Centre, through entering into a contractual joint venture with Changi General Hospital, which allowed us to collaborate with the Changi Sports Medicine Centre. This contractual joint venture provided us with the opportunity to tap on the experience and expertise of the sports medical practitioners affiliated with the Changi Sports Medicine Centre and to take advantage of Changi Sports Medicine Centre's established reputation in the field of sports medicine to position Singapore Sports Medicine Centre as a leader in private sports medicine practice in Singapore. The Singapore Sports Medicine Centre provides a comprehensive range of services such as injury prevention and management, physiotherapy and rehabilitation (including cardio-rehabilitation for patients recovering from stroke and physical rehabilitation for patients recovering from fractures and occupational injuries), sports nutrition as well as weight management. It is also equipped with all necessary equipment, including a rehabilitative gym and fitness-testing and conditioning machines.

In February 2008, to expand the portfolio of sports-related healthcare services that we offer, we established the Singapore Sports Orthopaedic Surgery Centre, to provide orthopaedic surgery.

Dr Benedict Tan, the Medical Director of the Singapore Sports Medicine Centre and Dr Chang Haw Chong, the Medical Director of the Singapore Sports Orthopaedic Surgery Centre, oversee the clinical functions of our Sports Cluster.

### Critical Illness Cluster

We established the first clinic within our Critical Illness Cluster in July 2008. Currently, the only clinic in operation under our Critical Illness Cluster is The Cancer Centre. Our operating subsidiary, TCC, manages the operation of The Cancer Centre. The table below gives a summary of our medical clinic under our Critical Illness Cluster:

Subsidiaries	Medical Clinic	Services	Location
TCC	The Cancer Centre	Cancer treatment	Paragon Medical Centre

The Cancer Centre is set up as a boutique-style outpatient cancer centre. The services provided by The Cancer Centre relate to the prevention, diagnosis and treatment of cancer and include chemotherapy, hormonal therapy, cancer screening and cancer genetic and risk assessment. The Cancer Centre is located at the Paragon Medical Centre and has two private suites as well as a common suite, which can comfortably accommodate eight patients at a time, and is equipped to ensure maximum comfort for its patients.

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## GENERAL INFORMATION ON OUR GROUP

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Dr Wong Seng Weng, the Medical Director of The Cancer Centre, oversees the clinical functions of our Critical Illness Cluster.

### CORPORATE SOCIAL RESPONSIBILITY

As a group, we view corporate social responsibility as an important component of our business. In April 2008, we launched a book titled “Vision Reborn: Challenging the Limits of Sight” to provide information regarding LASIK to prospective patients to help them make informed decisions. All proceeds from the sale of the book will be administered by Professor Arthur Lim Siew Ming, for the purpose of funding research on complications and limitations of LASIK.

In January 2009, we launched a charitable campaign entitled “Campaign Against Poor Vision” where we aim to collect and donate one million pairs of spectacles for people in developing countries. Currently, we have collected a few thousand pairs of spectacles for the cause.

In April 2009, The Cancer Centre organised the “TCC’s Cervical Cancer Day” to increase awareness on the availability of the vaccination against cervical cancer.

Our Company is also the first corporate member of the ASPIRE programme, a programme launched by the Animal Concerns Research & Education Society, for corporate organisations to contribute to the welfare of animals and the community through both financial contributions and volunteerism.

Annually, our Company also donates to registered charitable organisations such as the Singapore Heart Association and the Straits Times Pocket Money Fund.

### MARKETING

Our marketing activities are regulated by applicable guidelines issued by the MOH and the relevant laws and regulations in Singapore. Please refer to the section entitled “General Information on our Group — Government Regulations” for more details.

Our marketing team of 15 personnel, led by Ho Mei Teng, our Vice President for sales and marketing, initiate various activities within the ambit of applicable guidelines, laws and regulations aimed at creating brand awareness and recognition and communicating our comprehensive services and our commitment to deliver quality care and services to our patients. We believe that, to a large extent, our marketing strategies account for our successes and achievements and we therefore invest heavily in our marketing activities and initiatives.

The amount we have spent on marketing for the last three financial years are as follows:

(S\$'000)	FY2006	FY2007	FY2008
Amount	288	1,139	2,193

### Corporate Branding

Our Group’s approach towards marketing is to capitalise on Singapore’s reputation as a regional medical hub to build a strong brand name as a provider of high quality multi-disciplinary specialist healthcare services in Singapore. We also seek to cultivate brand loyalty and goodwill from existing patients to increase referral rates. To this end, we have branded all of our medical clusters as being part of the “Singapore Medical Group” and reflected the same on all of our printed materials, corporate presentations and corporate websites.

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## GENERAL INFORMATION ON OUR GROUP

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### **Corporate Websites**

In addition to providing information about our Group, our corporate website also highlights the range of services we offer and provides links to the individual websites maintained by each of our key subsidiaries. Information contained in our websites does not constitute part of this Offer Document.

### **Public Health Education Programmes**

We organise public health education programmes to increase awareness and to provide existing and prospective patients with more information on various specialist healthcare issues and the services we provide.

### **Corporate Marketing**

We recognise that corporate clients are an important source of income and we actively pursue corporate client accounts through conducting presentations at potential corporate clients' premises. Prospective corporate clients are also presented with highly competitive preferential rates for the specialist healthcare services offered by our Group.

### **Media and Advertising**

We regularly update our brochures and pamphlets with information on our latest service offerings. We also advertise through the printed media to create brand awareness and recognition and to enhance public health awareness.

### **Overseas Sales Representation**

We have overseas sales representatives in Vietnam and we have recently incorporated SMG International Partners Pte. Ltd. for the purposes of establishing a network of overseas sales representation. Such sales representatives are responsible for identifying new overseas patients through marketing activities conducted in their respective countries and for making the necessary arrangements for such overseas patients to visit our medical clinics in Singapore.



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## GENERAL INFORMATION ON OUR GROUP

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### QUALITY ASSURANCE

We are dedicated to the provision of high quality specialist healthcare services to our patients. Our Group's business model and philosophy underpinning our quality assurance management is the separation of management and clinical functions within our Group. Such an arrangement allows healthcare professionals to devote themselves to the care of our patients while the management can focus on the operations of our Group.

In addition, under the Private Hospitals and Medical Clinics Act, we are required to establish a quality assurance committee for some of our medical clinics, namely The Eye & Cornea Transplant Centre, the Singapore Lipo, Body & Face Centre and The Cancer Centre. The quality assurance committees are responsible for the clinical governance of their respective medical clinics.

### Quality Management System

We have a comprehensive quality management system designed to provide specialist healthcare services to our patients. Our Company and all 10 of our medical clinics are certified by SGS, in accordance with the accreditation schemes of SAS and ANAB for ISO 9001:2008.

We are determined to provide adequate resources to implement, maintain and continually improve our quality management system to meet the objectives under ISO 9001:2008, which include demonstrating our ability to consistently meet customer, applicable statutory and regulatory requirements and to enhance customer satisfaction through the effective application of the system.

### Staff Training

In order to ensure that our staff are competent in their roles and responsibilities, staff training constitutes a key articulation of quality assurance. Staff training and certification include self-learning, mentoring, internal training (such as induction, cross-training and on-the-job training), and external local and overseas training and certification. In addition to training to fulfil individual roles, cross-training helps to ensure that our staff are equipped with a holistic understanding of patient needs that frequently span across functional areas within our Group.

The staff training plan involves training our staff in both generic and core competencies and skill sets that are required to meet the needs of our Group, which include language and translation proficiencies, safety and security concerns, customer service, hygiene and housekeeping. All new staff undergo an induction programme where they are familiarised with our working environment and briefed on our Group's service quality standards and their area of responsibility. Existing staff are continually involved in both external and internal training to upgrade their skills to allow them to perform clinical tasks more efficiently and effectively through accurate scheduling and allocation of tasks. Our staff are also given the opportunity to rotate within the various clusters and departments to allow them to learn different skill sets.

We frequently sponsor the attendance of our staff at external seminars and courses held overseas to update them on the latest developments in medical innovations and technology. Such seminars and courses allow our staff to upgrade their knowledge and skills. For instance, in 2006 to 2008, we sponsored the attendance of some of our staff within our Eye Cluster to, *inter alia*, the annual meetings of the American Academy of Ophthalmology held in Las Vegas and New Orleans, the US, the annual meeting of the Asia-Pacific Association of Cataract and Refractive Surgeons held in Vietnam, the World Ophthalmology Congress held in Hong Kong and the XXVII Congress of the European Society of Cataract and Refractive Surgeons held in Berlin, Germany. We have also sponsored our staff within our



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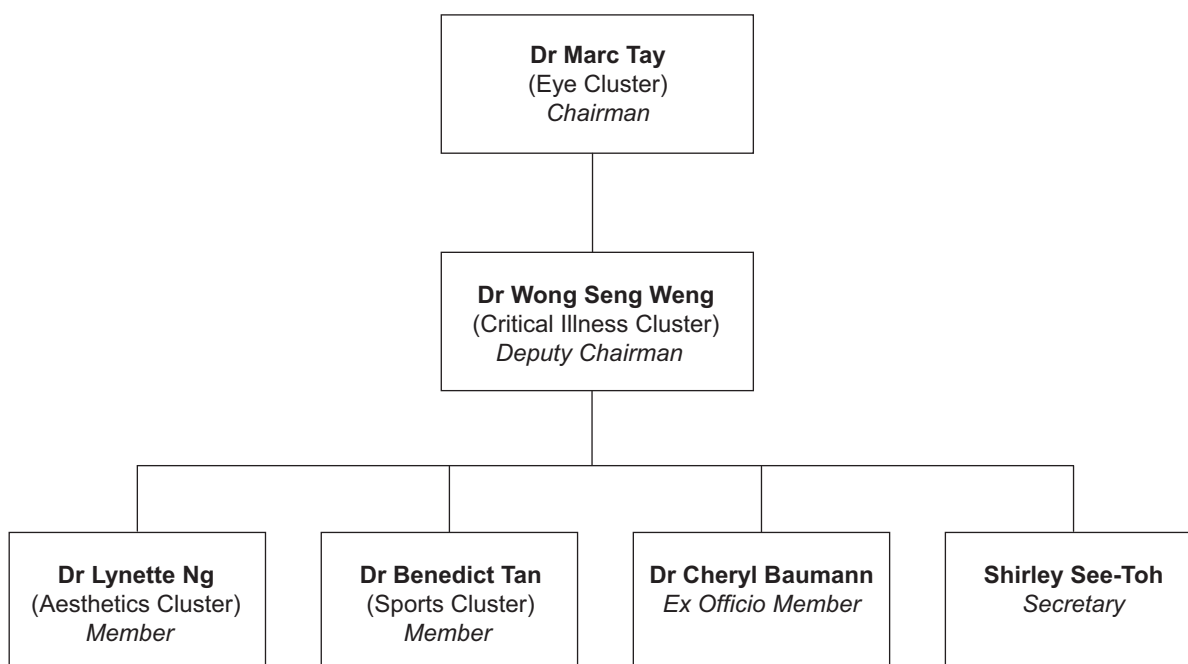
## GENERAL INFORMATION ON OUR GROUP

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Sports Cluster to attend the 2nd Annual Principles of Dance Medicine: Clinical Management of the Dancer Patient held in New York, the US in July 2008.

In addition, some of our Medical Directors and our Dental Director, under their respective service agreements, are entitled to (i) two fully-sponsored overseas trips each year to attend international medical conferences in their respective fields of expertise, and (ii) financial incentives if they write articles that are published in medical publications regarding their clinical work to encourage them to keep abreast of medical development and changes in their respective fields of practice.

### Medical Board



We have a medical board which comprises representatives from each of our medical clusters, namely Dr Marc Tay (Eye Cluster), Dr Wong Seng Weng (Critical Illness Cluster), Dr Lynette Ng (Aesthetics Cluster) and Dr Benedict Tan (Sports Cluster). Our Chief Executive Officer, Dr Cheryl Baumann and our Executive Vice President, Shirley See-Toh are also members of the medical board. The chairman of our medical board is Dr Marc Tay and the deputy chairman is Dr Wong Seng Weng.

The responsibilities of our medical board include:

- (a) planning and co-ordinating the development of policies and activities pertaining to clinical services;
- (b) maintaining professional standards to ensure safety and clinical quality;
- (c) the institution of a code of professional conduct and ethics;
- (d) advising our Directors on the appointment of healthcare professionals; and
- (e) review of the findings, reports and recommendations of our medical clusters in relation to clinical matters.

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### INSURANCE

As at the Latest Practicable Date, we maintain the following insurance policies to cover our operational, human resource and fixed asset risks:

#### Operational Risks

- (a) Corporate discretionary indemnity scheme in respect of the defence and/or settlement of claims of clinical negligence arising from our acts or omissions or our employees (except registered medical and dental practitioners); and
- (b) Public liability in respect of accidental bodily injury (including death or disease) of third parties, accidental loss and/or damage to property belonging to third parties occurring within our premises.

#### Human Resource Risks

- (a) Group hospital and surgical insurance to cover the medical needs of all our employees, including both local and foreign employees; and
- (b) Workmen's compensation for any personal injury by accident or disease suffered by any of our employees during the course of their work.

#### Fixed Asset Risks

- (a) Industrial insurance (all risks) covering, *inter alia*, our business premises and medical equipment, in respect of fire, consequential loss, loss of money, rental expenses, plate glass and business disruption;
- (b) Electronic equipment insurance including physical damage to computer hardware and accessories; and
- (c) Vehicle insurance for our Company's car providing comprehensive coverage.

The above insurance policies are reviewed annually to ensure that our Group has sufficient insurance coverage. Our Directors are of the view that the insurance coverage from the above insurance policies is sufficient for our present operations.

## GENERAL INFORMATION ON OUR GROUP

### PROPERTIES AND FIXED ASSETS

#### Properties

The following properties are leased by us:

Tenant	Location	Tenure	Gross Floor Area (sq ft)	Use of property
SMG	290 Orchard Road #13-01/06 Paragon Singapore 238859	Three years commencing from 15 August 2006 <sup>(1)</sup>	6,652	Medical Clinic
SMG	290 Orchard Road #17-03/04/05/06 Paragon Singapore 238859	Three years commencing from 1 June 2008	4,855	Medical Clinic
SMG	10 Sinaran Drive #08-12/13 & #08-32/33 Novena Medical Centre Singapore 307506	Three years commencing from 1 October 2007	2,960	Medical Clinic
SMG	10 Sinaran Drive #08-05 to #08-11 Novena Medical Centre Singapore 307506	Three years commencing from 1 October 2007	5,040	Medical Clinic
SMG	One Orchard Boulevard #07-03 Camden Medical Centre Singapore 248649 <sup>(2)</sup>	Three years commencing from 1 November 2007	917	Medical Clinic

#### Notes:

(1) We have since signed the acceptance letter from the landlord to renew the lease for another three years.

(2) This property is currently used to house some of our corporate functions.

#### Fixed Assets

As at 31 December 2008, we had major fixed assets with net book values as follows:






	(S\$'000)
Office equipment	159
Medical equipment	2,286
Furniture and fittings	1,157
Motor vehicles	76
Total	3,678

There are no regulatory requirements that may materially affect our Group's utilisation of a tangible fixed asset.

## GENERAL INFORMATION ON OUR GROUP

### INTELLECTUAL PROPERTY

We have registered the following trademarks:


Registered owner	Trademark	Class	Country of registration	Granting authority	Status	Expiry date
SMG		44 <sup>(1)</sup>	Singapore	Intellectual Property Office of Singapore	Registered	9 January 2017
SMG		44 <sup>(1)</sup>	Singapore	Intellectual Property Office of Singapore	Registered	9 January 2017
SMG		44 <sup>(1)</sup>	Philippines	Intellectual Property Philippines	Registered	13 October 2018
SMG		44 <sup>(1)</sup>	Philippines	Intellectual Property Philippines	Registered	13 October 2018
SMG		44 <sup>(1)</sup>	Philippines	Intellectual Property Philippines	Registered	13 October 2018

**Note:**

(1) Class 44 is applicable to medical services; veterinary services; hygienic and beauty care for human beings or animals; agriculture, horticulture and forestry services.

Save as disclosed above, we do not have any patents, licences or trademarks which are material to our business or profitability.

Pursuant to three trademark licensing agreements dated 30 April 2009, our Company has granted non-exclusive licences to each of LASIK Surgery Clinic, Inc., Asian Lasik Group, Inc. and Angeles Lasik Group, Inc., to use the following trademark for a period of two years effective from 1 February 2007, 19 March 2008 and 1 November 2008 respectively in consideration of a licence fee of US\$100 per annum. The licences are renewed annually upon the expiry of the initial period of two years provided that there has been no breach by the licensees of their obligations under their respective trademark licensing agreements.

Registered owner	Trademark	Class	Country of registration	Granting authority	Status	Expiry date
SMG		44 <sup>(1)</sup>	Philippines	Intellectual Property Philippines	Registered	13 October 2018

**Note:**

(1) Class 44 is applicable to medical services; veterinary services; hygienic and beauty care for human beings or animals; agriculture, horticulture and forestry services.

The licence fees payable under the trademark licensing agreements are subject to annual review by our Directors. Save as disclosed above, we have not paid or received any royalties for any licence or use of any intellectual property.

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### GOVERNMENT REGULATIONS

We are subject to applicable guidelines, laws and regulations for our operations in Singapore. We have identified the main laws and regulations that materially affect our existing operations and the relevant regulatory bodies in Singapore as follows:

#### **Private Hospitals and Medical Clinics Act**

The Private Hospitals and Medical Clinics Act requires that a licence issued by the Director of Medical Services be obtained before any premises or conveyance is used as a private hospital, medical clinic, clinical laboratory or healthcare establishment.

In determining whether to issue or refuse to issue a licence, the Director of Medical Services shall have regard to the following:

- (a) the character and fitness of the applicant to be issued with a licence or, where the applicant is a body corporate, the character and fitness of the members of the board of directors or committee or board of trustees or other governing body of the body corporate;
- (b) the ability of the applicant to operate and maintain a private hospital, medical clinic, clinical laboratory or healthcare establishment, as the case may be, in accordance with the prescribed standards;
- (c) the suitability of the premises or conveyance (including the facilities and equipment therein) to be licensed for use as a private hospital, medical clinic, clinical laboratory or healthcare establishment, as the case may be; and
- (d) the adequacy of the nursing and other staff that is to be employed at the premises or conveyance to be licensed.

If a private hospital, medical clinic, clinical laboratory or healthcare establishment is not licensed or is used otherwise than in accordance with the terms and conditions of its licence, every person having the management or control thereof shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$20,000 or to imprisonment for a term not exceeding two years or to both.

#### **Medical Registration Act**

The Medical Registration Act provides for, *inter alia*, the establishment of the Singapore Medical Council and the registration of medical practitioners in Singapore.

Some of the important functions of the Singapore Medical Council are:

- (a) to keep and maintain registers of registered medical practitioners;
- (b) to approve or reject applications for registration under the Medical Registration Act or to approve any such application subject to such restrictions as it may think fit;
- (c) to issue practising certificates to registered medical practitioners;
- (d) to make recommendations to the appropriate authorities for the training and education of registered medical practitioners; and

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## GENERAL INFORMATION ON OUR GROUP

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- (e) to determine and regulate the conduct and ethics of registered medical practitioners.

### **Dental Registration Act**

The Dental Registration Act provides for, *inter alia*, the establishment of the Singapore Dental Council and the registration of dentists in Singapore.

Some of the important functions of the Singapore Dental Council are:

- (a) to approve or reject applications for registration as a dentist or an oral health therapist under the Dental Registration Act or to approve any such application subject to such conditions as it may think fit;
- (b) to issue certificates of registration and practising certificates to registered dentists and registered oral health therapists;
- (c) to make recommendations to the appropriate authorities for the training and education of registered dentists and registered oral health therapists;
- (d) to determine and regulate the conduct and ethics of registered dentists and registered oral health therapists; and
- (e) to provide administrative services to other statutory boards responsible for the regulation of healthcare professionals.

### **Nurses and Midwives Act**

The Nurses and Midwives Act provides for, *inter alia*, the establishment of the Singapore Nursing Board and the registration of nurses in Singapore as well as other related matters.

Some of the important functions of the Singapore Nursing Board are:

- (a) to approve or reject applications for registration and enrolment of nurses and for registration of midwives;
- (b) to issue practising certificates;
- (c) to regulate standards for the training and education of, among others, registered nurses and enrolled nurses; and
- (d) to regulate the professional conduct and ethics of, among others, registered nurses and enrolled nurses.

No person shall employ or engage a person who is not a qualified nurse to carry out any act of nursing. Any person who contravenes the above shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$10,000 and, in the case of a second or subsequent conviction, to a fine not exceeding S\$20,000 or to imprisonment for a term not exceeding six months or to both. In any proceeding for such an offence, it shall be a defence for a defendant to prove that (a) he did not know that the person concerned was not a qualified nurse and (b) he had exercised due diligence to ascertain if that person was a qualified nurse.

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## GENERAL INFORMATION ON OUR GROUP

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### Optometrists and Opticians Act

The Optometrists and Opticians Act for, *inter alia*, the establishment of the Optometrists and Opticians Board and the registration of optometrists and opticians in Singapore.

Some of the important functions of the Optometrists and Opticians Board are:

- (a) to approve or reject applications for registration under the Optometrists and Opticians Act and to approve any such application subject to such conditions as it may think fit;
- (b) to accredit courses in the practice of optometry and opticianry in Singapore for the purposes of registration;
- (c) to issue guidelines on the standards for the practice of optometry and opticianry;
- (d) to make recommendations to the appropriate authorities for the training and education of optometrists and opticians; and
- (e) to determine and regulate the conduct and ethics of optometrists and opticians.

No person shall employ any person who is not a qualified person in respect of a practice of optometry or opticianry to carry out that practice of optometry or opticianry, where “qualified person” means a person who is (a) registered to carry out and (b) has in force a practicing certificate which authorizes him to carry, that practice of optometry or opticianry. Any person who contravenes the above shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$25,000 or to imprisonment for a term not exceeding six months or to both and, in the case of a subsequent conviction, to a fine not exceeding S\$50,000 or to imprisonment for a term not exceeding 12 months or to both. In any proceedings for such an offence, it shall be a defence for the defendant to prove that (a) he did not know that the person he employed was not a qualified person in respect of the practice of optometry or opticianry in question and (b) he had exercised due diligence to ascertain if the person was a qualified person.

### Medicine Act

The Medicine Act provides provisions relating to, among others, the dealing with and wholesale of medicinal products, the factors taken into consideration by the licensing authority (being the chief executive officer of the Health Sciences Authority) for granting various licenses, the registration of pharmacies and the labelling and marking of containers and packages of medicinal products.

No person shall:

- (a) sell, supply or export;
- (b) procure the sale, supply or exportation; or
- (c) procure the manufacture or assembly,

any medicinal product unless certain exemptions, for instance that the processes of the preparation, dispensary, assembling or the medicinal product are done in a registered pharmacy or hospital by or under the supervision of a pharmacist, apply.

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## GENERAL INFORMATION ON OUR GROUP

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### Private Hospitals and Medical Clinics (Publicity) Regulations

The Private Hospitals and Medical Clinics (Publicity) Regulations provide that a licensee of a healthcare institution may publicise or cause to be publicised the services of the healthcare institution subject to certain restrictions and any other written law.

The licensee of a healthcare institution shall ensure that any publicity of the services of the healthcare institution conducted by him or any other person on his behalf in Singapore complies with the following requirements:

- (a) the information contained in the publicity must be factually accurate and capable of being substantiated, and must not be exaggerated, false, misleading or deceptive;
- (b) the publicity must not be offensive, ostentatious or in bad taste such as to undermine the honour and dignity of the medical, dental or nursing profession;
- (c) the publicity must not contain any information that:
  - (i) implies that the healthcare institution can obtain results from treatment not achievable by other healthcare institutions or create an unjustified expectation from the treatment provided; or
  - (ii) compares and contrasts the quality of the services of the healthcare institution with those provided by other healthcare institutions or deprecate the services of other healthcare institutions;
- (d) the publicity must not contain any laudatory statements (including statements of prominence or uniqueness) or superlatives to describe the services of the healthcare institution;
- (e) the information contained in the publicity must not contain any testimonial or endorsement of the services, including the services of any employee of the healthcare institution; and
- (f) the publicity must not provide information to the public in such a manner as to amount to soliciting or encouraging the use of the services provided by or at any healthcare institution.

The licensee of a healthcare institution shall also ensure that any publicity of the services of the healthcare institution appears only in newspapers, directories, medical journals, magazines, brochures, leaflets, pamphlets and the Internet. Where the publicity of the services of a healthcare institution appears in the Internet, the licensee of the healthcare institution shall ensure that the Internet is not used for patient consultation with any employee of the healthcare institution if the patient is not an existing patient of the healthcare institution. Where the publicity of the services of a healthcare institution appears in brochures, leaflets or pamphlets, the licensee of the healthcare institution shall ensure that the brochures, leaflets or pamphlets contain the date of publication.

### Singapore Medical Council Ethical Code and Ethical Guidelines

The Singapore Medical Council Ethical Code sets out the fundamental tenets of conduct and behaviour expected of doctors practising in Singapore. Under the Singapore Medical Council Ethical Code, a doctor is generally expected, *inter alia*, to:

- (a) be dedicated to providing competent, compassionate and appropriate medical care to patients;



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## GENERAL INFORMATION ON OUR GROUP

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- (b) provide access to and treat patients without prejudice of race, religion, creed, social standing, disability or financial status;
- (c) maintain the highest standards of moral integrity and intellectual honesty;
- (d) keep confidential all medical information about patients; and
- (e) keep abreast of medical knowledge relevant to practice and ensure that clinical and technical skills are maintained.

The Singapore Medical Council Ethical Guidelines elaborate on the application of the Singapore Medical Council Ethical Code and are intended as a guide to all medical practitioners as to what the Singapore Medical Council regards as the minimum standards required of all medical practitioners in the discharge of their professional duties and responsibilities in the context of practice in Singapore. Some of the relevant guidelines provided are:

- (a) doctors who have any financial or professional relationship with organisations offering medical services have responsibility for the organisation's standard of information output about themselves and must therefore acquaint themselves with the nature and content of the organisation's information output as well as their press and media output; and
- (b) doctors may provide information about their qualifications, areas of practice, practice arrangements and contact details. Such information, where permitted, shall be factual, accurate, verifiable and shall not be an extravagant claim, misleading, sensational, persuasive, laudatory, comparative or disparaging.

### **Singapore Dental Council Ethical Code and Guidelines**

The Singapore Dental Council Ethical Code sets out the precepts and traditions of good dental practice. Under the Singapore Dental Council Ethical Code, a dentist is generally expected, *inter alia*, to:

- (a) provide competent, compassionate and appropriate oral health care to patients;
- (b) treat patients with honesty, dignity, respect and consideration without prejudice to race, religion, creed, gender, social standing, financial status or disability;
- (c) maintain the highest standards of moral integrity and honesty;
- (d) keep confidential all medical, dental and personal information about patients; and
- (e) keep abreast with knowledge relevant to the practice of dentistry and ensure that clinical and technical skills are maintained.

The Singapore Dental Council Ethical Guidelines elaborate on the application of the Singapore Dental Council Ethical Code and are intended as a guide to practitioners on the minimum standards required of all practitioners in the discharge of their professional duties and responsibilities. Some of the relevant guidelines provided are:

- (a) dentists who have any financial or professional relationship with organisations offering dental services have responsibility for the organisation's information output about themselves. Such dentists must therefore acquaint themselves with the nature and content of the organisation's information output as well as their press and media output; and

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## GENERAL INFORMATION ON OUR GROUP

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- (b) dentists may provide information about their qualifications, areas of practice, practice arrangements and contact details. Such information must be factually accurate and capable of being substantiated, and must not be exaggerated, false, misleading or deceptive. In addition, the information must not be offensive, ostentatious or in bad taste or otherwise undermine the honour and dignity of the profession.

### Guidelines on Aesthetic Practices for Doctors

The Guidelines on Aesthetic Practices for Doctors are jointly implemented by the Academy of Medicine, Singapore, the College of Family Physicians, Singapore and the Singapore Medical Council, and serve as guidelines on aesthetic practices for medical practitioners. Some of the relevant guidelines provided are:

- (a) aesthetic practice is not a specialty or subspecialty. Therefore, medical practitioners engaged in aesthetic practices must not use “aesthetic” in their title;
- (b) the medical treatment provided in the context of aesthetic practice must be seen to benefit the patient positively;
- (c) medical practitioners who perform or intend to perform aesthetic procedures are encouraged to engage in a quality framework or peer review and case discussion on a regular basis; and
- (d) medical practitioners performing aesthetic procedures should note the respective classification of their procedures and comply with the recommendations made on the minimum standards of training, qualification and practice laid out in the guidelines, as well as any requirements set by the MOH.

### Licences

Our doctors, dentists, nurses, optometrists and opticians are registered under the respective governing acts. Our doctors, dentists, nurses, optometrists and opticians are responsible for maintaining their respective practising certificates and/or licenses.

In addition, we have obtained the following material licences for all of our medical clinics and from the relevant government authorities which are required for conducting our existing business:

Licence	Licensing Body	Relevant Legislation
Licence to operate private hospitals, medical clinics, clinical laboratories and healthcare establishments	Director of Medical Services, MOH	Private Hospitals and Medical Clinics Act

The details of the licences of the medical clinics are set out below:

Licensee	Medical Clinic	Licence Start Date	Licence End Date
LSC	The Lasik Surgery Clinic	15 April 2009	14 April 2011
SVC <sup>(1)</sup>	Singapore Vision Centre	7 September 2007	6 September 2009
Premium LSC	Premium Lasik Surgery Clinic	27 March 2009	26 March 2011
SECTC	The Eye & Cornea Transplant Centre	15 May 2009	14 May 2011

## GENERAL INFORMATION ON OUR GROUP

Licensee	Medical Clinic	Licence Start Date	Licence End Date
TDS	The Dental Studio	12 November 2008	11 November 2010
SAC	Singapore Aesthetic Centre	18 July 2008	17 July 2010
SLBFC	Singapore Lipo, Body & Face Centre	17 February 2009	16 February 2011
SSMC	Singapore Sports Medicine Centre	23 February 2009	22 February 2011
SSOSC	Singapore Sports Orthopaedic Surgery Centre	17 February 2009	16 February 2011
TCC	The Cancer Centre	7 July 2008	6 July 2010

**Note:**

- (1) Singapore Vision Centre has been inspected by the MOH and the renewal licence is expected to be issued by the MOH in September 2009.

### RESEARCH AND DEVELOPMENT

We do not undertake research and development activities as the nature of our business does not require extensive research and development.

### MAJOR CUSTOMERS

Our customer base comprises primarily individual patients. We are not materially dependent on any individual or corporate client and no single customer accounts for 5.0% or more of our total revenue for each of the last three financial years.

### MAJOR SUPPLIERS

Our suppliers accounting for 5.0% or more of our total purchases (medical equipment, medical supplies, and consumables) for each of the last three financial years ended 31 December 2008 are provided below:

Supplier	Services/Products	Percentage of total purchases (%)		
		FY2006	FY2007	FY2008
AMO Singapore Pte. Ltd.	Medical equipment and consumables	—	—	27.9
IDS Pharmaceuticals Division	Medication and consumables	4.6	9.3	12.5
Ning Kwong Optical Co Pte. Ltd.	Medical equipment and consumables	57.9	29.3	11.2
Zuellig Pharma Pte. Ltd.	Medication and consumables	1.8	1.0	10.0
Mandarin Opto-Medic Co Pte. Ltd.	Medical equipment and consumables	9.0	18.3	8.5
Roche Singapore Pte. Ltd.	Medication and consumables	—	—	6.1
Diethelm Singapore Pte. Ltd.	Medical equipment, medication and consumables	5.0	0.6	1.3

## GENERAL INFORMATION ON OUR GROUP

Supplier	Services/Products	Percentage of total purchases (%)		
		FY2006	FY2007	FY2008
IntraLase Corp	Medical equipment	—	13.0	—

Medical equipment and consumables used by LSC accounted for the bulk of our purchases for the period under review.

In FY2006, we purchased a VISX machine from Ning Kwong Optical Co Pte. Ltd. and most of the consumables required by LSC from Ning Kwong Optical Co Pte. Ltd. The purchases from Ning Kwong Optical Co Pte. Ltd. decreased in FY2007 and FY2008 as we did not purchase any machine and we started to make purchases from AMO Singapore Pte. Ltd. in FY2008.

In FY2007, we purchased an IntraLase machine from IntraLase Corp.

In FY2008, we started to purchase medical equipment and consumables from AMO Singapore Pte. Ltd.

Our purchases from IDS Pharmaceuticals Division and Zuellig Pharma Pte. Ltd. increased in FY2007 and FY2008 as we established new medical clinics that required a higher volume of different types of medication and consumables.

In FY2008, we started to make purchases of medication and consumables required by The Cancer Centre from Roche Singapore Pte. Ltd.

Save as disclosed above, none of our suppliers accounted for 5.0% or more of our total purchases for each of the last three financial years.

Save as disclosed above, our business and profitability are not materially dependent on any single supplier.

To the best of our Directors' knowledge, we are not aware of any information or arrangements which would lead to a cessation or termination of our current relationship with any of our major suppliers.

As at the date of this Offer Document, none of our Directors or Substantial Shareholders or their respective associates, has any interest, direct or indirect, in any of the above suppliers.

### CREDIT POLICY

#### Sales

Generally, patients are charged on a cash basis and the modes of payment by our patients include NETS, cash and credit card. Cash collected at our medical clinics is generally deposited into our bank accounts once or twice daily, depending on the amount received each day.

Depending on the patients' financial background, we may occasionally grant credit terms to allow such patients to make progressive payments over six to 12 months, through monthly GIRO instalments. For all of such cases, we require our patients to pay a security deposit amounting to 30.0% of the fees payable and furnish us with copies of CPF contributions and payslips of both the patient and a guarantor.

For patients who have insurance policies that cover medical fees, they would not be required to pay us upfront as we will seek payment directly from the relevant insurance companies instead.

## GENERAL INFORMATION ON OUR GROUP

Our trade debtors' turnover days were as follows:

	FY2006	FY2007	FY2008
Trade debtors' turnover days <sup>(1)</sup>	—	—	1

**Note:**

(1) Trade debtor's turnover days = (Average trade receivables/Annual sales) x Number of days in the year.

### Cost of Sales

Our trade creditors' turnover days were as follows:

	FY2006	FY2007	FY2008
Trade creditors' turnover days <sup>(1)</sup>	98	51	81

**Note:**

(1) Trade creditors' turnover days = (Average trade payable/Cost of medicines and other consumables, VISX Treatment Cards and procedural blades and laboratory test fees) x Number of days in the year

### INVENTORY MANAGEMENT

Our inventories comprise primarily drugs, medical supplies and consumables received from our suppliers. We negotiate the agreements for the purchase of drugs used commonly by the different medical clinics through a central system to improve efficiency and to enjoy bulk discounts. However, the inventories and orders of all drugs, including such commonly-used drugs as well as controlled drugs that are utilised only by specific medical clinics are managed by the relevant medical clinics separately. All of our medical clinics are licensed under the Private Hospitals and Medical Clinics Act. As part of the ISO accreditation process, our medical clinics are responsible for regulating their drug inventory, including monitoring the expiry dates of the drugs and dispensing drugs on a first-in-first-out basis.

Our inventory turnover days were as follows:

	FY2006	FY2007	FY2008
Inventory turnover days <sup>(1)</sup>	—	13	26

**Note:**

(1) Inventory turnover days = (Average inventory balance/Cost of medicines and other consumables, VISX Treatment Cards and procedural blades) x Number of days in the year

### COMPETITION

The specialist healthcare industry in Singapore is very competitive. In general, our Group competes with both public and private specialist healthcare institutions. We believe the following specialist healthcare services providers are our main competitors:

Competing service offerings	Competitors
Refractive surgery	Singapore National Eye Centre, Parkway Eye Centre, Tan Tock Seng Hospital
Ophthalmology	Singapore National Eye Centre, Parkway Eye Centre, Tan Tock Seng Hospital

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## GENERAL INFORMATION ON OUR GROUP

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Competing service offerings	Competitors
Sports medicine	Parkway Group Healthcare, Singapore Sports & Orthopaedic Clinic
Aesthetic medicine	The Sloane Clinic, TLC Clinic
Aesthetic dentistry	Pacific Healthcare, Atria Medical Inc, Smile Inc, T32 Dental Clinic, GPA Dental Services, Parkway Shenton Medical Group, Raffles Medical Group

### COMPETITIVE STRENGTHS

We believe that we are able to compete effectively with the following competitive strengths:

- **We are established in the fields of LASIK procedures and sports medicine**

We operate The Lasik Surgery Clinic, which performed approximately 16,000 and approximately 18,000 LASIK procedures in 2007 and 2008 respectively. As recognition of our achievements in the field of LASIK, The Lasik Surgery Clinic was awarded “The Highest Volume VISX Treatment Site in the World” for 2007 and 2008. Our Sports Cluster is also an established one-stop sports medicine practice in Singapore and provides a comprehensive range of sports-related healthcare services.

We believe that we will be able to maintain our market share within the fields of LASIK procedures and sports medicine by continuing to devote ourselves to high quality services and by expanding the portfolio of specialist healthcare services provided within such medical clusters.

- **We believe we have an established reputation and brand name**

We provide multi-disciplinary specialist healthcare services across the fields of ophthalmology, aesthetic medicine, sports medicine and oncology, through our four medical clusters. Through our marketing activities and initiatives, particularly our corporate branding exercise and our commitment to the provision of high quality specialist healthcare services, we believe we are able to increase referral rates both inter and intra-cluster as well as command a market presence in Singapore as a recognisable brand with an established reputation for providing multi-disciplinary quality specialist healthcare services.

- **We have an effective and efficient business model**

Our business model is premised on maintaining separate management and clinical functions within our Group. By allowing the management team and the healthcare professionals to focus on their respective areas of expertise, the healthcare professionals are able to devote themselves to the care of our patients and achieve maximum efficiency and the management is able to efficiently implement and conduct any administrative and management-related policies.

- **We have a team of qualified, experienced and committed specialist medical practitioners**

Our Group’s market presence and reputation are built upon the skills and experience of our specialist medical practitioners. The majority of the doctors and dentists affiliated with us are qualified in their respective fields of specialty.

Due to the collective reputation and public awareness of several of our specialist medical practitioners, we have been able to attract other highly skilled and experienced doctors and dentists to join our Group and create an institutional reputation in various fields.

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## GENERAL INFORMATION ON OUR GROUP

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- **We adhere strictly to stringent management and clinical standards**

Under the leadership of Shirley See-Toh, our Executive Vice President who is responsible for corporate governance and compliance, our Company and all 10 of our medical clinics were awarded the ISO 9001:2008 accreditations for quality management systems.

We are also subject to stringent clinical standards imposed by the various healthcare regulatory authorities in Singapore such as the MOH regarding clinical governance. Please refer to the section entitled “General Information on our Group — Government Regulations” for more details.

Our Group’s policy is for all of our medical clinics to continue to adhere strictly to stringent management and healthcare standards to maintain the long-term reputation and success of our Group.

- **Our medical clinics are strategically located**

All of our medical clinics are conveniently located at either the Paragon Medical Centre or the Novena Medical Centre. Both the Paragon Medical Centre and the Novena Medical Centre are easily accessible by public transport and are located in close proximity to Mount Elizabeth Hospital and Tan Tock Seng Hospital respectively.

Further, save for The Dental Studio, which is located near our Eye Cluster to take advantage of the human traffic at The Lasik Surgery Clinic, all of our medical clinics within each medical cluster are strategically located within the same medical centre to facilitate intra-cluster training and referrals.

## PROSPECTS

### Trend Information

In general, demand for the specialist healthcare services provided by us may be affected by a slowdown in the economy, which may cause potential patients to be more cautious about their healthcare expenses.

Our Directors believe that save as disclosed above and in the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “General Information on our Group — Prospects” of this Offer Document and barring any unforeseen circumstances, there are no other known recent trends in sales and inventory, the costs and selling prices of our products and services or other known trends, uncertainties, demands, commitments or events in the current financial year, FY2009, that are reasonably likely to have a material and adverse effect on our revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Offer Document to be not necessarily indicative of our future operating results or financial condition. Please also refer to the section “Cautionary Note Regarding Forward-Looking Statements” of this Offer Document.

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## GENERAL INFORMATION ON OUR GROUP

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### Prospects

Our Directors believe that our long term prospects are encouraging for the following reasons:

- **Latent market potential in refractive surgery**

Our Eye Cluster, in particular, The Lasik Surgery Clinic, is our main source of income and accounted for approximately 85.2% of our revenue in FY2008. In 2007 and 2008, we performed approximately 16,000 and 18,000 LASIK procedures respectively. Given that Singapore has one of the highest incidences of myopia in the world, there is still latent and untapped market potential in refractive surgery. As refractive surgery procedures, particularly LASIK, become more established and accepted, we expect the demand for refractive surgery to increase and we will be poised, with our established The Lasik Surgery Clinic and the launch of the Premium Lasik Surgery Clinic in March 2009, for growth in this area.

- **Increasing focus on healthy lifestyle**

There has been a recent increase in participation amongst Singaporeans in sports. This trend is supported by campaigns by the Health Promotion Board encouraging people to lead a healthy lifestyle, whether for health or aesthetic reasons. As more people engage in sporting activities, the risk and incidences of sports injuries and the demand for related services such as injury prevention and management, physiotherapy and rehabilitation, sports nutrition, weight management and sports orthopaedic services is likely to correspondingly increase. Our Sports Cluster will be well-placed for such an increase in demand for sports-related healthcare services.

- **Government initiatives to profile Singapore as a regional medical hub**

In 2003, the Economic Development Board, the International Enterprise Singapore and the Singapore Tourism Board, led by the MOH, launched “SingaporeMedicine”, which is a multi-agency government initiative committed to strengthening Singapore’s position as Asia’s leading medical hub. In 2006, Singapore attracted approximately 410,000 foreign patients to Singapore specifically for healthcare purposes and SingaporeMedicine’s goal is to attract one million foreign patients annually from 2012. In line with this, our Group has recently incorporated SMG International Partners Pte. Ltd. for the purposes of establishing a network of overseas sales representatives to capitalise on Singapore’s profile as a regional medical hub with a reputation for excellence, safety and a high quality of medical care.

- **Rising level of economic development and educational standards in Singapore**

Singapore’s rising level of economic development and educational standards have led to an increased awareness of, and demand for, quality specialist healthcare services. For instance, with rising affluence and increasing disposable income, more people will be willing to seek quality specialist healthcare services as well as elective and aesthetic services.

### ORDER BOOK

Due to the nature of our business, we do not maintain an order book. While our medical clinics may maintain a register for advance patient appointments, these appointments may be cancelled or postponed and thus do not constitute orders on hand.



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## GENERAL INFORMATION ON OUR GROUP

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### BUSINESS STRATEGIES AND FUTURE PLANS

Our principal business strategies and future plans are:

- **Focus on providing the highest quality of care**

We believe in attracting and retaining the best management and healthcare talent to provide the best care for our patients. Our management team is responsible for our management functions while allowing our healthcare professionals to devote themselves to the care of our patients. This separation of management and clinical functions has proved to be an efficient model as seen in The Lasik Surgery Clinic, when we were awarded the “The Highest Volume VISX Treatment Site in the World” for 2007 and 2008. In an effort to enhance our corporate image, we have invested in various branding initiatives. In particular, we have branded all of our medical clusters as being part of the “Singapore Medical Group” and reflected the same on all of our printed materials, corporate presentations and corporate websites. Through such measures, we expect our patients to come to identify “Singapore Medical Group” as a provider of high quality multi-disciplinary specialist healthcare services in Singapore.

- **Focus on potential specialist healthcare areas within our medical clusters with potential for growth**

Currently, we operate across four medical clusters. Our medical clusters are all characterised by their niche and high value, specialist services. The expansion of services within the clusters have their foundation in our strong track record in providing base services before embarking on more complicated services. We have recently established the Premium Lasik Surgery Clinic and The Eye & Cornea Transplant Centre to enhance the range of services within our Eye Cluster. We have also set up the Singapore Lipo, Body & Face Centre in February 2009 to complement the services provided within our Aesthetics Cluster.

Moving forward, we intend to continue to focus on potential specialist healthcare areas within our medical clusters with potential for growth. To this end, we have identified our Eye Cluster, Aesthetics Cluster and Critical Illness Cluster as key areas with potential for future growth and have conducted some market research and commissioned reports to study the feasibility of expanding into areas such as conjunctiva stem cell cultivation, plastic surgery and other cancer treatment services within our Eye Cluster, Aesthetics Cluster and Critical Illness Cluster, respectively. We intend to utilise part of the proceeds raised from the Placement for the purposes of such expansion.

- **Regional expansion through organic growth**

We believe that with the rising level of economic development in Asia, there are many growth opportunities in the region. Although we already have partners in the Philippines, we have plans to expand regionally through organic growth starting with the expansion of our refractive surgery operations within our Eye Cluster into Japan, subject to factors such as market condition and regulatory and other licensing requirements. In the longer term, we have plans to expand into other Asian countries which may include Vietnam, Indonesia, Malaysia and China depending on the results of feasibility studies that we conduct in the future.

We intend to focus on enhancing our brand name “Singapore Medical Group” in our regional expansion and take advantage of Singapore’s established reputation as a regional medical hub and our success in Singapore.

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## GENERAL INFORMATION ON OUR GROUP

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- **Improve our service standards and quality assurance to our patients**

We are dedicated to the provision of high quality specialist healthcare services to our patients, which we recognise as essential to cultivate brand loyalty and goodwill from existing patients to increase referral rates. We have therefore adopted the guidelines under ISO 9001:2008 and implemented a staff training plan to ensure that our staff are equipped with a holistic understanding of customer needs. Please refer to the section entitled “General Information on our Group — Quality Assurance” for more details.

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## INTERESTED PERSON TRANSACTIONS

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### INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group (when used in this section, our “Group” refers to our Company and our subsidiaries as of the Latest Practicable Date) and any of our interested persons (namely, our Directors, Chief Executive Officer or Controlling Shareholders or the associates (as defined in the Rules of Catalist) of such Directors, Chief Executive Officer or Controlling Shareholders) (“Interested Persons” and each, an “Interested Person”) would constitute interested person transactions for the purposes of Chapter 9 of the Rules of Catalist.

Details of the present and ongoing transactions as well as past transactions between our Group and Interested Persons which are material in the context of the Placement are set out below. Save as disclosed in this section, there are no material interested person transactions for the last three financial years ended 31 December 2008 and for the period from 1 January 2009 until the Latest Practicable Date.

In line with the rules set out in Chapter 9 of the Rules of Catalist, a transaction which value is less than S\$100,000 is not considered material in the context of the Placement and is not taken into account for the purposes of aggregation in this section.

### PAST INTERESTED PERSON TRANSACTIONS

#### Shareholder loans granted to Dr Cheryl Baumann

We had, from time to time, provided shareholder loans to Dr Cheryl Baumann, our Controlling Shareholder. The aggregate amounts granted to Dr Cheryl Baumann for the period under review and for the period from 1 January 2009 to the Latest Practicable Date are as follows:

(S\$'000)	FY2006	FY2007	FY2008	Period from 1 January 2009 to the Latest Practicable Date
Shareholder loans to Dr Cheryl Baumann	1,146	10,440	2,871	819

The shareholder loans were repaid in part at the end of each financial year by setting off the dividends declared to be paid to Dr Cheryl Baumann. As at the Latest Practicable Date, the total amount of shareholder loans outstanding was S\$1.1 million. As at the date of this Offer Document, all of the shareholder loans have been fully repaid.

The shareholder loans were interest free, unsecured and did not have fixed terms of repayment and therefore such loans would not ordinarily be considered as transactions that have been entered into at an arm's length basis.

The largest amount of shareholder loans outstanding due from Dr Cheryl Baumann between 1 January 2006 and the Latest Practicable Date was S\$11,681,762. We do not expect to enter into any transactions of the above nature with Dr Cheryl Baumann in the future.

#### Personal guarantees provided by Felix Huang and Dr Cheryl Baumann

In FY2006 and FY2007, Felix Huang, our Executive Chairman, and Dr Cheryl Baumann, our Chief Executive Officer, provided a joint personal guarantee to Orchard 290 Ltd., the landlord, in relation to the lease agreement for the 6,652 sq ft premises located on the 13th floor of the Paragon Medical Centre dated 27 July 2006 for a sum of S\$139,692, being the aggregate of the service charge and three months' rental under the lease agreement.

## INTERESTED PERSON TRANSACTIONS

As no consideration was paid to Felix Huang and Dr Cheryl Baumann, the joint personal guarantee was not considered to be a transaction entered into on an arm's length basis. The joint personal guarantee was discharged with effect from 1 November 2008. Upon our admission to the Official List of Catalist, where possible, we intend to provide corporate guarantees for all our future transactions and do not intend to enter into any transactions with personal guarantees in the future.

### PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS

#### Personal guarantees provided by Dr Cheryl Baumann and Ng Mei Ling

Dr Cheryl Baumann, our Chief Executive Officer, and Ng Mei Ling, who was previously a director of our Company, have provided personal guarantees to financial institutions to secure banking facilities extended to our Group as follows:

Financial Institutions	Nature of facility	Borrower	Purpose of Facility	Guarantors
United Overseas Bank Limited	One-year S\$100,000 (or up to 80.0% of the renovation costs) renovation loan	SMG	Renovation of The Cancer Centre	Dr Cheryl Baumann Ng Mei Ling
Standard Chartered Bank	Four-year S\$400,000 term loan	SMG	General working capital	Dr Cheryl Baumann Ng Mei Ling

The largest amount outstanding for the one-year renovation loan from (i) United Overseas Bank Limited, (ii) the four-year term loan from Standard Chartered Bank and (iii) the aggregate of the two banking facilities between 1 January 2006 and the Latest Practicable Date were S\$90,000, S\$400,000 and S\$490,000 respectively.

As at the Latest Practicable Date, the amounts outstanding for (i) the one-year renovation loan from United Overseas Bank Limited, (ii) the four-year term loan from Standard Chartered Bank and (iii) the aggregate amount outstanding for the two banking facilities were S\$30,605, S\$384,876 and S\$415,481 respectively.

The interest rates on these banking facilities range between 5.0% per annum to 6.0% per annum and are subject to such variation as the respective institutions may determine from time to time. The interest rates on these banking facilities are based on prevailing market rates and the banking facilities were entered into on an arm's length basis. However, in relation to the guarantees, as no consideration was paid to Dr Cheryl Baumann and Ng Mei Ling, the personal guarantees were not considered to be transactions entered into on an arm's length basis.

The one-year renovation loan from United Overseas Bank Limited is currently being repaid in 12 monthly instalments and will be fully repaid by September 2009. The four-year term loan from Standard Chartered Bank is currently being repaid in 48 monthly instalments and will be fully repaid by April 2013. We may also, by providing Standard Chartered Bank one month's written notice, repay the facility in full.

Upon our admission to the Official List of Catalist, we intend to request for the release and discharge of the personal guarantees provided by Dr Cheryl Baumann and Ng Mei Ling and replace them with corporate guarantees provided by our Company. In the event any of the financial institutions does not agree to release and discharge the guarantee, Dr Cheryl Baumann and Ng Mei Ling will not withdraw or revoke the personal guarantees provided by them.

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## INTERESTED PERSON TRANSACTIONS

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### **Provision of Legal Services by Drew & Napier LLC**

Our Non-executive Director, Jimmy Yim Wing Kuen, SC, is currently the Managing Director of the Litigation and Dispute Resolution Department of Drew & Napier LLC, which has previously provided legal services to our Group. Jimmy Yim Wing Kuen, SC has not personally provided legal services to our Group. The fees paid to Drew & Napier LLC for the period from 1 January 2006 to the Latest Practicable Date amounted to approximately S\$48,000. These fees were charged on an arm's length basis.

After our admission to the Official List of Catalist, we may continue to engage the services of Drew & Napier LLC. We will obtain fee quotes from two other third party legal service providers and Jimmy Yim Wing Kuen, SC, will abstain from voting in respect of any decisions relating to the engagement of Drew & Napier LLC. All future transactions with Drew & Napier LLC will be conducted in accordance with the guidelines described in "Guidelines and Review Procedures for On-going and Future Interested Person Transactions" and in Chapter 9 of the Rules of Catalist.

### **Provision of Company Secretarial and Share Registration Services by Tricor**

Our Lead Independent Director, Ho Lon Gee, is currently the Chief Executive Officer of Tricor Singapore Pte. Ltd., the holding company of Tricor which provides company secretarial and share registration services to our Company. We had obtained fee quotes from another service provider and had decided to appoint Tricor pursuant to a letter of appointment dated 23 April 2009 based on a comparison of the quotes received. As such, the appointment of Tricor was on an arm's length basis. Our Directors have considered the appointment of Tricor and the appointment of Ho Lon Gee as the Lead Independent Director, and are of the view that Ho Lon Gee is capable of exercising independent judgment despite the business relationship our Company has with Tricor.

As at the Latest Practicable Date, we have not paid Tricor any fees. After our admission to the Official List of Catalist, we will continue to engage the services of Tricor. Ho Lon Gee will abstain from voting in respect of any decisions relating to the engagement of Tricor and all future transactions with Tricor will be conducted in accordance with the guidelines described in "Guidelines and Review Procedures for On-going and Future Interested Person Transactions" below and in Chapter 9 of the Rules of Catalist.

## **GUIDELINES AND REVIEW PROCEDURES FOR ON-GOING AND FUTURE INTERESTED PERSON TRANSACTIONS**

Our Audit Committee will review and approve all interested person transactions to ensure that they are on normal commercial terms and on arm's length basis, that is, the transactions are transacted in terms and prices not more favourable to the interested persons than if they were transacted with a third party and are not prejudicial to the interests of our Group and our Shareholders in any way.

To ensure that all future interested person transactions are carried out on normal commercial terms and will not be prejudicial to the interests of our Group or our Shareholders, the following procedures will be implemented by our Group:

- (a) when purchasing any products or engaging any services from an interested person, two other quotations from non-interested persons will be obtained for comparison to ensure that the interests of our Group and Shareholders are not disadvantaged. The purchase price or fee for services shall not be higher than the most competitive price or fee of the two other quotations from

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## INTERESTED PERSON TRANSACTIONS

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non-interested persons. In determining the most competitive price or fee, all pertinent factors, including but not limited to quality, requirements, specifications, delivery time and track record will be taken into consideration;

- (b) in the case of renting properties from or to an interested person, the Board shall take appropriate steps to ensure that the rent is commensurate with the prevailing market rates, including adopting measures such as making relevant inquiries with landlords of similar properties and/or obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). The amount payable shall be based on the most competitive market rental rate of similar property in terms of size, suitability for purpose and location, based on the results of the relevant inquiries;
- (c) where it is not possible to compare against the terms of other transactions with unrelated third parties and given that the products or services may be purchased only from an interested person, the interested person transaction will be approved by either our Group's managing director, chief financial officer or financial controller or an equivalent of the relevant company in our Group, who has no interest in the transaction, in accordance with our usual business practices and policies. In determining the transaction price payable to the interested person for such products and/or services, factors such as, but not limited to, quantity, requirements and specifications will be taken into account; and
- (d) in addition, we shall monitor all interested person transactions entered into by us and categorise these transactions as follows:
  - (i) a Category 1 interested person transaction is one where the value thereof is equal or in excess of 3.0% of the NTA of our Group; and
  - (ii) a Category 2 interested person transaction is one where the value thereof is below 3.0% of the NTA of our Group.

All Category 1 interested person transactions must be approved by our Audit Committee prior to entry whereas Category 2 interested person transactions need not be approved by our Audit Committee prior to entry but shall be reviewed on a quarterly basis by our Audit Committee.

Our Audit Committee will review all interested person transactions, if any, on a quarterly basis to ensure that they are carried out on an arm's length basis and in accordance with the procedures outlined above. It will take into account all relevant non-quantitative factors. In the event that a member of our Audit Committee is interested in any such transaction, he will abstain from participating in the review and approval process in relation to that particular transaction.

We shall prepare all the relevant information to assist the Audit Committee in its review and will keep a register recording all interested person transactions. The register shall also record the basis for entry into the transactions, including the quotations and other evidence obtained to support such basis.

In addition, the Audit Committee and the Board will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Rules of Catalist (in particular, Chapter 9) and relevant accounting standards, are complied with. The annual internal audit plan shall incorporate a review of all interested person transactions entered into. Such transactions will also be subject to the approval of our Shareholders if required by the Rules of Catalist. We will also endeavour to comply with the recommendations set out in the Code of Corporate Governance.

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## INTERESTED PERSON TRANSACTIONS

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These internal audit reports will be reviewed by the Audit Committee to ascertain whether the guidelines and procedures established to monitor interested person transactions have been complied with. The Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that interested person transactions are conducted on normal commercial terms, on an arm's length basis and do not prejudice our interests and the interests of our Shareholders. Further, if during these periodic reviews by the Audit Committee, the Audit Committee is of the opinion that the guidelines and procedures as stated above are not sufficient to ensure that interested person transactions will be on normal commercial terms, on an arm's length basis and not prejudicial to our interests and the interests of our Shareholders, the Audit Committee will adopt such new guidelines and review procedures for future interested person transactions as may be appropriate.

Disclosure will be made in our annual report of the aggregate value of interested person transactions during the relevant financial year under review.

### POTENTIAL CONFLICTS OF INTERESTS

Our Executive Chairman, Felix Huang and our Chief Executive Officer, Dr Cheryl Baumann have shareholding interests in three companies incorporated in the Philippines, which are engaged in the business of, *inter alia*, the provision of LASIK services. Our Group currently does not have any operations in the Philippines. Our Company has entered into separate trademark licensing agreements with each of the three companies and granted to the companies non-exclusive licences to a trademark registered by our Company. Please refer to the section entitled "General Information on our Group — Intellectual Property" for more information.

#### LASIK Surgery, Inc

LASIK Surgery, Inc. is a company incorporated in the Philippines that is engaged in the business of providing, among others, LASIK services. Felix Huang, our Executive Chairman and Controlling Shareholder, holds 20.0% of the company but is not involved in its management.

To safeguard our Group's interests and to mitigate any potential conflict of interests, Felix Huang has provided a letter of undertaking dated 28 May 2009 to our Company. Pursuant to the letter of undertaking, for so long as our Shares are listed on either the Official List of Catalist or the Official List of the SGX-ST and Felix Huang remains our Director (or a director of any of our subsidiaries) and/or a Shareholder with a direct or indirect interest of 5.0% or more in our Shares, he has irrevocably undertaken:

- (a) to offer to our Company the first right of refusal to buy his entire shareholding interest in LASIK Surgery, Inc. at such price to be determined by any one of (a) an internationally recognised accounting firm, (b) an international management consultant or (c) an international investment bank ("Approved Valuer") in the event that:
  - (i) our Group decides to expand our operations into the Philippines;
  - (ii) LASIK Surgery, Inc. decides to expand its operations into Singapore; or
  - (iii) Felix Huang decides to dispose of his shareholding interest in LASIK Surgery, Inc.;



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## INTERESTED PERSON TRANSACTIONS

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- (b) not to participate in the management of LASIK Surgery, Inc.; and
- (c) not to increase his shareholding interest in LASIK Surgery, Inc.

### **Asian Lasik Group, Inc. and Angeles Lasik Group, Inc.**

Asian Lasik Group, Inc. and Angeles Lasik Group, Inc. are companies incorporated in the Philippines that are engaged in the business of providing, among others, LASIK services. Dr Cheryl Baumann, our Chief Executive Officer and Controlling Shareholder, holds approximately 41.2% and 5.0% of Asian Lasik Group, Inc. and Angeles Lasik Group, Inc. respectively. Dr Cheryl Baumann is not involved in the management of either Asian Lasik Group, Inc. or Angeles Lasik Group, Inc.

To safeguard our Group's interests and to mitigate any potential conflict of interests, Dr Cheryl Baumann has provided a letter of undertaking dated 28 May 2009 to our Company. Pursuant to the letter of undertaking, for so long as our Shares are listed on either the Official List of Catalist or the Official List of the SGX-ST and Dr Cheryl Baumann remains our Director (or a director of any of our subsidiaries) and/or a Shareholder with a direct or indirect interest of 5.0% or more in our Shares, she has irrevocably undertaken:

- (a) to offer to our Company the first right of refusal to buy her entire shareholding interest(s) at such price(s) to be determined by an Approved Valuer:
  - (i) in Asian Lasik Group, Inc. and Angeles Lasik Group, Inc. if our Group decides to expand our operations into the Philippines;
  - (ii) in Asian Lasik Group, Inc. and/or Angeles Lasik Group, Inc. if Asian Lasik Group, Inc. and/or Angeles Lasik Group, Inc. decide(s) to expand its or their operations into Singapore; or
  - (iii) in Asian Lasik Group, Inc. and/or Angeles Lasik Group, Inc. if Dr Cheryl Baumann decides to dispose of her shareholding interests in Asian Lasik Group, Inc. and/or Angeles Lasik Group, Inc.;
- (b) not to participate in the management of either of Asian Lasik Group, Inc. and Angeles Lasik Group, Inc.; and
- (c) not to increase her shareholding interests in either of Asian Lasik Group, Inc. and Angeles Lasik Group, Inc.

Save as disclosed above and in the section entitled "Interested Person Transactions" of this Offer Document:

- (a) none of our Directors, Executive Officers, Controlling Shareholders or any of their associates has any interest, direct or indirect, in any transactions to which we were or are to be a party;
- (b) none of our Directors, Executive Officers, Controlling Shareholders or any of their associates has any interest, direct or indirect, in any company carrying on the same business or a similar trade which competes materially and directly with the existing businesses of our Group; and
- (c) none of our Directors, Executive Officers, Controlling Shareholders or any of their associates has any interest, direct or indirect, in any company that is a customer of ours or which is a supplier of goods and services to us.



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## INTERESTED PERSON TRANSACTIONS

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### **Interests of the Manager, Sponsor and Sub-Placement Agent, and the Placement Agent**

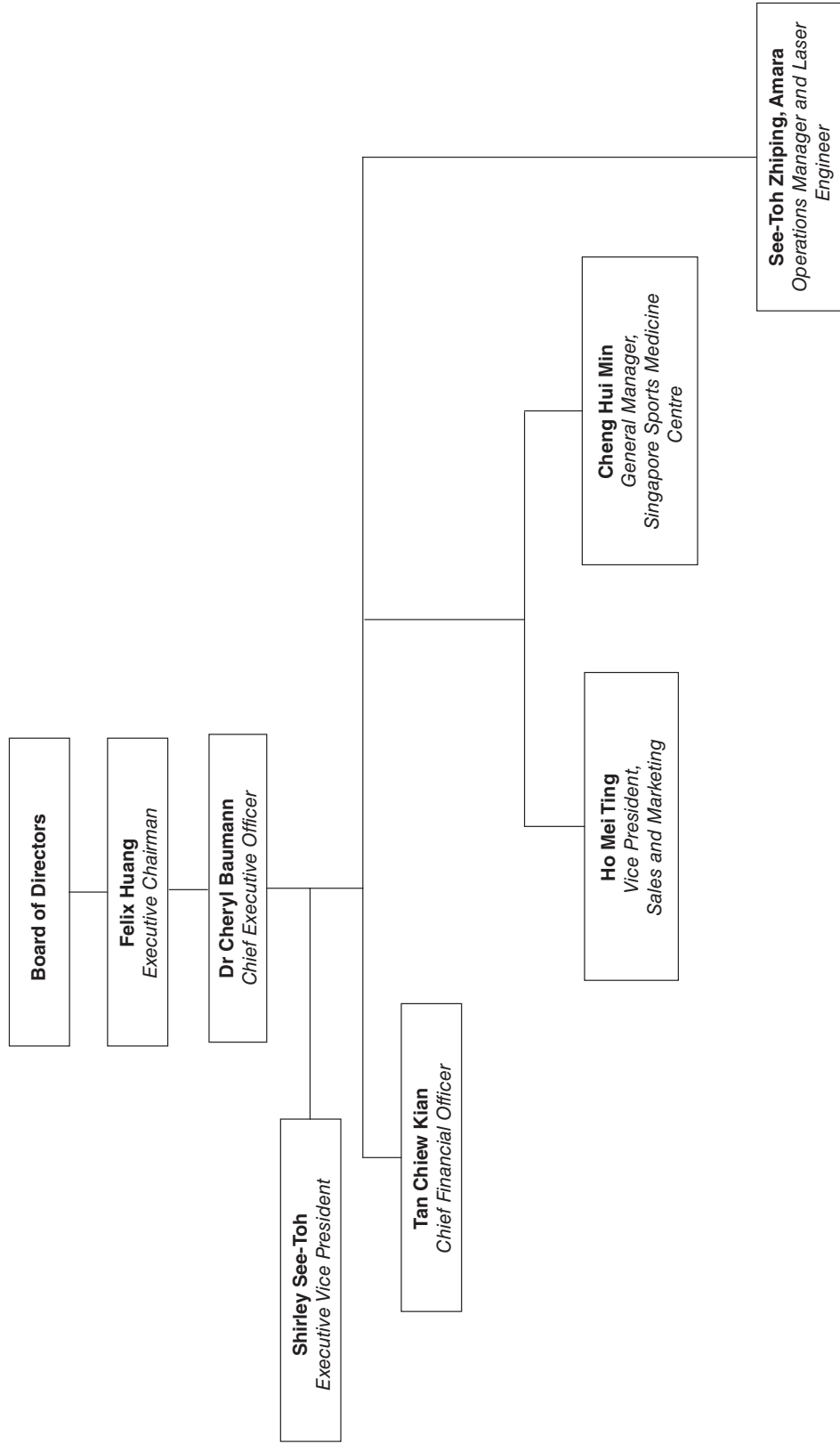
Save as disclosed below and in the section entitled “General and Statutory Information — Management and Placement Arrangements” of this Offer Document, in the reasonable opinion of our Directors, the Manager, Sponsor and Sub-Placement Agent, and the Placement Agent, PPCF and DMG do not have a material relationship with us:

- (a) PPCF is the Manager and Sponsor of the Listing and the Sub-Placement Agent of the Placement and the Listing;
- (b) PPCF will be our continuing Sponsor for a period of three years from the date we are admitted to and listed on Catalist;
- (c) DMG is the Placement Agent of the Placement and the Listing; and
- (d) our Company will issue 2,186,000 PPCF Shares at the Placement Price to PPCF, representing approximately 1.5% of our Company’s post-Placement issued and paid-up share capital.

## MANAGEMENT AND CORPORATE GOVERNANCE

### MANAGEMENT REPORTING STRUCTURE

The following chart shows our management reporting structure as at the date of this Offer Document:



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## MANAGEMENT AND CORPORATE GOVERNANCE

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### DIRECTORS

The Board of Directors is entrusted with the responsibility for the overall management of our Group. Our Directors' particulars are listed below:

Name	Age	Address	Occupation
Felix Huang	56	7 Draycott Drive, #20-01 Singapore 259421	Executive Chairman
Dr Cheryl Baumann	41	7 Draycott Drive, #20-01 Singapore 259421	Chief Executive Officer
Shirley See-Toh	51	10C Braddell Hill, #04-09 Singapore 579722	Executive Vice President
Jimmy Yim Wing Kuen, SC	50	47-B Cotswold Close Singapore 359658	Managing Director of the Litigation and Dispute Resolution Department, Drew & Napier LLC
Ho Lon Gee	58	15 Duchess Place Singapore 269056	Chief Executive Officer, Tricor Singapore Pte. Ltd.
Lew Foon Keong, Charles	52	16E Fort Road Singapore 439081	Managing Director, Equator Capital Private Limited

Save as disclosed in the section entitled "Shareholders" of this Offer Document, none of our Directors is related by blood or marriage to one another or to our Substantial Shareholders.

The working, business experience and areas of responsibility of our Directors are set out below:

**Felix Huang** is our Executive Chairman and was appointed on 22 June 2009. He is primarily responsible for charting the corporate direction and business strategies, policy planning and overall management of our Group. From September 2006 to the date of his appointment as Executive Chairman, Felix was the Advisor, Strategy and Policy, to Dr Cheryl Baumann, and was responsible for providing strategic direction to our Group. Felix was appointed as one of our Directors in 2005 on our incorporation and held the post until 2006, where he was in charge of the overall management of our Company. From 2000 to 2003, Felix was with Pro Dive International, one of the world's largest scuba-diving instructors school based in Florida as Chief Operating Officer, where he was responsible for the operations and international business development of the company. Between 1998 and 2000, he was the President of Hallmark Industries Inc, where he was responsible for overseeing the overall management of the company. Between 1989 and 1991, Felix was the Asia Pacific General Manager of Ernestine, a subsidiary of Swarovski AG, where he was responsible for the marketing of Swarovski products in the Asia-Pacific region. From 1984 to 1996, Felix was the General Manager of Panwell Industries, where he was in charge of the overseeing the general management of the company's factories. Felix attended, but did not graduate from, The American University of Paris, France, the University of Hawaii at Hilo, the US and the Harvard University, the US.

**Dr Cheryl Baumann** is our Chief Executive Officer and was appointed on 7 November 2005. Dr Baumann leads all of the specialist healthcare operations of our Group and is responsible for providing leadership in strategic planning to our management. In addition, she also heads The Lasik Surgery Clinic where she is assisted by a team of highly-trained personnel who provide support in its

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## MANAGEMENT AND CORPORATE GOVERNANCE

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management. From 2001 to 2003, Dr Baumann was with the German State Legal Traineeship Programme, where she completed her legal training through attachments with, *inter alia*, the courts and the prosecutor's office. In 2001, Dr Baumann was with Clifford Chance, where she practiced international commercial law, comparative law and Chinese property law. She holds a Bachelor of Arts in Library Science from Peking University, Beijing, China as well as a Doctor of Philosophy in law from the University of Cologne, Germany. In 1993, Dr Cheryl Baumann changed her name from Bi Xiaoyan to Xiaoyan Baumann Geb. Bi and in 1998, she became a citizen of Germany.

**Shirley See-Toh** is our Executive Vice President and was appointed on 22 June 2009. She was also our Corporate Governance Advisor since 2007. Shirley is responsible for advising our Group on issues of compliance, corporate governance, corporate citizenship and social responsibility. Prior to joining the Group, Shirley held senior management positions in various companies. From 1992 to 2007, she was a Vice President with DBS Bank, where she held various portfolios including outsourcing risk management, information services and document management, and research administration. From 1987 to 1992, she was a Manager with the Singapore National Productivity Board where she was responsible for human resource management, training and consultancy, information services and quality management. From 1980 to 1986, she was with the Singapore Press Holdings Limited as an Assistant Librarian, where she provided information services. Shirley holds a Bachelor of Arts from the National University of Singapore. She also has a Master of Business Administration from the University of Hull, the United Kingdom and a Master of Science from Wheelock College, the US. Since 2000, Shirley has been serving as a member of the PAP Community Foundation. She had also served four terms as a member of the advisory committee for the Division of Information Studies, School of Communication and Information of Nanyang Technological University in the period between 1993 and 2002.

**Jimmy Yim Wing Kuen, SC** is our Non-executive Director and was appointed on 22 June 2009. Jimmy is currently the Managing Director of the Litigation and Dispute Resolution Department of Drew & Napier LLC and has more than 20 years experience in the legal industry. From 1985 to 1989, he was serving as Regional Delegate at the International Confederation of Authors and Composers Societies where he specialised in copyright law. From 1982 to 1985, he was serving as a legal assistant at Allen & Gledhill. He was appointed Senior Counsel in 1998. He holds a Bachelor of Laws and a Master of Laws, both from the National University of Singapore. He is the Honorary Legal Advisor to the British High Commission and the Legal Assessor to the Singapore Medical Council. In addition, he is also a member of the Panel of Mediators to the Financial Industry Disputes Resolution Centre, Competition Appeal Board, Ministry of Law Steering Committee on Legal Aid, Citizenship Committee of Inquiry, Singapore Sports Council Independent Audit Panel, Law Society of Singapore and Inter-Pacific Bar Association. Jimmy is also a Fellow of the Singapore Institute of Arbitrators and the Regional Arbitrator of the Singapore International Arbitration Centre.

**Ho Lon Gee** is our Lead Independent Director and was appointed on 22 June 2009. Lon Gee is currently the Chief Executive Officer of Tricor Singapore Pte. Ltd., where he oversees the management of Tricor group of companies in Singapore. From 1982 to 2004, he served as an Auditor and later as a Partner at PricewaterhouseCoopers Singapore where he headed the SME Enterprise Audit Group and the Corporate Services Practice. Lon Gee is a qualified Chartered Accountant with the Institute of Chartered Accountants in England and Wales. He is also a member of the Institute of Certified Public Accountants in Singapore and the Singapore Institute of Directors. In addition, Lon Gee also serves as Assistant Honorary Treasurer to the Singapore Children Society as well as Chairman to its Investment Committee and is a member of its Remuneration Committee. He is also the Director and Acting Chairman of JAG Foundation Limited, a registered charity and an institute of public character. Lon Gee was previously a member of the Institute of Certified Public Accountants' Public Accounting Practice Committee from 2000 to 2007.

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## MANAGEMENT AND CORPORATE GOVERNANCE

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**Lew Foon Keong, Charles** is our Independent Director and was appointed on 22 June 2009. Charles is currently the Managing Director of Equator Capital Private Limited, an investment management company involved in US equities options and futures trading which he founded in 1999, where he is responsible for the day-to-day running of the business. Charles has more than 25 years experience in investment banking. From 1997 to 1999, Charles served as Managing Director at ABN AMRO Merchant Bank (Singapore) Limited where he was responsible for the operations of the company before being promoted to Vice-Chairman in February 1999 where he was responsible for business development. From 1990 to 1996, he served as Director and Head of Corporate Finance at HG Asia Securities (Singapore) Pte Ltd where he was responsible for the overall operations of the regional corporate finance business. From 1989 to 1990, he served as Assistant Director at Credit Commercial de France, London, where he was responsible for corporate finance and advisory operations. From 1987 to 1989, Charles served as Senior Corporate Finance Executive at Robert Fleming & Co., London, a British merchant bank. From 1983 to 1987, he served as Corporate Finance Executive at Wardley James Capel, London. Charles holds a Bachelor of Arts (Hons) in Finance and Accounting from the University of East London. He also holds a Masters of Science (Masters in Business Administration) in Management Science from the Imperial College, University of London. Charles also received a certificate in Corporate Finance from the London Business School.

Our Directors have the appropriate expertise to act as directors of our Company, as evidenced by their business and working experience set out above. Jimmy Yim Wing Kuen, SC is also an independent director of two public listed companies in Singapore and Lew Foon Keong, Charles was an independent director of a public listed company in Malaysia and they therefore have the appropriate experience to act as our Directors and are familiar with the roles and responsibilities of a director of a public listed company in Singapore.

Felix Huang, Dr Cheryl Baumann, Shirley See-Toh and Ho Lon Gee have attended the relevant training in April 2009 conducted by the Singapore Institute of Directors and are updated on the roles and responsibilities of a director of a public listed company in Singapore.

None of our Directors has any arrangement or understanding with any of our Substantial Shareholders, customers or suppliers pursuant to which such person was appointed as our Director.

The list of present and past directorships of each Director over the last five years excluding those held in our Company, is set out below:

Name	Present directorships	Past directorships
Felix Huang	Premium Lasik Surgery Clinic Pte. Ltd.	Bio Meditec Pte. Ltd. (company has been struck off) Singapore International Assist Pte. Ltd.

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## MANAGEMENT AND CORPORATE GOVERNANCE

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Name	Present directorships	Past directorships
Dr Cheryl Baumann	Cafe Chou Chou Tokyo Pte. Ltd. Cancer Centre Pte. Ltd. Premium Lasik Surgery Clinic Pte. Ltd. Singapore Aesthetic Centre Pte. Ltd. Singapore Cornea Transplant Centre Pte. Ltd. (dormant) Singapore Dermatology Centre Pte. Ltd. (dormant) Singapore Eye & Cornea Transplant Centre Pte. Ltd. SMG International Partners Pte. Ltd. Singapore Lipo, Body & Face Centre Pte. Ltd. Singapore Medical & Health Exhibition Pte. Ltd. (dormant) Singapore Sports Medicine Centre Pte. Ltd. Singapore Sports Orthopaedic Surgery Centre Pte. Ltd. Singapore Vision Centre Pte. Ltd. The Dental Studio Pte. Ltd. The Lasik Surgery Clinic Pte. Ltd.	Wise Publishing Pte. Ltd. (company has been struck off)
Shirley See-Toh	—	—
Jimmy Yim Wing Kuen, SC	Alife Ltd Beckman Coulter Singapore Pte Ltd CWT Limited Concord Energy Pte Ltd Drew & Napier LLC Low Keng Huat (Singapore) Limited National Healthcare Group Pte Ltd Twentieth Century Fox Film (East) Pte Ltd	Coastal Equipment (Singapore Private Limited) (company has been struck off) Freshfields Bruckhaus Deringer Pte. Ltd. Luscious Wines Pte. Ltd. S-Net Freight (Holdings) Pte Ltd SNET WERKZ Pte Ltd United Parcel Service Singapore Pte Ltd

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## MANAGEMENT AND CORPORATE GOVERNANCE

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<b>Name</b>	<b>Present directorships</b>	<b>Past directorships</b>
Ho Lon Gee	Asian Tour Limited Asian Tour (Tournament Players Division) Pte Ltd. Barbinder & Co Pte Ltd Deemwell Investment Limited Evatthouse Corporate Services Pte Ltd JAG Foundation Limited MPPL Pte. Ltd. Outsource Centre Pte Ltd. Pearson Williamson Consulting Holdings Pte Ltd. (undergoing liquidation) PFA Malaysia Sdn Bhd PFA Tax Services Sdn Bhd Praesidium Pte. Ltd. PricewaterhouseCoopers S.E. Asia Holding Pte. Ltd. PWC Consulting Singapore Pte Ltd. (undergoing liquidation) Tricor CNP Corporate Services Pte. Ltd. Tricor Holdings Pte. Ltd. Tricor Services (Malaysia) Sdn. Bhd. Tricor Singapore Pte. Ltd. Tricor WP Corporate Services Pte Ltd.	Olivant Advisers (Asia-Pacific) Private Ltd. PricewaterhouseCoopers IAS Pte. Ltd. PricewaterhouseCoopers GHRS Pte Ltd. PricewaterhouseCoopers Intrust Ltd. PricewaterhouseCoopers Management Consultants Pte Ltd. PricewaterhouseCoopers Nominees Pte Ltd.
Lew Foon Keong, Charles	Aroma Seroja Sdn Bhd Chalstar Management Sdn Bhd Dayadina Kiara Point Sdn Bhd Dayadina Nusa Jaya Sdn Bhd Dayadina Sdn Bhd Dayadina Trading Sdn Bhd Durty Nelly's Pte. Ltd. Equator Capital Private Limited Equator Capital Ventures Ltd Equator Star Holdings Ltd Gaelic Inns Pte. Ltd. Hogweil Sdn Bhd Mega Grand Sdn Bhd Nusa Utama Sdn Bhd RHB Investment Bank Bhd RHB Islamic Bank Bhd RHB Private Equity Management Ltd Scruffy Murphy's Pte. Ltd. The Penny Black Pte Ltd Wykeham International Ltd	Equator Hotel Advisors Pte Ltd (company has been struck off) RHB Asset Management Sdn Bhd RHB Capital Bhd RHB Securities Sdn Bhd

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## MANAGEMENT AND CORPORATE GOVERNANCE

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### EXECUTIVE OFFICERS

The day-to-day operations are entrusted to our Executive Directors who are assisted by an experienced and qualified team of Executive Officers. The particulars of our Executive Officers are set out below:

Name	Age	Address	Occupation
Tan Chiew Kian	36	Blk 902 Jurong West St 91, #08-101 Singapore 640902	Chief Financial Officer
Ho Mei Teng	28	Blk 124 Paya Lebar Way, #10-2923 Singapore 381124	Vice President, Sales and Marketing
Cheng Hui Min	42	22C Robin Close Singapore 258316	General Manager, Singapore Sports Medicine Centre
See-Toh Zhiping, Amara	26	Blk 10C Braddell Hill, #04-09 Singapore 579722	Operations Manager and Laser Engineer

Our Executive Chairman, Felix Huang and our Chief Executive Officer, Dr Cheryl Baumann, are the brother and the sister-in-law of our Executive Vice President, Shirley See-Toh, respectively. Shirley See-Toh is the mother of our Operations Manager and Laser Engineer, See-Toh Zhiping, Amara.

Save as disclosed above and in the section entitled “Shareholders” of this Offer Document, none of our Executive Officers is related by blood or marriage to one another, our Directors or to our Substantial Shareholders.

The working, business experience and areas of responsibility of our Executive Officers are set out below:

**Tan Chiew Kian** is our Chief Financial Officer and was appointed in February 2008. She is responsible for managing our Group’s finance functions and oversees our Group’s accounting, finance, tax and compliance matters. Prior to joining our Group, Chiew Kian held various finance-related positions in both government and private organisations. Between 2006 and 2008, she was the Chief Financial Officer of Sembawang Kimtrans Ltd, where she was in charge of directing and managing the company’s group reporting, tax and investment matters. From 2001 to 2005, she served as Finance Manager with CapitaLand Commercial Limited, a wholly-owned subsidiary of CapitaLand Limited, where she was responsible for managing the office and industrial accounts of the company. Between 2000 and 2001, she was the Assistant Vice President of Finance and Administration at Omixasia.com Pte Ltd, a company involved in providing business-to-business e-commerce services, where she was in charge of finance and administrative functions. From 1999 to 2000, Chiew Kian was with Jurong Town Corporation as an Accountant. Between 1997 and 1999, she was a Senior Officer with the Singapore Productivity & Standards Board, where she was responsible for conducting financial statements analysis, planning and research. From 1996 to 1997, she was a Management Assistant at American Insurance Assurance Co Ltd. where she was responsible for assessing claims. Chiew Kian has a Bachelor of Business (Honours) and a Master in Business Administration (Accountancy) both from Nanyang Technological University. In addition, she is also a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Singapore.

**Ho Mei Teng** is our Vice President of Sales and Marketing and was appointed in September 2006 as Marketing Executive for The Lasik Surgery Clinic before being appointed to Marketing Manager and then as Vice President of Sales and Marketing. She is responsible for all sales and marketing and



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## MANAGEMENT AND CORPORATE GOVERNANCE

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public relations activities of our Group. In particular, she directs and implements sales and marketing functions of our Group, as well as establishes and implements short and long-term goals, objectives, policies and operating procedures of our Group. Prior to joining our Group, Mei Teng had accumulated five years of marketing and brand management experience. From 2004 to 2006, she was with MindChamps Pte Ltd as a Sales and Marketing Executive where she was responsible for assisting the sales team through various marketing activities. From 2004 to 2005, she served as Senior Account Executive at City Life Advertising Pte. Ltd., a local advertising agency where she was responsible for all account servicing and business activities of the company. In 2003, Mei Teng served as Account Executive at Equal Brand Pte. Ltd., where she was responsible for all account servicing and business development of the company. Mei Teng holds a Diploma in Mass Communication from Ngee Ann Polytechnic, as well as a Degree in Communication (Advertising/Marketing Communication) from the University of Canberra, Australia.

**Cheng Hui Min** is our General Manager at the Singapore Sports Medicine Centre and was appointed in November 2008. She is responsible for operations management, business development and human resource development at the Singapore Sports Medicine Centre. Prior to joining our Group, Hui Min held various general management and operations portfolios. In 2006, Hui Min set up The Activewear Company Pte. Ltd., a company involved in the retail business, where she was responsible for overseeing the management of the company. In 2004, she co-founded The Mint&Blue Group Pte. Ltd., a training and consultancy firm that is in the business of organising training programmes for companies, where she was primarily in charge of business development. Between 2002 and 2004, Hui Min served as Manager of Technology Marketing at the National University of Singapore, where she was primarily in charge of events management and public relations. From 2001 to 2002, she served as Director, Corporate and Business Development, at Pantheon Communications Pte Ltd where she was responsible for handling corporate development. Between 1999 and 2001, Hui Min served as Project Manager and Senior Consultant at OTi Consulting Pte. Ltd., where she was responsible for conducting research and various consultancy and business management seminars. From 1989 to 1997, she held various managerial posts with the then Television Corporation of Singapore Pte. Ltd. During her stint there, she also headed the logistics team for the World Trade Organisation show in 1996. Hui Min has a Bachelor of Science in Botany and a Graduate Diploma in Personnel Management, both from the National University of Singapore. She also holds a Masters in Business Administration from the State University of New York, the US.

**See-Toh Zhiping, Amara** is the Operations Manager and Laser Engineer of our Group and was appointed in December 2006. Amara joined our Group upon graduation and served as the Manager of Operating Theatre and Laser Engineer at The Lasik Surgery Clinic before being appointed as the Operations Manager and Laser Engineer. Currently, Amara oversees both technical and operational aspects of the operating theatres and LASIK machines. She provides leadership in planning, operations, integration, verification and validation, maintenance and effectiveness analysis of both laser and ophthalmic systems. In addition, she is also responsible for the planning and control of safety and quality standards, including the ISO certification of the medical clinics in addition to training the operations staff. To this end, she consistently organises skills assessment, retraining, skills certification and upgrading programmes. Amara holds a Bachelor of Engineering (Mechanical) from the Nanyang Technological University of Singapore.

None of our Executive Officers has any arrangement or understanding with any of our Substantial Shareholders, customers or suppliers pursuant to which such person was appointed as our Executive Officer.

## MANAGEMENT AND CORPORATE GOVERNANCE

The list of present and past directorships of each Executive Officer over the last five years excluding those held in our Company is set out below:

Please refer to the section entitled “Management and Corporate Governance — Directors” for the list of present and past directorships of Felix Huang, Dr Cheryl Baumann and Shirley See-Toh.

<b>Name</b>	<b>Present directorships</b>	<b>Past directorships</b>
Tan Chiew Kian	—	Sembawang Kimtrans Logistics Sdn Bhd Toll Integrated Feeder Pte. Ltd.
Ho Mei Teng	Cafe Chou Chou Tokyo Pte. Ltd.	—
Cheng Hui Min	Gekseng Holdings Pte. Ltd. The Activewear Company Pte. Ltd. The Mint&Blue Group Pte. Ltd.	—
See-Toh Zhiping, Amara	—	—

### DIRECTORS', EXECUTIVE OFFICERS' AND RELATED EMPLOYEE'S REMUNERATION

The remuneration (including bonus, contributions to CPF, directors' fees and benefits-in-kind) paid or payable to our Directors, Executive Officers and related employee in remuneration bands for FY2007 and FY2008, and the estimated remuneration (excluding bonus, contributions to CPF, directors' fees and benefits-in-kind) payable to them on a proforma basis and in remuneration bands for FY2009 are as follows:

	<b>FY2007</b>	<b>FY2008</b>	<b>FY2009 (Estimated)</b>
<b>Directors</b>			
Felix Huang	—	—	Band B
Dr Cheryl Baumann	Band A	Band A	Band B
Shirley See-Toh	Band A	Band B	Band B
Jimmy Yim Wing Kuen, SC	—	—	Band A
Ho Lon Gee	—	—	Band A
Lew Foon Keong, Charles	—	—	Band A
<b>Executive Officers</b>			
Tan Chiew Kian	—	Band A	Band A
Ho Mei Teng	Band A	Band A	Band A
Cheng Hui Min	—	Band A	Band A
See-Toh Zhiping, Amara	Band A	Band A	Band A
<b>Related Employee</b>			
Ng Mei Ling	Band A	Band A	Band A

**Note:**

(1) Remuneration bands:

“Band A” means from S\$0 up to S\$249,999 per annum.

“Band B” means from S\$250,000 up to S\$499,999 per annum.

“Band C” means more than S\$499,999 per annum.

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## MANAGEMENT AND CORPORATE GOVERNANCE

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### Related Employee

As at the Latest Practicable Date, we have one employee who is related to our Directors, Executive Officers and Substantial Shareholders. Ng Mei Ling, our Administrative Manager, is the sister of our Executive Chairman, Felix Huang and our Executive Vice President, Shirley See-Toh. She is also the sister-in-law of our Chief Executive Officer, Dr Cheryl Baumann, as well as the aunt of our Operations Manager and Laser Engineer, See-Toh Zhiping, Amara.

The basis for determining the remuneration of the related employee is the same as the basis of determining the remuneration for other unrelated employees.

The remuneration of employees who are related to our Directors, Executive Officers and Substantial Shareholders will be reviewed annually by the Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increment and/or promotions for these related employees will also be subject to the review and approval of the Remuneration Committee. In addition, any new employment of related employees and the proposed terms of their employment will also be subject to the review and approval of the Nominating Committee. In the event that a member of the Remuneration Committee or Nominating Committee is related to the employee under review, he will abstain from the review.

### EMPLOYEES

A breakdown of the number of employees of our Group by business function is as follows:

Segmented by Function	As at 31 December 2006	As at 31 December 2007	As at 31 December 2008	As at the Latest Practicable Date
Professional medical staff	—	2	6	8
Medical support staff	12	29	45	49
Management	1	4	20	17
Finance and administration	4	7	8	16
Sales and Marketing	4	12	17	15
Human resources and information technology	—	2	6	4
Total	21	56	102	109

Apart from the above, our Group employed an average of 14 temporary employees in FY2008, representing approximately 12.1% of our total number of employees for that financial year. As at the Latest Practicable Date, we have 109 full-time employees and 14 temporary employees.

The increase in the number of employees in FY2007 was due to our expansion with the establishment of The Dental Studio and the Singapore Vision Centre. The number of employees further increased in FY2008 due to further expansion, as we expanded our operations by relocating the Singapore Sports Medicine Centre to a larger premise at the Novena Medical Centre and established the Singapore Aesthetic Centre as well as The Cancer Centre.

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## MANAGEMENT AND CORPORATE GOVERNANCE

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Our employees are not unionised. The relationship and co-operation between the management and staff has always been good and this is expected to continue in the future. There has not been any incidence of work stoppages or labour disputes which has affected our operations.

### Pension or retirement benefits

As at the Latest Practicable Date, save for the amounts set aside or accrued in respect of mandatory employee funds, we have not set aside or accrued any amounts to provide pension, retirement or similar benefits to our employees.

### SERVICE AGREEMENTS

We have entered into separate Service Agreements with our Executive Directors, Felix Huang and Dr Cheryl Baumann. The Service Agreements are for an initial period of three years (unless otherwise terminated by (i) either party giving not less than six months' notice in writing to the other; or (ii) paying salary in lieu of the period of notice) with effect from 1 January 2009 (the "Effective Date"). The Service Agreements cover the terms of employment and specifically, the salaries and bonuses of Felix Huang and Dr Cheryl Baumann. We may terminate the Service Agreements if, *inter alia*, Felix Huang and Dr Cheryl Baumann are guilty of dishonesty or serious or persistent misconduct, become bankrupt or otherwise act to our prejudice.

Directors' fees do not form part of the terms of the Service Agreements as these require the approval of our Shareholders in a general meeting. Pursuant to the terms of the Service Agreements, each of Felix Huang and Dr Cheryl Baumann is entitled to a monthly salary of S\$35,000 (on a 14-month basis).

As a performance incentive, each of Felix Huang and Dr Cheryl Baumann is entitled to incentive bonus as described below.

**Percentage of profit before tax<sup>(1)</sup>  
that each Executive Director is  
entitled to as bonus**

Where profit before tax is S\$10 million and above but less than S\$12 million	4.0%
Where profit before tax is S\$12 million and above but less than S\$14 million	4.0% of the first S\$12 million and 5.0% of the remaining profit before tax
Where profit before tax is S\$14 million and above	4.0% of the first S\$12 million, 5.0% of the next S\$2 million and 6.0% of the remaining profit before tax

**Note:**

- (1) "Profit before tax" means the audited consolidated profit before tax of our Group before adjustments for the above mentioned incentive bonus, excluding gains on exceptional items and extraordinary items and after adjustments for minority interests of our Group for the relevant year.

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## MANAGEMENT AND CORPORATE GOVERNANCE

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Felix Huang and Dr Cheryl Baumann are not entitled to any other bonus payments which may be made to our other employees. Felix Huang and Dr Cheryl Baumann will not be entitled to any benefits upon termination of their respective Service Agreement.

All travelling and travel-related expenses, entertainment expenses and other out-of-pocket expenses reasonably incurred by Felix Huang and Dr Cheryl Baumann in the process of discharging their duties on behalf of our Group will be borne by us. Felix Huang and Dr Cheryl Baumann are also entitled to the use of a vehicle to be provided by us.

Pursuant to the Service Agreements, Felix Huang and Dr Cheryl Baumann shall not, at any time during the period of their employment with us and for a period of two years after the expiry or termination of such employment for whatever reason, *inter alia*, directly or indirectly carry on or be engaged or interested in any capacity in any other business, trade or occupation whatsoever, except in a business, trade or occupation which does not compete with any business carried on or proposed to be carried on by us. In addition, Felix Huang and Dr Cheryl Baumann shall keep secret and shall not, at any time, use for their own or another's advantage, or reveal to any person, firm or company, any of the trade secrets, business methods or information which they knew or ought reasonably to have known to be confidential concerning the business or affairs of us so far as it shall have come to their knowledge during their employment with us.

Save as disclosed above, there are no existing or proposed service contracts entered or to be entered into between our Directors and us.

### ARRANGEMENTS WITH SOME OF OUR MEDICAL DIRECTORS AND DENTAL DIRECTOR

Our subsidiaries have entered into separate service agreements with the following Medical Directors and Dental Director (the "Contracted Medical Directors").

<b>Subsidiary</b>	<b>Medical Clinics</b>	<b>Medical Director/Dental Director</b>
SVC	Singapore Vision Centre	Dr Jon Goh
SECTC	The Eye & Cornea Transplant Centre	Dr Leonard Ang
TDS	The Dental Studio	Dr Lynette Ng
SAC	Singapore Aesthetic Centre	Dr Yeak Hwee Lee
SLBFC	Singapore Lipo, Body & Face Centre	Dr Kevin Teh
TCC	The Cancer Centre	Dr Wong Seng Weng

The service agreements are for an initial period of between three to five years. The service agreements cover the terms of employment and specifically, the salaries and bonuses of the Contracted Medical Directors. We may terminate the service agreements if, *inter alia*, the Contracted Medical Directors breach any of the terms and conditions of their respective service agreements, by giving them written notice of between three to six months.

The professional fees for the Contracted Medical Directors are calculated based on different methods such as being dependent on the number of procedures performed and the profit generated by the relevant medical clinic. Also, some of the Contracted Medical Directors are guaranteed a minimum monthly income.

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## MANAGEMENT AND CORPORATE GOVERNANCE

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Under the service agreements, the Contracted Medical Directors agree that, during the term of their employment as our Medical Director or Dental Director, they shall, among others:

- (a) supervise all healthcare personnel and generally handle all clinical related matters of the relevant medical clinics;
- (b) abide by the Singapore Medical Council Ethical Code and Ethical Guidelines or the Singapore Dental Council Ethical Code and Guidelines, as the case may be;
- (c) maintain medical defence insurance and indemnify the relevant subsidiary for all reasonable losses suffered or incurred by the relevant subsidiary arising from his/her wrongful or negligent acts or omissions; and
- (d) not compete (whether alone or jointly and directly or indirectly) carry on, set up, be employed or engaged in any activity, business or venture in Singapore and any other countries where our Group carries on business, which directly competes with the business of our Group, without prior written consent from the relevant subsidiary.

To align the interests of some of our Medical Directors and Dental Director with their affiliated clinics, we undertook the Restructuring Exercise and provided the following performance incentives:

<b>Subsidiary</b>	<b>Medical Clinics</b>	<b>Medical Director/ Dental Director</b>	<b>Entitlement</b>
SVC	Singapore Vision Centre	Dr Jon Goh	<p>Total of 30.0% of the issued and paid-up capital of SVC will be transferred at a nominal consideration if performance targets are met:</p> <ul style="list-style-type: none"> <li>• 10.0% at the end of FY2009;</li> <li>• 10.0% at the end of FY2010; and</li> <li>• final 10.0% at the end of FY2011</li> </ul>
SECTC	The Eye & Cornea Transplant Centre	Dr Leonard Ang	<p>Total of 29.0% of the issued and paid-up capital of SECTC will be transferred at a nominal consideration if performance targets are met:</p> <ul style="list-style-type: none"> <li>• 10.0% at the end of FY2009;</li> <li>• 10.0% at the end of FY2010; and</li> <li>• final 9.0% at the end of FY2011</li> </ul>

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## MANAGEMENT AND CORPORATE GOVERNANCE

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Subsidiary	Medical Clinics	Medical Director/ Dental Director	Entitlement
SLBFC <sup>(1)</sup>	Singapore Lipo, Body & Face Centre	Dr Kevin Teh (through Keller)	<p>Total of 29.0% of the issued and paid-up capital of SLBFC will be transferred at a nominal consideration if performance targets are met:</p> <ul style="list-style-type: none"> <li>• 10.0% at the end of FY2009;</li> <li>• 10.0% at the end of FY2010; and</li> <li>• final 9.0% at the end of FY2011</li> </ul>
TCC	The Cancer Centre	Dr Wong Seng Weng	<p>Total of 40.0% of the issued and paid-up capital of TCC will be transferred for free if performance targets are met:</p> <ul style="list-style-type: none"> <li>• 10.0% at the end of FY2009;</li> <li>• 10.0% at the end of FY2010;</li> <li>• 10.0% at the end of FY2011; and</li> <li>• Final 10.0% at the end of either FY2012 or FY2013<sup>(2)</sup></li> </ul>

**Notes:**

- (1) Pursuant to a subscription agreement dated 2 January 2009, as supplemented by a supplemental agreement dated 1 April 2009, Keller and our Company have agreed to subscribe for 400 and 399,500 shares respectively, in the capital of SLBFC at a subscription price of S\$1.00 per share on 30 July 2009 or on such other date as may be agreed between the parties.
- (2) The final 10.0% will be transferred to Dr Wong Seng Weng if TCC achieves either: (i) the performance target in FY2012 or (ii) a different set of performance targets in both FY2012 and FY2013.

Save for TCC, which carried forward one performance target from FY2008 to FY2009, if the performance target for a particular financial year is not met, it may be carried forward for a financial year. However, only one performance target in relation to each subsidiary may be carried forward.

Please refer to the section entitled “Restructuring Exercise” of this Offer Document for more information about the Restructuring Exercise.

## CORPORATE GOVERNANCE

### Audit Committee

Our Audit Committee comprises Ho Lon Gee, Jimmy Yim Wing Kuen, SC and Lew Foon Keong, Charles. The Chairman of our Audit Committee is Ho Lon Gee.

Our Audit Committee shall meet periodically to perform the following functions:

- (i) assist our Board in the discharge of its responsibilities on financial and accounting matters;

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## MANAGEMENT AND CORPORATE GOVERNANCE

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- (ii) review the audit plans, scope of work and results of our audits compiled by our internal and external auditors;
- (iii) review the co-operation given by our officers to the external auditors;
- (iv) nominate external auditors for re-appointment;
- (v) review the integrity of any financial information presented to our shareholders;
- (vi) review interested person transactions, if any;
- (vii) review potential conflicts of interest, if any;
- (viii) review all hedging policies and instruments to be implemented by us, if any;
- (ix) review and evaluate our administrative, operating and internal accounting controls and procedures;
- (x) review our risk management structure and any oversight of our risk management processes and activities to mitigate and manage risk at acceptable levels determined by our Board; and
- (xi) review our key financial risk areas, with a view to providing an independent oversight on our Group's financial reporting, the outcome of such review to be disclosed in the annual reports or where the findings are material, immediately announced via SGXNET.

The Audit Committee having (i) conducted an interview with Tan Chiew Kian; (ii) considered the qualifications and past working experiences of Tan Chiew Kian (as described in the section entitled "Management and Corporate Governance — Executive Officers" of this Offer Document); (iii) observed her abilities, familiarity and diligence in relation to the financial matters and information of our Group; and (iv) noted the absence of any negative feedback from Ernst & Young LLP, the Auditors and Reporting Accountants, is of the view that Tan Chiew Kian is suitable for the position of Chief Financial Officer of our Group.

Apart from the duties listed above, the Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on our results of operations and/or financial position. Where necessary, the Audit Committee shall also commission an annual internal controls audit until such time as the Audit Committee is satisfied that our Group's internal controls are robust and effective enough to mitigate our Group's internal control weaknesses (if any). Prior to the decommissioning of such an annual audit, our Board is required to report to the SGX-ST and the Sponsor on how the key internal control weaknesses have been rectified, and the basis for their decision to decommission the annual internal controls audit. Thereafter, such audits may be initiated by the Audit Committee as and when it deems fit to satisfy itself that our Group's internal controls remain robust and effective. Upon completion of the internal controls audit, appropriate disclosure will be made via SGXNET regarding any material, price-sensitive internal controls weaknesses and any follow up action to be taken by our Board.

Each member of the Audit Committee shall abstain from voting on any resolution in respect of matters in which he is interested.



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## MANAGEMENT AND CORPORATE GOVERNANCE

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### **Nominating Committee**

The Nominating Committee comprises Lew Foon Keong, Charles, Jimmy Yim Wing Kuen, SC and Ho Lon Gee. The Chairman of our Nominating Committee is Lew Foon Keong, Charles. Our Nominating Committee will be responsible for the following functions:

- (i) reviewing and assessing candidates for directorships (including executive directorships) before making recommendations to our Board for the appointment of directors;
- (ii) re-nomination of our directors for re-election of directors in accordance with our Articles of Association at each annual general meeting and having regard to the director's contribution and performance;
- (iii) determining annually whether or not a director of our Company is independent; and
- (iv) deciding whether or not a director of our Company is able to and has been adequately carrying out his duties as a director.

The Nominating Committee will decide how our Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of our Board, which address how our Board has enhanced long-term shareholders' value. The performance evaluation will also include consideration of our Share price performance over a five-year period vis-à-vis the Singapore Straits Times Index and a benchmark index of our industry peers. Our Board will also implement a process to be carried out by the Nominating Committee for assessing the effectiveness of our Board as a whole and for assessing the contribution by each individual Director to the effectiveness of our Board.

Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as director of our Company. In the event that any member of the Nominating Committee has an interest in a matter being deliberated upon by the Nominating Committee, he will abstain from participating in the review and approval process relating to that matter.

### **Remuneration Committee**

The Remuneration Committee comprises Lew Foon Keong, Charles, Jimmy Yim Wing Kuen, SC and Ho Lon Gee. The Chairman of the Remuneration Committee is Lew Foon Keong, Charles. The role of the Remuneration Committee shall be to recommend to our Board a framework of remuneration for the directors and key executives, and specific remuneration packages for each executive director. The Remuneration Committee's recommendations shall then be submitted for endorsement by our entire Board. The scope of responsibilities of the Remuneration Committee encompasses all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits in kind. Each member of the Remuneration Committee shall abstain from voting on any resolutions in respect of his or her remuneration package.

### **Board Practices**

Our directors are to be appointed by our Shareholders at a general meeting and an election of Directors is held annually. One third (or the number nearest to one third) of our Directors are required to retire from office at least once every three years. However, a retiring Director is eligible for re-election at the meeting at which he retires. Further details on the appointment and retirement of Directors can be found in Appendix B to this Offer Document.

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## MANAGEMENT AND CORPORATE GOVERNANCE

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### SMG EMPLOYEE SHARE OPTION SCHEME

On 30 June 2009, our Shareholders adopted the Share Option Scheme.

The Share Option Scheme will provide eligible participants with an opportunity to participate in the equity of our Company and to motivate them towards better performance through increased dedication and loyalty. The Share Option Scheme, which forms an integral and important component of a compensation plan, is designed to primarily reward and retain employees whose services are vital to our well being and success.

As at the Latest Practicable Date, no Options have been granted under the Share Option Scheme.

### Objectives of the Share Option Scheme

The objectives of the Share Option Scheme are as follows:

- (a) to motivate participants to optimise their performance standards and efficiency and to maintain a high level of contribution to our Group;
- (b) to retain key employees whose contributions are essential to the long-term growth and prosperity of our Group;
- (c) to instil loyalty to, and a stronger identification by participants with the long-term prosperity of, our Group;
- (d) to attract potential employees with relevant skills to contribute to our Group and to create value for our Shareholders; and
- (e) to align the interests of participants with the interests of our Shareholders.

### Summary of the Share Option Scheme

The rules of the Share Option Scheme may be inspected by Shareholders at the registered office of our Company for a period of six months from the date of registration of this Offer Document. The following is a summary of the rules of the Share Option Scheme:

#### Participants

The Share Option Scheme allows for participation by confirmed employees of our Group (including Executive Directors) and Non-executive Directors (including Independent Directors) who have attained the age of 21 years on or before the relevant date of grant of the Option, provided that none shall be an undischarged bankrupt or have entered into a composition with his creditors. For the avoidance of doubt, Executive Directors who are Controlling Shareholders and their respective associates shall not be eligible to participate in the Share Option Scheme.

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### Administration of the Scheme

The Share Option Scheme shall be administered by a committee comprising of Directors (the “Share Options Committee”), with powers to determine, inter alia, the following:

- (a) persons to be granted Options;
- (b) number of Options to be offered; and
- (c) recommendations for modifications to the Share Option Scheme.

However, a participant who is a member of the Share Options Committee will not be involved in any deliberation or decision in respect of Options to be granted to that participant.

### Size of the Share Option Scheme

The total number of shares over which the Share Options Committee may grant Options on any date, when added to the number of shares issued and issuable in respect of all Options granted under the Share Option Scheme (and any other share option schemes of our Company) shall not exceed 15.0% of the number of issued Shares (including treasury shares, as defined in the Companies Act) on the day preceding the date of the relevant grant.

Our Directors believe that this limit gives us sufficient flexibility to decide upon the number of Option Shares to offer to the employees of our Group. The number of eligible participants is expected to grow over the years. Our Company, in line with its goals of ensuring sustainable growth, is constantly reviewing its position and considering the expansion of its talent pool which may involve employing new employees. The employee base and the number of eligible participants will increase as a result. The number of Options offered must also be significant enough to serve as a meaningful reward for contribution to our Group. The Share Options Committee shall exercise its discretion in deciding the number of Option Shares to be granted to each employee which will depend on the performance and value of the employee to our Group.

### Options entitlements

The number of Shares comprised in any Options to be offered to a participant shall be determined by the Share Options Committee, in their absolute discretion. The Share Options Committee shall consider criteria such as rank, past performance, years of service and potential for future development of that participant.

### Options, exercise period and exercise price

The Options that are granted under the Share Option Scheme may have exercise prices that are, at the discretion of the Share Options Committee:

- (a) set at a discount to a price (“Market Price”) equal to the average of the last dealt prices for the shares on the SGX-ST for the five consecutive Market Days immediately preceding the relevant date of grant of the relevant Option of a Share (subject to a maximum discount of 20.0%), in which event, such Options may be exercised after the second anniversary from the date of grant of the Option; or

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## MANAGEMENT AND CORPORATE GOVERNANCE

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- (b) fixed at the Market Price ("Market Price Option"). Market Price Options may be exercised after the first anniversary of the date of grant of that Option. Options granted under the Share Option Scheme will have a life span of five years.

### Grant of Options

There are no fixed periods for the grant of Options. As such, offers of the grant of Options may be made at any time from time to time at the discretion of the Share Options Committee.

However, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers may only be made after the second Market Day from the date on which the aforesaid announcement is made.

### Termination of Options

Options may lapse or be exercised earlier in circumstances which include the termination of the employment of the participant in our Group, the bankruptcy of the participant, the death of the participant, a take-over of our Company, and the winding-up of our Company.

### Acceptance of Options

The grant of Options shall be accepted within 30 days from the date of the offer. Offers of Options made to grantees, if not accepted before the closing date, will lapse. Upon acceptance of the offer, the grantee must pay our Company a consideration of S\$1.00.

### Rights of Shares arising from the exercise of Options

New Shares arising from the exercise of Options, when allotted and issued shall be subject to all the provisions of the Memorandum and Articles of Association of our Company and shall rank *pari passu* in all respects with the existing issued Shares, save for any dividends, rights, allotments or distributions, the record date of which falls on or before the relevant exercise date of the Option. For such purposes, record date means the date as at the close of business on which our Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions.

### Duration of the Share Option Scheme

The Share Option Scheme shall continue in operation for a maximum period of 10 years commencing on the date on which the Share Option Scheme is adopted by our Company in general meeting, provided that the Share Option Scheme may continue for any further period thereafter with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

### Abstention from voting

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Share Option Scheme.

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## MANAGEMENT AND CORPORATE GOVERNANCE

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### **Grant of Options with a discounted exercise price**

The ability to offer Options to participants of the Share Option Scheme with exercise prices set at a discount to the prevailing market prices of our Shares will operate as a means to recognise the performance of participants. This would motivate them to continue to excel while encouraging them to focus more on improving the profitability and return of our Group above a certain level, which will benefit all Shareholders when these are eventually reflected through share price appreciation. Discounted Options would be perceived in a more positive light by the participants, inspiring them to work hard and produce results in order to be offered Options at a discount as only employees who have made outstanding contributions to the success and development of our Group would be granted Options at a discount.

The flexibility to grant Options with discounted prices is also intended to cater to situations where the stock market performance has overrun the general market conditions. In such events, the Share Options Committee will have absolute discretion to:

- (a) grant Options set at a discount to Market Price of a Share (subject to a maximum limit of 20.0%); and
- (b) determine the participants to whom, and the Options to which, such reduction in exercise prices will apply.

In determining whether to give a discount and the quantum of the discount, the Share Options Committee shall be at liberty to consider factors including the performance of our Company, our Group, the performance of the participant concerned, the contribution of the participant to the success and development of our Group and the prevailing market conditions.

It is envisaged that our Company may consider granting the Options with exercise prices set at a discount to the Market Price of the shares prevailing at the time of grant under circumstances including (but not limited to) the following:

- (a) where, due to speculative forces in the stock market resulting in an overrun of the market, the market price of our Shares at the time of the grant of Options is not a true reflection of the financial performance of our Company;
- (b) to enable our Company to offer competitive remuneration packages in the event that the practice of granting Options with exercise prices that have a discount element becomes a general market norm. As share options become more significant components of executive remuneration packages, a discretion to grant Options with discounted prices will provide our Company with a means to maintain the competitiveness of our Group compensation strategy; and/or
- (c) where our Group needs to provide more compelling motivation for specific business units to improve their performance, grants of share options with discounted exercise prices will help to align the interests of employees with those of our Shareholders by encouraging them to focus more on improving the profitability and return of our Group above a certain level which will benefit all Shareholders when these are eventually reflected through share price appreciation; as such the Options granted at a discount would be perceived more positively by the employees who receive such Options.

The Share Options Committee will determine on a case-by-case basis whether a discount will be given, and if so, the quantum of the discount, taking into account the objective that is desired to be achieved by our Company and the prevailing market conditions. As the actual discount given will depend on the relevant circumstances, the extent of the discount may vary from one case to another, subject to a maximum discount of 20.0% of the Market Price of a Share.

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## MANAGEMENT AND CORPORATE GOVERNANCE

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The discretion to grant Options to subscribe for Shares at an exercise price set at a discount to the Market Price will, however, be used judiciously. The amount of the discount may vary from one offer to another, and from time to time, subject to a limit of 20.0% on the quantum of discount in respect of Options granted under the Share Option Scheme.

Such flexibility in determining the quantum of discount would enable the Share Options Committee to tailor the incentives in the grant of Options to be commensurate with the performance and contribution of each individual participant. By individually recognising the degree of performance and contribution of each participant, the granting of Options at a commensurate discount would enable the Share Options Committee to provide incentives for better performance, greater dedication and loyalty of the participants.

Our Company may also grant Options without any discount to the market price of our Company's shares. Additionally, our Company may, if it deems fit, impose conditions on the exercise of the Options (whether such Options are granted at the market price or at a discount to the market price), such as restricting the number of Shares for which the Option may be exercised during the initial years following its vesting.

### **Rationale for participation by employees of our Group in the Share Option Scheme**

The extension of the Share Option Scheme to employees of our Group allows us to have a fair and equitable system to reward directors and employees of our Company and/or subsidiaries who have made and who continue to make significant contributions to the long-term growth of our Group.

We believe that the grant of Options to the employees of our Group will enable us to attract, retain and provide incentives to its participants to produce higher standards of performance as well as encourage greater dedication and loyalty to our Group. This would enable our Company to give recognition to past contributions and services as well as motivate participants generally to contribute towards the long-term growth of our Group.

### **Rationale for participation by our Non-executive Directors (including Independent Directors) in the Share Option Scheme**

Although our Non-executive Directors are not involved in the day-to-day running of our operations, they play an invaluable role in furthering the business interests of our Group by contributing their experience and expertise. The participation by Non-executive Directors in the Share Option Scheme will provide our Company with a further avenue to acknowledge and recognise their services and contributions to our Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment. For instance, the Non-executive Directors may bring strategic or other value to our Company which may be difficult to quantify in monetary terms. The grant of Options to Non-executive Directors will allow our Company to attract and retain experienced and qualified persons from different professional backgrounds to join our Company as Non-executive Directors, and to motivate existing Non-executive Directors to take extra efforts to promote the interests of our Company and/or our Group.

In deciding whether to grant Options to the Non-executive Directors, the Remuneration Committee will take into consideration, among other things, the services and contributions made to the growth, development and success of our Group and the years of service of a particular Non-executive Director. The Remuneration Committee may also, where it considers relevant, take into account other factors such as the economic conditions and our Company's performance.

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## MANAGEMENT AND CORPORATE GOVERNANCE

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In order to minimise any potential conflict of interests and not to compromise the independence of the Non-executive Directors, our Company intends to grant only a nominal number of Options granted under the Share Option Scheme to such Non-executive Directors. In addition, in the event that any conflict of interests arises in any matter to be decided by the Board, our Company shall procure that the relevant Non-executive Director abstain from voting on such matter at the Board meeting.

### **Cost of Options granted under the Share Option Scheme to our Company**

Any Options granted under the Share Option Scheme would have a fair value. In the event that such Options are granted at prices below the fair value of the Options, there will be a cost to our Company. The amounts of such costs may be more significant in the case of Market Price Options, where such Options are granted with exercise prices set at a discount to the prevailing market price of our Shares. The cost to our Company of granting Options under the Share Option Scheme would be as follows:

- (a) the exercise of an Option at the exercise price would translate into a reduction of the proceeds from the exercise of such Option, as compared to the proceeds that our Company would have received from such exercise had the exercise been made at the prevailing market price of our Shares. Such reduction of the exercise proceeds would represent the monetary cost to our Company;
- (b) as the monetary cost of granting Options with a discounted exercise price is borne by our Company, the earnings of our Company would effectively be reduced by an amount corresponding to the reduced interest earnings that our Company would have received from the difference in proceeds from exercise price with no discount versus the discounted exercise price. Such reduction would, accordingly, result in the dilution of our Company's EPS; and
- (c) the effect of the issue of new Shares upon the exercise of Options, is that our Company's NTA per Share will increase if the exercise price is above the NTA per Share and decrease, if the exercise price is below the NTA per Share.

The costs as discussed above would only materialise upon the exercise of the relevant Options. Share options have value because the option to buy a company's share for a fixed price during an extended future time period is a valuable right, even if there are restrictions attached to such an option. As our Company is required to account for share-based awards granted to our employees, the cost of granting Options will affect our financial results as this cost to our Company would be required to be charged to our Company's profit and loss account commencing from the time Options are granted. Subject as aforesaid, as and when Options are exercised, the cash inflow will add to the NTA of our Company and its share capital base will grow. Where Options are granted with subscription prices that are set at a discount to the market prices for our Shares prevailing at the time of the grant of such Options, the amount of the cash inflow to our Company on the exercise of such Options would be diminished by the quantum of the discount given, as compared with the cash inflow that would have been receivable by our Company had the Options been granted at the market price of our Shares prevailing at the time of the grant.

The grant of Options will have an impact on our Company's reported profit under the accounting rules in the Singapore Financial Reporting Standards which is effective for financial periods beginning on or after 1 January 2009. It requires the recognition of an expense in respect of Options granted. The expenses will be based on the fair value of the Options at the date of grant (as determined by an option-pricing model) and will be recognised over the vesting period.

Details of the number of Options granted pursuant to the Share Option Scheme, the number of Options exercised and the exercise price (as well as any applicable discounts) will be disclosed in our annual report.



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## DESCRIPTION OF ORDINARY SHARES

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The following statements are brief summaries of our capital structure and the more important rights and privileges of our Shareholders as conferred by the laws of Singapore and our Memorandum and Articles of Association. These statements summarise the material provisions of our Articles of Association but are qualified in entirety by reference to our Articles of Association and the laws of the Singapore. A copy of our Memorandum and Articles of Association will be available for inspection at our offices during normal business hours for a period of six months from the date of the registration of this Offer Document with the SGX-ST.

### Shares

As at the date of this Offer Document, our issued share capital is S\$500,000 consisting of 135,000,000 Shares. We currently have one class of shares, namely, ordinary shares, which have identical rights in all respects and rank equally with one another. Our Articles provide that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges or conditions as our Directors may think fit and may issue preference shares which are, or at our option are, redeemable, subject to certain limitations. Our Shares do not have a par value.

As at the date of this Offer Document, 135,000,000 Shares have been issued and fully paid. All of our Shares are in registered form. We may, subject to the provisions of the Companies Act and the listing rules of the SGX-ST, purchase our own Shares. However, we may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

### Shareholders

Only persons who are registered on our register of shareholders and, in cases in which the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for our Shares, are recognised as our Shareholders. We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in the depository register for that Share. We may close our register of members for any time or times if we provide the Accounting and Corporate Regulatory Authority of Singapore with at least 14 days' notice and the SGX-ST at least 10 clear Market Days' notice. However, the register may not be closed for more than 30 days in aggregate in any calendar year. We typically close the register to determine our Shareholders' entitlement to receive dividends and other distributions.

### Transfer of Shares

There is no restriction on the transfer of fully paid Shares except where required by law or the listing rules or the rules or by-laws of the SGX-ST. Our Directors may, in their discretion, decline to register any transfer of Shares which are not fully paid or Shares on which we have a lien. Shares may be transferred by a duly signed instrument of transfer in a form approved by the SGX-ST. Our Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. We will replace lost or destroyed certificates for Shares if we are properly notified and the applicant pays a fee which will not exceed S\$2.00 and furnishes any evidence and indemnity that our Directors may require.



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## DESCRIPTION OF ORDINARY SHARES

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### General Meetings of Shareholders

We are required to hold an annual general meeting every year. Our Directors may convene an extraordinary general meeting whenever they think fit and must do so if our Shareholders representing not less than 10.0% of the total voting rights of all our Shareholders, request in writing that such a meeting be held. In addition, two or more of our Shareholders holding not less than 10.0% of our issued share capital may call a meeting. Unless otherwise required by law or by our Articles, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of Directors. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to our Memorandum and Articles of Association, a change of our corporate name and a reduction in our share capital or capital redemption reserve fund. We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our Shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

### Voting Rights

A holder of our ordinary Shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy does not need to be a Shareholder. A person who holds ordinary Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in our Articles, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles, on a show of hands, every Shareholder present in person and by proxy shall have one vote (provided that in the case of a Shareholder who is represented by two proxies, only one of the two proxies as determined by that Shareholder or, failing such determination, by the Chairman of the meeting in his sole discretion shall be entitled to vote on a show of hands), and on a poll, every Shareholder present in person or by proxy shall have one vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than 10.0% of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by any two Shareholders present in person or by proxy and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the Chairman of the meeting shall be entitled to a casting vote.

### Dividends

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. We must pay all dividends out of our profits. We may satisfy dividends by the issue of Shares to our Shareholders. See the section entitled, "Bonus and Rights Issue" below. All dividends are paid pro-rata amongst our Shareholders in proportion to the amount paid-up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

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## DESCRIPTION OF ORDINARY SHARES

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### **Bonus and Rights Issue**

Our Board may, with the approval of our Shareholders at a general meeting, capitalise any reserves or profits (including profits or monies carried and standing to any reserve) and distribute the same as bonus shares credited as paid-up to our Shareholders in proportion to their shareholdings. Our Board may also issue rights to take up additional Shares to other Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which we are listed.

### **Takeovers**

Under the Singapore Code on Take-overs and Mergers (the “Take-over Code”) issued by the Authority pursuant to Section 321 of the SFA, any person acquiring an interest, either on his own or together with persons acting in concert with him, in 30.0% or more of our voting shares must extend a takeover offer for the remaining voting shares in accordance with the provisions of the Take-over Code. In addition, a mandatory takeover offer is also required to be made if a person holding, either on his own or together with persons acting or presumed to be acting in concert with him, between 30.0% and 50.0% of the voting shares acquires additional voting shares representing more than 1.0% of the voting shares in any six-month period.

### **Liquidation or Other Return of Capital**

If we are liquidated or in the event of any other return of capital, holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

### **Indemnity**

As permitted by Singapore law, our Articles provide that, subject to the Companies Act, our Board and officers shall be entitled to be indemnified by us against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgement is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court. We may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to us.

### **Limitations on Rights to Hold or Vote Shares**

Except as described in “Voting Rights” and “Takeovers” above, there are no limitations imposed by Singapore law or by our Articles on the rights of non-resident shareholders to hold or vote ordinary Shares.

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## DESCRIPTION OF ORDINARY SHARES

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### Minority Rights

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations where:

- (a) our affairs are being conducted or the powers of our Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the Shareholders; or
- (b) we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our Shareholders, including the applicant.

Singapore courts have a wide discretion as to the relief they may grant and such relief is in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, the Singapore courts may:

- (a) direct or prohibit any act or cancel or vary any transaction or resolution;
- (b) regulate the conduct of our affairs in the future;
- (c) authorise civil proceedings to be brought in our name, or on our behalf, by a person or persons and on such terms as the court may direct;
- (d) provide for the purchase of a minority Shareholder's Shares by our other Shareholders or by us and, in the case of a purchase of Shares by us, a corresponding reduction of our Share capital;
- (e) in the case of a purchase of Shares by our Company, provide for a reduction accordingly of our Company's capital; or
- (f) provide that we be wound up.

### Treasury Shares

Our Articles of Association expressly permits our Company to purchase or acquire shares or stocks of our Company and to hold such shares or stocks (or any of them) as treasury shares in accordance with requirements of Section 76 of the Companies Act. Our Company may make a purchase or acquisition of our own shares (i) on a securities exchange if the purchase or acquisition has been authorised in advance by our Company in general meeting; or otherwise than on a securities exchange if the purchase or acquisition is made in accordance with an equal access scheme authorised in advance by our company in general meeting. The aggregate number of ordinary shares held as treasury shares shall not at any time exceed 10.0% of the total number of Shares of our Company at that time. Any excess shares shall be disposed or cancelled before the end of a period of six months beginning with the day on which that contravention of limit occurs, or such further period as the Registrar may allow. Where ordinary shares or stocks are held as treasury shares by our Company through purchase or acquisition by our Company, our Company shall be entered in the register as the member holding those shares or stocks.

Our Company shall not exercise any right in respect of the treasury shares and any purported exercise of such a right is void. Such rights include any right to attend or vote at meetings and our Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

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## DESCRIPTION OF ORDINARY SHARES

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In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of our Company's assets (including any distribution of assets to members on a winding up) may be made, to our Company in respect of the treasury shares. However, this would not prevent an allotment of shares as fully paid bonus shares in respect of the treasury shares or the subdivision or consolidation of any treasury share into treasury share of a smaller amount, if the total value of the treasury shares after the subdivision or consolidation is the same as the total value of the treasury share before the subdivision or consolidation, as the case may be.

Where Shares are held as treasury shares, our Company may at any time (i) sell the Shares (or any of them) for cash; (ii) transfer the Shares (or any of them) for the purposes of or pursuant to an employees' share scheme; (iii) transfer the Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person; or (iv) cancel the Shares (or any of them).

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## TAXATION

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### **Singapore Taxation**

The following is a discussion of certain tax matters arising under the current tax laws in Singapore on the tax consequences in relation to the purchase, ownership and disposal of the Shares. The discussion is based on current tax laws in Singapore and is not intended to be and does not constitute legal or tax advice.

While this discussion is considered to be a correct interpretation of existing laws in force as at the date of this Offer Document, no assurance can be given that the courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such law, which may be retrospective, will not occur. The discussion is limited to a general description of certain tax consequences in Singapore with respect to ownership of the Shares by Shareholders, and does not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a Shareholder's decision with regard to the Placement.

Shareholders should consult their own tax advisors regarding Singapore income tax and other consequences of owning and disposing of the Shares. It is emphasised that neither we, the Directors nor any other persons involved in this Placement accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of our Shares.

### ***Singapore Income Tax***

#### Corporate income tax

A Singapore tax resident corporate taxpayer is subject to Singapore income tax on:

- income accrued in or derived from Singapore; and
- foreign sourced income received or deemed received in Singapore, unless otherwise exempted.

Foreign income in the form of branch profits, dividends and service fee income received or deemed received in Singapore by a Singapore tax resident corporate taxpayer are exempted from Singapore tax subject to meeting the qualifying conditions. A special concession has been granted whereby during the one-year period from 22 January 2008 to 21 January 2009, all foreign income earned prior to 22 January 2009 can be received in Singapore free from Singapore taxation.

A non-Singapore tax resident corporate taxpayer, subject to certain exceptions, is subject to Singapore income tax on income accrued in or derived from Singapore, and on foreign income received or deemed received in Singapore.

A company is regarded as tax resident in Singapore if the control and management of the company's business is exercised in Singapore. Normally, control and management of the company is vested in its board of directors and the place of residence of the company is where its directors meet.

The corporate tax rate in Singapore is 18.0% with effect from the Year of Assessment 2008 after allowing partial tax exemption on the first S\$300,000 of a company's chargeable income. The corporate tax rate of 18.0% in Singapore will be reduced to 17.0% with effect from the Year of Assessment 2010.

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## TAXATION

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### Individual income tax

An individual taxpayer (both resident and non-resident) is subject to Singapore income tax on income accrued in or derived from Singapore, subject to certain exceptions. Foreign-sourced income received or deemed received by a Singapore tax resident individual is generally exempt from income tax in Singapore except for such income received through a partnership in Singapore. Certain Singapore-sourced investment income received or deemed received by individuals is also exempt from tax.

Currently, a Singapore tax resident individual is subject to tax at the progressive rates, ranging from 0% to 20.0%.

A non-Singapore tax resident individual is normally taxed at the tax rate of 20.0% except that Singapore employment income is taxed at a flat rate of 15.0% or at resident rates, whichever yields a higher tax.

An individual is regarded as a tax resident in Singapore if in the calendar year preceding the year of assessment, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

### ***Dividend Distributions***

Under the one-tier corporate tax system, the tax paid by a resident company is a final tax and the distributable profits of the company can be paid to shareholders as tax exempt (one-tier) dividends. Dividends paid by us will be exempt from tax in the hands of Shareholders, regardless of the tax residence status or the legal form of the Shareholders. However, foreign Shareholders are advised to consult their own tax advisors to take into account the tax laws of their respective countries of residence and the existence of any double taxation agreement which their country of residence may have with Singapore.

### ***Capital gains tax***

Singapore currently does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterisation of capital gains. In general, gains or profits derived from the disposal of our Shares acquired for long-term investment purposes are considered as capital gains and not subject to Singapore tax.

On the other hand, where such gains or profits arise from activities which the Comptroller of Income Tax regards as the carrying on of a trade or business of dealing in shares in Singapore, gains or profits will ordinarily be taxed as income.

### ***Stamp duty***

There is no stamp duty payable on the subscription, allotment or holding of our Shares.

Stamp duty is payable on the instrument of transfer of our Shares at the rate of S\$2.00 for every S\$1,000 or any part thereof, computed on the consideration paid or market value of our Shares registered in Singapore, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary. No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

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## TAXATION

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### ***Goods and Services Tax***

The sale of our Shares by an investor belonging in Singapore to another person belonging in Singapore is an exempt supply not subject to GST.

Where our Shares are sold by a GST-registered investor in the course of a business to a person belonging outside Singapore, and that person is outside Singapore when the sale is executed, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at zero-rate. Any input GST incurred by a GST-registered investor in the making of this supply in the course of or furtherance of a business carried on by him is recoverable from the Comptroller of GST.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of our Shares will be subject to GST at the current rate of 7.0%. Similar services rendered to an investor belonging outside Singapore is generally subject to GST at zero-rate, provided that the investor is outside Singapore when the services are performed and the services provided do not benefit any Singapore persons.

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## CLEARANCE AND SETTLEMENT

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Upon listing and quotation on Catalist, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of the Shares through Catalist will be effected in accordance with the terms and conditions for the operation of securities accounts with the CDP, as amended from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts with CDP. Persons named as direct securities account holders and depository agents in the depository register maintained by the CDP, rather than CDP itself, will be treated, under our Articles of Association and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective securities accounts.

Persons holding the Shares in securities accounts with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on Catalist although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles of Association. A fee of S\$10.00 for each withdrawal of 1,000 Shares or less and a fee of S\$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing the Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of S\$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S\$0.20 per S\$100.00 or part thereof of the last-transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on Catalist must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective securities accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$10.00 is payable upon the deposit of each instrument of transfer with CDP.

Transactions in the Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of Shares sold and the buyer's securities account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for the Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on Catalist is payable at the rate of 0.05 per cent. of the transaction value subject to a maximum of S\$200.00 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to Singapore goods and services tax of 7.0% (or such other rate prevailing from time to time).

Dealings of our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on Catalist generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in securities accounts. An investor may open a direct account with CDP or a sub-account with a CDP agent. The CDP agent may be a member company of the SGX-ST, bank, merchant bank or trust company.



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## GENERAL AND STATUTORY INFORMATION

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### INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. Save as disclosed below, none of our Directors, Executive Officers and Controlling Shareholders:
  - (a) has, at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner;
  - (b) has, at any time during the last 10 years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
  - (c) has any unsatisfied judgement against him;
  - (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
  - (e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
  - (f) has, at any time during the last 10 years, had judgement entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, nor has he been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
  - (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
  - (h) has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
  - (i) has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;
  - (j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of affairs of:
    - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

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## GENERAL AND STATUTORY INFORMATION

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- (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
- (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
- (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

- (k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

2. In February 2009, Felix Huang and Dr Cheryl Baumann assisted with the inquiry relating to a visiting consultant of our Group in connection with a dispute with his former employer, by the Corrupt Practices Investigation Bureau. Neither Felix Huang, Dr Cheryl Baumann nor anyone in our Group has since been asked to assist further.
3. There is no shareholding qualification for Directors under our Articles of Association.
4. No option to subscribe for shares in, or debentures of, our Company or any of our subsidiaries has been granted to, or was exercised by, any of our Directors or Executive Officers within the last financial year.
5. Save as disclosed in the sections entitled “Interested Person Transactions” of this Offer Document, none of our Directors is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two years preceding the date of this Offer Document, been acquired or disposed of by or leased to, us or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to us or any of our subsidiaries.
6. No sum or benefit has been paid or is agreed to be paid to any Director or expert, or to any firm in which such Director or expert is a partner or any corporation in which such Director or expert holds shares or debentures, in cash or shares or otherwise, by any person to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him or by such firm or corporation in connection with the promotion or formation of our Company.

### SHARE CAPITAL

7. As at the Latest Practicable Date, there is only one class of shares in the capital of our Company. There is no founder, management or deferred shares. The rights and privileges attached to our Shares are stated in our Articles of Association.
8. Save as disclosed below and in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document, there are no changes in the issued and paid-up share capital of our Company and our subsidiaries within the last three years preceding the Latest Practicable Date.

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## GENERAL AND STATUTORY INFORMATION

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<b>Date of issue</b>	<b>Number of Shares Issued</b>	<b>Issue Price/ Consideration (\$)</b>	<b>Purpose of Issue</b>	<b>Resultant Issued Share Capital (\$)</b>
<u>SMG</u>				
30 October 2008	300,000	300,000	Bonus share	500,000
<u>LSC</u>				
17 July 2008	100	100	Subscriber shares	100
<u>Premium LSC</u>				
12 January 2009	100	100	Subscriber shares	100
<u>SAC</u>				
8 March 2008	100	100	Subscriber shares	100
<u>SECTC</u>				
11 November 2008	100	100	Subscriber shares	100
3 June 2009	499,900	499,900	Allotment	500,000
<u>SLBFC</u>				
24 October 2008	100	100	Subscriber shares	100
<u>SSMC</u>				
2 September 2008	100	100	Subscriber shares	100
<u>SSOSC</u>				
10 December 2008	100	100	Subscriber shares	100
<u>SVC</u>				
20 July 2007	100	100	Subscriber shares	100
<u>TCC</u>				
26 December 2007	100	100	Subscriber shares	100
15 August 2008	499,900	499,900	Allotment	500,000
<u>TDS</u>				
17 July 2008	100	100	Subscriber shares	100

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## GENERAL AND STATUTORY INFORMATION

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Date of issue	Number of Shares Issued	Issue Price/ Consideration (S\$)	Purpose of Issue	Resultant Issued Share Capital (S\$)
<u>Singapore Cornea Transplant Centre Pte. Ltd. (Dormant company)</u>				
23 October 2008	100	100	Subscriber shares	100
<u>Singapore Dermatology Centre Pte. Ltd. (Dormant company)</u>				
24 October 2008	100	100	Subscriber shares	100
<u>SMG International Partners Pte. Ltd. (Dormant company)</u>				
13 May 2009	100	100	Subscriber shares	100

9. Save as disclosed above and under the section entitled “Restructuring Exercise” of this Offer Document, no shares in, or debentures of, our Company or any of our subsidiaries have been issued, or are proposed to be issued, as fully or partly paid for cash or for a consideration other than cash, during the last three years preceding the date of lodgment of this Offer Document.
10. Save as disclosed under the sections entitled “Shareholders — Ownership Structure”, “Restructuring Exercising” and “Management and Corporate Governance — Arrangements with some of our Medical Directors and Dental Director”, as at the Latest Practicable Date, no person has been, or is entitled to be, given an option to subscribe for any shares in or debentures of our Company or any of our subsidiaries.

### MEMORANDUM AND ARTICLES OF ASSOCIATION

11. Our Company is registered in Singapore with the Accounting and Corporate Regulatory Authority with a registration number 200503187W. A summary of our Articles of Association relating to, *inter alia*, Directors’ powers to vote on contracts in which they are interested, Directors’ remuneration, Directors’ borrowing powers, Directors’ retirement, Directors’ share qualification, rights pertaining to shares, convening of general meetings and alteration of capital are set out in Appendix B to this Offer Document. Our Articles of Association are available for inspection at our registered office in accordance with paragraph 36 in the section entitled “General and Statutory Information — Documents Available for Inspection” of this Offer Document.

### MATERIAL CONTRACTS

12. The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by us and our subsidiaries within the two years preceding the date of lodgment of this Offer Document and are or may be material:
  - (a) letter of undertaking dated 28 May 2009 to our Company from Felix Huang, pursuant to which Felix Huang undertook to, *inter alia*, offer to our Company the first right of refusal to buy his entire shareholding interest in LASIK Surgery, Inc.;
  - (b) letter of undertaking dated 28 May 2009 to our Company from Dr Cheryl Baumann, pursuant to which Dr Cheryl Baumann undertook to, *inter alia*, offer to our Company the first right of refusal to buy her entire shareholding interests in Asian Lasik Group, Inc. and/or Angeles Lasik Group, Inc.;

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## GENERAL AND STATUTORY INFORMATION

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- (c) sale and purchase agreement dated 20 April 2009 entered into between our Company and Dr Yeak Hwee Lee, pursuant to which our Company agreed to, among others, transfer 30 shares in SAC to Dr Yeak Hwee Lee for a consideration of S\$30; and
- (d) sale and purchase agreement dated 28 May 2009 entered into between our Company and Dr Lynette Ng, pursuant to which our Company agreed to, among others, transfer 35 shares in TDS to Dr Lynette Ng for a consideration of S\$35.

### LITIGATION

- 13. As at the Latest Practicable Date, neither us nor any of our subsidiaries is engaged in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgment of the Offer Document, a material effect on our financial position or profitability and/or the financial position or profitability of our subsidiaries.

### MANAGEMENT AND PLACEMENT ARRANGEMENTS

- 14. Pursuant to the full sponsorship and management agreement dated 15 July 2009 (the "Management Agreement") entered into between us, the Vendor and PPCF as the Manager and Sponsor, we and the Vendor appointed PPCF to manage and sponsor the Listing. PPCF will receive a management fee for its services rendered in connection with the Listing.
- 15. Pursuant to the placement agreement dated 15 July 2009 (the "Placement Agreement") entered into between us, the Vendor and DMG as the Placement Agent, the Placement Agent agreed to purchase and/or subscribe for or procure purchasers for and/or subscribers for the Placement Shares at the Placement Price for a placement commission of 3.25% of the Placement Price for each Placement Share, payable by the Vendor and us in the proportion in which the Placement Shares are offered by the Vendor and us. DMG may, at its absolute discretion appoint one or more secondary sub-placement agents for the Placement Shares.
- 16. Purchasers and subscribers of the Placement Shares may be required to pay a brokerage of up to 1.0% of the Placement Price to the Placement Agent or any sub-placement agent that may be appointed by the Placement Agent including the prevailing GST, if applicable.

Save as aforesaid, no commission, discount or brokerage, has been paid or other special terms granted within the two years preceding the date of this Offer Document or is payable to any Director, promoter, expert, proposed Director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or debentures of, our Company or any of our subsidiaries.

- 17. The Management Agreement may be terminated by PPCF at any time before the close of the Application List on the occurrence of certain events including:
  - (a) PPCF becomes aware of any breach by us and/or our agent(s) of any warranties, representations, covenants or undertakings given by us to PPCF in the Management Agreement; or
  - (b) there shall have been, since the date of the Management Agreement, any change or prospective change in or any introduction or prospective introduction of any legislation, regulation, policy, directive, guideline, rule or byelaw by any relevant government or

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## GENERAL AND STATUTORY INFORMATION

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regulatory body, whether or not having the force of law, or any other occurrence of similar nature that would materially change the scope of work, responsibility or liability required of PPCF.

18. The Placement Agreement may be terminated by DMG at any time before the close of the Application List on the occurrence of certain events including:
- (a) if DMG becomes aware of any breach by us and/or our agent(s) or the Vendor of any warranties, representations, covenants or undertakings given by us to DMG in the Placement Agreement; or
  - (b) there shall have been, since the date of the Placement Agreement, any change or prospective change in or any introduction or prospective introduction of any legislation, regulation, policy, directive, guideline, rule or byelaw by any relevant government or regulatory body, whether or not having the force of law, or any other occurrence of similar nature that would materially change the scope of work, responsibility or liability required of DMG.
  - (c) The Placement Agreement is conditional upon the Management Agreement not being terminated or rescinded pursuant to the provisions of the Management Agreement, and may be terminated on the occurrence of certain events, including those specified above. In the event that the Management Agreement is terminated, we reserve the right, at the absolute discretion of our Directors, to cancel the Placement.
19. In the reasonable opinion of our Directors, PPCF and DMG do not have a material relationship with our Company, save as disclosed below:
- (a) PPCF is the Manager and Sponsor of the Listing and the Sub-Placement Agent of the Placement and the Listing;
  - (b) PPCF will be our continuing Sponsor for a period of three years from the date we are admitted to and listed on Catalist;
  - (c) DMG is the Placement Agent of the Placement and the Listing; and
  - (d) our Company will issue 2,186,000 PPCF Shares at the Placement Price to PPCF, representing approximately 1.5% of our Company's post-Placement issued and paid-up share capital.

## MISCELLANEOUS

20. The nature of our business has been stated earlier in this Offer Document. The corporations which by virtue of Section 6 of the Companies Act are deemed to be related to us are set out in the section entitled "Group Structure" of this Offer Document.
21. There has been no previous issue of Shares by us or offer for sale of our Shares to the public within the two years preceding the date of this Offer Document.
22. There has not been any public take-over offer by a third party in respect of our Shares or by us in respect of shares of another corporation or units of a business trust which has occurred between the beginning of FY2008 and the Latest Practicable Date.

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## GENERAL AND STATUTORY INFORMATION

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23. Save as disclosed in this Offer Document, no amount of cash or securities or benefit has been paid or given to any promoter within the two years preceding the Latest Practicable Date or is proposed or intended to be paid or given to any promoter at any time.
24. Save as disclosed in the section entitled “General and Statutory Information — Management and Placement Arrangements” of this Offer Document, no commission, discount or brokerage has been paid or other special terms granted within the two years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or debentures of, our Company or any of our subsidiaries.
25. No expert employed on a contingent basis by our Company or any of our subsidiaries, has a material interest, whether direct or indirect, in the shares of our Company or our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Placement.
26. Application monies received by us in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with United Overseas Bank Limited (the “Receiving Banker”). In the ordinary course of business, the Receiving Banker will deploy these monies in the inter-bank money market. All profits derived from the deployment of such monies will accrue to the Receiving Banker. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.
27. Save as disclosed in this Offer Document, our Directors are not aware of any relevant material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect our profits and the profits of our subsidiaries.
28. Save as disclosed in this Offer Document, our financial condition and operations are not likely to be affected by any of the following:
  - (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our liquidity increasing or decreasing in any material way;
  - (b) material commitments for capital expenditure;
  - (c) unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations; and
  - (d) known trends or uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on revenues or operating income.
29. Save as disclosed in this Offer Document, our Directors are not aware of any event which has occurred since the end of FY2008 to the Latest Practicable Date which may have a material effect on our financial position and results or the financial information provided in this Offer Document.
30. Ernst & Young LLP is our current auditors. We currently have no intention of changing our auditors after the listing of our Company on Catalist.



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## GENERAL AND STATUTORY INFORMATION

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### CONSENTS

31. The Auditors and Reporting Accountants, Ernst & Young LLP, have given and have not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of the Report from the Independent Auditors in relation to the Audited Combined Financial Statements of Singapore Medical Group Limited and its Subsidiaries for the Financial Years Ended 31 December 2006, 2007 and 2008, in the form and context in which they are respectively included and references to their name in the form and context in which they appear in this Offer Document and to act in such capacity in relation to this Offer Document.
32. The Manager, Sponsor and Sub-Placement Agent, and the Placement Agent have given and have not withdrawn their written consents to the issue of this Offer Document with the inclusion herein of their names and references thereto in the form and context in which they appear in this Offer Document and to act in such capacities in relation to this Offer Document.
33. The Solicitors to the Placement and Legal Advisers to our Company and the Vendor as to Singapore law, WongPartnership LLP, have given and have not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of their name and references thereto in the form and context in which they appear in this Offer Document and to act in such capacity in relation to this Offer Document.
34. Each of the Legal Advisers to our Company and the Vendor as to Singapore law, the Share Registrar and the Receiving Banker do not make or purport to make any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and each of them makes no representation regarding any statement in this Offer Document and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any liability to any person which is based on, or arises out of, any statement, information or opinions in, or omission from, this Offer Document.

### RESPONSIBILITY STATEMENT BY OUR DIRECTORS AND THE VENDOR

35. This Offer Document has been seen and approved by our Directors and the Vendor and they individually and collectively accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed herein are fair and accurate in all material respects as of the date hereof and there are no material facts the omission of which would make any statements in this Offer Document misleading and that this Offer Document constitutes full and true disclosure of all material facts about the Placement, the Vendor and us.

### DOCUMENTS AVAILABLE FOR INSPECTION

36. The following documents or copies thereof may be inspected at our registered office during normal business hours for a period of six months from the date of registration of this Offer Document with the SGX-ST:
  - (a) our Memorandum and Articles of Association;
  - (b) the Audited Combined Financial Statements of Singapore Medical Group Limited and its Subsidiaries for the Financial Years Ended 31 December 2006, 2007 and 2008 set out in Appendix A to this Offer Document;



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## GENERAL AND STATUTORY INFORMATION

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- (c) the material contracts referred to in this Offer Document;
- (d) the letters of consent referred to in this Offer Document;
- (e) the Service Agreements referred to in this Offer Document; and
- (f) the Rules of the SMG Employee Share Option Scheme.

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**APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF  
SINGAPORE MEDICAL GROUP LIMITED AND ITS SUBSIDIARIES  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

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**AUDITED COMBINED FINANCIAL STATEMENTS OF SINGAPORE MEDICAL GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007  
AND 2008**

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**APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF  
SINGAPORE MEDICAL GROUP LIMITED AND ITS SUBSIDIARIES  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

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**SINGAPORE MEDICAL GROUP LIMITED AND ITS SUBSIDIARIES**

**STATEMENT BY DIRECTORS**

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We, Felix Huang Keming and Dr. Xiaoyan Baumann Geb. Bi, being two of the directors of Singapore Medical Group Limited (the “Company”), do hereby state that, in the opinion of the directors,

- (i) the accompanying combined financial statements together with notes thereto are drawn up so as to present fairly, in all material respects, the state of affairs of the Group as at 31 December 2006, 2007 and 2008 and the results, changes in equity and cash flows of the Group for the financial years ended on those dates, 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.

On behalf of the board of directors:

Felix Huang Keming

Dr. Xiaoyan Baumann Geb. Bi

15 July 2009

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**APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF  
SINGAPORE MEDICAL GROUP LIMITED AND ITS SUBSIDIARIES  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

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**REPORT FROM THE INDEPENDENT AUDITORS IN RELATION TO THE AUDITED COMBINED  
FINANCIAL STATEMENTS OF SINGAPORE MEDICAL GROUP LIMITED AND ITS SUBSIDIARIES  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

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15 July 2009

The Board of Directors  
Singapore Medical Group Limited  
290 Orchard Road  
#13-01 Paragon  
Singapore 238859

Dear Sirs

We have audited the accompanying combined financial statements of Singapore Medical Group Limited (the “Company”) and its subsidiaries (collectively, the “Group”), which comprise the balance sheets of the Group as at 31 December 2006, 2007 and 2008, the statements of changes in equity of the Group and the income statements and cash flow statements of the Group for the years then ended, and a summary of significant accounting policies and other explanatory notes.

**Management’s responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards. This responsibility includes 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 profit and loss accounts and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors’ responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. Except as discussed below, we conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

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**APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF  
SINGAPORE MEDICAL GROUP LIMITED AND ITS SUBSIDIARIES  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

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**REPORT FROM THE INDEPENDENT AUDITORS IN RELATION TO THE AUDITED COMBINED  
FINANCIAL STATEMENTS OF SINGAPORE MEDICAL GROUP LIMITED AND ITS SUBSIDIARIES  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

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**Auditors' responsibility (continued)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The Group did not maintain proper accounting records in respect of cost of sales and operating expenses that were incurred for the financial period from 1 January 2006 to 28 February 2006. The amount of these expenses, which are disclosed in Note 32 to these financial statements, have been included in the Group's income statement for the financial year ended 31 December 2006. As the relevant accounting records are not available, we were unable to perform audit procedures to satisfy ourselves as to the appropriateness of these expenses included in the Group's income statement for the financial year ended 31 December 2006.

**Opinion**

In our opinion, except for the effects of the matter referred to in the preceding paragraph, the combined financial statements of the Group present fairly, in all material respects, the state of affairs of the Group as at 31 December 2006, 2007 and 2008 and the results, changes in equity and cash flows of the Group for the years ended on those dates in accordance with Singapore Financial Reporting Standards.

This report has been prepared solely for inclusion in the Offer Document in connection with the proposed listing of the Company's shares on the Singapore Exchange Securities Trading Limited.

Ernst & Young LLP  
Public Accountants and  
Certified Public Accountants  
Singapore

Partner in charge: Max Loh Khum Whai

**APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF  
SINGAPORE MEDICAL GROUP LIMITED AND ITS SUBSIDIARIES  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

**SINGAPORE MEDICAL GROUP LIMITED AND ITS SUBSIDIARIES**

**COMBINED INCOME STATEMENTS**

**FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

(Amounts expressed in Singapore dollars)

	<b>Note</b>	<b>2008 \$'000</b>	<b>2007 \$'000</b>	<b>2006 \$'000</b>
<b>Revenue</b>	4	30,115	24,650	4,282
Cost of sales		(12,195)	(8,675)	(741)
<b>Gross profit</b>		17,920	15,975	3,541
<b>Other items of income</b>				
Financial income	5	1	2	—
Other income	6	119	77	23
<b>Other items of expense</b>				
Distribution and selling expenses		(2,878)	(1,774)	(477)
Administrative expenses		(8,936)	(4,293)	(1,443)
Financial expenses	5	(36)	(58)	(57)
<b>Profit before tax</b>	7	6,190	9,929	1,587
Income tax	10	(1,190)	(1,783)	(301)
<b>Net profit attributable to equity holders of the Company</b>		5,000	8,146	1,286
<b>Earnings per share (cents)</b>				
Basic and diluted	11	3.4	5.6	0.9

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

**APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF  
SINGAPORE MEDICAL GROUP LIMITED AND ITS SUBSIDIARIES  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

**SINGAPORE MEDICAL GROUP LIMITED AND ITS SUBSIDIARIES**

**COMBINED BALANCE SHEETS**

**AS AT 31 DECEMBER 2006, 2007 AND 2008**

(Amounts expressed in Singapore dollars)

	<b>Note</b>	<b>2008 \$'000</b>	<b>2007 \$'000</b>	<b>2006 \$'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	13	3,678	3,017	1,499
Deferred tax assets	14	—	—	12
Other receivables	17	618	582	151
		4,296	3,599	1,662
<b>Current assets</b>				
Inventories	15	561	193	—
Trade receivables	16	88	—	—
Prepayments		261	93	12
Other receivables	17	15	—	—
Amount due from shareholders (non-trade)	18	782	2,711	1,249
Cash and cash equivalents		1,888	1,020	584
		3,595	4,017	1,845
<b>Total assets</b>		<b>7,891</b>	<b>7,616</b>	<b>3,507</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	20	1,926	614	165
Other payables and accruals	21	3,136	3,824	565
Obligations under finance leases	22	395	345	490
Short term bank loan	23	68	—	—
Income tax payable		1,444	1,958	299
		6,969	6,741	1,519
<b>Net current (liabilities)/assets</b>		<b>(3,374)</b>	<b>(2,724)</b>	<b>326</b>
<b>Non-current liabilities</b>				
Obligations under finance leases	22	—	201	572
Deferred tax liabilities	14	160	112	—
		160	313	572
<b>Total liabilities</b>		<b>7,129</b>	<b>7,054</b>	<b>2,091</b>
<b>Net assets</b>		<b>762</b>	<b>562</b>	<b>1,416</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	25	500	200	200
Accumulated profits		262	362	1,216
<b>Total equity</b>		<b>762</b>	<b>562</b>	<b>1,416</b>
<b>Total equity and liabilities</b>		<b>7,891</b>	<b>7,616</b>	<b>3,507</b>

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



**APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF  
SINGAPORE MEDICAL GROUP LIMITED AND ITS SUBSIDIARIES  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

**SINGAPORE MEDICAL GROUP LIMITED AND ITS SUBSIDIARIES**

**COMBINED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

(Amounts expressed in Singapore dollars)

	Share capital (Note 25) \$'000	Accumulated profits \$'000	Total shareholders' equity \$'000
<b>Year ended 31 December 2006</b>			
Balance at 1 January 2006	200	(70)	130
Profit for the year, representing total recognised income for the year	—	1,286	1,286
<b>Balance at 31 December 2006</b>	<b>200</b>	<b>1,216</b>	<b>1,416</b>
<b>Year ended 31 December 2007</b>			
Balance at 1 January 2007	200	1,216	1,416
Profit for the year, representing total recognised income for the year	—	8,146	8,146
Dividends (Note 26)	—	(9,000)	(9,000)
<b>Balance at 31 December 2007</b>	<b>200</b>	<b>362</b>	<b>562</b>
<b>Year ended 31 December 2008</b>			
Balance at 1 January 2008	200	362	562
Profit for the year, representing total recognised income for the year	—	5,000	5,000
Bonus issue of shares	300	(300)	—
Dividends (Note 26)	—	(4,800)	(4,800)
<b>Balance at 31 December 2008</b>	<b>500</b>	<b>262</b>	<b>762</b>

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

**APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF  
SINGAPORE MEDICAL GROUP LIMITED AND ITS SUBSIDIARIES  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

**SINGAPORE MEDICAL GROUP LIMITED AND ITS SUBSIDIARIES**

**COMBINED STATEMENTS OF CASH FLOWS**

**FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

(Amounts expressed in Singapore dollars)

	Note	2008 \$'000	2007 \$'000	2006 \$'000
<b>Cash flows from operating activities</b>				
Profit before tax		6,190	9,929	1,587
Adjustments for:				
Depreciation of property, plant and equipment		1,230	520	281
Gain on disposal of equipment		—	(21)	(23)
Interest income		(1)	(2)	—
Interest expenses		36	58	57
Foreign exchange difference		—	(56)	—
Allowance for doubtful trade receivables		5	—	—
Total adjustments		1,270	499	315
<b>Operating profit before working capital changes</b>		<b>7,460</b>	<b>10,428</b>	<b>1,902</b>
<u>Changes in working capital</u>				
Decrease (increase) in:				
Inventories		(368)	(193)	—
Trade receivables		(93)	—	—
Prepayments		(168)	(81)	(12)
Other receivables		(51)	(431)	(138)
Amount due from shareholders (non-trade)		1,929	(1,462)	(1,136)
Increase (decrease) in:				
Trade payables		1,312	449	164
Other payables and accruals		(688)	3,315	375
Total changes in working capital		1,873	1,597	(747)
<b>Cash flows from operations</b>		<b>9,333</b>	<b>12,025</b>	<b>1,155</b>
Interest received		1	2	—
Interest paid		(36)	(58)	(57)
Income taxes paid		(1,656)	—	—
<b>Net cash flows from operating activities</b>		<b>7,642</b>	<b>11,969</b>	<b>1,098</b>

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

**APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF  
SINGAPORE MEDICAL GROUP LIMITED AND ITS SUBSIDIARIES  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

**SINGAPORE MEDICAL GROUP LIMITED AND ITS SUBSIDIARIES**

**COMBINED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 (CONTINUED)**

(Amounts expressed in Singapore dollars)

	Note	2008 \$'000	2007 \$'000	2006 \$'000
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	B	(1,825)	(2,408)	(515)
Proceeds from disposal of equipment		—	52	86
<b>Net cash flows used in investing activities</b>		<b>(1,825)</b>	<b>(2,356)</b>	<b>(429)</b>
<b>Cash flows from financing activities</b>				
Dividends paid		(4,800)	(9,000)	—
Repayment of obligations under finance leases		(217)	(177)	(170)
Proceeds from short term bank loan		90	—	—
Repayment of short term bank loan		(22)	—	—
<b>Net cash flows used in financing activities</b>		<b>(4,949)</b>	<b>(9,177)</b>	<b>(170)</b>
<b>Net increase in cash and cash equivalents</b>		<b>868</b>	<b>436</b>	<b>499</b>
<b>Cash and cash equivalents at beginning of financial year</b>		<b>1,020</b>	<b>584</b>	<b>85</b>
<b>Cash and cash equivalents at end of financial year</b>	A	<b>1,888</b>	<b>1,020</b>	<b>584</b>

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

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**SINGAPORE MEDICAL GROUP LIMITED AND ITS SUBSIDIARIES**

**COMBINED STATEMENTS OF CASH FLOWS**

**FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 (CONTINUED)**

(Amounts expressed in Singapore dollars)

**Notes to the Combined Statements of Cash Flows**

**A: Cash and cash equivalents**

Cash and cash equivalents included in the combined statements of cash flows comprise the following:

	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash in hand and at banks	1,870	1,020	584
Short term deposits	18	—	—
Cash and cash equivalents	<u>1,888</u>	<u>1,020</u>	<u>584</u>

Cash at banks earn interest at floating rates based on daily bank deposit rates for the financial years ended 31 December 2006, 2007 and 2008. Short term deposits have an effective interest rate of 0.25% per annum for the financial year ended 31 December 2008.

**B: Property, plant and equipment**

	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Aggregate cost of property, plant and equipment (Note 13)	1,891	2,408	1,219
Less: Acquired by means of finance lease	(66)	—	(704)
Net cash outflow for purchase of property, plant and equipment	<u>1,825</u>	<u>2,408</u>	<u>515</u>

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

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(Amounts expressed in Singapore dollars)

**1. Corporate information**

**1.1 *The Company***

The Company was incorporated in Singapore on 10 March 2005 under the Companies Act as a private exempt company limited by shares under the name of Lasik Club Pte. Ltd. The name of the Company was changed to Singapore Medical Group Pte. Ltd. on 4 August 2006. On 9 July 2009, the Company was converted to a public company and assumed its present name of Singapore Medical Group Limited.

The registered office of the Company is located at 290 Orchard Road, #13-01 Paragon, Singapore 238859. The principal places of business of the Group are located at 290 Orchard Road, #13-01/06, #17-05/06, Paragon, Singapore 238859 and 10 Sinaran Drive, #08-08/12/13, Novena Medical Center, Singapore 307506.

The principal activities of the Company are those relating to the operation of medical clinics and provision of specialist healthcare medical services. The principal activities of the subsidiaries are disclosed in Note 12.

The Company is the sole proprietor of the following sole proprietorships as at 31 December:

**2006**

The Lasik Surgery Clinic  
Singapore Sports Medicine Centre  
Singapore Cataract Centre (Dormant)

**2007**

The Lasik Surgery Clinic  
Singapore Sports Medicine Centre  
Singapore Cataract Centre (Dormant)  
Singapore Dental Clinic  
Singapore Aesthetic Centre (Dormant)  
Singapore Eye & Vision Centre (Dormant)

**2008**

Singapore Cataract Centre (Dormant)  
Singapore Eye & Vision Centre (Dormant)

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(Amounts expressed in Singapore dollars)

**1. Corporate information (continued)**

**1.1 *The Company (continued)***

All transactions of these sole proprietorships are reflected in the financial statements of the Company for the financial years ended 31 December 2006, 2007 and 2008.

**1.2 *The Restructuring Exercise***

In preparation for the listing of the Company, the Group undertook the restructuring exercise (the “Restructuring Exercise”), which involved the following steps:

**(a) Sale of shares in SAC**

Pursuant to a sale and purchase agreement dated 20 April 2009, the Company transferred 30 shares in SAC, representing 30.0% of the capital of SAC to Dr Yeak Hwee Lee, the Medical Director for the Singapore Aesthetic Centre, for a consideration of S\$30.

Under the sale and purchase agreement, Dr Yeak Hwee Lee has (i) agreed not to sell the 30.0% of the capital of SAC for a period of three years from the date of her service agreement with SAC, (ii) granted to the Company a right, if exercised by the Company, to sell to the Company the 30.0% of the capital of SAC in the event that her service agreement with SAC is terminated within the period of three years and (iii) granted to the Company a first right of refusal to 30.0% of the capital of SAC if she decides to sell all or part of the shares, at fair market value, which shall be determined by an independent valuer.

**(b) Sale of shares in TDS**

Pursuant to a sale and purchase agreement dated 28 May 2009, the Company transferred 35 shares in TDS, representing 35.0% of the capital of TDS to Dr Lynette Ng, the Dental Director for The Dental Studio, for a consideration of S\$35.

Under the sale and purchase agreement, Dr Lynette Ng has (i) agreed not to sell the 35.0% of the capital of TDS for a period of five years from 17 February 2007, (ii) granted to the Company a right, if exercised by the Company, to sell to the Company the 35.0% of the capital of TDS in the event that her service agreement with TDS is terminated within the period of five years from 17 February 2007 and (iii) granted to the Company a first right of refusal to the 35.0% of the capital of TDS if she decides to sell all or part of the shares, at fair market value, which shall be determined by an independent valuer.

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(Amounts expressed in Singapore dollars)

**1. Corporate information (continued)**

**1.2 *The Restructuring Exercise (continued)***

**(c) Subscription of shares in SECTC**

Pursuant to a subscription agreement dated 11 November 2008, as supplemented by a supplemental agreement dated 17 April 2009, Dr Leonard Ang and the Company subscribed for 100,000 and 399,900 shares in SECTC, representing 20.0% and approximately 80.0% of the post-subscription capital of SECTC, respectively at a subscription price of S\$1 per share.

**2. Significant accounting policies**

**2.1 *Basis of preparation***

The combined financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

During the financial period ended 31 December 2006, the Company changed its financial year end from 28 February to 31 December. For the purpose of the proposed listing of the Company's shares on the Singapore Exchange Securities Trading Limited, the combined financial statements of the Group for the financial year ended 31 December 2006 have been provided on a restated 12-month basis.

The combined financial statements have been prepared on a historical cost basis, except as discussed in the accounting policies below.

The Group's principal operations are conducted in Singapore and thus the combined financial statements are prepared in Singapore dollars (SGD or \$), being the measurement and presentation currency of the Group. All values are rounded to the nearest thousand (\$'000) except when otherwise indicated.

**2.2 *Changes in accounting policies***

The accounting policies have been consistently applied by the Group during the financial years ended 31 December 2006, 2007 and 2008, except for the changes in accounting policies discussed below.

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(Amounts expressed in Singapore dollars)

**2. Significant accounting policies (continued)**

**2.2 Changes in accounting policies (continued)**

(a) *Adoption of new FRS*

- (i) On 1 January 2007, the Group adopted the following financial reporting standards:

Reference	Description	Effective for annual periods beginning on or after
FRS 107	Financial Instruments: Disclosures	1 January 2007

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

Other new financial reporting standards that do not apply to the activities of the Group include:

Reference	Description	Effective for annual periods beginning on or after
FRS 40	Investment Property	1 January 2007

(b) *Adoption of revised FRS*

- (i) On 1 January 2006, the Group adopted the following revised standards which did not result in any significant change in accounting policies:

Reference	Description	Effective for annual periods beginning on or after
FRS 19 (revised)	Employee Benefits	1 January 2006
FRS 39 (revised)	Financial Instruments	1 January 2006



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(Amounts expressed in Singapore dollars)

**2. Significant accounting policies (continued)**

**2.2 Changes in accounting policies (continued)**

(b) *Adoption of revised FRS (continued)*

- (ii) On 1 January 2007, the Group adopted the following revised standard:

Reference	Description	Effective for annual periods beginning on or after
FRS 1	Amendment to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)	1 January 2007

The amendment to FRS 1 requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

(c) *Adoption of INT FRS*

- (i) On 1 January 2007, the Group adopted the following INT financial reporting standard:

Reference	Description	Effective for annual periods beginning on or after
INT FRS 108	Scope of FRS 102, Share-based Payment	1 January 2007

Other new INT financial reporting standards which do not apply to the activities of the Group include:

Reference	Description	Effective for annual periods beginning on or after
INT FRS 107	Applying the Restatement Approach under FRS 29, Financial Reporting in Hyperinflationary Economies	1 January 2007
INT FRS 109	Reassessment of Embedded Derivatives	1 January 2007
INT FRS 110	Interim Financial Reporting and Impairment	1 January 2007
INT FRS 111	FRS 102, Group and Treasury Transactions	1 March 2007

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(Amounts expressed in Singapore dollars)

**2. Significant accounting policies (continued)**

**2.2 Changes in accounting policies (continued)**

(c) *Adoption of INT FRS (continued)*

- (ii) New INT financial reporting standards mandatory for annual periods beginning on or after 1 January 2008 that do not apply to the activities of the Group include:

Reference	Description	Effective for annual periods beginning on or after
INT FRS 112	Service Concession Arrangements	1 January 2008
INT FRS 114	FRS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	1 January 2008

(d) *New FRS/Revised FRS/INT FRS not yet effective*

The Group has not applied the following FRS and INT FRS that have been issued but not yet effective:

Reference	Description	Effective for annual periods beginning on or after
INT FRS 113	Customer Loyalty Programmes	1 July 2008
INT FRS 116	Hedges of a Net Investment in a Foreign Operation	1 October 2008
INT FRS 117	Distributions of Non-cash Assets to Owners	1 July 2009
FRS 1	Presentation of financial statements — Revised Presentation	1 January 2009
FRS 1	Presentation of financial statements — Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 23	Borrowing Costs	1 January 2009

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(Amounts expressed in Singapore dollars)

**2. Significant accounting policies (continued)**

**2.2 Changes in accounting policies (continued)**

(d) *New FRS/Revised FRS/INT FRS not yet effective (continued)*

Reference	Description	Effective for annual periods beginning on or after
FRS 32	Financial Instruments: Presentation — Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 39	Amendments to FRS 39 Financial Instruments: Recognition and Measurement — Eligible Hedged Items	1 July 2009
FRS 101	Amendments to FRS 101 First-time Adoption of Financial Reporting Standards and FRS 27 Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 102	Share-based Payment — Vesting Conditions and Cancellations	1 January 2009
FRS 108	Operating Segments	1 January 2009

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 1 and FRS 108 as indicated below.

FRS 1 Presentation of Financial Statements — Revised Presentation

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt.

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(Amounts expressed in Singapore dollars)

**2. Significant accounting policies (continued)**

**2.2 *Changes in accounting policies (continued)***

(d) *New FRS/Revised FRS/INT FRS not yet effective (continued)*

FRS 108 Operating Segments

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position and results of the Group when implemented in 2009.

**2.3 *Functional and foreign currency***

(a) *Functional currency*

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be SGD. Sales prices, major sources of financing and major operating expenses are primarily influenced by fluctuations in SGD.

(b) *Foreign currency transactions*

Transactions in foreign currencies are measured in SGD and are recorded on initial recognition in SGD at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the income statement.

**2.4 *Subsidiaries and basis of combination***

(a) *Subsidiaries*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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(Amounts expressed in Singapore dollars)

**2. Significant accounting policies (continued)**

**2.4 Subsidiaries and basis of combination (continued)**

*(b) Basis of combination*

The combined financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets are eliminated in full.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts in the combined financial statements. Any difference between the consideration paid and the share capital of the “acquired” entity is reflected within equity as merger reserve. The income statement reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

Apart from the above, acquisitions of other subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group’s share in the net fair value of the acquired subsidiary’s identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. Any excess of the Group’s share in the net fair value of the acquired subsidiary’s identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the income statement on the date of acquisition.

Subsidiaries are included in the combined financial statements from the date that control commences until the date that control ceases.

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(Amounts expressed in Singapore dollars)

**2. Significant accounting policies (continued)**

**2.5 *Related party***

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or ii) it is subjected to common control or common significant influence.

**2.6 *Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis to write off the cost of property, plant and equipment over the estimated useful life of the assets as follows:

	<b>Years</b>
Office equipment	1–3
Medical equipment	5
Furniture and fittings	3
Motor vehicles	5

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

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(Amounts expressed in Singapore dollars)

**2. Significant accounting policies (continued)**

**2.7 *Impairment of non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment 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 and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the income statement.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the income statement.

**2.8 *Financial assets***

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement.

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(Amounts expressed in Singapore dollars)

**2. Significant accounting policies (continued)**

**2.8 *Financial assets (continued)***

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

**(a) *Loans and receivables***

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

**2.9 *Impairment of financial assets***

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

**(a) *Assets carried at amortised cost***

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.



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(Amounts expressed in Singapore dollars)

**2. Significant accounting policies (continued)**

**2.9 Impairment of financial assets (continued)**

(a) *Assets carried at amortised cost (continued)*

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

(b) *Assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

**2.10 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and at banks.

**2.11 Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a first-in first-out basis.

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

**2.12 Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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(Amounts expressed in Singapore dollars)

**2. Significant accounting policies (continued)**

**2.12 Provisions (continued)**

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where 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.

**2.13 Financial liabilities**

Financial liabilities include trade payables, which are normally settled on 30–90 days term, other amounts payable and payables to related companies and holding company, and interest-bearing loans and borrowings. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in the fair value of derivatives are recognised in the income statement.

**2.14 Borrowing costs**

Borrowing costs are recognised in the income statement as incurred.

**2.15 Employee benefits**

**(a) Defined contribution plan**

The Group makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

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(Amounts expressed in Singapore dollars)

**2. Significant accounting policies (continued)**

**2.15 *Employee benefits (continued)***

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

**2.16 *Leases***

(a) *Finance lease*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

(b) *Operating lease*

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

**2.17 *Revenue***

Revenue is recognised upon the provision of services and sale of medicine and related products to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured.

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**2. Significant accounting policies (continued)**

**2.18 Income taxes**

(a) *Current tax*

Current tax assets and liabilities for the current and prior periods 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 by the balance sheet date.

(b) *Deferred tax*

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

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

- Where the deferred tax 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 accounting profit nor taxable profit or loss;
- In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and
- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at each balance sheet 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 balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to 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 balance sheet date.

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**2. Significant accounting policies (continued)**

**2.18 *Income taxes (continued)***

(b) *Deferred tax (continued)*

Deferred taxes are recognised in the income statement except that deferred tax relating to items recognised directly in equity is recognised directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales tax*

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

- Where 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
- 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.

**2.19 *Share capital and share issue 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.

**2.20 *Segment reporting***

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

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**3. Significant accounting estimates and judgements**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, 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.

**3.1 Judgements made in applying accounting policies**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

**(a) Income taxes**

The Group has exposure to income taxes in Singapore. Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's current tax payable and deferred tax liabilities as at 31 December 2008 are \$1,444,000 (2007: \$1,958,000; 2006: \$299,000) and \$160,000 (2007: \$112,000; 2006: deferred tax assets of \$12,000) respectively.

**3.2 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**(a) Useful lives of property, plant and equipment**

Office equipment, furniture and fittings and medical equipment are depreciated on a straight-line basis over their respective estimated useful lives. Management estimates the useful lives of these assets to be from 1 to 5 years. This estimate is based on the historical experience of the actual useful lives of plant and equipment of similar nature and functions. The carrying amount of these assets of the Group as at 31 December 2008 is \$3,678,000 (2007: \$3,017,000; 2006: \$1,499,000). Changes in the expected level of usage and technological developments could impact the economic useful lives; therefore future depreciation charges could be revised.

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**4. Revenue**

Revenue represents services rendered and sale of medicine and related products, net of discounts.

**5. Financial income/(expenses)**

	2008 \$'000	2007 \$'000	2006 \$'000
Interest income			
— bank balances	1	2	—
	<u>1</u>	<u>2</u>	<u>—</u>
Interest expenses			
— short term bank loan	(1)	—	—
— finance lease obligations	(35)	(58)	(57)
	<u>(36)</u>	<u>(58)</u>	<u>(57)</u>

**6. Other income**

	2008 \$'000	2007 \$'000	2006 \$'000
Other income			
— gain on disposal of equipment	—	21	23
— foreign exchange difference	—	56	—
— sponsorship from suppliers	119	—	—
	<u>119</u>	<u>77</u>	<u>23</u>

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**7. Profit before tax**

This is determined after charging the following:

	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Depreciation of property, plant and equipment	1,230	520	281
Allowance for doubtful trade receivables	5	—	—
Operating lease expenses	1,947	716	257
Director's fees	—	—	10
Directors' remuneration	404	138	107
Personnel expenses* (Note 8)	5,223	2,281	515

\* Includes directors' remuneration and remuneration of key management personnel as disclosed in Note 9.

**8. Personnel expenses**

	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Salaries and bonuses	4,519	1,917	417
Central Provident Fund contributions	383	154	35
Other personnel expenses	321	210	63
	5,223	2,281	515

**9. Related party transactions**

During the financial years ended 31 December 2006, 2007 and 2008, in addition to those related party information disclosed elsewhere in the combined financial statements, the Group had the following transactions with related parties, on terms agreed between the respective parties:

	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Transfer of medical equipment to a director, Dr. Xiaoyan Baumann Geb. Bi, at net book value	—	52	—



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**9. Related party transactions (continued)**

***Compensation of key management personnel***

Related party transactions with key management personnel are as follows:

	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Salaries, representing total compensation to key management personnel	896	362	139
Comprises amounts paid to:			
— Directors of the Company	404	138	117
— Other key management personnel	492	224	22
	896	362	139

**10. Income tax**

	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current tax			
— current year	1,135	1,659	299
— under provision in respect of prior years	7	—	—
Deferred tax			
— current year	48	124	2
Income tax expense recognised in the income statement	1,190	1,783	301

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**10. Income tax (continued)**

A reconciliation between tax expense and the product of profit before tax multiplied by the applicable tax rate for the financial years ended 31 December 2006, 2007 and 2008 is as follows:

	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Profit before tax	6,190	9,929	1,587
Tax at the applicable tax rate of 18% (2007: 18%; 2006: 20%)	1,114	1,787	317
Tax effects of:			
— changes in tax rates on deferred tax assets	—	1	—
— expenses not deductible for tax purposes	75	38	4
— income not subjected to taxation	—	(10)	—
— benefits from previously unrecognised tax losses	(12)	—	—
— deferred tax assets not recognised	63	12	—
— tax exemption	(58)	(36)	(20)
— under provision in respect of prior years	7	—	—
— others	1	(9)	—
Income tax expense recognised in the income statement	1,190	1,783	301

Unrecognised tax losses

At the balance sheet date, the Group has tax losses of approximately \$351,000 (2007: \$64,000; 2006: \$Nil) 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 authorities and compliance with the relevant provisions of the tax legislation in Singapore.

**11. Earnings per share**

Earnings per share is calculated by dividing the Group's net profit attributable to equity holders for the financial year by the post-Placement share capital of the Company. The Company's post-Placement share capital of 145,736,000 ordinary shares were assumed to be in issue throughout the entire years presented.

Diluted earnings per share is not presented as there were no potential dilutive ordinary shares existing during the respective financial years.

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**12. Investment in subsidiaries**

The Company had the following subsidiaries as at 31 December:

Name of company	Country of incorporation	Principal activities	Equity interest held by the Group		
			2008 %	2007 %	2006 %
Singapore Vision Centre Pte. Ltd. <sup>(1)(a)</sup>	Singapore	Provision of general ophthalmological services	100	100	—
Cancer Centre Pte. Ltd. <sup>(2)(a)</sup>	Singapore	Provision of oncology services	100	100	—
Singapore Aesthetic Centre Pte. Ltd. <sup>(3)(a)</sup>	Singapore	Provision of aesthetic medicine services	100	—	—
The Lasik Surgery Clinic Pte. Ltd. <sup>(3)(b)</sup>	Singapore	Provision of refractive surgery services	100	—	—
The Dental Studio Pte. Ltd. <sup>(3)(b)</sup>	Singapore	Provision of dental services	100	—	—
Singapore Sports Medical Centre Pte. Ltd. <sup>(3)(b)</sup>	Singapore	Provision of sports medicine services	100	—	—
Singapore Cornea Transplant Centre Pte. Ltd. <sup>(3)(b)</sup>	Singapore	Dormant company	100	—	—
Singapore Dermatology Centre Pte. Ltd. <sup>(3)(b)</sup>	Singapore	Dormant company	100	—	—
Singapore Lipo & Breast Centre Pte. Ltd. <sup>(3)(b)</sup>	Singapore	Provision of aesthetic services	100	—	—
Singapore Sports Orthopaedic Surgery Centre Pte. Ltd. <sup>(3)(b)</sup>	Singapore	Provision of sports orthopaedic surgery services	100	—	—
Singapore Eye and Cataract Centre Pte. Ltd. <sup>(3)(b)</sup>	Singapore	Provision of cornea transplant services and other general ophthalmological services	100	—	—

<sup>(1)</sup> The Company acquired the entire shareholdings in Singapore Vision Centre Pte. Ltd. ("SVC") from its previous shareholders, Dr. Xiaoyan Baumann Geb. Bi and Ng Mei Ling, on 29 February 2008, for a total consideration of \$100. Pursuant to the acquisition, SVC became a wholly owned subsidiary of the Company.

For the financial year ended 31 December 2007, the business of SVC, from the date of incorporation, 27 July 2007, to 31 December 2007, was combined with the Company on the basis that they were under common control by Dr. Xiaoyan Baumann Geb. Bi. Accordingly, the equity interest in SVC held by the Group as at 31 December 2007 was 100%.

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**12. Investment in subsidiaries (continued)**

- (2) The Company acquired the entire shareholdings in Cancer Centre Pte. Ltd. ("TCC") from its previous shareholders, Dr. Xiaoyan Baumann Geb. Bi and Ng Mei Ling, on 1 June 2008, for a total consideration of \$100. Pursuant to the acquisition, TCC became a wholly owned subsidiary of the Company. On 15 August 2008, the Company subscribed for an additional 499,900 shares in TCC for a consideration of \$499,900.

For the financial year ended 31 December 2007, the business of TCC, from the date of incorporation, 26 December 2007, to 31 December 2007, was combined with the Company on the basis of common control by Dr. Xiaoyan Baumann Geb. Bi. Accordingly, the equity interest in TCC held by the Group as at 31 December 2007 was 100%.

- (3) These companies were incorporated during the financial year ended 31 December 2008 as wholly owned subsidiaries of the Company.

- (a) Audited by Ernst & Young LLP, Singapore, for the period ended 31 December 2008

- (b) Not required to file statutory financial statements for the period ended 31 December 2008. Audited by Ernst & Young LLP, Singapore, for the purposes of consolidation.

**13. Property, plant and equipment**

	Office Equipment \$'000	Medical Equipment \$'000	Furniture and Fittings \$'000	Motor Vehicles \$'000	Total \$'000
<b>31 December 2006</b>					
<b>Cost</b>					
At 1 January 2006	22	701	—	—	723
Additions	35	988	196	—	1,219
Disposals	—	(86)	—	—	(86)
At 31 December 2006	57	1,603	196	—	1,856
<b>Accumulated depreciation</b>					
At 1 January 2006	6	93	—	—	99
Depreciation charge for the year	23	235	23	—	281
Disposals	—	(23)	—	—	(23)
At 31 December 2006	29	305	23	—	357
<b>Net carrying amount</b>					
At 31 December 2006	28	1,298	173	—	1,499

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**13. Property, plant and equipment (continued)**

	Office Equipment \$'000	Medical Equipment \$'000	Furniture and Fittings \$'000	Motor Vehicles \$'000	Total \$'000
<b>31 December 2007</b>					
<b>Cost</b>					
At 1 January 2007	57	1,603	196	—	1,856
Additions	102	1,714	592	—	2,408
Disposals	—	(580)	—	—	(580)
At 31 December 2007	159	2,737	788	—	3,684
<b>Accumulated depreciation</b>					
At 1 January 2007	29	305	23	—	357
Depreciation charge for the year	29	357	134	—	520
Disposals	—	(210)	—	—	(210)
At 31 December 2007	58	452	157	—	667
<b>Net carrying amount</b>					
At 31 December 2007	101	2,285	631	—	3,017
<b>31 December 2008</b>					
<b>Cost</b>					
At 1 January 2008	159	2,737	788	—	3,684
Additions	166	606	1,036	83	1,891
At 31 December 2008	325	3,343	1,824	83	5,575
<b>Accumulated depreciation</b>					
At 1 January 2008	58	452	157	—	667
Depreciation charge for the year	108	605	510	7	1,230
At 31 December 2008	166	1,057	667	7	1,897
<b>Net carrying amount</b>					
At 31 December 2008	159	2,286	1,157	76	3,678

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**13. Property, plant and equipment (continued)**

*Assets held under finance lease*

The carrying amount of medical equipment and motor vehicle held under finance leases as at 31 December 2008 is \$352,000 (2007: \$493,000; 2006: \$960,000) and \$76,000 (2007: \$Nil; 2006: \$Nil) respectively.

**14. Deferred tax assets/(liabilities)**

Deferred tax assets/(liabilities) as at 31 December arise as a result of:

	2008 \$'000	2007 \$'000	2006 \$'000
Difference in depreciation for tax purposes	(160)	(112)	12

**15. Inventories**

Inventories consist of drugs and medicines, consumables and others.

During the financial years ended 31 December 2006, 2007 and 2008, there has been no inventory written off or allowance for inventory obsolescence.

**16. Trade receivables**

	2008 \$'000	2007 \$'000	2006 \$'000
Trade receivables	93	—	—
Less: Allowance for doubtful trade receivables	(5)	—	—
	88	—	—

Movement in allowance for doubtful trade receivables during the financial years are as follows:

	2008 \$'000	2007 \$'000	2006 \$'000
At beginning of financial year	—	—	—
Allowance for the financial year	5	—	—
At end of financial year	5	—	—

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**16. Trade receivables (continued)**

Trade receivables are non-interest bearing. Sales are normally settled on a cash basis. Credit sales terms are determined on a case-to-case basis and ranges up to 12 months. Trade receivables are recognised at their original invoiced amounts which represent their fair values on initial recognition.

***Receivables that are past due but not impaired***

The Group has trade receivables amounting to approximately \$88,000, \$Nil and \$Nil as of 31 December 2008, 2007 and 2006 respectively that are past due but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	2008 \$'000	2007 \$'000	2006 \$'000
Trade receivables past due:			
Less than 30 days	38	—	—
30 to 60 days	32	—	—
60 to 90 days	5	—	—
More than 90 days	13	—	—
	<u>88</u>	<u>—</u>	<u>—</u>
At end of financial year			

**17. Other receivables**

	2008 \$'000	2007 \$'000	2006 \$'000
Non-current			
— Deposits	<u>618</u>	<u>582</u>	<u>151</u>
Current			
— Deposits	10	—	—
— Other receivables	5	—	—
	<u>15</u>	<u>—</u>	<u>—</u>
Total other receivables	<u>633</u>	<u>582</u>	<u>151</u>

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**18. Amount due from shareholders (non-trade)**

These balances are unsecured, non-interest bearing and are repayable upon demand.

**19. Loans and receivables**

	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade receivables (Note 16)	88	—	—
Other receivables (Note 17)	633	582	151
Amount due from shareholders (non-trade) (Note 18)	782	2,711	1,249
Cash and cash equivalents	1,888	1,020	584
Total loans and receivables	<u>3,391</u>	<u>4,313</u>	<u>1,984</u>

**20. Trade payables**

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

**21. Other payables and accruals**

	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Other payables	1,315	2,074	302
Accrued operating expenses	1,464	1,659	190
Advances from customers	357	91	73
	<u>3,136</u>	<u>3,824</u>	<u>565</u>

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



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**22. Obligations under finance leases**

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	<b>2008</b>		<b>2007</b>		<b>2006</b>	
	<b>\$'000</b>		<b>\$'000</b>		<b>\$'000</b>	
	<b>Minimum lease payments</b>	<b>Present value of payments</b>	<b>Minimum lease payments</b>	<b>Present value of payments</b>	<b>Minimum lease payments</b>	<b>Present value of payments</b>
Within 1 year	404	395	378	345	554	490
After 1 year and not later than 5 years	—	—	210	201	614	572
Total minimum lease payments	404	395	588	546	1,168	1,062
Less: Amounts representing finance charges	(9)	—	(42)	—	(106)	—
Present value of minimum lease payments	395	395	546	546	1,062	1,062

There are no restrictions placed upon the Group by entering into the leases. These leases have an average life of 1 year as at 31 December 2008 (2007: 2 years; 2006: 2 years). The range of discount rate implicit in the leases is 3.3% to 5.3% (2007: 5.3%; 2006: 5.3%) per annum for the financial year ended 31 December 2008. The outstanding amount of finance lease obligations is secured by way of a legal mortgage on the underlying lease assets (Note 13).

**23. Short term bank loan**

	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Term loan	68	—	—

This short term bank loan relates to renovation loan obtained which is secured by a personal guarantee from two directors, Dr. Xiaoyan Baumann Geb. Bi and Ng Mei Ling. The loan bears interest at 1% per annum above the bank's Prime Lending Rate which was 5% for the financial year ended 31 December 2008. This loan is repayable in twelve equal monthly instalments of \$8,000 each commencing on 22 October 2008.

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**24. Financial liabilities carried at amortised cost**

	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade payables (Note 20)	1,926	614	165
Other payables and accruals (Note 21)	3,136	3,824	565
Obligations under finance leases (Note 22)	395	546	1,062
Short term bank loan (Note 23)	68	—	—
Total financial liabilities carried at amortised cost	<u>5,525</u>	<u>4,984</u>	<u>1,792</u>

**25. Share capital**

	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Issued and fully paid:			
At end of the financial year	<u>500<sup>3</sup></u>	<u>200<sup>2</sup></u>	<u>200<sup>1</sup></u>

<sup>1</sup> Share capital as at 31 December 2006 represents the Company's share capital.

<sup>2</sup> Share capital as at 31 December 2007 is the aggregate of the share capital of the Company, SVC and TCC as the business of these companies were combined on the basis that they were under common control by Dr. Xiaoyan Baumann Geb. Bi as at 31 December 2007. The share capital of SVC and TCC amounted to \$100 each as at 31 December 2007.

<sup>3</sup> On 29 February 2008 and 1 June 2008, the Company acquired 100% shareholdings of SVC and TCC respectively from their former shareholders, Dr. Xiaoyan Baumann Geb. Bi and Ng Mei Ling. Accordingly, share capital as at 31 December 2008 represents the Company's share capital.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Group. All ordinary shares carry one vote per share without restrictions.

In accordance with the Companies (Amendment) Act 2005, on 30 January 2006, the shares of the Group ceased to have a par value.

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**26. Dividends**

	2008 \$'000	2007 \$'000	2006 \$'000
<b>Dividends declared during the financial years:</b>			
<i>Dividends on ordinary shares:</i>			
— interim exempt (one-tier) dividend for 2008: \$9.60 per share (2007: \$45 per share; 2006: \$Nil)	4,800	9,000	—

**27. Commitments**

(a) ***Operating lease commitments***

During the financial year, the Group entered into commercial leases relating to the rental of office premises and office equipment. Future minimum lease payments under the operating leases are as follows:

	2008 \$'000	2007 \$'000	2006 \$'000
Not later than 1 year	2,212	1,917	531
Later than 1 year but not later than 5 years	4,066	3,535	778
	6,278	5,452	1,309

The leases do not contain escalation clauses and restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Directors Dr. Xiaoyan Baumann Geb. Bi and Felix Huang Keming have provided joint personal guarantee to a landlord for the financial year ended 31 December 2007 for a sum of \$139,692 (2006: \$139,692) equivalent to three months' base rent and service charge for a rented premise. With effect from 1 November 2008, Dr. Xiaoyan Baumann Geb. Bi and Felix Huang Keming have been discharged from the mentioned personal guarantee.

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**27. Commitments (continued)**

**(b) Capital commitments**

During the financial year, the Group entered into an agreement relating to the purchase of medical equipment. Future minimum lease payments under the purchase agreement are as follows:

	<b>2008 \$'000</b>	<b>2007 \$'000</b>	<b>2006 \$'000</b>
Not later than 1 year	126	—	—
Later than 1 year but not later than 5 years	—	—	—
	<u>126</u>	<u>—</u>	<u>—</u>

**(c) Other commitments**

During the financial year, the Group entered into a contract relating to its advertising expenditures. Future minimum payments under the advertising agreement are as follows:

	<b>2008 \$'000</b>	<b>2007 \$'000</b>	<b>2006 \$'000</b>
Not later than 1 year	75	100	41
Later than 1 year but not later than 5 years	22	29	—
	<u>97</u>	<u>129</u>	<u>41</u>

**28. Segment information**

***Reporting format***

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the services provided. The operating businesses are organised and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services and serves different markets.

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**28. Segment information (continued)**

***Business segments***

The Group's primary format for reporting segment information is business segments, with each segment representing a service line ("Medical Cluster"). The Group's business segment is organised into two business segments, namely:

(i) *Eye Cluster*

The Eye Cluster provides specialist healthcare services in LASIK surgery, cataract surgery and ophthalmology services.

(ii) *Others*

Others comprise the Aesthetics Cluster, Sports Cluster and Critical Illness Cluster which provide specialist healthcare services across the fields of aesthetic medicines, sports medicine and oncology respectively.

***Geographical segments***

There is no geographical segment information provided as the Group operates only in Singapore.

***Allocation basis and transfer pricing***

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other operating expenses, financial income and expenses and income tax expense.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

The Group's assets are solely located in Singapore. Accordingly, it is not meaningful to disclose assets, liabilities and capital expenditure by geographical segments.

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**28. Segment information (continued)**

(a) ***Business segments***

The following table presents revenue, results and other information regarding the Group's business segments for the financial years ended 31 December 2006, 2007 and 2008:

	Eye Cluster \$'000	Others \$'000	Total \$'000
<b>Group</b>			
<b>2006</b>			
<b>Revenue</b>			
Sales to external customers	4,231	51	4,282
Total revenue	4,231	51	4,282
<b>Results</b>			
Gross profit	3,514	27	3,541
Segment expenses	(279)	(2)	(281)
Unallocated expenses, net			(1,616)
Financial expense			(57)
Profit before tax			1,587
Income tax			(301)
Net profit attributable to equity holders			1,286

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**28. Segment information (continued)**

(a) ***Business segments (continued)***

	Eye Cluster \$'000	Others \$'000	Total \$'000
<b>Group</b>			
<b>2007</b>			
<b>Revenue</b>			
Sales to external customers	23,803	847	24,650
Total revenue	<u>23,803</u>	<u>847</u>	<u>24,650</u>
<b>Results</b>			
Gross profit	15,495	480	<u>15,975</u>
Segment expenses	(408)	(112)	(520)
Unallocated expenses, net			(5,470)
Financial income			2
Financial expense			<u>(58)</u>
Profit before tax			9,929
Income tax			<u>(1,783)</u>
Net profit attributable to equity holders			<u>8,146</u>

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**28. Segment information (continued)**

(a) *Business segments (continued)*

	Eye Cluster \$'000	Others \$'000	Total \$'000
<b>Group</b>			
<b>2008</b>			
<b>Revenue</b>			
Sales to external customers	25,666	4,449	30,115
Total revenue	25,666	4,449	30,115
<b>Results</b>			
Gross profit	16,196	1,724	17,920
Segment expenses	(642)	(593)	(1,235)
Unallocated expenses, net			(10,460)
Financial income			1
Financial expense			(36)
Profit before tax			6,190
Income tax			(1,190)
Net profit attributable to equity holders			5,000



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**28. Segment information (continued)**

(a) ***Business segments (continued)***

The following table presents certain assets, liabilities, and other information regarding the Group's business segments for the financial period/years ended 31 December 2006, 2007 and 2008:

	Eye Cluster \$'000	Others \$'000	Total \$'000
<b>Group</b>			
<b>31 December 2006</b>			
<b>Assets and liabilities:</b>			
Segment assets	1,459	40	1,499
Unallocated assets			2,008
			3,507
Unallocated liabilities			2,091
<b>Other segment information:</b>			
Capital expenditures:			
— Property, plant and equipment	1,179	40	1,219
Depreciation of property, plant and equipment	279	2	281
<b>31 December 2007</b>			
<b>Assets and liabilities:</b>			
Segment assets	2,233	784	3,017
Unallocated assets			4,599
			7,616
Unallocated liabilities			7,054
<b>Other segment information:</b>			
Capital expenditures			
— Property, plant and equipment	1,552	856	2,408
Depreciation of property, plant and equipment	408	112	520

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**28. Segment information (continued)**

(a) *Business segments (continued)*

	Eye Cluster \$'000	Others \$'000	Total \$'000
<b>Group</b>			
<b>31 December 2008</b>			
<b>Assets and liabilities:</b>			
Segment assets	1,782	1,896	3,678
Unallocated assets			4,213
			<u>7,891</u>
Unallocated liabilities			<u>7,129</u>
<b>Other segment information:</b>			
Capital expenditures			
— Property, plant and equipment	192	1,699	1,891
Allowance for doubtful trade receivables	—	5	5
Depreciation of property, plant and equipment	642	588	1,230

**29. Financial risk management objectives and policies**

The Group's principal financial instruments comprise obligations under finance leases, short term bank loan and cash and cash equivalents. The main purpose of these financial instruments is to raise finance 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 its operations.

The main risks arising from the Group's financial instruments are interest rate risks (both fair value and cash flow), liquidity risk, and credit risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

It is, and has been throughout the years under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

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**29. Financial risk management objectives and policies (continued)**

***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 short term bank loan for the financial years ended 31 December 2006, 2007 and 2008. 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 the notes on the Group's borrowings.

***Sensitivity analysis for interest rate risk***

At the balance sheet date, if SGD interest rates had been 100 (2007: 100; 2006: 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been \$13,000 (2007: \$8,000; 2006: \$5,000) lower/higher, arising mainly as a result of lower/higher interest income on floating rate cash at bank balances and higher/lower interest expense on floating rate short term bank loan.

***Liquidity risk***

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

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 table below summarises the maturity profile of the Group's financial liabilities at the balance sheet date based on contractual undiscounted payments.

	One year or less \$'000	One to five years \$'000	Total \$'000
<b>31 December 2006</b>			
Trade payables (Note 20)	165	—	165
Other payables and accruals (Note 21)	565	—	565
Obligations under finance leases (Note 22)	554	614	1,168
	1,284	614	1,898

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**29. Financial risk management objectives and policies (continued)**

***Liquidity risk (continued)***

	One year or less \$'000	One to five years \$'000	Total \$'000
<b>31 December 2007</b>			
Trade payables (Note 20)	614	—	614
Other payables and accruals (Note 21)	3,824	—	3,824
Obligations under finance leases (Note 22)	378	210	588
	4,816	210	5,026
<b>31 December 2008</b>			
Trade payables (Note 20)	1,926	—	1,926
Other payables and accruals (Note 21)	3,136	—	3,136
Obligations under finance leases (Note 22)	404	—	404
Short term bank loan (Note 23)	70	—	70
	5,536	—	5,536

***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group 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 exposure to bad debts is not significant.

***Exposure to credit risk***

At the balance sheet date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

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**29. Financial risk management objectives and policies (continued)**

***Credit risk (continued)***

*Financial assets that are neither past due nor impaired*

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

*Financial assets that are either past due or impaired*

Information regarding financial assets that are either past due or impaired is disclosed in Note 16.

**30. 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.

*Financial instruments whose carrying amount approximates fair value*

Management has determined that the carrying amounts of cash and cash equivalents, current trade and other receivables and current trade and other payables, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

*Financial instruments carried at other than fair value*

Set out below is a comparison by category of the carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements at other than fair values:

	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Obligations under finance leases</b>			
Carrying amount (Note 22)	395	546	1,062
Fair value	393	547	1,068

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**30. Fair value of financial instruments (continued)**

*Methods and assumptions used to determine fair value*

The fair values of the finance lease obligations have been determined using discounted estimated cash flow. The discount rates used are the current market incremental lending rates for similar types of leasing arrangements.

During the financial years ended 31 December 2006, 2007 and 2008, no amount has been recognised in the income statement in relation to the change in fair value of financial assets or financial liabilities estimated using a valuation technique.

**31. Capital management**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios 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 2006, 2007 and 2008.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables, obligations under finance leases, short term bank loan less cash and cash equivalents. Capital consists of equity attributable to the equity holders of the parent.

	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade payables (Note 20)	1,926	614	165
Other payables and accruals (Note 21)	3,136	3,824	565
Obligations under finance leases (Note 22)	395	546	1,062
Short term bank loan (Note 23)	68	—	—
Less: Cash and cash equivalents	(1,888)	(1,020)	(584)
Net debt	<u>3,637</u>	<u>3,964</u>	<u>1,208</u>
Equity attributable to the then equity holders	<u>762</u>	<u>562</u>	<u>1,416</u>
Total capital	<u>762</u>	<u>562</u>	<u>1,416</u>
<b>Capital and net debt</b>	<b><u>4,399</u></b>	<b><u>4,526</u></b>	<b><u>2,624</u></b>
<b>Gearing ratio</b>	<b><u>82.7%</u></b>	<b><u>87.6%</u></b>	<b><u>46.0%</u></b>

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**32. Income statement for the period from 1 January 2006 to 28 February 2006**

	<b>1 January 2006 to 28 February 2006 \$'000</b>
<b>Revenue</b>	170
Cost of sales	(139)
	<hr/>
<b>Gross profit</b>	31
<b>Other items of expense</b>	
Distribution and selling expenses	(37)
Administrative expenses	(153)
Financial expenses	(4)
	<hr/>
<b>Loss before tax</b>	(163)
Income tax	33
	<hr/>
<b>Net loss attributable to equity holders</b>	<u>(130)</u>

**33. Events after balance sheet date**

Subsequent to the financial year ended 31 December 2008,

- (I) On 12 January 2009, the Group incorporated LSC Premium Pte. Ltd. (now known as Premium Lasik Surgery Clinic Pte. Ltd.) in Singapore with a paid up share capital of \$100. LSC Premium Pte. Ltd. is a 100% wholly-owned subsidiary of the Company;
- (II) On 31 January 2009 and 26 February 2009, the Company's subsidiaries, Singapore Lipo & Breast Centre Pte Ltd and Singapore Eye and Cataract Centre Pte. Ltd., changed their names to Singapore Lipo, Body & Face Centre Pte. Ltd. and Singapore Eye & Cornea Transplant Centre Pte. Ltd. ('SECTC') respectively;
- (III) On 13 May 2009, the Company incorporated a wholly owned subsidiary, SMG International Partners Pte. Ltd. with issued and fully paid up share capital of \$100;
- (IV) On 13 May 2009, the Company disposed its ownership of its sole proprietorship, Singapore Eye & Vision Centre;

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**33. Events after balance sheet date (continued)**

- (V) Pursuant to written resolutions dated 30 June 2009, the Shareholders approved, *inter alia*, the following:
- (a) the sub-division of each Share into 270 Shares;
  - (b) the conversion of the Company into a public limited company and the change of the name of the Company to “Singapore Medical Group Limited”;
  - (c) the adoption of a new set of Articles of Association;
  - (d) the allotment and issue of 8,550,000 New Shares which are the subject of the Placement, on the basis that the New Shares, when allotted, issued and fully-paid, will rank *pari passu* in all respects with the existing Shares;
  - (e) the allotment and issue of 2,186,000 PPCF Shares to PPCF, on the basis that the PPCF Shares, when allotted, issued and fully-paid, will rank *pari passu* in all respects with the existing Shares;
  - (f) the adoption of the SMG Employee Share Option Scheme, and the authorisation of the Directors, pursuant to Section 161 of the Companies Act, to allot and issue Shares upon the exercise of Options granted under the Share Option Scheme and that authority be given to the Directors to grant Options at a discount up to a maximum discount of 20.0%; and
  - (g) the authorisation of the Directors, pursuant to Section 161 of the Companies Act, to:
    - (i) allot and issue Shares whether by way of rights, bonus or otherwise (including Shares as may be issued pursuant to any Convertible Securities (as defined below) made or granted by the Directors while this resolution is in force notwithstanding that the authority conferred by this resolution may have ceased to be in force at the time of issue of such Shares), and/or
    - (ii) make or grant offers, agreements or options (collectively, “Convertible Securities”) that might or would require Shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares,



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**APPENDIX A — AUDITED COMBINED FINANCIAL STATEMENTS OF  
SINGAPORE MEDICAL GROUP LIMITED AND ITS SUBSIDIARIES  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

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**SINGAPORE MEDICAL GROUP LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS —  
31 DECEMBER 2006, 2007 AND 2008 (CONTINUED)**

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(Amounts expressed in Singapore dollars)

**33. Events after balance sheet date (continued)**

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, provided that the aggregate number of Shares issued pursuant to such authority (including Shares to be issued pursuant to any Convertible Securities but excluding Shares which may be issued pursuant to any adjustments (“Adjustments”) effected under any relevant Convertible Securities, which Adjustment shall be made in compliance with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being), shall not exceed 100.0% of the total number of issued Shares (excluding treasury shares) immediately after the Placement, and provided that the aggregate number of such Shares to be issued other than on a *pro rata* basis in pursuance to such authority (including Shares to be issued pursuant to any Convertible Securities but excluding shares which may be issued pursuant to any Adjustment effected under any relevant Convertible Securities) to the existing Shareholders shall not exceed 50.0% of the total number of issued Shares (excluding treasury shares) immediately after the Placement, and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

**34. Authorisation of financial statements**

The combined financial statements for the years ended 31 December 2006, 2007 and 2008 were authorised for issue in accordance with a resolution of the directors on 15 July 2009.

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## **APPENDIX B — SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY**

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The discussion below provides information about certain provisions of our Memorandum and Articles of Association and certain aspects of Singapore company law. This description is only a summary and is qualified by reference to the Companies Law and our Memorandum and Articles of Association. The instruments that constitute and define us are our Memorandum and Articles of Association.

### **SUMMARY OF OUR ARTICLES OF ASSOCIATION**

#### **1. Directors**

##### **(a) Ability of interested directors to vote**

A Director shall not vote in respect of any contract, proposed contract or arrangement or any other proposal in which he has any personal material interest, and he shall not be counted in the quorum present at the meeting.

##### **(b) Remuneration**

Fees payable to Non-executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of the Company) as shall from time to time be determined by the Company in general meeting. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

Any Director who holds any executive office, or who serves on any committee of the Directors, or who performs services outside the ordinary duties of a Director, may be paid extra remuneration by way of salary, commission or otherwise, as the Directors may determine.

The remuneration of a Managing Director shall be fixed by the Directors and may be by way of salary or commission or participation in profits or by any or all of these modes but shall not be by a commission on or a percentage of turnover. The Directors shall have power to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits, to contribute to any scheme or fund or to pay premiums.

##### **(c) Borrowing**

Our Directors may exercise all the powers of our Company to raise or borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to secure any debt, liability or obligation of our Company.

##### **(d) Retirement Age Limit**

There is no retirement age limit for Directors under our Articles of Association. Section 153 of the Companies Act however, provides that no person of or over the age of 70 years shall be appointed a director of a public company, unless he is appointed or re-appointed as a director of the Company or authorised to continue in office as a director of the Company by way of an ordinary resolution passed at an annual general meeting of the Company.

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## **APPENDIX B — SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY**

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### **(e) Shareholding Qualification**

There is no shareholding qualification for Directors in the Memorandum and Articles of Association of the Company.

## **2. Share rights and restrictions**

Our Company currently has one class of shares, namely, ordinary shares. Only persons who are registered on our register of shareholders are recognised as our shareholders. In cases where the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the ordinary shares are recognised as our shareholders.

### **(a) Dividends and distribution**

We may, by ordinary resolution of our shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of profits available for distribution. We may capitalise any sum standing to the credit of any of the Company's reserve accounts and apply it to pay dividends, if such dividends are satisfied by the issue of shares to our shareholders. All dividends are paid pro rata amongst our shareholders in proportion to the amount paid up on each shareholder's ordinary shares, unless the rights attaching to an issue of any ordinary share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

The payment by the Directors of any unclaimed dividends or other monies payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company. Any dividend unclaimed after a period of six years after having been declared may be forfeited and shall revert to the Company but the Directors may thereafter at their discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture.

The Directors may retain any dividends or other monies payable on or in respect of a share on which our 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) Voting rights**

A holder of our ordinary shares is entitled to attend and vote at any general meeting, in person or by proxy. Proxies need not be a shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by CDP at least 48 hours before the general meeting. Except as otherwise provided in our Articles of Association, two or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles of Association, on a show of hands, every shareholder present in person and by proxy shall have one vote, and on a poll, every shareholder present in person or by proxy shall have one vote for each ordinary share which

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## APPENDIX B — SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY

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he holds or represents. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by any shareholder present in person or by proxy and representing not less than 10 per cent. of the total voting rights of all shareholders having the right to attend and vote at the meeting or by any two shareholders present in person or by proxy and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the Chairman of the meeting shall be entitled to a casting vote.

### 3. Change in capital

Changes in the capital structure of our Company (for example, an increase, consolidation, cancellation, sub-division or conversion of our share capital) require shareholders to pass an ordinary resolution. General meetings at which ordinary resolutions are proposed to be passed shall be called by at least 14 days' notice in writing. The notice must be given to each of our shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting. The reduction of our share capital is subject to the conditions prescribed by law.

### 4. Variation of rights of existing shares or classes of shares

Subject to the Companies Act, whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the total voting rights of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of our Articles of Association relating to general meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the total voting rights of the issued shares of the class, and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters of the total voting rights of the issued shares of the class concerned within two months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting. These provisions 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 or abrogated.

The relevant Article does not impose more significant conditions than the Companies Act in this regard.

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## APPENDIX C — TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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You are invited to apply and purchase and/or subscribe for the Placement Shares at the Placement Price, subject to the following terms and conditions:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 PLACEMENT SHARES AND INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF SHARES WILL BE REJECTED.**
2. Your application for Placement Shares may only be made by way of Application Forms.

**YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE PLACEMENT SHARES.**

3. **You are allowed to submit only one application in your own name for the Placement Shares.**

**If you, being other than an approved nominee company, have submitted an application for Placement Shares in your own name, you should not submit any other application for Placement Shares for any other person. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at the discretion of the Vendor and us.**

**Joint applications shall be rejected. If you submit or procure submissions of multiple share applications for the Placement Shares, you may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the SFA, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications may be rejected at the discretion of the Vendor and us.**

4. We will not accept applications from any person under the age of 21 years, undischarged bankrupts, sole proprietorships, partnerships, chops or non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Forms) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased name at the time of application.

No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased name at the time of application.

5. We will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or companies after complying with paragraph 6 below.
6. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies and licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies shall be rejected.
7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected. If you have an existing Securities

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## APPENDIX C — TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality, permanent residence status and CDP Securities Account number provided in your Application Form differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one individual direct Securities Account with CDP, your application shall be rejected.

8. **If your address as stated in the Application Form is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondence from CDP will be sent to your address last registered with CDP.**
9. **We and the Vendor reserve the right to reject any application which does not conform strictly to the instructions set out in the Application Forms and in this Offer Document or with the terms and conditions of this Offer Document or, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn remittance or improper form of remittance or remittances which are not honoured upon the first presentation.**
10. **We and the Vendor further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Forms or the terms and conditions of this Offer Document, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**
11. We and the Vendor reserve the right to reject or to accept, in whole or in part, any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision of the Vendor and us will be entertained. In deciding the basis of allocation and/or allotment which shall be at the discretion of the Vendor and us, due consideration will be given to the desirability of allocating and/or allotting the Placement Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
12. Share certificates will be registered in the name of CDP and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of Placement Shares allocated and/or allotted to you, if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by the Vendor and us. You irrevocably authorise CDP to complete and sign on your behalf, as transferee or renounce, any instrument of transfer and/or other documents required for the issue or transfer of the Placement Shares allocated and/or allotted to you.
13. In the event that we lodge a supplementary or replacement Offer Document ("Relevant Document") pursuant to the SFA or any applicable legislation in force from time to time prior to the close of the Placement, and the Placement Shares have not been sold and/or issued, we (and on behalf of the Vendor) will (as required by law), and subject to the SFA, at our sole and absolute discretion either:
  - (i) within seven days of the lodgment of the Relevant Document give you a copy of the Relevant Document and provide you with an option to withdraw; or



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## **APPENDIX C — TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE**

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- (ii) deem your application as withdrawn and cancelled and refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within seven days from the lodgment of the Relevant Document.

Where you have notified us within 14 days from the date of lodgment of the Relevant Document of your wish to exercise your option under paragraph 13(i) and (ii) above to withdraw your application, we (and on behalf of the Vendor) shall pay to you all monies paid by you on account of your application for the Placement Shares without interest or any share or revenue or other benefit arising therefrom and at your own risk, within seven days from the receipt of such notification.

In the event that at any time at the time of the lodgment of the Relevant Document, the Placement Shares have already been issued and/or sold but trading has not commenced, we (and on behalf of the Vendor) will (as required by law), and subject to the SFA, either:

- (iii) within seven days from the lodgment of the Relevant Document give you a copy of the Relevant Document and provide you with an option to return the Placement Shares; or
- (iv) deem the issue as void and refund your payment for the Placement Shares (without interest or any share of revenue or other benefit arising therefrom) within seven days from the lodgment of the Relevant Document.

Any applicant who wishes to exercise his option under paragraph 13(iii) above to return the Placement Shares issued and/or sold to him shall, within 14 days from the date of lodgment of the Relevant Document, notify us of this and return all documents, if any, purporting to be evidence of title of those Placement Shares, whereupon we (and on behalf of the Vendor) shall, subject to the SFA, within seven (7) days from the receipt of such notification and documents, pay to him all monies paid by him for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the Placement Shares issued to him shall be void.

Additional terms and instructions applicable upon the lodgment of the supplementary or replacement Offer Document, including instructions on how you can exercise the option to withdraw, may be found in such supplementary or replacement Offer Document.

- 14. In the event of an under-subscription for the Placement Shares as at the close of the Application List, that number of Placement Shares under-subscribed shall be subscribed by the Placement Agent.
- 15. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Placement Shares allocated and/or allotted to you pursuant to your application, to us, the Vendor, the Sponsor and the Placement Agent and, any other parties so authorised by the foregoing persons.
- 16. Any reference to “you” or the “applicant” in this section shall include a person applying for the Placement Shares through the Placement Agent.

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## APPENDIX C — TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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17. By completing and delivering an Application Form in accordance with the provisions of this Offer Document, you:
- (i) irrevocably offer, agree and undertake to purchase and/or subscribe for the number of Placement Shares specified in your application (or such smaller number for which the application is accepted) at the Placement Price and agree that you will accept such Placement Shares as may be allocated and/or allotted to you, in each case, subject to the conditions set out in this Offer Document and our Memorandum and Articles of Association;
  - (ii) agree that the aggregate Placement Price for the Placement Shares applied for is due and payable to the Vendor and us forthwith;
  - (iii) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by the Vendor and us in determining whether to accept your application and/or whether to allot and/or allocate any Placement Shares to you; and
  - (iv) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of us, the Vendor, the Sponsor and/or the Placement Agent will infringe any such laws as a result of the acceptance of your application.
18. Our acceptance of applications will be conditional upon, *inter alia*, the Vendor and us being satisfied that:
- (i) permission has been granted by the SGX-ST to deal in and for quotation of all our Shares on Catalist;
  - (ii) the Management Agreement and the Placement Agreement referred to in the section entitled “General and Statutory Information — Management and Placement Arrangements” of this Offer Document have become unconditional and have not been terminated; and
  - (iii) the Authority has not served a stop order which directs that no or no further Shares to which this Offer Document relates be allocated and/or allotted.
19. In the event that a stop order in respect of the Placement Shares is served by the Authority or other competent authority, and
- (i) the Placement Shares have not been sold and/or issued, we will (as required by law), and subject to the SFA, deem all applications withdrawn and cancelled and we shall refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the stop order; or
  - (ii) If the Placement Shares have already been sold and/or issued but trading has not commenced, the sale and/or issue will (as required by law) be deemed void and
    - i. if documents purporting to evidence title had been issued to you, we (for ourselves and on behalf of the Vendor) shall inform you to return such documents to us within 14 days from that date; and

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## APPENDIX C — TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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- ii. we (for ourselves and on behalf of the Vendor) will refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within seven days from the date of receipt of those documents (if applicable) or the date of the stop order, whichever is later.

This shall not apply where only an interim stop order has been served.

20. In the event that an interim stop order in respect of the Placement Shares is served by the Authority or other competent authority, no Placement Shares shall be issued to you until the Authority revokes the interim stop order.
21. The Authority or the SGX-ST (acting on behalf of the Authority) is not able to serve a stop order in respect of the Placement Shares if the Placement Shares have been sold and/or issued and listed on a securities exchange and trading in them has commenced.
22. In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same through an SGXNET announcement to be posted on the Internet at the SGX-ST website at <http://www.sgx.com> and through a paid advertisement in a generally circulating daily press.
23. We will not hold any application in reserve.
24. We will not allocate and/or allot Shares on the basis of this Offer Document later than six months after the date of registration of this Offer Document.
25. Additional terms and conditions for applications by way of Application Forms are set out in pages C-6 to C-8 of this Offer Document.

### ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below as well as those set out in the section entitled “Terms and Conditions and Procedures for Application and Acceptance” of this Offer Document as well as our Memorandum and Articles of Association.

1. Your application for the Placement Shares must be made using the **BLUE** Application Forms for Placement Shares accompanying and forming part of this Offer Document.

We draw your attention to the detailed instructions contained in the respective Application Forms and this Offer Document for the completion of the Application Forms which must be carefully followed. **We and the Vendor reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Offer Document or to the terms and conditions of this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances or which are not honoured upon their first presentation.**

2. Your Application Forms must be completed in English. Please type or write clearly in ink using BLOCK LETTERS.

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## APPENDIX C — TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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3. All spaces in the Application Forms, except those under the heading “FOR OFFICIAL USE ONLY”, must be completed and the words “NOT APPLICABLE” or “N.A.” should be written in any space that is not applicable.
4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full names as they appear in your identity cards (if you have such identification document) or in your passports and, in the case of corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with our Share Registrar. We and the Vendor reserve the right to require you to produce documentary proof of identification for verification purposes.
5.
  - (a) You must complete Sections A and B and sign on page 1 of the Application Form.
  - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
  - (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
6. You (whether you are an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore having an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporations. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Placement Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporation.
7. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of Placement Shares applied for, in the form of a BANKER’S DRAFT or CASHIER’S ORDER drawn on a bank in Singapore, made out in favour of **“SINGAPORE MEDICAL GROUP SHARE ISSUE ACCOUNT”** crossed **“A/C PAYEE ONLY”**, with your name, CDP Securities Account Number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by ANY OTHER FORM OF PAYMENT WILL NOT BE ACCEPTED. We will reject remittances bearing “NOT TRANSFERABLE” or “NON TRANSFERABLE” crossings. No acknowledgement or receipt will be issued by us, the Vendor or the Sponsor for applications and application monies received.

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## APPENDIX C — TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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8. You must affix adequate postage (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk** to Singapore Medical Group Limited c/o DMG & Partners Securities Pte Ltd, 20 Raffles Place, #22-01 Ocean Towers, Singapore 048620, to arrive by **12.00 noon on 21 July 2009 or such other time as we and the Vendor may, in consultation with the Sponsor and Placement Agent, decide. Local Urgent Mail or Registered Post must NOT be used. ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.
9. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and application monies have been received in the designated share issue account. In the event that the Placement is cancelled by us following the termination of the Management Agreement and/or the Placement Agreement or the Placement does not proceed for any reason, the application monies received will be refunded (without interest or any share of revenue or any other benefit arising therefrom) to you by ordinary post or telegraphic transfer at your own risk within five Market Days of the termination of the Placement. In the event that the Placement is cancelled by us following the issuance of a stop order by the Authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post or telegraphic transfer at your own risk within 14 Market Days from the date of the stop order.
10. Capitalised terms used in the Application Forms and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.
11. By completing and delivering the Application Forms, you agree that:
  - (i) in consideration of the Vendor and us having distributed the Application Forms to you and agreeing to close the Application List at 12 noon on 21 July 2009 or such other time or date as our Directors and the Vendor may, in consultation with the Sponsor and Placement Agent, decide and by completing and delivering the Application Form, you agree that:
    - i. your application is irrevocable; and
    - ii. your remittance will be honoured on first presentation and that any application monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;
  - (ii) all applications, acceptances and contracts resulting therefrom under the Placement shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
  - (iii) in respect of the Placement Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of us;
  - (iv) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

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## **APPENDIX C — TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE**

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- (v) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of us, the Vendor, the Manager, Sponsor and Sub-Placement Agent and the Placement Agent or any other person involved in the Placement shall have any liability for any information not so contained;
- (vi) you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, and share application amount to our Share Registrar, CDP, SCCS, SGX-ST, us, the Vendor, the Manager, Sponsor and Sub-Placement Agent, the Placement Agent or other authorised operators; and
- (vii) you irrevocably agree and undertake to purchase and/or subscribe for the number of Placement Shares applied for as stated in the Application Form or any smaller number of such Placement Shares that may be allocated and/or allotted to you in respect of your application. In the event that we decide to allocate and/or allot any smaller number of Placement Shares or not to allocate and/or allot any Placement Shares to you, you agree to accept such decision as final.





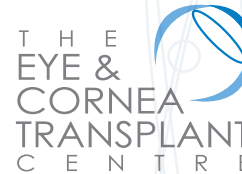
**The Lasik Surgery Clinic**  
290 Orchard Road #13-01/06 Paragon  
Singapore 238859  
Tel: (65) 6836 1000 Fax: (65) 6836 8385



**Premium Lasik Surgery Clinic**  
290 Orchard Road #17-03/04 Paragon  
Singapore 238859  
Tel: (65) 6838 1000 Fax: (65) 6736 2979

## Singapore Vision Centre

**Singapore Vision Centre**  
290 Orchard Road #13-01/06 Paragon  
Singapore 238859  
Tel: (65) 6836 1000 Fax: (65) 6836 8385



**The Eye & Cornea Transplant Centre**  
290 Orchard Road #17-03/04 Paragon  
Singapore 238859  
Tel: (65) 6838 1000 Fax: (65) 6736 2979



**Singapore Sports Medicine Centre**  
10 Sinaran Drive #08-07/11 & #08-32/33 Novena Medical Centre  
Singapore 307506  
Tel: (65) 6737 1000 / 9437 1000



**Singapore Sports Orthopaedic Surgery Centre**  
10 Sinaran Drive #08-07/11 & #08-32/33 Novena Medical Centre  
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**Singapore Aesthetics Centre**  
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**The Dental Studio**  
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**Singapore Lipo, Body & Face Centre**  
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**The Cancer Centre**  
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**SINGAPORE MEDICAL GROUP LIMITED**

(Company Registration Number: 200503187W)

(Incorporated in the Republic of Singapore on 10 March 2005)

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