



ANNUAL REPORT 2014

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This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Hong Leong Finance Limited for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report. The contact person for the Sponsor is Mrs. Joan Ling, Senior Vice President, Head of Corporate Finance, Hong Leong Finance Limited, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.

## BOARD OF DIRECTORS

Mr S. Chandra Das  
(Non-Executive Chairman and  
Independent Director)

Dr Ang Peng Tiam  
(Executive Director and  
Chief Executive Officer)

Dr Khoo Kei Siong  
(Executive Director and  
Chief Operating Officer)

Mr Sitoh Yih Pin  
(Independent Director)

Mr Dan Yock Hian  
(Independent Director)

Mr Lim Jen Howe  
(Non-Executive Director)

Mr Lim Teong Jin George  
(Non-Executive Director)

## AUDIT COMMITTEE

Mr Sitoh Yih Pin (Chairman)  
Mr Dan Yock Hian  
Mr Lim Jen Howe

## REMUNERATION COMMITTEE

Mr S. Chandra Das (Chairman)  
Mr Sitoh Yih Pin  
Mr Lim Teong Jin George

## NOMINATING COMMITTEE

Mr S. Chandra Das (Chairman)  
Dr Ang Peng Tiam  
Mr Dan Yock Hian

## COMPANY SECRETARIES

Mr Lee Wei Hsiung  
Ms Pan Mi Keay

## REGISTERED OFFICE

101 Thomson Road  
#09- 02 United Square  
Singapore 307591  
Telephone No : (65) 6258 6918  
Facsimile : (65) 6258 0648  
Website : [www.talkmed.com.sg](http://www.talkmed.com.sg)

## PRINCIPAL PLACE OF BUSINESS

3 Mount Elizabeth  
#13-16/17 Mount Elizabeth Hospital  
Singapore 228510

## SHARE REGISTRAR AND SHARE TRANSFER OFFICE

**B.A.C.S. Private Limited**  
63 Cantonment Road  
Singapore 089758

## SPONSOR

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

## AUDITORS

**Ernst & Young LLP**  
Public Accountants and Chartered Accountants  
One Raffles Quay  
North Tower, Level 18  
Singapore 048583

Partner-in-charge: Tan Peck Yen (appointed since  
the financial year ended 31 December 2013)  
Chartered Accountant,  
a member of the Institute of Singapore Chartered  
Accountants

## PRINCIPAL BANKER

**Oversea-Chinese Banking Corporation Limited**  
65 Chulia Street  
#06- 00 OCBC Centre  
Singapore 049513

## CORPORATE PROFILE

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TalkMed Group Limited (“TalkMed”) was incorporated on 10 September 2013, and is the holding company of its wholly-owned subsidiaries, Singapore Cancer Centre Pte. Ltd. (“SCC”) and TalkMed Vietnam Pte Ltd (“TalkMed Vietnam”), and 60%-owned subsidiary, Stem Med Pte Ltd (“Stem Med”).

The company has its origins in Haematology and Cancer Centre Pte. Ltd. (“HCC”) which was founded by the present CEO Dr Ang Peng Tiam in 1997. In 2006, HCC together with a few other medical practices merged to form SCC to provide multidisciplinary care and develop ancillary support services for cancer patients. SCC commenced operations in November 2006 and operates under the Parkway Cancer Centre (“PCC”) brand name through a contractual arrangement between SCC and Parkway Hospitals Singapore Pte. Ltd. (“PHS”).

The company’s principal activity is the provision of medical oncology services. Our doctors provide tertiary healthcare services in the fields of medical oncology and palliative care to the oncology patients in the private sector in Singapore through PCC. The company’s clinical functions include attending to patients, examination and administering medical treatment to patients and performing minor outpatient surgical procedures, prescribing medicines and investigations such as laboratory tests or diagnostic procedures. These clinical functions also include the review of investigation results and follow-up care with the patient.

We currently provide medical oncology services and palliative care services with twelve doctors (with a new doctor joining us on 1 April 2015) at eight clinics in Gleneagles Hospital Singapore, Mount Elizabeth Hospital Singapore, Mount Elizabeth Medical Centre and Mount Elizabeth Novena Specialist Centre Singapore, which are hospitals operated by PHS. We have established ourselves as one of the market leaders in medical tourism in Singapore with foreign patients accounting for more than 60% of our patient-load in the past few years.

TalkMed Vietnam was set up in March 2014 and has partnered with Thu Cuc International General Hospital (“Thu Cuc”) to set up a medical centre to provide specialist medical oncology services in Hanoi while Stem Med was set up in January 2015 and will be engaged in the provision of medical services related to cellular therapy.

TalkMed was listed on the Singapore Exchange – Catalist board on 30 January 2014.

Dear Shareholders,

I am pleased to present our Annual Report for the financial year ended 31 December 2014 ("FY2014"), a year of growth and expansion.

In FY2014, our revenue has grown by 12.3% to S\$63.2 million largely due to an increase in patient visits as well as an increase in revenue from patients requiring higher intensity care. Notwithstanding an increase in employee benefits and operating lease expenses of 2.9% and 99.5% respectively, our total operating expenses decreased by 17.9% largely due to a decrease in other operating expenses of 68.1%. Other operating expenses were higher in FY2013 due to the restructuring exercise that was carried out in preparation of our listing.

On the back of higher revenue and lower operating expenses in FY2014, our profit attributable to shareholders increased by 36.6% to S\$38.5 million.

In view of the strong performance in FY2014, the Board of Directors (the "Board") is proposing a final dividend of 2.43 Singapore cents per ordinary share in respect of FY2014. Together with the interim dividend of 2.13 Singapore cents per ordinary share that was paid on 22 August 2014, the total dividend for FY2014 amounts to 4.56 Singapore cents per ordinary share, representing approximately 78% in dividend payout ratio, exceeding the dividend policy of 75% payout that was set out in our offer document dated 17 January 2014.

In the annual report last year, I shared that we were exploring growth opportunities overseas. I am happy to report that we have incorporated a wholly-owned subsidiary, TalkMed Vietnam Pte Ltd ("TalkMed Vietnam") in March 2014. TalkMed Vietnam has partnered Thu Cuc International General Hospital ("Thu Cuc") to set up a medical centre to provide specialist medical oncology services in Hanoi. Our Vietnam business has commenced and brought in a maiden revenue of S\$0.09 million for FY2014. Although small in comparison with the revenue from Singapore segment, our Vietnam business is just at its infancy and I believe we can expect it to contribute more significantly in the years to come.

The partnership with Thu Cuc enables us to leverage on Thu Cuc's in-depth knowledge of the Vietnamese market, its hospital infrastructure and its team of medical staff to serve patients in Vietnam. In addition, the arrangement also provides an avenue to channel patients from Vietnam preferring to seek treatment in Singapore through Parkway Cancer Centre.

Apart from the breakthrough in a new overseas market, we have recently incorporated a new subsidiary just as we entered the new financial year to engage in the provision of medical services related to cellular therapy, which we believe is complementary to our core business. The Group owns 60% of this new subsidiary, Stem Med Pte Ltd, with the remaining 40% owned by StemCord Pte Ltd. The commitment of S\$1.8 million in this new venture will be funded using the proceeds from our IPO, marking the first use of our IPO proceeds.

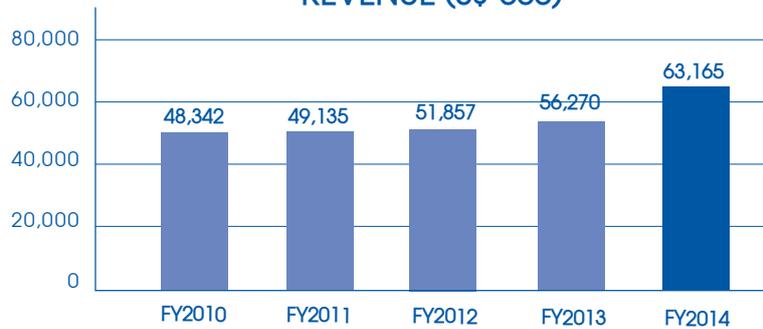
The economies of Singapore and countries in Southeast Asia are expected to continue to grow. We expect the demand for specialist medical oncology and haematology healthcare services to remain strong. We will continue to seek opportunities to expand our business further, raising our profile in medical oncology services, establishing more specialist cancer clinics as well as other state-of-the-art medical facilities locally or overseas.

On behalf of the Board, I wish to thank the Group's management team, staff and business associates for the hard work and dedication in bringing an excellent set of results for FY2014. With this talented team steering TalkMed, we can look forward optimistically for more growth in the years ahead.

S. Chandra Das  
Chairman

# FINANCIAL & OPERATIONS HIGHLIGHTS

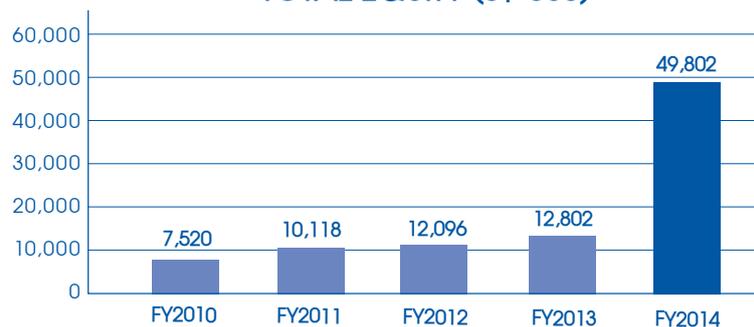
### REVENUE (\$\$'000)



### PROFIT ATTRIBUTABLE TO SHAREHOLDERS (\$\$'000)



### TOTAL EQUITY (\$\$'000)



### NUMBER OF CLINICS

| FY2010 | FY2011 | FY2012 | FY2013 | FY2014 |
|--------|--------|--------|--------|--------|
| 6      | 6      | 7      | 7      | 8      |

### NUMBER OF DOCTORS

| FY2010 | FY2011 | FY2012 | FY2013 | FY2014 |
|--------|--------|--------|--------|--------|
| 8      | 8      | 8      | 12     | 12     |

## ■ MR S. CHANDRA DAS, 75

Non-Executive Chairman and  
Independent Director

Mr S. Chandra Das joined the board as Non-Executive Director and Chairman on 23 December 2013. He is also the Chairman of our Remuneration Committee and Chairman of our Nominating Committee. He is currently the Managing Director of NUR Investment & Trading Pte Ltd. He also sits on the Boards of Yeo Hiap Seng Limited, Super Group Ltd and Ascott Residence Trust Management Limited. Currently, he is Singapore's Non-Resident Ambassador to Turkey and Pro-Chancellor at Nanyang Technological University.

Mr Das was the Chairman of the Trade Development Board from 1983 to 1986 and Chairman of NTUC Fairprice from 1993 to 2005. He served as a Member of Parliament from 1980 to 1996.

He graduated from the then University of Singapore (now known as the National University of Singapore) in 1965 with a Bachelor of Arts (Hons) in Economics and holds a Certificate-in-Education from the former Singapore Teachers' Training College.

Mr Das has won several awards and accolades in his career including the Distinguished Service Award in 2001 and the Distinguished Service (Star) Award in 2005, both awarded by the National Trades Union Congress. He was also conferred Honorary Doctorates by University of Newcastle, Australia and by St John's University, New York, in 2005. In 2014, as the Ambassador (Non-Resident) to Turkey, Mr Das was awarded the Public Service Star (Bintang Bakti Masyarakat).

## ■ DR ANG PENG TIAM, 56

Executive Director and  
Chief Executive Officer (CEO)

Dr Ang Peng Tiam is our Executive Director and CEO and he was appointed to our Board on 10 September 2013. He is a member of the Nominating Committee. Dr Ang provides the vision and the strategic direction for our Group. Dr Ang is currently Medical Director and Senior Consultant of Parkway Cancer Centre at Mount Elizabeth Hospital, where he provides the clinical and operational leadership in the provision of care and treatment for cancer patients.

From 1991 to 1997, Dr Ang was the Founding Head of Department of Medical Oncology at Singapore General Hospital, Singapore's oldest and largest tertiary acute hospital and national referral center. He held a concurrent post of Clinical Associate Professor of Medicine from National University of Medicine from 1996. He began his training in Medical Oncology at Singapore General Hospital in 1986 and continued his training as a fellow in Medical Oncology at the University of Texas, MD Anderson Cancer Centre in Houston, Texas in 1989 and at the Division of Oncology at Stanford University in Palo Alto, California in 1989. Dr Ang started his career as an Internal Medicine Resident in the National University Hospital after serving as Medical Staff Officer at the Medical Services Headquarters in the Singapore Armed Forces.

Dr Ang holds a Bachelor of Medicine and Surgery from the University of Singapore and a Master of Medicine (Internal Medicine) from the National University of Singapore. He also holds a Certificate of Specialist Accreditation in Medical Oncology from the Ministry of Health (Singapore). Dr. Ang holds fellowships in many institutions. He is a fellow of the Academy of Medicine (Singapore), the American College of Physicians (USA), the Royal College of Physicians (Edinburgh) and the Royal College of Physicians (London).

## BOARD OF DIRECTORS

Dr Ang's academic achievements include President's Scholarship (1977), Prof Sir Gordon Arthur Ransome Gold Medal (1986), and National Science Award (1996).

### ■ DR KHOO KEI SIONG, 53

Executive Director and  
Chief Operating Officer (COO)

Dr Khoo Kei Siong is our Executive Director and COO and was appointed to our Board on 10 September 2013. Dr Khoo is currently the Deputy Medical Director and Senior Consultant of Parkway Cancer Centre at Gleneagles Hospital, where he provides the clinical and operational leadership in the provision of care and treatment for cancer patients.

From 1999 to 2004, Dr Khoo was a Senior Consultant at the National Cancer Centre, one of the leading regional centres for the research and treatment of cancer. During his tenure, he held senior management positions including the Director of the Division of Clinical Trials and Epidemiological Sciences (1999 to 2002) and Head of the Department of Medical Oncology (2001 to 2004). He started his career as a resident in Singapore General Hospital (SGH) in 1989. After attaining his postgraduate qualification in internal medicine, he pursued further training in medical oncology in SGH and the Memorial Sloan-Kettering Cancer Center in New York.

Dr Khoo holds a Bachelor of Medicine and Surgery from the University of Singapore and a Master of Medicine (Internal Medicine) from the National University of Singapore. He also holds a Certificate of Specialist Accreditation in Medical Oncology from the Ministry of Health (Singapore). He is a Fellow of the Academy of Medicine, Singapore and the Royal College of Physicians (Edinburgh), as well as member of the American Society of Clinical Oncology, and the European Society of Medical Oncology. In addition, he is a Council Member of the Asian Clinical Oncology Society and a Council

Member of the Academy of Medicine Singapore. Dr Khoo sits on the Medical Board of Eu Yan Sang Integrative Health as Chairman and is Deputy Chairman of the Medicine Advisory Committee of the Health Sciences Authority.

### ■ MR SITOH YIH PIN, 51

Independent Director

Mr Sitoh was appointed as an Independent Director of the Company on 23 December 2013. He serves as Chairman of the Audit Committee and is also a member of the Remuneration Committee. Mr Sitoh does not hold any shares in the Company or any of its subsidiaries.

Mr Sitoh is a Chartered Accountant and a director of Nexia TS Public Accounting Corporation. Mr Sitoh is the Member of Parliament for Potong Pasir constituency. He is also presently a director of several publicly listed companies including Allied Technologies Limited, Lian Beng Group Ltd, United Food Holdings Limited and ISEC Healthcare Ltd.

Mr Sitoh was also the director of several publicly listed companies in the preceding 5 years including Chinasing Investment Holdings Limited, Meiban Group Pte Ltd, Nera Telecommunications Ltd and PNE Micron Holdings Ltd. Mr Sitoh holds a Bachelor of Accountancy (Honours) degree from the National University of Singapore and is a Fellow member of both the Institute of Singapore Chartered Accountants and the Institute of Chartered Accountants in Australia.

### ■ MR DAN YOCK HIAN, 48

Independent Director

Mr Dan was appointed to our Board as an Independent Director of the Company on 23 December 2013. He is a member of our Audit Committee and Nominating Committee. Mr Dan runs DYH Associates, where he is a consultant in

providing corporate advisory services. He was a Senior Director at nTan Corporate Advisory Pte. Ltd., a boutique corporate finance and corporate restructuring firm, from 2001 to 2009 and became its consultant from 2010 to 2012. Prior to that, he was a Senior Manager at Deloitte & Touche, one of the Big Four multinational professional services firms, from 1998 to 2001. Mr Dan started his career in Price Waterhouse, another multinational professional services firm belonging to the Big Four, from 1990 to 1998.

Mr Dan holds a Bachelor of Accountancy degree from the National University of Singapore. He is a member of the Institute of Chartered Accountants in Australia and the Institute of Singapore Chartered Accountants.

## ■ MR LIM JEN HOWE, 61

Non-Executive Director

Mr Lim Jen Howe is a Non-Executive Director and was appointed to our Board on 23 December 2013. He is a member of the Audit Committee.

Mr Lim has more than 35 years of experience in finance and accounting. He has been a practicing Public Accountant for more than 25 years and is a founding partner of Thong & Lim, Chartered Accountants of Singapore. Mr Lim holds a Master of Science from London Business School, and is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Institute of Chartered Accountants of Singapore. He is also an independent director of ABR Holdings Limited and Caregivers Alliance Limited.

## ■ MR LIM TEONG JIN GEORGE, 59

Non-Executive Director

Mr George Lim is our Non-Executive Director and was appointed to our Board on 23 December 2013. He is a member of the Remuneration Committee. Mr Lim is a Senior Counsel, and was President of the Law Society between 1998-1999. He is currently a Consultant with Wee Tay & Lim LLP.

Mr Lim graduated from the National University of Singapore, and was admitted as an Advocate and Solicitor of the Supreme Court of Singapore in 1982. He was appointed Senior Counsel on 9 January 2010. Mr Lim is a certified Mediator with the International Mediation Institute ("IMI"), and is on the panel of the Singapore International Arbitration Centre. He sits on the Boards of the Singapore Institute of Legal Education, the Singapore Mediation Centre, the Advisory Council of the Law Faculty (NUS) and the IMI.

In 2014, Mr Lim was appointed the Deputy Chair of the newly formed Singapore International Mediation Centre. In the same year, he was identified by the *Who's Who of Commercial Mediation* as being among 298 of the world's leading commercial mediators.

## ■ KEY MANAGEMENT/ EXECUTIVE OFFICERS

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Our Executive Officers comprise our Executive Directors, Dr Ang Peng Tiam and Dr Khoo Kei Siong, and our Chief Financial Officer (CFO), Mr Lee Boon Yong. The particulars of Dr Ang and Dr Khoo are set out in the “Board of Directors” section.

### ■ MR LEE BOON YONG

Chief Financial Officer (CFO)

Mr Lee Boon Yong was appointed the CFO of our Group on 1 September 2014. He is responsible for overseeing the finance, accounting and regulatory compliance functions of our Group. He has over 10 years of experience in financial auditing, corporate finance and corporate restructuring work.

Prior to joining the Group, he was an Associate Director at nTan Corporate Advisory Pte. Ltd., where he advised clients which included companies listed on the Main Board of the Singapore Stock Exchange on corporate restructuring plans and corporate finance matters. Prior to nTan Corporate Advisory Pte. Ltd, Mr Lee practised with Ernst & Young initially in audit and later in transaction advisory, where he was a senior associate.

Mr Lee graduated in 2002 from the Nanyang Technological University with a Bachelor of Accountancy (Second Upper Honours) and has been a member of the Institute of Chartered Accountants in Australia and Institute of Singapore Chartered Accountants (formerly known as the Institute of Certified Public Accountants of Singapore) since 2007.

The Board of Directors (the "Board") of TalkMed Group Limited (the "Company") is committed to maintaining high standards of corporate governance, business integrity and professionalism within the Company and its subsidiaries (collectively, the "Group") to safeguard the interests of all its stakeholders and to promote investors' confidence and support.

This report describes the Group's ongoing efforts in the financial year ended 31 December 2014 ("FY2014") in keeping pace with the evolving corporate governance practices and complying with the Code of Corporate Governance 2012 (the "Code"). The Board confirms that the Company has adhered to the principles and guidelines as set out in the Code. Where there are deviations from the Code, appropriate explanations are provided.

## A. BOARD MATTERS

### Principle 1 – The Board's Conduct of its Affairs

The primary function of the Board is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board oversees the business affairs of the Group. The Board has the overall responsibility for reviewing the strategic plans and performance objectives, financial plans and annual budget, key operational initiatives, major funding and investment proposal, financial performance reviews, and corporate governance practices. The management ("Management") also plays a pivotal role in providing Board members with complete, adequate and timely information to assist the Board in the fulfilment of its responsibilities.

The Board recognises that its principal duties include:

- providing entrepreneurial leadership, setting the group's strategic objectives, and ensuring that adequate financial and human resources are in place for the group to meet its objectives;
- overseeing the process for evaluating the adequacy and integrity of the group's internal controls, risk management, financial reporting systems and compliance;
- reviewing and monitoring the performance of senior management towards achieving organisational goals and overseeing succession planning for senior management;
- setting corporate values and standards for the group (including ethical standards) to ensure that the obligations to shareholders and other stakeholders are understood and met;
- ensuring accurate and timely reporting in communication with shareholders; and
- considering sustainability issues including environmental and social factors in the group's strategic formulation.

The Group has adopted and documented internal guidelines setting forth matters that require the Board's approval. The types of material transactions that require Board's approval under such guidelines are listed below:

- strategies and objectives of the group;
- annual budgets and business plan;
- announcements of quarterly and full year results and release of annual reports;
- issuance of shares;
- declaration of interim dividends and proposal of final dividends;
- convening of shareholders' meetings;

# CORPORATE GOVERNANCE

- investment, divestment or capital expenditure;
- commitments to term loans and lines of credit from banks and financial institutions; and
- interested person transactions.

The Management is responsible for day-to-day operations/administration of the Group and they are accountable to the Board. Clear directions have been given to the Management that such material transactions must be approved by the Board.

The Board has delegated specific responsibilities to various board committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") (each a "Board Committee" and collectively, the "Board Committees") to assist the Board in carrying out and discharging its duties and responsibilities efficiently and effectively. These Board Committees are made up of mainly Non-Executive Directors and Independent Directors, each chaired by an Independent Director. Each Board Committee has its own specific written terms of reference which clearly set out its objectives, scope of duties and responsibilities, rules and regulations, and procedure governing the manner in which it is to operate and how decisions are to be taken.

All the meeting dates of Board and Board Committees as well as annual general meeting ("AGM") have been scheduled one year in advance. To assist Directors in planning their attendance, the Company Secretary consults every Director before fixing the dates of these meetings. The Board meets regularly with at least four (4) scheduled meetings on a quarterly basis held within each financial year to approve, among others, announcements of the Group's quarterly and full year financial results. Ad hoc meetings are also convened to discuss and deliberate on urgent substantive matters or issues when circumstances require. Telephonic attendance and conference via audio-visual communication at Board and Board Committee meetings are allowed under the Company's Articles of Association in the event when Directors were unable to attend meetings in person. Management has also access to the Directors for guidance or exchange of views outside of formal environment of Board meetings.

The number of meetings of Board and Board Committees held during FY2014 and the attendance of each Director at those meetings are set out as follows:

| Name of Directors    | Board of Directors |          | Audit Committee |          | Nominating Committee |          | Remuneration Committee |          |
|----------------------|--------------------|----------|-----------------|----------|----------------------|----------|------------------------|----------|
|                      | No. of meeting     |          | No. of meeting  |          | No. of meeting       |          | No. of meeting         |          |
|                      | Held               | Attended | Held            | Attended | Held                 | Attended | Held                   | Attended |
| S. Chandra Das       | 4                  | 4        | -               | -        | 1                    | 1        | 1                      | 1        |
| Ang Peng Tiam        | 4                  | 4        | -               | -        | 1                    | 1        | -                      | -        |
| Khoo Kei Siong       | 4                  | 4        | -               | -        | -                    | -        | -                      | -        |
| Sitoh Yih Pin        | 4                  | 4        | 4               | 4        | -                    | -        | 1                      | 1        |
| Dan Yock Hian        | 4                  | 4        | 4               | 4        | 1                    | 1        | -                      | -        |
| Lim Jen Howe         | 4                  | 4        | 4               | 4        | -                    | -        | -                      | -        |
| Lim Teong Jin George | 4                  | 4        | -               | -        | -                    | -        | 1                      | 1        |

The Board ensures that incoming new Directors are given comprehensive and tailored induction on joining the Board including onsite visits, if necessary, to get familiarised with the business of the Group and corporate governance practices upon their appointment and to facilitate the effectiveness in discharging their duties. Newly appointed Directors will be provided a formal letter setting out their duties and obligations. The Group conducts a comprehensive orientation programme, which is presented by the CEO and senior management, to familiarise new Directors with business and corporate governance policies. The orientation programme gives Directors an understanding of the Group's businesses to enable them to assimilate into their new roles. The programme also allows the new Directors to get acquainted with senior management, thereby facilitating Board interaction and independent access to senior management. All Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extension of opportunities for participation in the relevant training courses, seminars and workshops as relevant and/or applicable. The Board is regularly briefed on recent changes to the accounting standards and regulatory updates. The CEO updates the Board at each meeting on business and strategic developments of the Group, where applicable.

#### Principle 2 – Board Composition and Guidance

The Board currently comprises seven (7) Directors, five (5) of whom are Non-Executive Directors with three (3) of them independent. The current members of the Board and their membership on the Board Committees of the Company are as follows: -

| Name of Directors    | Board Membership                       | Audit Committee | Nominating Committee | Remuneration Committee |
|----------------------|--|-----------------|----------------------|------------------------|
| S. Chandra Das       | Non-Executive Chairman                 | -               | Chairman             | Chairman               |
| Ang Peng Tiam        | Executive Director & CEO               | -               | Member               | -                      |
| Khoo Kei Siong       | Executive Director & COO               | -               | -                    | -                      |
| Sitoh Yih Pin        | Independent Non-Executive Director     | Chairman        | -                    | Member                 |
| Dan Yock Hian        | Independent Non-Executive Director     | Member          | Member               | -                      |
| Lim Jen Howe         | Non-Independent Non-Executive Director | Member          | -                    | -                      |
| Lim Teong Jin George | Non-Independent Non-Executive Director | -               | -                    | Member                 |

The size and composition of the Board and the Board Committees as well as the skill and core competencies of its members are reviewed annually by the NC, taking into account the scope and nature of operations of the Company, to ensure that there is an appropriate balance of skills and experience. These competencies include banking, accounting and finance, business acumen, management experience, industry knowledge, familiarity with regulatory requirements and knowledge of risk management. The NC is of the view that the present composition and Board size of seven (7) is appropriate for the Group's present scope of operations to facilitate decision making and the Board possess the necessary competencies and knowledge to lead and govern the Group effectively. Further, no individual or small group of individuals dominates the Board's decision making process. Their profiles are set out on pages 5 to 7 of this annual report.

# CORPORATE GOVERNANCE

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The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a Director is independent, bearing in mind the Guidelines set forth in the Code of Corporate Governance, and any other salient factor which would render a Director to be deemed not independent. For the purpose of determining Directors' independence, every Director has provided declaration of their independence that is deliberated upon by the NC and the Board. Each of the Independent Directors has confirmed that he does not have any relationship with the Company and its related corporations, its 10% shareholders or its officers including confirming not having any relationships and circumstances provided in Guideline 2.3 of the Code, that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interest of the Group. The NC has reviewed, determined and confirmed the independence of the Independent Directors. The NC has affirmed that Mr S. Chandra Das, Mr Sitoh Yih Pin and Mr Dan Yock Hian are independent and free from any relationship outlined in the Code. Each of the Independent Directors has also confirmed his independence. None of the Independent Directors has served on the Board beyond 9 years from their respective dates of appointment. Guideline 2.4 of the Code is therefore not applicable to the Board.

As three (3) out of seven (7) Directors are Independent Directors, the requirement of the Code that the Independent Directors should make up at least one-third of the Board, is satisfied. This provides a strong and independent element on the Board. This is fundamental to good corporate governance as it ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined.

The Board and Management fully appreciate that in an effective and robust Board, whose members engage in open and constructive debate, and challenge management on its assumptions and proposals, is fundamental to good corporate governance.

A Board should also aid in the development of strategic proposals and oversee effective implementation by the Management to achieve set objectives.

For this to happen, the Board and the Non-Executive Directors, in particular, must be kept well-informed of the Group's businesses and be knowledgeable about the industry in which the Group operates in.

To ensure that the Non-Executive Directors are well-supported by accurate, complete and timely information, Non-Executive Directors have unrestricted access to Management as and when the need arises.

### Principle 3 – Chairman and Chief Executive Officer

The Chairman and CEO functions in the Company are assumed by different individuals. The Chairman, Mr S. Chandra Das, is an Independent Non-Executive Director, while the CEO, Dr Ang Peng Tiam, is an Executive Director.

There is a clear division of responsibilities between the Chairman and CEO, which ensures a balance of power and authority at the top of the Company.

The Chairman:

- is responsible for leadership of the Board and is pivotal in creating the conditions for overall effectiveness of the Board, Board Committees and individual Directors;
- takes a leading role in the Company's drive to achieve and maintaining high standards of corporate governance with the full support of the Directors, Company Secretary and Management;
- approves agendas for the Board meeting and ensures sufficient allocation of time for thorough discussion of agenda items;
- promotes an open environment for debates and ensures Non-Executive Directors are able to speak freely and contribute effectively;
- exercises control over the quality, quantity and timeliness of information flow between the Board and Management;
- provides close oversight, guidance, advice and leadership to the CEO and Management; and
- plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management at AGMs and other shareholders' meetings.

Whereas the CEO is the highest ranking executive officer of the Group who is responsible for:

- running the day-to-day business of the Group, within the authorities delegated to him by the Board;
- ensuring the implementation of policies and strategy across the Group as set by the Board;
- day-to-day management of the executive and senior management team;
- leading the development of senior management within the Group with aim of assessing the training and development of suitable individuals for future Director's roles;
- ensuring that the Chairman is kept apprised in a timely manner of issues faced by the Group and of any important events and developments; and
- leading the development of the Group's future strategy including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing businesses.

#### Principle 4 – Board Membership

The NC consists of two (2) Independent Non-Executive Directors and one (1) Executive Director, the majority of whom, including the NC Chairman, are independent:

|                   |                                      |            |
|-------------------|--------------------------------------|------------|
| Mr S. Chandra Das | (Independent Non-Executive Chairman) | – Chairman |
| Mr Dan Yock Hian  | (Independent Non-Executive Director) | – Member   |
| Dr Ang Peng Tiam  | (Executive Director)                 | – Member   |

The NC will meet at least once a year with one (1) NC Meeting held in FY2014. The NC, which has written terms of reference, is responsible for making recommendations to the Board on all Board appointments and re-appointments (including alternate Directors, if applicable). The key terms of reference of the NC include the following:

- determining the process for search, nomination, selection and appointment of new Board members and assessing nominees or candidates for appointment and re-election to the Board;
- making recommendations to the Board on the nomination of retiring Directors and those appointed during the year standing for re-election at the Company's annual general meeting, having regard to the Director's contribution and performance and ensuring that all Directors submit themselves for re-election at regular intervals;

# CORPORATE GOVERNANCE

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- review the Board structure, size and composition regularly and making recommendation to the Board, where appropriate;
- review the Board succession plans for Directors, in particular, the Chairman, CEO, COO and CFO;
- determine the independence of Directors annually (taking into account the circumstances set out in the Code and other salient factors);
- develop a process for assessing and evaluating the effectiveness of the Board as a whole and the Committees of the Board and the contribution of each individual Director to an effective Board;
- decide on how the Board's performance may be evaluated and to propose objective performance criteria for Board approval;
- review training and professional development programmes for the Board; and
- determine whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple Board representations.

The Board, through the NC, reviews annually the effectiveness of the Board as a whole and its required mix of skills and experience and other qualities, including core competencies, which Directors should bring to the Board.

The NC has in place a formal process for the selection of new Directors and re-appointment of Directors to increase transparency of the nominating process in identifying and evaluating nominees or candidates for appointment or re-appointment. In selecting potential new Directors, the NC will seek to identify the competencies and expertise required to enable the Board to fulfil its responsibilities. The NC will evaluate the suitability of the nominee or candidate based on his qualifications, business and related experience, commitment, ability to contribute to the Board process and such other qualities and attributes that may be required by the Board, before making its recommendation to the Board. In recommending a candidate for re-appointment to the Board, the NC considers, amongst other things, his/her contributions to the Board (including attendance and participation at meetings, time and effort accorded to the Company's or Group's business and affairs) and his/her independence. The Board is to ensure that the selected candidate is aware of the expectations and the level of commitment required. The Board, on the recommendation of the NC, appoints new Directors. All new Directors who are appointed by the Board are subject to re-election at the next AGM but shall not be taken into account in determining the numbers of Directors who retire by rotation at such meeting.

Pursuant to the Company's Articles of Association, one-third of the Directors shall retire from office and be re-elected at least once every 3 years at each AGM. Dr Ang Peng Tiam and Mr Sitoh Yih Pin, being the CEO and Independent Director of the Company respectively, will be retiring and will seek re-election at the forthcoming AGM in accordance with Article 91 of the Company's Articles of Association. Mr S. Chandra Das is also subject to the re-appointment requirement at the forthcoming AGM pursuant to Section 153(6) of the Companies Act, Cap. 50.

In making the recommendations, the NC considers the overall contribution and performance of the Directors. Mr S. Chandra Das and Dr Ang Peng Tiam, being the NC Chairman and member respectively, had abstained from deliberation in respect of their own nomination and assessment.

Key information of each member of the Board including his/her directorships and chairmanships both present and those held over the preceding 3 years in other listed companies, other principal appointments, academic/professional qualifications, membership/chairmanship in Board committees, date of first appointment and last re-election, etc. can all be found under the '*Board of Directors*' section of this annual report.

## Principle 5 – Board Performance

The Board has implemented a process carried out by the NC for assessing the effectiveness of the board as a whole, effectiveness of its board committees and the contribution by each individual Director to the effectiveness of the Board on an annual basis.

### Board performance criteria

The performance criteria for the board evaluation are as follows:

- board size and composition;
- board independence;
- board processes;
- board information and accountability;
- board performance in relation to discharging its principal functions; and
- board committee performance in relation to discharging their responsibilities set out in their respective terms of reference.

### Individual Director's performance criteria

The individual Director's performance criteria are categorised into five segments; namely,

- interactive skills (whether the director works well with other directors and participates actively);
- knowledge (the director's industry and business knowledge, functional expertise, whether the director provides valuable inputs, the director's ability to analyse, communicate and contribute to the productivity of meetings, and understanding of finance and accounts, are taken into consideration);
- director's duties (the director's board committee work contribution, whether the director takes his role as director seriously and works to further improve his own performance, whether he listens and discusses objectively and exercises independent judgment, and meeting preparation are taken into account);
- availability (the director's attendance at board and board committee meetings, whether the director is available when needed, and his informal contribution via email, telephone, written notes, etc. are considered); and
- overall contribution, bearing in mind that each director was appointed for his strength in certain areas which taken together provides the Board with the required mix of skills and competencies.

The assessment of the Chairman of the Board is based on his ability to lead, whether he has:

- established proper procedures to ensure the effective functioning of the board;
- ensured that the time devoted to board meetings was adequate (in terms of number of meetings held a year and duration of each meeting) for effective discussion and decision-making by the board;
- ensured that information provided to the board was adequate (in terms of adequacy and timeliness) for the board to make informed and considered decisions;
- guided discussions effectively so that there was timely resolution of issues;
- ensured that meetings were conducted in a manner that facilitated open communication and meaningful participation; and
- ensured that board committees were formed where appropriate, with clear terms of reference, to assist the board in the discharge of its duties and responsibilities.

# CORPORATE GOVERNANCE

The performance of individual Directors is taken into account in their re-appointment. Specific needs which arise from time to time are taken into account in any appointment of new Directors.

## Principle 6 – Access to Information

The Directors are updated regularly on corporate governance, changes in listing rules and regulations and performance of the Group. The Directors have separate and independent access to the senior management, including the Company Secretary of the Group, at all times. The Company Secretary attends most of the Board meetings and is responsible to the Board for advising on the implementation of the Group's compliance requirement pursuant to the relevant statutes and regulations. The appointment and removal of the Company Secretary is subject to approval of the Board.

The Directors, either individually or as a group, in the furtherance of their duties, can take independent professional advice, if necessary, at Company's expense.

The Company makes available to all Directors its quarterly and full-year management accounts and where required, other financial statements, budgets and forecasts and other relevant information as necessary. Detailed reports and Board papers are sent out to the Directors before the meetings so that the Board can have a proper understanding of the issues. With regard to budgets whereby material variances exist between the actual and forecasted numbers, they are reviewed by the Board as well as disclosed and explained by Management, where required by the Board.

## B. REMUNERATION MATTERS

### Principle 7: Procedures for Developing Remuneration Policies

### Principle 8: Level and Mix of Remuneration

Matters relating to the remuneration of the Board, key management personnel and other employees who are related to the controlling shareholders and/or Directors (if any) are handled by the RC whose primary function is to develop formal and transparent policies on remuneration matters in the Company. The RC also ensures that the Company's remuneration system is appropriate to attract, retain and motivate the required talents to run the Company successfully.

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

The RC consists of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, the majority of whom, including the RC Chairman, are independent.

|                         |  |            |
|-------------------------|--|------------|
| Mr S. Chandra Das       | (Independent Non-Executive Chairman)               | – Chairman |
| Mr Sitoh Yih Pin        | (Independent Non-Executive Director)               | – Member   |
| Mr Lim Teong Jin George | (Non-Independent Non-Executive Executive Director) | – Member   |

The RC will meet at least once a year. The RC, carries out its duties in accordance with a set of terms of reference which includes, mainly, the following:

- reviewing and recommending to the Board for endorsement, a framework of remuneration policies to determine the specific remuneration packages for each Director and key management personnel, including employees related to the Executive Directors and controlling shareholders. The framework covers all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits in kind;
- reviewing and recommending the remuneration of the Non-Executive Directors, taking into account factors such as their effort, time spent and their responsibilities;
- reviewing and determining the contents of any service contracts for any Directors or key management personnel; and
- carrying out other duties as may be agreed by the RC and the Board, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time.

The RC is responsible for ensuring a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors and key management personnel. All aspects of remuneration frameworks, including but not limited to Directors' fees, salaries, allowances, bonuses and other benefits-in-kind are reviewed by the RC. The recommendations of the RC are submitted for endorsement by the Board. Such frameworks are reviewed periodically to ensure that the Directors and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies. The RC also considers and recommends the CEO's remuneration package including salary, bonus and benefits-in-kind for endorsement by the Board.

The RC ensures that the remuneration of the Non-Executive Directors are appropriate with their level of contribution taking into account factors such as effort and time spent, and their responsibilities. Non-Executive Directors receive a basic fee for their services. Each member of the RC abstains from voting on any resolutions in respect of his own remuneration package. Directors' fees are further subjected to the approval of shareholders at the AGM.

Having reviewed and considered the salary components of the Executive Directors and the key management personnel which is considered reasonable and commensurate with their respective job scope and level of responsibilities, the RC is of the view that there is no requirement to use contractual provisions to allow the Company to reclaim incentive components of the remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss.

## Principle 9 – Disclosure on Remuneration

Details of the remuneration of Directors and top five (5) key management personnel of the Group for FY2014 are set out below:

| Name of Directors                        | Band             | Fees | Salary <sup>(4)</sup> | Bonus <sup>(4)</sup> | Others | Total |
|--|------------------|------|-----------------------|----------------------|--------|-------|
| <b>Directors</b>                         |                  |      |                       |                      |        |       |
| S. Chandra Das                           | 1 <sup>(1)</sup> | 100% | –                     | –                    | –      | 100%  |
| Dr Ang Peng Tiam (CEO)                   | 3 <sup>(3)</sup> | –    | 100%                  | –                    | –      | 100%  |
| Dr Khoo Kei Siong (COO)                  | 1 <sup>(1)</sup> | –    | 100%                  | –                    | –      | 100%  |
| Sitoh Yih Pin                            | 1 <sup>(1)</sup> | 100% | –                     | –                    | –      | 100%  |
| Dan Yock Hian                            | 1 <sup>(1)</sup> | 100% | –                     | –                    | –      | 100%  |
| Lim Jen Howe                             | 1 <sup>(1)</sup> | 100% | –                     | –                    | –      | 100%  |
| Lim Teong Jin George                     | 1 <sup>(1)</sup> | 100% | –                     | –                    | –      | 100%  |
| <b>Top five key management personnel</b> |                  |      |                       |                      |        |       |
| Quek Hiong How <sup>(5)</sup>            | 1 <sup>(1)</sup> | –    | 91%                   | 9%                   | –      | 100%  |
| Lee Boon Yong                            | 1 <sup>(1)</sup> | –    | 73%                   | 27%                  | –      | 100%  |
| Dr Lim Zi-Yi                             | 3 <sup>(3)</sup> | –    | 27%                   | 73%                  | –      | 100%  |
| Dr Anselm Lee                            | 3 <sup>(3)</sup> | –    | 40%                   | 60%                  | –      | 100%  |
| Dr See Hui Ti                            | 3 <sup>(3)</sup> | –    | 60%                   | 40%                  | –      | 100%  |
| Dr Patricia Kho                          | 3 <sup>(3)</sup> | –    | 55%                   | 45%                  | –      | 100%  |

## Notes:

- (1) Band 1 means remuneration of between S\$0 to S\$250,000 per annum
- (2) Band 2 means remuneration of between S\$250,001 to S\$500,000 per annum
- (3) Band 3 means remuneration of S\$500,001 per annum and above
- (4) Salaries and bonuses include employer contributions to the Central Provident Fund
- (5) CFO of the Company for the period January to August 14

The Board is of the view that it is not in the interests of the Company to disclose in full the remuneration of each individual Director, the CEO and the top five key management personnel (who are not Directors) of the Company on a named basis and keep the disclosure of remuneration in salary bands due to the sensitive and confidential nature of such information and disadvantages that might bring. There is no termination, retirement and post-employment benefits granted to Directors, the CEO and the top five management personnel.

In aggregate, the total remuneration (including CPF contribution thereon and bonus) paid to the top five key management personnel for FY2014 is approximately S\$3.42 million.

There was no employee of the Group who was an immediate family member of a Director or the Chairman or CEO whose remuneration exceeded S\$50,000 for FY2014.

As at 31 December 2014, the Company does not have any employee share option plan.

## C. ACCOUNTABILITY AND AUDIT

The Board recognises the importance of providing accurate and relevant information on a timely basis. In this respect, the AC reviews all financial statements and recommends them to the Board for approval. In addition, the AC ensures that the Company maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets as well as to manage potential risks.

### Principle 10: Accountability

The Board is collectively responsible for the success of the Company and works with management to achieve this. The Company reports its results on a quarterly basis. Through these reports, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's financial performance, position and prospects.

Management provides all members of the Board sufficient and timely information on its financial performance and potential issues before all Board meetings.

In line with continuous disclosure obligations of the Company and in accordance to the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") (the "Catalist Rules") and the Companies Act, the Board adopts a policy whereby shareholders shall be informed of all major developments of the Company.

Financial information and other price sensitive information are circulated in a timely manner to the shareholders through announcements via SGXNET, press releases, the Company's website, media and analysts' briefings. The Company's corporate information as well as annual reports is also available on the Company's website.

Management makes available to all Directors its quarterly and full-year management accounts and where required, such other necessary financial information for other periods if applicable.

### Principle 11: Risk Management and Internal Controls

The Company does not have a Risk Management Committee during FY2014 but has entrusted the responsibilities of risk management control issues to the Audit Committee recently. The Board is overall responsible for the governance of risk within the Group. It ensures that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and determines the nature and extent of the significant risks that the Board is willing to take in achieving its strategic business objectives.

The Management is responsible to the Board for the design, implementation and monitoring of the Group's risk management and internal control systems and to provide the Board with a basis to determine the Group's level of risk tolerance and risk policies. The Board acknowledges that it is responsible for reviewing the adequacy and effectiveness of the Group's risk management and internal control systems including financial, operational, compliance and information technology controls. The Board also recognises its responsibilities in ensuring a sound system of internal controls to safeguard shareholders' investments and the Group's assets.

## CORPORATE GOVERNANCE

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The Company engaged HLS Risks Advisory Services Pte Ltd ("HLS") as the internal auditor to assist the Board and the AC in their review of the Group's risk management and internal control systems focusing on financial, operational, compliance and information technology controls. The Board believes that adequate internal controls within the Group are crucial to ensure that the Group continues to meet or exceed its standards in all key aspects, at the same time to safeguard shareholders' interest and the Group's assets through effective risk management.

A risk management assessment has been performed by the Management with the assistance of the internal auditor. On an annual basis, the AC reviews and reports to the Board the Group's risk profile, evaluates results and counter-measures to mitigate potential risks so as to assure itself and the Board that the process is operating effectively as planned. The Group recognises risk management as a collective effort beginning with the individual subsidiaries and business units. The process identifies relevant potential risks across the Group's operations with the aim to bring them to within acceptable cost and tolerance parameters.

The Management regularly reviews and updates the Board on the Group's business and operational activities in respect of the key risk control areas including financial, operational, compliance and information technology controls and continues to apply appropriate measures to control and mitigate these risks. All significant matters are highlighted to the Board and the AC for further discussion. The Board and the AC also work with the internal auditors and Management on their recommendations to institute and execute relevant controls with a view to managing such risks.

With the assistance of the internal auditors of the Group, the key risk areas which have been identified will continue to be analysed, monitored and mitigated. In this connection, the Group will conduct an enterprise risk assessment, with the assistance of internal auditors, and has developed a detailed risk registers and summary of comfort to ensure that the Group's risk management and internal control systems are adequate and effective.

The Board notes that no cost effective system of internal controls could provide absolute assurance against the occurrence of material errors, losses, fraud or other irregularities. In view of the above and based on the internal controls established and maintained by the Group, work performed by the internal auditors, the statutory audit conducted by the external auditors, and reviews performed by the Management, various Board Committees and the Board so far, the AC and the Board are of the opinion that the Group's internal control system is effective and adequate to address the financial, operational, compliance and information technology risks, based on the internal controls established and maintained by the Group and reports from the internal auditors and external auditor's report on the financial statements and management letter. This is in turn supported by the assurance from the CEO and the CFO that: (a) the financial records of the Group have been properly maintained and the consolidated financial statements for FY2014 give a true and fair view of the Company's operations and finances; and (b) an effective risk management and internal control systems have been put in place.

The Board also notes that no system of risk management and internal control can provide absolute assurance against the occurrence of errors, losses, fraud or other irregularities and the containment of business risk. Nonetheless, the Board believes its responsibility of overseeing the Group's risk management framework and policies are well supported.

## Principle 12 – Audit Committee

The Board recognises the importance of providing accurate and relevant information on a timely basis. To ensure that the corporate governance is effectively practiced, the Board has established self-regulatory and monitoring mechanisms, including the establishment of the AC to ensure that the Company maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets as well as to manage potential risks. The AC consists of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, the majority of whom, including the AC Chairman, are independent:

|                  |  |            |
|------------------|--|------------|
| Mr Sitoh Yin Pin | (Independent Non-Executive Director)     | – Chairman |
| Mr Dan Yock Hian | (Independent Non-Executive Director)     | – Member   |
| Mr Lim Jen Howe  | (Non-Independent Non-Executive Director) | – Member   |

The Board has ensured that all the AC members, having the necessary accounting and/or related financial management expertise, are appropriately qualified to discharge their responsibilities.

The AC meets on a quarterly basis and plays a key role in assisting the Board to review significant financial reporting issues and judgments to ensure the quality and integrity of the accounting reports, the audit procedures, internal controls, financial statements and any announcements relating to the Group's financial performance.

The members of AC carry out their duties in accordance with a set of terms of reference which mainly, include the following:

- a) to review with the external auditors their audit plan, audit report, management letter and Management's response;
- b) to review the quarterly and annual financial statements on significant financial reporting issues and judgments before submission to the Board for approval;
- c) to review any announcements relating to the Company's financial performance;
- d) to discuss problems and concerns, if any, arising from the interim and final audits, in consultation with the external auditors;
- e) to meet with the external auditors without the presence of Management, at least annually, to discuss any problems and concerns they may have;
- f) to review the assistance given by management to external auditors;
- g) to review and evaluate the adequacy of the Company's internal controls systems by reviewing reports from internal and external auditors;
- h) to review the effectiveness of the Company's internal audit function;
- i) to review annually the scope and results of the audit and its cost-effectiveness, as well as the independence and objectivity of the external auditors;

## CORPORATE GOVERNANCE

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- j) to review arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters within its terms of reference. The AC will lead in all queries as may be raised by the staff of the Group. The AC will have full access to and co-operation by management and full discretion to invite any Director or executive officer to attend its meetings. The AC also has reasonable resources to enable it to discharge its functions properly;
- k) to report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- l) to review interested person transactions (IPTs) falling within the scope of the Catalist Rules;
- m) to undertake such other reviews and projects as may be requested by the Board; and
- n) to consider the appointment/re-appointment of external auditors, the audit fee and matters relating to the resignation or dismissal of auditors.

Apart from the duties listed above, the AC 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 Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC shall abstain from voting on any resolutions in respect of matters in which he is interested.

The AC assists the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that management creates and maintains an effective control environment. The AC provides a channel of communication between the Board, management, and the internal and external auditors on audit matters.

The AC also has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by management and full discretion to invite any Director or Executive Director to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The AC meets with the internal and external auditors, without the presence of management, at least once a year.

Changes to accounting standards and issues which have a direct impact on financial statements will be highlighted to the AC from time to time by the external auditors. The external auditors work with management to ensure that the Group complies with the new accounting standards, if applicable.

The AC also reviews the independence and objectivity of the external auditors and having reviewed the scope and value of non-audit services provided to the Group by the external auditors, Ernst & Young LLP. The aggregate amount of audit and non-audit fees paid or payable to the external auditors for FY2014 are S\$95,000 and S\$9,000 respectively. The AC is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC has recommended to the Board the nomination of Ernst & Young LLP for re-appointment as auditors of the Company at the forthcoming AGM. The Group has also complied with Rules 712 and 715(1) of the Catalist Rules of SGX-ST in relation to the appointment of its external auditors.

To keep abreast of the changes in accounting standards and issues which have a direct impact on the financial statements, the AC will seek advice from the external auditors when there is AC meeting held.

## Whistle-Blowing Policy

In order to encourage proper work ethics and eradicate any internal improprieties, unethical acts, malpractices, fraudulent acts, corruption and/or criminal activities in the Group, the Group has implemented a whistle-blowing policy. The policy will stipulate the mechanism by which concerns about plausible improprieties in matters of financial reporting that may be raised. A dedicated secured e-mail address allows whistle-blowers to contact the AC. The whistle-blowing policy and its procedures have been made available to all employees.

The Company's whistle-blowing policy allows employees to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith.

The AC addresses issues/concerns raised and arranges for investigation and/or follow-up of appropriate action. The AC reports to the Board any issues/concerns received by it at the ensuing Board meeting. Should the AC receive reports relating to serious offences, and/or criminal activities in the Group, they and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant governmental authorities for further investigation/action.

## Principle 13 – Internal Audit

The AC's responsibilities in the Group's internal controls, which include reviewing the scope and effectiveness of the overall internal audit system, programmes and various aspects of internal controls and risk management of the Group, are complemented by the work of the internal auditors.

HLS has been engaged as the independent internal auditor to perform internal audit review on various projects. The internal auditors report their findings and make recommendations to the AC.

The internal auditors carry out their internal audit works in accordance with the Standards for the Professional Practice of Internal Auditing that are set by the Institute of Internal Auditors. The AC ensures that the Management provides good support to the internal auditors which include, among others, access to documents, records, properties and personnel. The internal auditors also have unrestricted access to the AC on internal audit matters. The AC reviews internal audit reports of the Group. Any material non-compliance or failures in internal control and recommendations for improvements are reported to the AC.

The AC has reviewed the adequacy and effectiveness of the internal audit function at least annually and has ensured that it is adequately resourced and has appropriate standing within the Company.

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

#### D. SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholders' Rights and Responsibilities

Principle 15: Communication with Shareholders

Principle 16: Conduct of Shareholders' Meetings

The Group recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all of the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected. The Group is committed to providing shareholders with adequate, timely and relevant information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Company believes in regular, effective and fair communication with members of the investment community and investing public and has adopted a comprehensive policy to provide clear, timely and fair disclosure of information about the Company's business developments and financial performance.

The Board embraces openness and transparency in the conduct of the Group's affairs, whilst safeguarding its commercial interests. Material information on the Group has been released to the public through the Company's announcements via SGXNET on a timely basis.

The Group strongly encourages shareholders' participation at the AGM. Shareholders are able to proactively engage the Board and Management on the Group's business activities, financial performance and other business related matters through dialogue sessions. The Group believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns. The Board believes that general meetings serve as an opportune forum for shareholders to meet the Board and key management personnel, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNET and published in local newspapers, as well as posted on the Company's website.

The Company communicates with shareholders and the investing community through the timely release of announcements to the SGX-ST via SGXNET. Financial results of the Company and the Group were released within 45 days from the respective quarter ended and 60 days from the full year financial year ended during the year. In addition, this annual report is distributed to shareholders at least 14 days before the AGM to be held on 27 April 2015.

The Company's Articles of Association also allow all shareholders to appoint proxies to attend general meetings and vote on their behalf. As the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax. Separate resolutions on each distinct issue are tabled at general meetings and explanatory notes are set out in the notices of general meetings where appropriate. All Directors including the Chairman of the Board and the respective Chairman of the Board Committees, management, legal professional (if required) and the external auditors are intended to be in attendance at forthcoming AGM to address any queries of the shareholders. The Company is in full support of shareholder participation at AGM. For those who hold their shares through nominee or custodial services, they are allowed, upon prior request through their nominee, to attend the AGM as observers without being constrained by the two-proxy rule.

The Company will record the minutes of general meetings that include substantial and pertinent comments from shareholders relating to the agenda of the meetings and responses from the Management. Such minutes will be made available to shareholders upon their written request.

The Board acknowledges voting by poll is integral in the enhancement of corporate governance and lead to greater transparency of the level of support for each resolution which takes into effect from 1 August 2015 where shareholders are accorded rights proportionate to the shareholding and all votes counted. Due to the high cost of electronic polling and relatively small number of shareholders who turn up for the general meetings, the voting process of the Company is done via a show of hands unless a poll is demanded.

The Company has adopted a dividend policy that it believes appropriately reflects its goals, strategy and risk profile while providing attractive long-term return to investors. The Board is recommending 2.43 Singapore cents per ordinary share for FY2014 as the final one-tier tax-exempt dividend payable to the shareholders, subject to the approval of shareholders at the forthcoming AGM. In considering the form, frequency and amount of dividends that the Board may recommend or declare in respect of any particular year or period, the Board takes into account various factors including:

- the level of cash and retained earnings;
- the actual and projected financial performance;
- the projected levels of capital expenditure and other investment plans;
- restrictions on payment of dividends imposed on the Company by financing arrangements (if any); and
- Any other factor deemed relevant by the Board.

## OTHER CORPORATE GOVERNANCE MATTERS

The Company has in place internal codes of conduct and practices for its Board members and employees on securities transactions while in possession of price-sensitive information and their conduct of business activities.

## DEALINGS IN SECURITIES

*(Rule 1204 (19) of the Catalist Rules of SGX-ST)*

The Company has adopted an internal securities code of compliance to provide to the Directors and all employees of the Group with regard to dealing in the Company's securities pursuant to Rule 1204(19) of the Catalist Rules. During FY2014, the Company issues quarterly circulars to its Directors, officers and employees prohibiting dealing in its shares during the two weeks before the announcement of the Company's quarterly financial results and one month before the full-year financial results till the day of such announcements. Directors and employees are also advised against dealing in the Company's securities when they are in possession of any unpublished material price-sensitive information of the Group at all times. In addition, the Company discourages the Directors and employees from dealing in the Company's securities on short-term considerations. The Group confirmed that it has adhered to its internal securities code of compliance for FY2014.

**INTERESTED PERSON TRANSACTIONS***(Rule 907 of the Catalist Rules of SGX-ST)*

Details of the interested person transactions ("IPTs") for FY2014 as required pursuant to Rule 907 of the Catalist Rules of SGX-ST:

| Name of interested person | Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)<br>S\$'000 | Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)<br>S\$'000 |
|---------------------------|--|--|
| Dr Ang Peng Tiam          | 202  | -  |
| P.T. Ang Medical Services | 200  | -  |

The Group has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company did not enter into any IPTs which require shareholders' approval under Catalist Rules of SGX-ST regulating IPTs for FY2014.

**MATERIAL CONTRACTS***(Rule 1204 (8) of the Catalist Rules of SGX-ST)*

Save for the service agreements between the Company and the Executive Directors and disclosures above in the "Interested Person Transactions" section as well as except as disclosed in the Directors' Report and the Financial Statements, there were no other material contracts of the Company and its subsidiaries involving the interests of the CEO or any Director or controlling shareholder, either subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

**NON-SPONSOR FEES***(Rule 1204 (21) of the Catalist Rules of SGX-ST)*

In compliance with Rule 1204 (21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's Sponsor, Hong Leong Finance Limited during FY2014.

**USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING ("IPO")***(Rule 1204 (22) of the Catalist Rules of SGX-ST)*

As at the date of this report, the IPO proceeds have been utilised as follows: –

| Use of IPO proceeds   | Amount allocated<br>as set out in the<br>Offer Document<br>S\$'000 | Amount Utilised<br>S\$'000 | Amount Unutilised<br>S\$'000 |
|---|--|----------------------------|------------------------------|
| Expanding repertoire of talent pool/<br>healthcare services | 10,381   | 1,800*                     | 8,581                        |
| Overseas expansion/improving<br>quality of medical services | 6,920  | –                          | 6,920                        |
| <b>Total</b>  | <b>17,301</b>  | <b>1,800</b>               | <b>15,501</b>                |

**Note:**

\* Investment in newly incorporated subsidiary, Stem Med Pte. Ltd. on 21 January 2015. The principal activity of Stem Med is for the provision of medical services related to cellular therapy.

**CODE OF CONDUCT & PRACTICES**

The Group recognises the importance of integrity, professionalism on the conduct of its business activities. Employees are expected to embrace, practise and adopt these values while performing their duties and always to act in the best interest of the Group and avoid situations that may create conflicts of interest.

**CORPORATE SOCIAL RESPONSIBILITY**

TalkMed believes that an organization's success is not based solely on its business achievements but also by the positive impact it plays in the community. As part of its corporate social responsibility effort to help needy families, the Group donated S\$200,000 to Chong Pang CCC Community Development and Welfare Fund in 2014.

Besides, some of the Group's corporate social responsibility initiatives have also been carried out under the banner of Parkway Cancer Centre ("PCC"). We have contributed in the running and organisation of patient education programmes with national media, such as "Journey of Hope", "Edge of Life", and "Cancer Warriors" on Channel News Asia.

PCC's "I am Cancer Warrior" campaign seeks to celebrate the warrior in the patient on overcoming cancer. The campaign hopes to motivate cancer patients and their loved ones as they face and fight the illness. Themed "Draw for Courage" roadshows are organized in schools, National Libraries and shopping centres where the general public are invited to draw their interpretation of a cancer warrior. These drawings are presented to cancer patients and caregivers to motivate and encourage them in their treatment journey. Donations from the sale of drawing kits are donated to the Singapore Cancer Society.

TalkMed's doctors also actively contribute articles in various newspapers, magazines and medical journals. Our doctors also give talks in Singapore and in the region to raise disease awareness to the public and conduct continuous medical education sessions to neighbouring medical professionals.

# DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of TalkMed Group Limited (the "Company") and its subsidiaries (collectively the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2014.

## DIRECTORS

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

Dr. Ang Peng Tiam  
Mr. Chandra Das s/o Rajagopal Sitaram  
Mr. Dan Yock Hian  
Dr. Khoo Kei Siong  
Mr. Lim Jen Howe  
Mr. Lim Teong Jin George  
Mr. Sitoh Yih Pin

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

## DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company and related corporations (other than a wholly-owned subsidiary) as stated below:

| Name of director                      | Direct Interest                          |                                    | Deemed Interest                          |                                    |
|---------------------------------------|--|------------------------------------|--|------------------------------------|
|                                       | No. of ordinary shares                   |                                    | No. of ordinary shares                   |                                    |
|                                       | At the<br>beginning of<br>financial year | At the<br>end of<br>financial year | At the<br>beginning of<br>financial year | At the<br>end of<br>financial year |
| <i>Ordinary shares of the Company</i> |  |                                    |  |                                    |
| Dr. Ang Peng Tiam                     | –  | –                                  | 429,456,000                              | 429,456,000                        |
| Dr. Khoo Kei Siong                    | 49,680,000                               | 49,680,000                         | –  | –                                  |

## DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Dr. Ang Peng Tiam is deemed to have an interest in all the shares held by Ladyhill Holdings Pte.Ltd. in the Company.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2015.

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

## DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

## OPTIONS

No options were issued by the Company during the financial year. As at 31 December 2014, there are no options on the unissued shares of the Company or any other body corporate which were outstanding.

## AUDIT COMMITTEE

The Audit Committee ("AC") performed the functions specified in the Singapore Companies Act, Cap. 50. The functions performed are detailed in the Report on Corporate Governance.

## AUDITOR

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors,

Dr. Ang Peng Tiam  
Director

Dr. Khoo Kei Siong  
Director

Singapore  
19 March 2015

## STATEMENT BY DIRECTORS

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We, Dr. Ang Peng Tiam and Dr. Khoo Kei Siong, being two of the directors of TalkMed Group Limited, do hereby state that, in the opinion of the directors,

- (a) the accompanying consolidated statement of comprehensive income, statements of financial position, statements of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors,

Dr. Ang Peng Tiam  
Director

Dr. Khoo Kei Siong  
Director

Singapore  
19 March 2015

# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014  
TO THE MEMBERS OF TALKMED GROUP LIMITED

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## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of TalkMed Group Limited (the "Company") and its subsidiaries (collectively the "Group"), set out on pages 33 to 61, which comprise the statements of financial position of the Group and the Company as at 31 December 2014, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 about 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 of financial statements that give a true and fair view 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 management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014  
TO THE MEMBERS OF TALKMED GROUP LIMITED

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## Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

**Ernst & Young LLP**  
Public Accountants and  
Chartered Accountants  
Singapore  
19 March 2015

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

|  |      | Group           |                 |
|--|------|-----------------|-----------------|
|  | Note | 2014<br>S\$'000 | 2013<br>S\$'000 |
| Revenue  | 4    | 63,165          | 56,270          |
| <b>Other items of income</b>   |      |                 |                 |
| Interest income  |      | 136             | –               |
| Other income   | 5    | 90              | 8               |
| <b>Other items of expense</b>  |      |                 |                 |
| Employee benefits expense  | 6    | (14,002)        | (13,606)        |
| Operating lease expense  |      | (732)           | (367)           |
| Other operating expenses   |      | (2,072)         | (6,500)         |
| <b>Profit before tax</b>   | 7    | 46,585          | 35,805          |
| Income tax expense   | 8    | (8,057)         | (7,600)         |
| <b>Profit for the year, representing total comprehensive income<br/>for the year attributable to owners of the Company</b> |      | <b>38,528</b>   | <b>28,205</b>   |
| <b>Earnings per share (cents per share)</b>  |      |                 |                 |
| Basic and diluted  | 9    | 5.94            | 20.72           |

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

|   | Note | Group           |                 | Company         |                 |
|---|------|-----------------|-----------------|-----------------|-----------------|
|   |      | 2014<br>S\$'000 | 2013<br>S\$'000 | 2014<br>S\$'000 | 2013<br>S\$'000 |
| <b>Assets</b>                                       |      |                 |                 |                 |                 |
| <b>Non-current assets</b>                           |      |                 |                 |                 |                 |
| Plant and equipment                                 | 10   | 25              | 53              | -               | -               |
| Investments in subsidiaries                         | 11   | -               | -               | 2,313           | 2,312           |
|   |      | <u>25</u>       | <u>53</u>       | <u>2,313</u>    | <u>2,312</u>    |
| <b>Current assets</b>                               |      |                 |                 |                 |                 |
| Prepaid operating expenses                          |      | 41              | 589             | 7               | 519             |
| Trade and other receivables                         | 12   | 9,137           | 6,885           | 16,045          | -               |
| Cash and short-term deposits                        | 13   | 50,895          | 24,893          | 21,426          | 1               |
|   |      | <u>60,073</u>   | <u>32,367</u>   | <u>37,478</u>   | <u>520</u>      |
| <b>Total assets</b>                                 |      | <u>60,098</u>   | <u>32,420</u>   | <u>39,791</u>   | <u>2,832</u>    |
| <b>Equity and liabilities</b>                       |      |                 |                 |                 |                 |
| <b>Current liabilities</b>                          |      |                 |                 |                 |                 |
| Other payables                                      | 14   | 1,333           | 8,049           | 8               | 1,293           |
| Accrued operating expenses                          |      | 905             | 4,478           | 34              | 2,026           |
| Income tax payable                                  |      | 8,058           | 7,091           | -               | -               |
|   |      | <u>10,296</u>   | <u>19,618</u>   | <u>42</u>       | <u>3,319</u>    |
| <b>Net current assets/(liabilities)</b>             |      | <u>49,777</u>   | <u>12,749</u>   | <u>37,436</u>   | <u>(2,799)</u>  |
| <b>Net assets/(liabilities)</b>                     |      | <u>49,802</u>   | <u>12,802</u>   | <u>39,749</u>   | <u>(487)</u>    |
| <b>Equity attributable to owners of the Company</b> |      |                 |                 |                 |                 |
| Share capital                                       | 15   | 22,273          | 2,313           | 22,273          | 2,313           |
| Merger reserve                                      | 16   | (2,311)         | (2,311)         | -               | -               |
| Retained earnings                                   |      | 29,840          | 12,800          | 17,476          | (2,800)         |
| <b>Total equity</b>                                 |      | <u>49,802</u>   | <u>12,802</u>   | <u>39,749</u>   | <u>(487)</u>    |
| <b>Total equity and liabilities</b>                 |      | <u>60,098</u>   | <u>32,420</u>   | <u>39,791</u>   | <u>2,832</u>    |

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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|  | Attributable to owners of the Company    |                                 |   |                             |
|--|--|---------------------------------|---|-----------------------------|
|  | Share<br>Capital<br>(Note 15)<br>S\$'000 | Retained<br>earnings<br>S\$'000 | Merger<br>reserve<br>(Note 16)<br>S\$'000 | Equity,<br>Total<br>S\$'000 |
| <b>Group</b>   |  |                                 |   |                             |
| Opening balance at 1 January 2014  | 2,313                                    | 12,800                          | (2,311)                                   | 12,802                      |
| Profit for the year, representing total comprehensive income for the year  | –  | 38,528                          | –   | 38,528                      |
| <u>Contributions by and distributions to owners</u>                        |  |                                 |   |                             |
| Proceeds from share issuance at IPO  | 21,029                                   | –                               | –   | 21,029                      |
| IPO share issuance expenses  | (1,069)                                  | –                               | –   | (1,069)                     |
| Dividends on ordinary shares (Note 22)                                     | –  | (21,488)                        | –   | (21,488)                    |
| Closing balance at 31 December 2014  | <u>22,273</u>                            | <u>29,840</u>                   | <u>(2,311)</u>                            | <u>49,802</u>               |
| <b>Group</b>   |  |                                 |   |                             |
| Opening balance at 1 January 2013  | 1  | 12,095                          | –   | 12,096                      |
| Profit for the year, representing total comprehensive income for the year  | –  | 28,205                          | –   | 28,205                      |
| <u>Contributions by and distributions to owners</u>                        |  |                                 |   |                             |
| Issuance of shares pursuant to the Restructuring Exercise                  | 2,312                                    | –                               | (2,311)                                   | 1                           |
| Dividends paid to the then existing shareholders of a subsidiary (Note 22) | –  | (27,500)                        | –   | (27,500)                    |
| Closing balance at 31 December 2013  | <u>2,313</u>                             | <u>12,800</u>                   | <u>(2,311)</u>                            | <u>12,802</u>               |

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

|   | Attributable to owners of the Company    |                                 |   |                             |
|---|--|---------------------------------|---|-----------------------------|
|   | Share<br>Capital<br>(Note 15)<br>S\$'000 | Retained<br>earnings<br>S\$'000 | Merger<br>reserve<br>(Note 16)<br>S\$'000 | Equity,<br>Total<br>S\$'000 |
| <b>Company</b>  |  |                                 |   |                             |
| Opening balance at 1 January 2014   | 2,313                                    | (2,800)                         | –   | (487)                       |
| Profit for the year, representing total comprehensive income for the year | –  | 41,764                          | –   | 41,764                      |
| <u>Contributions by and distributions to owners</u>                       |  |                                 |   |                             |
| Proceeds from share issuance at IPO                                       | 21,029                                   | –                               | –   | 21,029                      |
| IPO share issuance expenses   | (1,069)                                  | –                               | –   | (1,069)                     |
| Dividends on ordinary shares (Note 22)                                    | –  | (21,488)                        | –   | (21,488)                    |
| Closing balance at 31 December 2014                                       | <u>22,273</u>                            | <u>17,476</u>                   | <u>–</u>                                  | <u>39,749</u>               |
| <b>Company</b>  |  |                                 |   |                             |
| Opening balance at 10 September 2013 (date of incorporation)              | 1  | –                               | –   | 1                           |
| Loss for the year, representing total comprehensive income for the year   | –  | (2,800)                         | –   | (2,800)                     |
| <u>Contribution by owners</u>   |  |                                 |   |                             |
| Issuance of shares pursuant to the Restructuring Exercise                 | 2,312                                    | –                               | –   | 2,312                       |
| Closing balance at 31 December 2013                                       | <u>2,313</u>                             | <u>(2,800)</u>                  | <u>–</u>                                  | <u>(487)</u>                |

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

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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|  | Note | Group           |                 |
|--|------|-----------------|-----------------|
|  |      | 2014<br>S\$'000 | 2013<br>S\$'000 |
| <b>Operating activities</b>                                      |      |                 |                 |
| Profit before tax  |      | 46,585          | 35,805          |
| Adjustments for:   |      |                 |                 |
| Depreciation of plant and equipment                              | 10   | 32              | 8               |
| Interest income  |      | (136)           | -               |
| Total adjustments  |      | (104)           | 8               |
| <b>Operating cash flows before changes in working capital</b>    |      | <b>46,481</b>   | <b>35,813</b>   |
| <b>Changes in working capital</b>                                |      |                 |                 |
| Decrease/(increase) in prepaid operating expenses                |      | 548             | (589)           |
| Increase in trade and other receivables                          |      | (2,208)         | (849)           |
| (Decrease)/increase in other payables                            |      | (6,716)         | 7,289           |
| (Decrease)/increase in accrued operating expenses                |      | (3,573)         | 1,062           |
| Total changes in working capital                                 |      | (11,949)        | 6,913           |
| <b>Cash flows from operations</b>                                |      | <b>34,532</b>   | <b>42,726</b>   |
| Interest received  |      | 92              | -               |
| Income tax paid  |      | (7,090)         | (7,025)         |
| <b>Net cash flows from operating activities</b>                  |      | <b>27,534</b>   | <b>35,701</b>   |
| <b>Investing activity</b>  |      |                 |                 |
| Purchase of plant and equipment                                  | 10   | (4)             | (61)            |
| <b>Net cash flows used in investing activity</b>                 |      | <b>(4)</b>      | <b>(61)</b>     |
| <b>Financing activities</b>                                      |      |                 |                 |
| Proceeds from issuance of share capital                          |      | -               | 1               |
| Dividends paid to the then existing shareholders of a subsidiary | 22   | -               | (27,500)        |
| Proceeds from share issuance at IPO                              |      | 21,029          | -               |
| IPO share expense capitalised                                    |      | (1,069)         | -               |
| Dividends paid to shareholders                                   |      | (21,488)        | -               |
| <b>Net cash flows used in financing activities</b>               |      | <b>(1,528)</b>  | <b>(27,499)</b> |
| <b>Net increase in cash and cash equivalents</b>                 |      | <b>26,002</b>   | <b>8,141</b>    |
| Cash and cash equivalents at 1 January                           |      | 24,893          | 16,752          |
| Cash and cash equivalents at 31 December                         | 13   | 50,895          | 24,893          |

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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## 1. CORPORATE INFORMATION

TalkMed Group Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). The immediate and ultimate holding company is Ladyhill Holdings Pte. Ltd..

The registered office of the Company is at 101 Thomson Road #09-02 United Square Singapore 307591 and principal place of business of the Group is at 3 Mount Elizabeth #13-16/17 Mount Elizabeth Hospital, Singapore 228510.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 *Basis of preparation*

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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

The financial statements are presented in Singapore dollars ("SGD" or "\$"), which is the functional currency of the Company and all values are rounded to the nearest thousand ("S\$'000") as indicated.

### 2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 *Standards Issued but not yet effective*

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

| Description  | Effective for<br>annual periods<br>beginning on<br>or after |
|--|---|
| Amendments to FRS 19 Defined Benefit Plans: Employee Contributions Improvements to FRSs (January 2014) | 1 July 2014   |
| – Amendments to FRS 103 <i>Business Combinations</i>   | 1 July 2014   |
| – Amendments to FRS 108 <i>Operating Segments</i>  | 1 July 2014   |
| – Amendment to FRS 16 <i>Property, Plant and Equipment</i>   | 1 July 2014   |
| – Amendment to FRS 24 <i>Related Party Disclosures</i>   | 1 July 2014   |
| – Amendments to FRS 113 <i>Fair Value Measurement</i>  | 1 July 2014   |
| Improvements to FRSs (February 2014)   |   |
| – Amendments to FRS 103 <i>Business Combinations</i>   | 1 July 2014   |
| – Amendments to FRS 113 <i>Fair Value Measurement</i>  | 1 July 2014   |
| Amendments to FRS 16 <i>Property, Plant and Equipment</i> :  |   |
| Clarification of Acceptable Methods of Depreciation and Amortisation                                   | 1 January 2016  |
| Amendments to FRS 110 Consolidated Financial Statements  | 1 January 2016  |
| Improvements to FRSs (November 2014)   |   |
| – Amendments to FRS 19 <i>Employee Benefits</i>  | 1 January 2016  |
| – Amendments to FRS 107 <i>Financial Instruments: Disclosures</i>                                      | 1 January 2016  |
| FRS 115 Revenue from Contracts with Customers  | 1 January 2017  |
| FRS 109 Financial Instruments  | 1 January 2018  |

Except for FRS 109 and FRS 115, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 and FRS 115 are described below.

#### FRS 109 Financial Instruments

FRS 109 *Financial Instruments* replaces FRS 39 *Financial Instruments: Recognition and Measurement*. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the new standard on the required effective date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 *Standards issued but not yet effective (cont'd)*

#### *FRS 115 Revenue from Contracts with Customers*

FRS 115 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

### 2.4 *Basis of consolidation and business combinations*

#### *(a) Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

#### *(b) Business combinations*

The consolidated financial statements of the Group for the financial years ended 31 December 2013 has been prepared in accordance with RAP 12 Merger Accounting for Common Control Combinations in the absence of a Standard or an Interpretation that specifically applies to the business combination of the Company and its subsidiary, Singapore Cancer Centre Pte. Ltd. ("SCC").

Under this method, the Company has been treated as the holding company of SCC for the financial year ended 31 December 2013 rather than from the date of completion of the Restructuring Exercise in September 2013. Accordingly, the consolidated financial statements of the Group for the year ended 31 December 2013 included the results of SCC.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 *Basis of consolidation and business combinations (cont'd)*

#### (b) *Business combinations (cont'd)*

Pursuant to this,

- Assets, liabilities, reserves, revenue and expense of SCC are consolidated at their existing carrying amounts;
- No amount is recognised for goodwill; and
- The retained earnings recognised in the consolidated financial statements are the retained earnings of SCC. Any difference between the consideration paid/transferred and the share capital of the subsidiary, SCC is reflected within equity as merger reserve.

### 2.5 *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

|                                    |   |         |
|------------------------------------|---|---------|
| Furniture, fitting and renovations | - | 2 years |
| Clinic equipment                   | - | 2 years |
| Office equipment                   | - | 2 years |
| Computers                          | - | 2 years |
| Renovations                        | - | 2 years |

The carrying values of 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, and adjusted prospectively, if appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.6 *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 indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal 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 or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

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 profit or loss.

### 2.7 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

### 2.8 *Financial instruments*

#### (a) *Financial assets*

##### *Initial recognition and measurement*

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

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.

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.8 *Financial Instruments (cont'd)*

#### (a) *Financial assets (cont'd)*

##### *Subsequent measurement*

##### *Loans and receivables*

Non-derivative 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, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

##### *De-recognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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 had been recognised in other comprehensive income is recognised in profit or loss.

#### (b) *Financial liabilities*

##### *Initial recognition and measurement*

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

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

##### *Subsequent measurement*

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

##### *De-recognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.9 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

#### *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

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 profit or loss.

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.

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 profit or loss.

### 2.10 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits which are subject to an insignificant risk of changes in value.

# NOTES TO THE FINANCIAL STATEMENTS

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.11 *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss under "Other Income".

### 2.12 *Employee benefits*

#### *Defined contribution plans*

The Group makes contributions to the Central Provident Fund scheme in Singapore. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

### 2.13 *Leases*

#### *As lessee*

Operating lease payments are recognised as an expense in profit or loss 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.

### 2.14 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

#### *(a) Consultancy services*

The Group provides specialist doctors and clinical staff to Parkway Cancer Centre ("PCC"), a division of Parkway Hospitals Singapore Pte. Ltd. for the provision of specialist medical oncology services ("Consultancy services"). Revenue from the provision of such consultancy services to PCC is recognised when the services are rendered and is computed in accordance with the terms and conditions of Consultancy Restatement Agreement.

The Group provides consultancy services to THU CUC International General Hospital ("TCH"), to enable TCH to establish and operate a new medical centre ("medical centre"), providing oncology services in Hanoi, Vietnam. Revenue from the provision of such consultancy services to TCH is recognised when the services are rendered and is computed in accordance with the terms and conditions of the profit sharing agreement.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.14 Revenue (cont'd)

#### (b) Management fees

Revenue from management fees is derived from the billing of salaries, wages and employee benefits and rental of premises incurred from the provision of specialist medical oncology service by SCC employees and Specialist Doctors to PCC and all expenses incurred from the provision of consultancy service by SCC Specialist Doctors to TCH.

### 2.15 Taxes

#### (a) Current income tax

Current income 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 end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### (b) Deferred tax

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.15 Taxes (cont'd)

#### (b) Deferred tax (cont'd)

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

#### (c) Sales tax

Revenue, expenses and assets are recognised net of amount of sales tax except:

- Where the sales tax incurred in 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 expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.16 *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.

### 2.17 *Contingencies*

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised on the statement of financial position of the Group.

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

No critical judgment was made by management in the process of applying the Group's accounting policies nor were there key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements.

## 4. REVENUE

|                      | Group         |               |
|----------------------|---------------|---------------|
|                      | 2014          | 2013          |
|                      | S\$'000       | S\$'000       |
| Consultancy services | 48,824        | 44,552        |
| Management fees      | 14,341        | 11,718        |
|                      | <u>63,165</u> | <u>56,270</u> |

# NOTES TO THE FINANCIAL STATEMENTS

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## 5. OTHER INCOME

|  | Group           |                 |
|--|-----------------|-----------------|
|  | 2014<br>S\$'000 | 2013<br>S\$'000 |
| Grant income from special employment credit scheme | 8               | 8               |
| Grant income from wage credit scheme               | 55              | –               |
| Productivity and Innovation Credit bonus           | 14              | –               |
| Others   | 13              | –               |
|  | <u>90</u>       | <u>8</u>        |

## 6. EMPLOYEE BENEFITS EXPENSE

|   | Group           |                 |
|---|-----------------|-----------------|
|   | 2014<br>S\$'000 | 2013<br>S\$'000 |
| <b>Employee benefits expense (including directors):</b> |                 |                 |
| Salaries and bonuses                                    | 13,257          | 13,013          |
| Central Provident Fund contributions                    | 588             | 521             |
| Other short-term benefits                               | 157             | 72              |
|   | <u>14,002</u>   | <u>13,606</u>   |

## 7. PROFIT BEFORE TAX

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

|   | Note | Group           |                 |
|---|------|-----------------|-----------------|
|   |      | 2014<br>S\$'000 | 2013<br>S\$'000 |
| Fees paid/payable to auditor of the Company |      |                 |                 |
| – Audit fees                                |      | 95              | 86              |
| – Non-audit fees                            |      | 9               | 12              |
| Employee benefits expense                   | 6    | 14,002          | 13,606          |
| Depreciation of plant and equipment         | 10   | 32              | 8               |
| IPO expenses                                |      | <u>(93)</u>     | <u>2,752*</u>   |

\* In addition to the amount disclosed, the Group incurred \$273,000 to the Auditor of the Company relating to the IPO exercise. \$44,000 was included in prepayments as at 31 December 2013 and \$229,000 was included in IPO expenses. The amount of \$44,000 was included in the IPO expenses deducted against share capital during the current financial year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 8. INCOME TAX EXPENSE

### *Major components of income tax expense*

The major components of income tax expense for the years ended 31 December 2014 and 2013 are:

|   | Group           |                 |
|---|-----------------|-----------------|
|   | 2014<br>S\$'000 | 2013<br>S\$'000 |
| Current income tax:                             |                 |                 |
| – Current income taxation                       | 8,057           | 7,090           |
| – Under provision in respect of previous year   | –               | 510             |
| Income tax expense recognised in profit or loss | <u>8,057</u>    | <u>7,600</u>    |

### *Relationship between tax expense and profit before tax*

Reconciliation between tax expense and the product of profit before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2014 and 2013 is as follows:

|   | Group           |                 |
|---|-----------------|-----------------|
|   | 2014<br>S\$'000 | 2013<br>S\$'000 |
| Profit before tax                               | <u>46,585</u>   | <u>35,805</u>   |
| Tax at the domestic tax rate of 17%             | 7,920           | 6,087           |
| Tax effect of:                                  |                 |                 |
| Non-deductible expenses                         | 208             | 1,071           |
| Income not subject to tax                       | (13)            | –               |
| Effect of partial tax exemption and tax relief  | (59)            | (68)            |
| Under provision in respect of previous year     | –               | 510             |
| Others  | 1               | –               |
| Income tax expense recognised in profit or loss | <u>8,057</u>    | <u>7,600</u>    |

### **Tax consequence of proposed dividends**

There are no income tax consequence (2013: \$Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 22).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 9. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

|  | Group       |                            |
|--|-------------|----------------------------|
|  | 2014        | 2013                       |
| Profit for the year attributable to owners of the Company<br>(S\$'000)   | 38,528      | 28,205                     |
| Weighted average number of ordinary shares outstanding<br>for basic and diluted earnings per share computation | 648,501,110 | 136,113,748 <sup>(1)</sup> |
| Basic and diluted earnings per share (cents per share)   | 5.94        | 20.72                      |

(1) The weighted average number of shares of the Company for the financial year ended 31 December 2013 is calculated based on 5,520 subscriber shares issued at incorporation and 551,994,480 new shares issued on 3 October 2013, after taking into account the effect of subdivision of shares.

The diluted earnings per share are the same as the basic earnings per share as the Company does not have any dilutive potential ordinary shares for the financial years ended 31 December 2014 and 31 December 2013.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 10. PLANT AND EQUIPMENT

| Group                            | Furniture and fittings<br>S\$'000 | Clinic equipment<br>S\$'000 | Office equipment<br>S\$'000 | Computers<br>S\$'000 | Renovations<br>S\$'000 | Total<br>S\$'000 |
|----------------------------------|-----------------------------------|-----------------------------|-----------------------------|----------------------|------------------------|------------------|
| <b>2014</b>                      |                                   |                             |                             |                      |                        |                  |
| <i>Cost</i>                      |                                   |                             |                             |                      |                        |                  |
| At 1 January 2013                | 17                                | 10                          | 4                           | 5                    | –                      | 36               |
| Additions                        | 25                                | –                           | 9                           | 2                    | 25                     | 61               |
| At 31 December 2013              | 42                                | 10                          | 13                          | 7                    | 25                     | 97               |
| Additions                        | –                                 | –                           | –                           | 4                    | –                      | 4                |
| At 31 December 2014              | 42                                | 10                          | 13                          | 11                   | 25                     | 101              |
| <i>Accumulated depreciation</i>  |                                   |                             |                             |                      |                        |                  |
| At 1 January 2013                | 17                                | 10                          | 4                           | 5                    | –                      | 36               |
| Depreciation charge for the year | 3                                 | –                           | 1                           | –*                   | 4                      | 8                |
| At 31 December 2013              | 20                                | 10                          | 5                           | 5                    | 4                      | 44               |
| Depreciation charge for the year | 12                                | –                           | 5                           | 3                    | 12                     | 32               |
| At 31 December 2014              | 32                                | 10                          | 10                          | 8                    | 16                     | 76               |
| <i>Net book value</i>            |                                   |                             |                             |                      |                        |                  |
| At 31 December 2013              | 22                                | –                           | 8                           | 2                    | 21                     | 53               |
| At 31 December 2014              | 10                                | –                           | 3                           | 3                    | 9                      | 25               |

\* Amount is less than S\$1,000.

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## 11. INVESTMENTS IN SUBSIDIARIES

|                 | Company         |                 |
|-----------------|-----------------|-----------------|
|                 | 2014<br>S\$'000 | 2013<br>S\$'000 |
| Shares, at cost | 2,313           | 2,312           |

Details of the subsidiaries are as follows:-

| Company  | Country of<br>Incorporation | Principal activities  | Proportion of<br>ownership interest |           |
|--|-----------------------------|---|-------------------------------------|-----------|
|  |                             |   | 2014<br>%                           | 2013<br>% |
| <i>Held by the Company:</i>                                  |                             |   |                                     |           |
| Singapore Cancer<br>Centre Pte. Ltd. <sup>1</sup><br>("SCC") | Singapore                   | Provide specialist doctors and<br>medical staff to operate Parkway<br>Cancer Centre which is a division<br>of Parkway Hospitals Singapore Pte.<br>Ltd. for the provision of specialist<br>oncology services | 100                                 | 100       |
| TalkMed Vietnam<br>Pte. Ltd. <sup>1</sup>                    | Singapore                   | Provide specialised medical<br>oncology services  | 100                                 | -         |

<sup>1</sup> Audited by Ernst & Young LLP, Singapore

The acquisition of Singapore Cancer Centre Pte. Ltd. was completed during the financial year ended 31 December 2013 via the allotment and issue of 100,000,000 ordinary shares of the Company to the then existing shareholders (Note 15).

During the financial year ended 31 December 2014, the Company incorporated a wholly-owned subsidiary, TalkMed Vietnam Pte. Ltd. with an issued and paid-up capital of S\$1,000.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 12. TRADE AND OTHER RECEIVABLES

|   | Group           |                 | Company         |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | 2014<br>S\$'000 | 2013<br>S\$'000 | 2014<br>S\$'000 | 2013<br>S\$'000 |
| Trade receivables                           | 8,963           | 6,827           | -               | -               |
| Amounts due from a subsidiary (non-trade)   | -               | -               | 22              | -               |
| Dividends receivable from a subsidiary      | -               | -               | 16,000          | -               |
| Refundable deposits                         | 128             | 58              | -               | -               |
| Interest receivables                        | 44              | -               | 21              | -               |
| Other receivables                           | 2               | -               | 2               | -               |
| Total trade and other receivables           | 9,137           | 6,885           | 16,045          | -               |
| Add: Cash and short-term deposits (Note 13) | 50,895          | 24,893          | 21,426          | 1               |
| Total loans and receivables                 | 60,032          | 31,778          | 37,471          | 1               |

### Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

### Amounts due from a subsidiary (non-trade)

These amounts are unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

### Receivables that are past due but not impaired

The Company has trade receivables amounting to \$92,000 (2013: \$Nil) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

|  | 2014<br>S\$'000 | 2013<br>S\$'000 |
|--|-----------------|-----------------|
| Trade receivables past due but not impaired: |                 |                 |
| 1 to 30 days                                 | 2               | -               |
| 30 to 90 days                                | 12              | -               |
| More than 90 days                            | 78              | -               |
|  | 92              | -               |

There is no impairment loss on trade receivables for the financial year ended 31 December 2014 and 2013.

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## 13. CASH AND SHORT-TERM DEPOSITS

|                              | Group           |                 | Company         |                 |
|------------------------------|-----------------|-----------------|-----------------|-----------------|
|                              | 2014<br>S\$'000 | 2013<br>S\$'000 | 2014<br>S\$'000 | 2013<br>S\$'000 |
| Cash at banks and on hand    | 21,803          | 24,893          | 10,374          | 1               |
| Short-term deposits          | 29,092          | -               | 11,052          | -               |
| Cash and short-term deposits | <u>50,895</u>   | <u>24,893</u>   | <u>21,426</u>   | <u>1</u>        |

Cash at bank does not earn any interest. Short-term deposits are made for varying periods of between 3 months and 6 months, depending on the immediate cash requirements of the Group, and earn interests ranging from 0.95% to 1.06% per annum.

## 14. OTHER PAYABLES

|   | Group           |                 | Company         |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | 2014<br>S\$'000 | 2013<br>S\$'000 | 2014<br>S\$'000 | 2013<br>S\$'000 |
| GST payable                                   | 1,205           | 966             | -               | -               |
| Rental deposits                               | 113             | -               | -               | -               |
| Professional fees payables                    | -               | 7,062           | -               | -               |
| Other payables                                | 11              | -               | -               | -               |
| Amounts due to a company                      |                 |                 |                 |                 |
| wholly-owned by a director (non-trade)        | 1               | 21              | -               | -               |
| Amounts due to a director (non-trade)         | 3               | -               | -               | -               |
| Amounts due to a subsidiary (non-trade)       | -               | -               | 8               | 1,293           |
|   | <u>1,333</u>    | <u>8,049</u>    | <u>8</u>        | <u>1,293</u>    |
| Add: Accrued operating expenses               | 905             | 4,478           | 34              | 2,026           |
| Less: GST payable                             | <u>(1,205)</u>  | <u>(966)</u>    | <u>-</u>        | <u>-</u>        |
| Total financial liabilities at amortised cost | <u>1,033</u>    | <u>11,561</u>   | <u>42</u>       | <u>3,319</u>    |

Amounts due to a company wholly-owned by a director/a director/a subsidiary (non-trade)

These amounts are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 15. SHARE CAPITAL

|  | Group and Company  |               |                    |              |
|--|--------------------|---------------|--------------------|--------------|
|  | 2014               |               | 2013               |              |
|  | No. of shares '000 | S\$'000       | No. of shares '000 | S\$'000      |
| <b>Issued and fully paid ordinary shares</b>                       |                    |               |                    |              |
| At 1 January   | 552,000            | 2,313         | 1                  | 1            |
| Issued for acquisition of a subsidiary (Note 11)                   | –                  | –             | 100,000            | 2,312        |
| Issuance of ordinary shares pursuant to IPO                        | 105,143            | 21,029        | –                  | –            |
| Share issuance expense   | –                  | (1,069)       | –                  | –            |
| At 31 December   | <u>657,143</u>     | <u>22,273</u> | <u>100,001</u>     | <u>2,313</u> |
| Subdivision of shares pursuant to Restructuring Exercise (Note 11) | –                  | –             | 552,000            | 2,313        |

The share capital of the Group as at 1 January 2013 refers to the paid-up capital of its subsidiary, Singapore Cancer Centre Pte. Ltd. ("SCC").

The Company was incorporated on 10 September 2013 with 1,000 shares of S\$1.00 each. Pursuant to the Restructuring Exercise, the Company acquired the entire equity interest in SCC for S\$2,312,000 during the financial year ended 31 December 2013. The purchase consideration was satisfied via the issue of 100,000,000 shares. Subsequently, each share in the resultant share capital of 100,001,000 ordinary shares was subdivided into 5.52 ordinary shares. Consequently, the share capital of the Company as at 31 December 2013 comprised 552,000,000 ordinary shares amounting to S\$2,313,000.

During the financial year ended 31 December 2014, the Company issued 105,143,000 ordinary shares at S\$0.20 each pursuant to the Initial Public Offering ("IPO") of the Company. Consequently, the share capital of the Company increased to 657,143,000 ordinary shares.

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

## 16. MERGER RESERVE

This represents the difference between the consideration paid and the paid-in capital of the subsidiary under common control is accounted for by applying the pooling of interest method.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 17. RELATED PARTY TRANSACTIONS

### (a) Sales and purchases of goods and services

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

|   | Group           |                 |
|---|-----------------|-----------------|
|   | 2014<br>S\$'000 | 2013<br>S\$'000 |
| Operating lease expense paid to companies wholly-owned by directors | 455             | 260             |
| Service fees paid to a director-related company                     | 12              | 49              |

### (b) Compensation of key management personnel

|                                      | Group           |                 |
|--------------------------------------|-----------------|-----------------|
|                                      | 2014<br>S\$'000 | 2013<br>S\$'000 |
| Short-term employee benefits         | 5,807           | 5,692           |
| Directors' fees                      | 380             | -               |
| Central Provident Fund contributions | 43              | 38              |
|                                      | <u>6,230</u>    | <u>5,730</u>    |
| Comprises amount paid to:            |                 |                 |
| Directors of the company             | 380             | -               |
| Directors of subsidiaries            | 5,563           | 5,569           |
| Other key personnel                  | 287             | 161             |
|                                      | <u>6,230</u>    | <u>5,730</u>    |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 18. OPERATING LEASE COMMITMENTS – AS LESSEE

The Group has entered into commercial operating lease on certain clinic centres and office. These leases have an average tenure of between 1 to 3 years with and without renewal option and escalation clauses. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2014 amounted to \$732,000 (2013: \$367,000).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

|   | 2014<br>S\$'000 | 2013<br>S\$'000 |
|---|-----------------|-----------------|
| Not later than one year                           | 763             | 577             |
| Later than one year but not later than five years | 460             | 611             |
|   | <u>1,223</u>    | <u>1,188</u>    |

## 19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks are credit risk and liquidity risk. The board of directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

### (a) *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 and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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## 19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (a) *Credit risk (cont'd)*

#### Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the statement of financial position.

#### Credit risk concentration profile

The Group has only three (2013: one) trade debtors and the carrying amount of trade receivables due from these trade debtors as at 31 December 2014 is as disclosed in Note 12.

In order to mitigate concentrations of risk, the Group's policies and procedures include specific guidelines to focus on monitoring the repayment pattern of its trade debtors.

#### Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions 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 12 (Trade and other receivables).

### (b) *Liquidity risk*

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

As part of its overall liquidity management, the Group monitors and maintains a level of cash and short-term deposits deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

#### Analysis of financial instruments by remaining contractual maturities

At the end of the reporting period, all of the Group's and Company's financial assets and liabilities mature within one year based on the carrying amounts reflected in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 20. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital structure in order to support its business and maximise shareholder value.

The Group manages its capital structure, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013.

## 21. SEGMENT INFORMATION

The Group has only one operating segment in the provision of oncology services in Singapore and Vietnam. Management has not identified any business or operating units separately for purpose of making decisions about resource allocation and performance assessment.

### Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

|           | Revenue       |               | Non-current assets |           |
|-----------|---------------|---------------|--------------------|-----------|
|           | 2014          | 2013          | 2014               | 2013      |
|           | S\$'000       | S\$'000       | S\$'000            | S\$'000   |
| Singapore | 63,080        | 56,270        | 25                 | 53        |
| Vietnam   | 85            | -             | -                  | -         |
|           | <u>63,165</u> | <u>56,270</u> | <u>25</u>          | <u>53</u> |

Non-current assets information presented above consists of plant and equipment as presented in the statement of financial position of the Group.

### Information about a major customer

Revenue from one major customer amounted to \$63,080,000 (2013: \$56,270,000), arising from the provision of oncologists and medical staff to operate Parkway Cancer Centre in Singapore.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

## 22. DIVIDENDS

|  | 2014<br>S\$'000 | 2013<br>S\$'000 |
|--|-----------------|-----------------|
| Declared and paid to the Company's shareholders<br>(2013: the then existing shareholders of SCC)<br>during the financial year: |                 |                 |
| <i>Dividends on ordinary shares:</i>   |                 |                 |
| – Final exempt (one-tier) dividend for 2013: 1.14 cents<br>(2012: \$Nil) per share   | 7,491           | –               |
| – First interim exempt (one-tier) dividend for 2014: 2.13 cents<br>(2013: \$7,500) per share                                   | 13,997          | 7,500           |
| – Second interim exempt (one-tier) dividend for 2014: \$Nil cents<br>(2013: \$7,500) per share                                 | –               | 7,500           |
| – Third interim exempt (one-tier) dividend for 2014: \$Nil<br>(2013: \$7,500) per share  | –               | 7,500           |
| – Fourth interim exempt (one-tier) dividend for 2014: \$Nil<br>(2013: \$5,000) per share                                       | –               | 5,000           |
|  | <u>21,488</u>   | <u>27,500</u>   |
| Proposed dividends to the Company's shareholders<br>but not recognised as a liability as at 31 December:                       |                 |                 |
| – Final exempt (one-tier) dividend for 2014: 2.43 cents<br>(2013: 1.14 cents) per share  | <u>15,969</u>   | <u>7,491</u>    |

## 23. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 20 January 2015, the Company entered into a Shareholders' Agreement with StemCord Pte. Ltd. ("StemCord") to incorporate Stem Med Pte. Ltd. ("Stem Med") with a registered capital of S\$3,000,000. The principal activity of Stem Med is for the provision of medical services related to cellular therapy. The total commitment by the Company in Stem Med represents 60% of the registered capital of Stem Med.

Dr. Ang Peng Tiam, a Director and a controlling shareholder of the Company and Dr. Teo Cheng Peng, a substantial shareholder of the Company, who are also directors and substantial shareholders of StemCord, hold 17.35% and 35.66% interests respectively in StemCord.

## 24. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the period ended 31 December 2014 were authorised for issue in accordance with a resolution of directors on 19 March 2015.

**STATISTICS OF SHAREHOLDINGS**

AS AT 12 MARCH 2015

**SHARE CAPITAL**

|                                  |   |                  |
|----------------------------------|---|------------------|
| ISSUED AND FULLY PAID UP CAPITAL | : | S\$22,272,984    |
| NO. OF SHARES ISSUED             | : | 657,143,000      |
| CLASS OF SHARES                  | : | ORDINARY SHARES  |
| VOTING RIGHTS                    | : | 1 VOTE PER SHARE |
| TREASURY SHARES                  | : | NIL              |

**DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF SHAREHOLDINGS**

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | %             | NO. OF SHARES      | %             |
|-----------------------|---------------------|---------------|--------------------|---------------|
| 1 – 99                | NIL                 | NIL           | NIL                | NIL           |
| 100 – 1,000           | 13                  | 3             | 10,600             | 0.00          |
| 1,001 – 10,000        | 188                 | 43.42         | 1,155,000          | 0.17          |
| 10,001 – 1,000,000    | 220                 | 50.81         | 23,434,300         | 3.57          |
| 1,000,001 & above     | 12                  | 2.77          | 632,543,100        | 96.26         |
| <b>TOTAL</b>          | <b>433</b>          | <b>100.00</b> | <b>657,143,000</b> | <b>100.00</b> |

**TOP TWENTY SHAREHOLDERS**

| NO. | NAME OF SHAREHOLDERS                          | NO. OF SHARES      | %            |
|-----|---|--------------------|--------------|
| 1   | LADYHILL HOLDINGS PTE. LTD                    | 429,456,000        | 65.35        |
| 2   | DR KHOO KEI SIONG                             | 49,680,000         | 7.56         |
| 3   | DR TEO CHENG PENG                             | 49,128,000         | 7.48         |
| 4   | UOB KAY HIAN PTE LTD                          | 37,428,000         | 5.70         |
| 5   | DR LIM HONG LIANG                             | 23,736,000         | 3.61         |
| 6   | RAFFLES NOMINEES (PTE) LTD                    | 22,370,900         | 3.40         |
| 7   | QAP CAPITAL PTE LTD                           | 13,030,000         | 1.98         |
| 8   | SEE HUI TI                                    | 2,138,000          | 0.33         |
| 9   | DBS NOMINEES PTE LTD                          | 1,996,300          | 0.30         |
| 10  | CITIBANK NOMINEES SINGAPORE PTE LTD           | 1,545,900          | 0.24         |
| 11  | IDA MUSTIKA TJOKROSETIO                       | 1,024,000          | 0.16         |
| 12  | LAI JASON JUSTIN                              | 1,010,000          | 0.15         |
| 13  | CHANDRA DAS NARESHKUMAR                       | 1,000,000          | 0.15         |
| 14  | THNG YONGXIAN (TANG YONGXIAN)                 | 861,000            | 0.14         |
| 15  | CHAN JIN HOE                                  | 800,000            | 0.13         |
| 16  | KHO SUNN SUNN PATRICIA                        | 750,000            | 0.11         |
| 17  | NG LIN CHIEH KELVIN                           | 750,000            | 0.11         |
| 18  | SNG SU YING MARIAN                            | 750,000            | 0.11         |
| 19  | TAN FAN HAO MATTHEW                           | 750,000            | 0.11         |
| 20  | TAN YII HSIEN BARNABAS (CHEN YUXIAN BARNABAS) | 750,000            | 0.11         |
|     |   | <b>638,954,100</b> | <b>97.23</b> |

# STATISTICS OF SHAREHOLDINGS

AS AT 12 MARCH 2015

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## SUBSTANTIAL SHAREHOLDERS

| Name                        | Direct Interest            |       | Deemed Interest            |       | Total                      |       |
|-----------------------------|----------------------------|-------|----------------------------|-------|----------------------------|-------|
|                             | Number of Shares           | %     | Number of Shares           | %     | Number of Shares           | %     |
| Ladyhill Holdings Pte. Ltd. | 429,456,000 <sup>(1)</sup> | 65.35 | –                          | –     | 429,456,000 <sup>(1)</sup> | 65.35 |
| Dr Khoo Kei Siong           | 49,680,000                 | 7.56  | –                          | –     | 49,680,000                 | 7.56  |
| Dr Teo Cheng Peng           | 49,128,000                 | 7.48  | –                          | –     | 49,128,000                 | 7.48  |
| Dr Ang Peng Tiam            | –                          | –     | 429,456,000 <sup>(1)</sup> | 65.35 | 429,456,000 <sup>(1)</sup> | 65.35 |
| Mdm Chua Siok Lin           | –                          | –     | 429,456,000 <sup>(1)</sup> | 65.35 | 429,456,000 <sup>(1)</sup> | 65.35 |

Note:

- (1) Dr Ang Peng Tiam and Mdm Chua Siok Lin are spouses. Dr Ang Peng Tiam and Mdm Chua Siok Lin are deemed to be interested in the ordinary shares held by Ladyhill Holdings Pte. Ltd. by virtue of Section 7 of the Companies Act, Cap. 50.

## SHAREHOLDING HELD IN PUBLIC HANDS

As at 12 March 2015, approximately 16% of the issued ordinary shares of the Company was held in the hands of the public. Accordingly, the Company had complied with Rule 723 of the Rules of Catalist of the Singapore Exchange Securities Trading Limited.

# NOTICE OF SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting of the Company will be held at Alumni Association, The Alumni Medical Centre, 2 College Road, Singapore 169850 on Monday, 27 April 2015 at 5:30 p.m. to transact the following business:-

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2014 and the Directors' Reports and the Auditors' Report thereon. **(Resolution 1)**
2. To declare a tax exempt (one-tier) dividend of 2.43 Singapore cents per ordinary share in respect of the financial year ended 31 December 2014. **(Resolution 2)**
3. To approve the payment of Directors' fees of S\$380,000 for the financial year ending 31 December 2015 and to be paid in quarterly instalments in arrears. (2014: S\$380,000) **(Resolution 3)**
4. To re-appoint Mr S. Chandra Das as Director of the Company pursuant to Section 153(6) of the Companies Act, Chapter 50, to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. (see explanatory note (a)) **(Resolution 4)**
5. To re-elect the following Directors retiring pursuant to Articles 91 of the Company's Articles of Association:
 

|   |                       |
|---|-----------------------|
| Dr Ang Peng Tiam (see explanatory note (b)) | <b>(Resolution 5)</b> |
| Mr Sitoh Yih Pin (see explanatory note (c)) | <b>(Resolution 6)</b> |
6. To re-appoint Messrs Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

## SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution as Ordinary Resolution, with or without modifications:

### 8. Authority to allot and issue shares

"That pursuant to Section 161 of the Companies Act, Chapter 50 and the Rules of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to issue and allot new shares ("Shares") in the capital of the Company whether by way of rights, bonus or otherwise and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, 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 ALWAYS that:

- (1) the aggregate number of the Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not

# NOTICE OF SECOND ANNUAL GENERAL MEETING

exceed 100% of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with paragraph (2) below), and provided further that where shareholders of the Company ("Shareholders") are not given the opportunity to participate in the same on a pro-rata basis ("non pro-rata basis"), then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 50% of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with paragraph (2) below);

- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of the Shares that may be issued under paragraph (1) above, the total number of issued Shares (excluding treasury shares) shall be based on the issued Shares of the Company (excluding treasury shares) at the time such authority was conferred, after adjusting for:
- (a) new Shares arising from the conversion or exercise of any convertible securities;
  - (b) new Shares arising from the exercising share options or the vesting of share awards which are outstanding or subsisting at the time such authority was conferred; and
  - (c) any subsequent consolidation or subdivision of the Shares;

and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Rules of Catalist of the SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Articles of Association of the Company for the time being; and
- (4) (unless revoked or varied by the Company in a general meeting) the authority so conferred 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 earlier." (see explanatory note (d)) **(Resolution 8)**

By Order of the Board

Pan Mi Keay  
Company Secretary  
10 April 2015  
Singapore

# NOTICE OF SECOND ANNUAL GENERAL MEETING

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## Explanatory Notes:-

- (a) Key information on Mr S. Chandra Das who is seeking re-appointment as a Director of the Company under item 4 above (under the heading "Ordinary Business"), is found on page 5 of the Annual Report. Mr S. Chandra Das will remain as the Chairman of the Board of Directors, Nominating Committee and Remuneration Committee respectively, upon re-appointment as a Director of the Company and will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist. There are no relationships (including immediate family relationships) between Mr S. Chandra Das and the other Directors, or the Company, or its 10% shareholders.
- (b) Key information on Dr Ang Peng Tiam who is seeking re-election as a Director of the Company under item 5(a) above (under the heading "Ordinary Business"), is found on page 5-6 of the Annual Report. Details of the share interests of Dr Ang Peng Tiam in the Company can be found in page 28 of the Annual Report. Dr Ang Peng Tiam is the Chief Executive Officer of the Group.
- (c) Key information on Mr Sitoh Yih Pin who is seeking re-election as a Director of the Company under item 5(b) above (under the heading "Ordinary Business"), is found on page 6 of the Annual Report. Mr Sitoh Yih Pin will remain as the Chairman of the Audit Committee and the Member of the Remuneration Committee upon re-election as a Director of the Company and will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist. There are no relationships (including immediate family relationships) between Mr Sitoh Yih Pin and the other Directors, or the Company, or its 10% shareholders.
- (d) The proposed ordinary resolution 8, if passed, will empower the Directors of the Company from the date of the above meeting to issue shares in the Company up to an amount not exceeding 100% of the total number of issued shares in the capital of the Company with a sub-limit of 50% other than on a pro-rata basis to shareholders for the time being for such purposes as they consider would be in the interest of the Company. The authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

## Notes:

- (1) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) If a proxy is to be appointed, the form must be deposited at the registered office of the Company at 101 Thomson Road, #09-02 United Square, Singapore 307591 not less than 48 hours before the meeting.
- (3) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.
- (4) In the case of joint shareholders, all holders must sign the form of proxy.

# NOTICE OF SECOND ANNUAL GENERAL MEETING

## PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

**Notes:-**

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. Such proxy need not be a member of the Company.
2. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the power of attorney or a duly certified copy thereof must be lodged with the instrument.
4. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting in accordance with Section 179 of the Companies Act, Chapter 50.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 101 Thomson Road, #09-02 United Square, Singapore 307591 not less than 48 hours before the time appointed for the Annual General Meeting.
6. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse the admission of any person or persons appointed under the instrument of proxy, to the Annual General Meeting.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such member(s) are not shown to have shares entered against his/her/their name(s) in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.
8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his/her name appears on the Depository Register 48 hours before the time appointed for the Annual General Meeting.

**PERSONAL DATA PRIVACY:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 April 2015.

# TALKMED GROUP LIMITED

Registration Number: 201324565Z

(Incorporated in the Republic of Singapore)

## IMPORTANT

1. For investors who have used their CPF monies to buy TalkMed Group Limited's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to vote should contact their CPF Approved Nominees.

## PROXY FORM

I / We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/ Passport No.)

of \_\_\_\_\_ (Address)

being a member/members of TalkMed Group Limited (the "Company"), hereby appoint:

| Name    | NRIC/Passport No. | Proportion of Shareholding(s) to be presented by Proxy |   |
|---------|-------------------|--|---|
|         |                   | No. of Shares  | % |
| Address |                   |  |   |

and/or (delete where appropriate)

| Name    | NRIC/Passport No. | Proportion of Shareholding(s) to be presented by Proxy |   |
|---------|-------------------|--|---|
|         |                   | No. of Shares  | % |
| Address |                   |  |   |

or failing him/her, the Chairman of the Annual General Meeting ("AGM") of the Company as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the AGM of the Company to be held at Alumni Association, The Alumni Medical Centre, 2 College Road, Singapore 169850 on Monday, 27 April 2015 at 5:30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated with an "X" in the spaces provided hereunder. If no specific directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

| Resolution No. | Ordinary Resolutions  | For | Against |
|----------------|---|-----|---------|
| 1.             | Adoption of Directors' and Auditors' Reports and Audited Financial Statements of the Company for the financial year ended 31 December 2014.   |     |         |
| 2.             | Approval of final one tier tax-exempt dividend of 2.43 Singapore cents per ordinary share for the financial year ended 31 December 2014.  |     |         |
| 3.             | Approval of payment of Directors' fees of S\$380,000 for the financial year ending 31 December 2015 and to be paid in quarterly instalments in arrears.   |     |         |
| 4.             | Re-appointment of Mr. S. Chandra Das as Director of the Company pursuant to Section 153(6) of the Companies Act, Cap.50, to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. |     |         |
| 5.             | Re-election of Dr Ang Peng Tiam as Director of the Company pursuant to Article 91 of the Articles of Association of the Company.  |     |         |
| 6.             | Re-election of Mr. Sitoh Yih Pin as Director of the Company pursuant to Article 91 of the Articles of Association of the Company.   |     |         |
| 7.             | Re-appointment of Messrs Ernst & Young LLP as the Company's Auditors.   |     |         |
| 8.             | Authority to allot and issue shares.  |     |         |

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2015

| Total number of Shares in: | No. of Shares held |
|----------------------------|--------------------|
| (a) CDP Register           |                    |
| (b) Register of Members    |                    |

.....  
Signature(s) of Member(s)/ Common Seal

**IMPORTANT: Please read notes on the left**



*Fold along this line*

Affix  
Postage  
Stamp  
Here

The Company Secretary  
**TALKMED GROUP LIMITED**  
101 Thomson Road  
#09-02 United Square  
Singapore 307591

*Fold along this line*



101 Thomson Road #09-02  
United Square  
Singapore 307591

