TALKMED GROUP

ANNUAL REPORT 2019

CONTENTS

This annual report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange 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 Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581. Telephone number: (65) 6415 9886

CORPORATE INFORMATION

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 AND RISK 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 Boon Yong
Mr Lim Heng Chong Benny
Ms Dai Lingna

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

PRINCIPAL PLACE OF BUSINESS

3 Mount Elizabeth
Mount Elizabeth Hospital Level 2
Singapore 228510

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

SPONSOR

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

AUDITOR

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

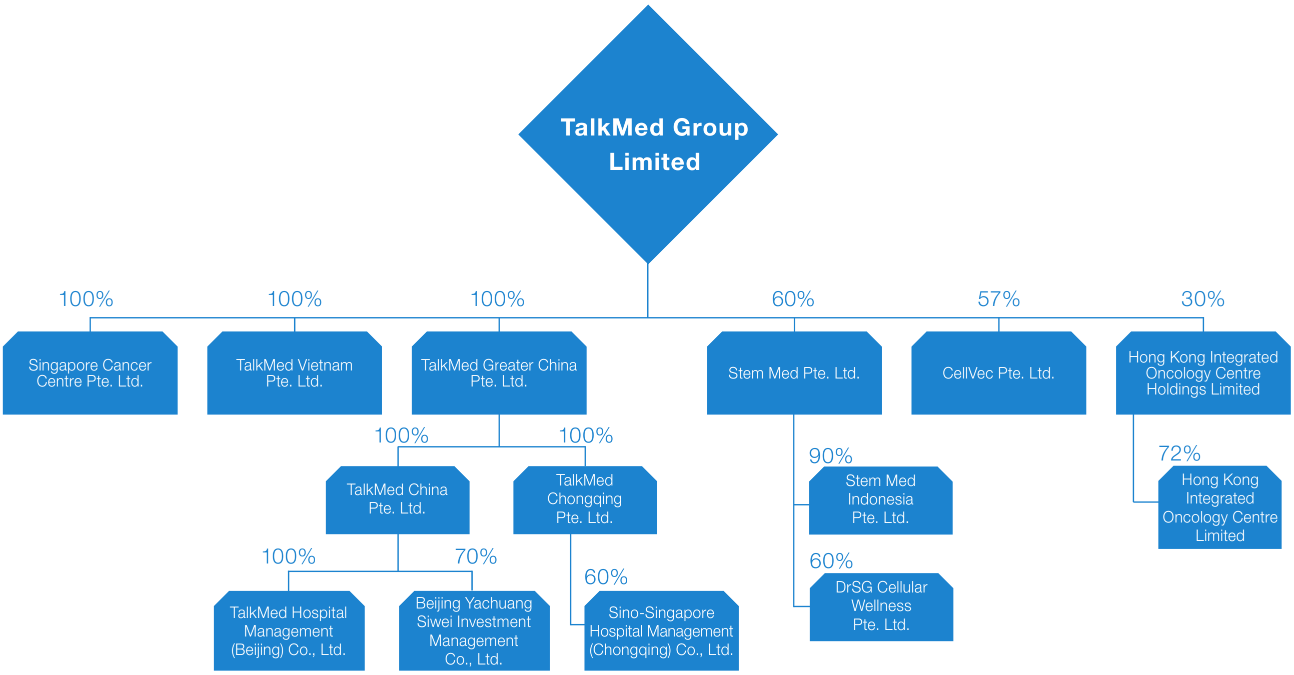
Partner-in-charge: Ms Ho Shyan Yan (appointed since the financial year ended 31 December 2018)
Chartered Accountant,
a member of the Institute of Singapore Chartered Accountants

PRINCIPAL BANKER

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

CORPORATE PROFILE

TalkMed Group Limited ("**TalkMed**") was incorporated on 10 September 2013 in Singapore and listed on the Catalist board of Singapore Exchange Securities Trading Limited on 30 January 2014. TalkMed and its group of companies (collectively, the "**Group**") is primarily a premier provider of medical oncology, stem cell transplants and palliative care services, serving patients in Singapore and the region. Over the past few years, the Group has also expanded its footprint to other parts of Asia. The Group structure as of March 2020 is as follows:



ABOUT SINGAPORE CANCER CENTRE PTE. LTD. (SCC)

SCC commenced operations in November 2006 and provides multidisciplinary medical oncology services, stem cell transplant and palliative care services. SCC's clinical functions include attending to patients, examining 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.

As of March 2020, the Group has fifteen doctors operating at nine clinics in Gleneagles Hospital Singapore, Mount Elizabeth Hospital Singapore, Mount Elizabeth Medical Centre and Mount Elizabeth Novena Specialist Centre Singapore, which are operated by Parkway Hospitals Singapore Pte. Ltd.. SCC has established itself as one of the market leaders in medical tourism in Singapore with foreign patients accounting for approximately half of its patient-load in the past few years.

ABOUT TALKMED VIETNAM PTE. LTD. (TalkMed Vietnam)

TalkMed Vietnam was set up in March 2014 and pursuant to its incorporation, it partnered with Thu Cuc International General Hospital to set up a medical centre known as Singapore Cancer Centre Thu Cuc that provides specialist medical oncology services in Hanoi, Vietnam.

CORPORATE PROFILE

ABOUT TALKMED GREATER CHINA PTE. LTD. (TMGC)

In August 2019, TalkMed China Pte. Ltd. ("**TMC**"), a wholly-owned subsidiary of TalkMed Group, established a 100% owned subsidiary, TalkMed Hospital Management (Beijing) Co., Ltd. ("**TMHM**") in Beijing, the People's Republic of China ("**PRC**"). The principal activity of TMHM is to provide hospital management and advisory services in PRC.

In September 2019, TMC acquired 25% of the total issued and paid-up share capital of TalkMed Chongqing Pte. Ltd. ("**TMCQ**") from TMCQ's minority shareholder, ZXJ2 Holdings Pte. Ltd.. Following which, TMCQ became a wholly-owned subsidiary of TMC. TMC and TMCQ were incorporated with the aim of exploring healthcare-related collaborations in PRC and providing healthcare management services in Chongqing, PRC, respectively.

In October 2019, TMCQ jointly established a Sino-foreign joint venture company, Sino-Singapore Hospital Management (Chongqing) Co., Ltd. ("**SSHM**") in Chongqing, PRC, with Chongqing Yongchuan District People's Hospital ("**YCDPH**"). TMCQ and YCDPH hold 60% and 40% of the equity interest in SSHM respectively.

In November 2019, the Group incorporated a wholly-owned subsidiary, TalkMed Greater China Pte. Ltd. ("**TMGC**") in Singapore. The Group intends to utilise TMGC as a vehicle to explore and hold healthcare-related collaborations in PRC. Subsequently, TalkMed Group and TMC transferred their entire issued and paid-up share capital of TMC and TMCQ respectively to TMGC.

ABOUT STEM MED PTE. LTD. (Stem Med)

Set up in January 2015, Stem Med is the first private stem cell banking facility in Singapore that specialises in the processing, cryopreservation and storage of adult stem cells. Stem Med's cellular laboratory is licensed by the Singapore Ministry of Health under the Private Hospitals And Medical Clinics Act (Chapter 248) and compliant with EC GMP Guidelines, ISO 14644:2015 and the relevant sections of the Institute Of Environmental Science and Technology Recommended Practice, IEST-RP-CC006.3 and the National Environmental Balancing Bureau (NEBB) Procedural Standards for Certified Testing of Cleanrooms (3rd Edition). Its cellular laboratory is also certified ISO Class 5, Class 6 and Class 8 Cleanroom with high-efficiency particulate air (HEPA).

The subsidiaries under Stem Med are:

- Stem Med Indonesia Pte. Ltd., a vehicle to explore business opportunities in Indonesia in the areas of operation of cellular laboratories, storage facilities and cellular therapeutics clinics; and

- DrSG Cellular Wellness Pte. Ltd. which will be primarily engaged in the research and production of highly-effective products and technologically-advanced treatments for hair rejuvenation and customised skin care for the global beauty market.

ABOUT CELLVEC PTE. LTD. (CellVec)

CellVec was incorporated on 8 August 2018 and is primarily engaged in the provision of cellular and gene therapy related products and services, with a focus on the development of novel platform viral vector technologies that strive to advance genetic modification of cellular therapy.

CORPORATE PROFILE

ABOUT HONG KONG INTEGRATED ONCOLOGY CENTRE HOLDINGS LIMITED (HKH)

HKH is the controlling shareholder of Hong Kong Integrated Oncology Centre Limited ("**HKIOC**"), which provides a comprehensive range of services with the concept of "Total Cancer Care" and "Tumor Board Approach". The services include cancer prevention, screening, imaging and diagnosis, multidisciplinary cancer treatment (including radiotherapy through its strategic partnership with Hong Kong Adventist Hospital) and after-treatment care in Hong Kong.

HKIOC currently operates out of three clinics that are located on Hong Kong island and in Kowloon with nine clinical oncologists and three radiologists.

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

On behalf of the Board of Directors (the "**Board**") of TalkMed Group Limited ("**TalkMed**" or the "**Company**") and its group of companies (collectively, the "**Group**"), I am pleased to present our Annual Report for the financial year ended 31 December 2019 ("**FY2019**"). It has been a year of remarkable achievements for TalkMed in both financial performance and strategic expansion. I will provide you with a business review and discuss our strategy and outlook in the following sections.

A Strong Foundation Anchored in Singapore

In Singapore, our oncology services, backed by a strong team of 15 doctors and decades of experience, drew an increased number of patient visits from both Singapore and overseas. As the most established business segment of the Group, oncology services in Singapore contributed 95.9% of the Group's total revenue in FY2019.

Stem cell processing and storage services, which are provided by Stem Med Pte. Ltd., the Group's 60%-owned subsidiary, recorded revenue of S$2.2 million in FY2019, or 62.5% higher than that of FY2018.

In the area of cellular and gene therapy services, CellVec Pte. Ltd. ("**CellVec**"), the Group's 57%-owned subsidiary, continued to invest and grow its capabilities in developing novel platform viral vector technologies. CellVec is currently undergoing the certification by Health Sciences Authority of Singapore ("**HSA**") for a Good Manufacturing Practice Certificate which relates to the manufacturing of medicinal products. The certification is expected to open doors for CellVec to grow its business with large pharmaceutical companies in a wider spectrum of applications.

Despite the volatile social situation during the second half of FY2019, our business in Hong Kong remained stable with improved financial performance compared to FY2018. Our Vietnam business, although only generating a small revenue now, served as an effective local platform for us to understand the market.

Financially, on the back of higher revenue in FY2019 which increased by 23.9% year-on-year ("**yoy**") to S$75.9 million, the Group's net profit increased 20.5% yoy to S$32.8 million in FY2019, bringing diluted earnings per share from 2.20 Singapore cents for FY2018 to 2.72 Singapore cents for FY2019. We continued to maintain a strong financial position with higher net cash[1] of S$75.3 million at the end of FY2019 compared to S$68.9 million in the prior year and total equity increased by 11.4% yoy to S$81.7 million as of 31 December 2019. In view of the strong financial performance, the Board proposed a final cash dividend of 1.3 Singapore cents per share, on top of the interim cash dividend of 1.0 Singapore cent per share for FY2019.

Mapping Out the Growth Strategy in China

The People's Republic of China ("**PRC**") is a huge market and as part of its government's ongoing efforts to provide its people with access to high-quality healthcare, it has introduced new measures, including promoting a more favourable environment for foreign healthcare players to enter the local market, hence, presenting the Group with excellent business opportunities which I will speak at greater length in the following sections.

Sino-Singapore Hospital Management (Chongqing)

In October 2019, a new joint venture company, Sino-Singapore Hospital Management (Chongqing) Co., Ltd. ("**SSHM**") was established in Chongqing, PRC. The Group's wholly-owned subsidiary, TalkMed Chongqing Pte. Ltd. and Chongqing Yongchuan District People's Hospital hold 60% and 40% of the equity interest in SSHM respectively. SSHM has a registered capital of RMB40 million and will be primarily engaged in hospital management and sale of drugs, consumable and healthcare-related equipment. It will also provide wellness management services and advisory services related to hospital management in PRC. SSHM aims to create a premium brand in providing quality oncology treatment and hospitality healthcare services in western Chongqing and beyond.

As part of the *"China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity"*, SSHM will also establish and operate a Sino-Singapore oncology hospital in Yongchuan district, a district in western Chongqing ("**Yongchuan**") with the potential to reach some 100 million people within a radius area of 300 kilometres. According to our schedule and barring any unforeseen circumstances, the new hospital is expected to start operations in the second half of 2020 upon the completion of the renovation and obtaining the relevant regulatory approval. Leveraging

[1] Net cash is defined as cash and short-term deposits less loans from non-controlling shareholder to subsidiaries

MESSAGE TO SHAREHOLDERS

on TalkMed's expertise and resources in oncology treatment, the hospital will be the first of its kind in Yongchuan when fully operational. The oncology hospital will provide a full suite of quality oncology medical services from cancer diagnosis to treatments (which include surgery, chemotherapy and radiation therapy) and post-treatment support services to the local cancer patients.

TalkMed Hospital Management (Beijing)

In August 2019, the Group, through its wholly-owned subsidiary, TalkMed China Pte. Ltd., established a 100% owned subsidiary, TalkMed Hospital Management (Beijing) Co., Ltd. ("**TMHM**") in Beijing, PRC. The principal activity of TMHM is to provide hospital management and advisory services in PRC.

Given the government's strong determination and drive towards providing quality healthcare for its people, we anticipate certain regulatory relaxation to improve the availability of medical resources by allowing more cancer treatments in an outpatient setting.

Beijing, as the capital of PRC with a population of 22 million, is a national hub for cancer treatment, receiving the bulk of the oncology patients from all over China. Although the medical resources are more advanced in Beijing compared to other parts of the country, there are still substantial unmet market needs.

In view of the above, we have started setting up a medical centre of international standards that will focus on cancer treatment and other medical services in Beijing (the "**Beijing Medical Centre**"). We aim to distinguish the Beijing Medical Centre from other providers by offering comprehensive, integrated, value-based cancer care, including outpatient chemotherapy, nutrition advice, after treatment rehabilitation and counselling.

Through the Beijing Medical Centre, we also aim to establish a local oncology doctor platform to tap on the expertise and resources of established doctors to better serve our patients and identify future partners among these doctors to collaborate and replicate our Singapore model in Beijing and even other parts of PRC.

Outlook

At the time of writing this message, the COVID-19 outbreak has grown substantially in scale, magnitude, and severity globally. The financial ramifications of the outbreak on the global economy could be huge and few countries are likely to be left unscathed. The pandemic has started to cause widespread disruption and impact across industries as governments around the world impose travel restrictions in a bid to contain the spread of the virus. Such restrictions would likely impact the patient flow to our operations in Hong Kong and Singapore and the overall implication to our business in 2020 remains to be seen. We also remain cautious about any potential impact on the progress of our China projects if the situation worsens there.

Despite the uncertainties in the market, we remain committed to developing our strength and scale in providing premium oncology services in Singapore and other parts of Asia. Building on the framework we have set up in China, we will work closely with our local partners to realise our vision of bridging our world-class oncology services to the unmet local medical needs, benefiting Chinese patients while creating value for TalkMed's stakeholders.

Appreciation

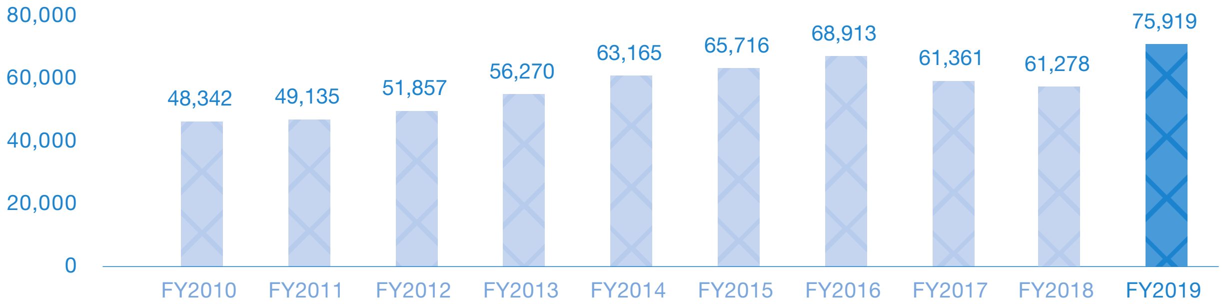
I would like to welcome Dr Chin Tan Min who joined the Group in 2019. Dr Chin specialises in thoracic oncology, screening and treatment for lung cancers and has a keen and active interest in translational and clinical research to improve patient care. I would also like to thank all our doctors for their dedication and hard work to their patients over the past year.

On behalf of the Board, I would like to express my utmost gratitude to our management team, employees, business partners and shareholders for their unwavering trust and continued support in FY2019. We look forward to working with all of you in the years to come and bringing TalkMed's business outreach and brand value to the next level.

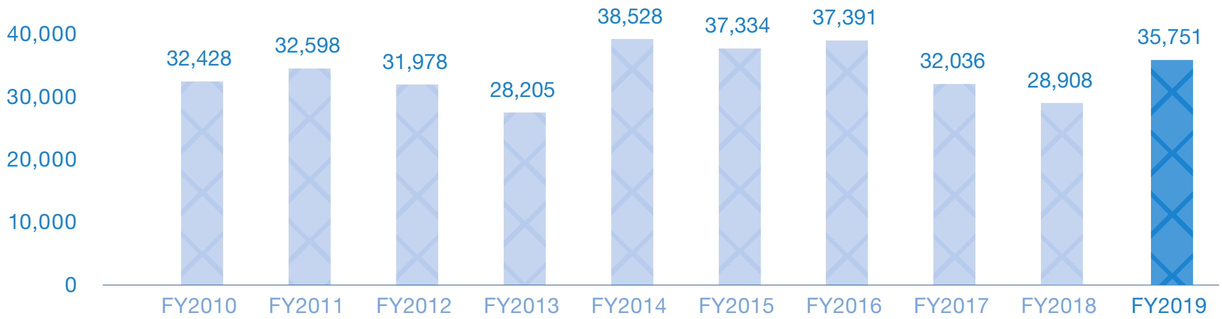
Mr S. Chandra Das
Chairman

FINANCIAL & OPERATIONS HIGHLIGHTS

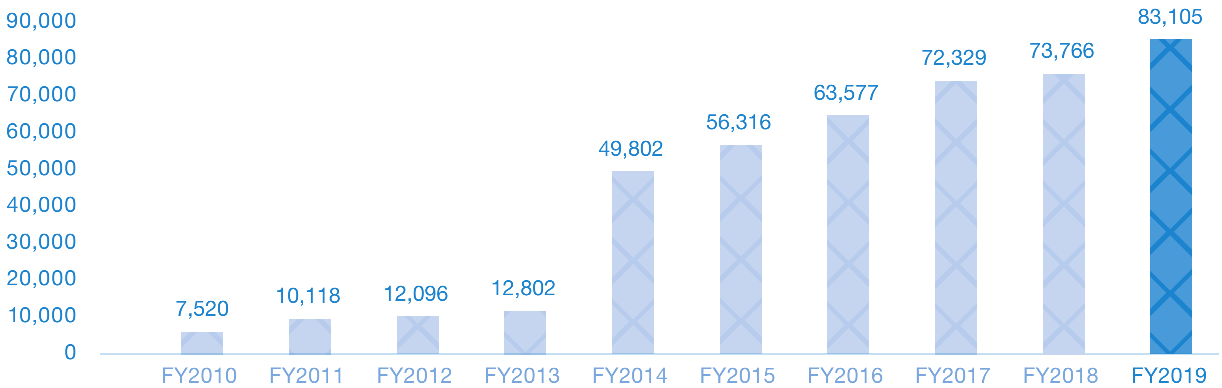
REVENUE (S$'000)



PROFIT ATTRIBUTABLE TO SHAREHOLDERS (S$'000)



TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS (S$'000)



NUMBER OF CLINICS	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
	6	6	7	7	8	8	9	8	9	9

NUMBER OF DOCTORS	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
	8	8	8	12	12	13	13	14	15	15

BOARD OF DIRECTORS

MR S. CHANDRA DAS, 80

Non-Executive Chairman and Independent Director

Mr S. Chandra Das, who is residing in Singapore, joined the board as Non-Executive Chairman and Independent Director on 23 December 2013, and was last re-appointed as a director on 24 April 2018. He is also the Chairman of both our Remuneration and Nominating Committees. He is currently the Managing Director of NUR Investment & Trading Pte Ltd. He is the Deputy Chairman of Yeo Hiap Seng Limited and was an independent director of Super Group Ltd. Currently, he is Singapore's Non-Resident High Commissioner to Sri Lanka and Pro-Chancellor at Nanyang Technological University (NTU).

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).

Mr Das' other principal commitments (including directorships) are as follows:

- YHS (Singapore) Pte Ltd
- Goodhope Asia Holdings Ltd
- NUR Investment & Trading Pte Ltd
- Myanmar Singapore Plantation Limited
- Embassy Property Developments Limited
- Hong Kong Integrated Oncology Centre Holdings Limited
- Gashubunited Holding Private Limited
- Hope Medical Services Group

BOARD OF DIRECTORS

DR ANG PENG TIAM, 61

Executive Director and Chief Executive Officer (CEO)

Dr Ang Peng Tiam, who is residing in Singapore, is our Executive Director and CEO and he was first appointed to our Board on 10 September 2013, and was last re-appointed as a director on 25 April 2017. 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 centre. He held a concurrent post of Clinical Associate Professor of Medicine from National University of Medicine since 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).

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

Dr Ang's other principal commitments (including directorships) are as follows:

- Singapore Cancer Centre Pte. Ltd.
- P.T. Ang Medical Services Pte Ltd
- Haematology and Cancer Centre Pte. Ltd.
- Oldham Enterprise Pte Ltd
- StemCord Pte Ltd
- MedInc Pte Ltd
- Anglo-Chinese School (International) Pte. Ltd.
- Medical Oncology Specialist Clinic Pte. Ltd.
- ACS (International)
- Ladyhill Holdings Pte. Ltd.
- Ladyhill Properties Limited
- TalkMed Vietnam Pte. Ltd.
- Stem Med Pte. Ltd.
- Singapore Cancer and Oncology Centre
- Hong Kong Integrated Oncology Centre Holdings Limited
- Hong Kong Integrated Oncology Centre Limited
- TalkMed China Pte. Ltd.
- TalkMed Chongqing Pte. Ltd.
- CellVec Pte. Ltd.
- TalkMed Greater China Pte. Ltd.

BOARD OF DIRECTORS

DR KHOO KEI SIONG, 58

Executive Director and Chief Operating Officer (COO)

Dr Khoo Kei Siong, who is residing in Singapore, is our Executive Director and COO and was first appointed to our Board on 10 September 2013, and was last re-appointed as a director on 25 April 2019. 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 the Assistant Master in the Council of the Academy of Medicine Singapore and a Council Member of the Asian Clinical Oncology Society.

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.

Dr Khoo's other principal commitments (including directorships) are as follows:

- Singapore Cancer Centre Pte. Ltd.
- Academy of Medicine Singapore
- Haematology and Cancer Centre Pte. Ltd.
- MedInc Pte Ltd
- Medical Oncology Specialist Clinic Pte. Ltd.
- AYSUS Pte. Ltd.
- TalkMed Vietnam Pte. Ltd.
- Stem Med Pte. Ltd.
- Stem Med Indonesia Pte. Ltd.
- Hong Kong Integrated Oncology Centre Holdings Limited
- Hong Kong Integrated Oncology Centre Limited
- TalkMed China Pte. Ltd.
- TalkMed Chongqing Pte. Ltd.
- CellVec Pte. Ltd.
- TalkMed Greater China Pte. Ltd.

BOARD OF DIRECTORS

MR SITOH YIH PIN, 56

Independent Director

Mr Sitoh, who is residing in Singapore, was first appointed to our Board as an Independent Director of the Company on 23 December 2013, and was last re-appointed as an Independent Director on 24 April 2018. He serves as Chairman of the Audit and Risk 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. He is the Member of Parliament for Potong Pasir constituency.

Mr Sitoh is also presently the Non-Executive Chairman and Independent Director of ISEC Healthcare Ltd. and an Independent and Non-Executive Director of Yeo Hiap Seng Ltd.

Mr Sitoh was formerly a director of Lian Beng Group Ltd, Allied Technologies Limited and United Food Holdings Limited in the last five years.

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 Chartered Accountants Australia and New Zealand.

Mr Sitoh's other principal commitments are as follows:

Directorships in companies within his own accounting practice

- Nexia TS Pte Ltd
- TSA Capital Pte Ltd
- TSA Recruitment Consultants Pte Ltd
- NTS Asia Advisory Pte Ltd
- Nexia China Pte Ltd
- Nexia TS Public Accounting Corporation
- Nexia TS Risk Advisory Pte Ltd
- Nexia TS Tax Services Pte Ltd
- Nexia TS Technology Pte Ltd
- Nexia TS Advisory Pte Ltd
- NTS Asia Advisory Sdn Bhd
- NTS Myanmar Company Limited

Other directorships and appointments

- Potong Pasir Grassroots Organisations – Advisor
- PAP Community Foundation – Director
- Jalan Besar Town Council – Vice Chairman
- Central Community Development Council – Council Member
- People's Action Party – Member of Central Executive Committee
- China Taiping Insurance (Singapore) Pte. Ltd. – Director
- Government Parliamentary Committee for Ministry of Transport – Chairman
- Government Parliamentary Committee for Ministries of Law & Home Affairs – Member

MR DAN YOCK HIAN, 53

Independent Director

Mr Dan, who is residing in Singapore, was first appointed to our Board as an Independent Director of the Company on 23 December 2013, and was last re-appointed as an Independent Director on 25 April 2019. He is a member of our Audit and Risk 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. In the preceding 5 years, Mr Dan was a director of Global Healthcare SG Pte. Ltd..

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

BOARD OF DIRECTORS

MR LIM JEN HOWE, 66

Non-Executive Director

Mr Lim Jen Howe, who is residing in Singapore, is a Non-Executive Director and was first appointed to our Board on 23 December 2013, and was last re-appointed as a director on 25 April 2019. He is a member of the Audit and Risk Committee.

Mr Lim has more than 35 years of experience in finance and accounting. He has been a practising Public Accountant for more than 30 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 Singapore Chartered Accountants.

Mr Lim is also an independent director of ABR Holdings Limited and his other principal commitments in non-listed entities (including directorships) are as follows:

- Arbour Fine Art Pte Ltd
- Thong & Lim Consultants Private Limited
- Period Properties Pte Ltd
- T & L Support Services Pte. Ltd.
- Caregivers Alliance Limited
- Anglo-Chinese School Board of Governors

MR LIM TEONG JIN GEORGE, 64

Non-Executive Director

Mr George Lim, who is residing in Singapore, is our Non-Executive Director and was first appointed to our Board on 23 December 2013, and was last re-appointed as a director on 24 April 2018. He is a member of the Remuneration Committee. Mr Lim is a Senior Counsel, and was President of the Law Society between 1998 and 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, and is currently a Senate member of the Singapore Academy of Law.

Mr Lim is a certified mediator with the International Mediation Institute, and sits on its board. He is also on the panel of arbitrators of the Singapore International Arbitration Centre (SIAC). He is the Dispute Resolution Counsellor of the National Electricity Market of Singapore, and manages the dispute management process of the electricity market.

In January 2017, Mr Lim was appointed Chairman of the Singapore International Mediation Centre. He is the co-editor of *Mediation in Singapore: A Practical Guide*. In 2019, Mr Lim was identified by *The International Who's Who of Commercial Mediation* as being among 388 of the world's leading commercial mediators and was named a global thought leader in mediation.

Mr Lim's other principal commitments (including directorships) are as follows:

- Singapore International Mediation Centre
- Singapore Mediation Centre
- JRS Singapore Ltd

KEY MANAGEMENT/EXECUTIVE OFFICERS

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. Additionally, he leads the Group's merger and acquisition activities, as well as evaluates the Group's funding needs and options. He has more than 15 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 Mainboard of the Singapore Exchange Securities Trading Limited on corporate restructuring plans and corporate finance matters. Mr Lee had also practised at Ernst & Young, initially in audit and later in transaction advisory, as a senior associate.

Mr Lee graduated in 2002 from the Nanyang Technological University with a Bachelor of Accountancy (Second Upper Honours). He is a member of the Institute of Singapore Chartered Accountants and Chartered Accountants Australia and New Zealand.

CORPORATE GOVERNANCE REPORT

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 2019 ("**FY2019**") in keeping pace with the evolving corporate governance practices and complying with the Code of Corporate Governance 2018 (the "**Code**") and the accompanying Practice Guidance. The Board confirms that the Company has complied with the principles and provisions 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, puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. 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 Management towards achieving organisational goals and overseeing succession planning for 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 the 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 financial results and release of annual reports;
- issuance of shares;
- declaration of interim dividends and proposal of final dividends;
- convening of shareholders' meetings;
- 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 and administration of the Group and is accountable to the Board. Clear directions have been given to the Management that such reserved matters must be approved by the Board.

The Board has delegated specific responsibilities to various Board committees, namely the Audit and Risk Committee ("**ARC**"), 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 (including reporting back to the Board), rules and regulations, and procedures governing the manner in which it is to operate and how decisions are to be taken.

All the meeting dates of the Board and Board Committees as well as annual general meeting ("**AGM**") have been scheduled one (1) 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 held on a quarterly basis within each financial year to approve, amongst 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 the Board and Board Committee meetings are allowed under the Company's Constitution in the event that Directors are unable to attend meetings in person. Management also has access to the Directors for guidance or exchange of views outside of the formal environment of Board meetings.

The number of meetings of the Board and Board Committees held during FY2019 and the attendance of each Director at those meetings are set out as follows:

Name of Directors	Board No. of meeting		ARC No. of meeting		NC No. of meeting		RC No. of meeting	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr S. Chandra Das	5	5	–	–	1	1	1	1
Dr Ang Peng Tiam	5	5	–	–	1	1	–	–
Dr Khoo Kei Siong	5	5	–	–	–	–	–	–
Mr Sitoh Yih Pin	5	5	4	4	–	–	1	1
Mr Dan Yock Hian	5	5	4	4	1	1	–	–
Mr Lim Jen Howe	5	5	4	4	–	–	–	–
Mr Lim Teong Jin George	5	4	–	–	–	–	1	1

CORPORATE GOVERNANCE REPORT

The Board ensures that, where applicable, 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 Chief Executive Officer ("**CEO**") and/or other members of 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 Management, thereby facilitating Board interaction and independent access to 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 to participate in the relevant training courses, seminars and workshops as relevant and/or applicable at the Company's expense. 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.

The Directors have separate and independent access to the Management and the Company Secretary at all times. The Company Secretary attends all of the Board meetings and is responsible to the Board for advising on corporate and administrative matters, as well as facilitating orientation and assisting with professional development as required. The appointment and removal of the Company Secretary is subject to the approval of the Board as a whole.

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

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 being independent. The profiles of the Directors are set out on pages 8 to 12 of this annual report. The current members of the Board and their membership on the Board Committees of the Company are as follows:

Name of Directors	Board Membership	ARC	NC	RC
Mr S. Chandra Das	Independent Non-Executive Chairman	–	Chairman	Chairman
Dr Ang Peng Tiam	Executive Director & CEO	–	Member	–
Dr Khoo Kei Siong	Executive Director & Chief Operating Officer ("**COO**")	–	–	–
Mr Sitoh Yih Pin	Independent Non-Executive Director	Chairman	–	Member
Mr Dan Yock Hian	Independent Non-Executive Director	Member	Member	–
Mr Lim Jen Howe	Non-Independent Non-Executive Director	Member	–	–
Mr 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, legal, 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 balance and diversity of competencies, experience and knowledge to lead and govern the Group effectively, foster constructive debate, and avoid groupthink. Further, no individual or small group of individuals dominates the Board's decision-making process.

The Board recognises that board diversity is an essential element contributing to a well-functioning and effective Board, as well as the sustainable development of the Group. As such, the objectives of its board diversity policy are to promote and enhance the decision-making process of the Board through the perspectives derived from the professional expertise, business experience, industry discipline, skills, knowledge, gender, age, educational background, ethnicity and culture, length of service, and other diverse qualities of the Board members. When reviewing and assessing the composition of the Board and making recommendations to the Board for the appointment of its members, the NC will consider the various aspects of board diversity, and set practical timelines to implement the policy. It will also report to the Board on an annual basis on the progress made in promoting and achieving its board diversity objectives.

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 Principles and Provisions set forth in the Code, and any other salient factor which would render a Director to be deemed not independent. For the purpose of determining the 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 (including those provided in Provision 2.1 of the Code) with the Company and its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement 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 and Mr Sitoh Yih Pin, who are seeking re-election at the upcoming AGM, 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 an aggregate of more than 9 years (whether before or after listing).

As five (5) out of seven (7) Directors are Non-Executive Directors, the requirement of the Code that Non-Executive Directors should make up a majority of the Board is satisfied. There are three (3) Independent Directors, which makes up at least one-third of the Board and provides a strong and an 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 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.

The 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.

CORPORATE GOVERNANCE REPORT

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

Principle 3 – Chairman and CEO

The Chairman and the 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 the 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 maintain high standards of corporate governance with the full support of the Directors, Company Secretary and Management;
- approves agendas for the Board meetings 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, as the highest ranking executive officer of the Group, 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 strategies across the Group as set by the Board;
- day-to-day management of the Management team;
- ensuring that the Chairman is kept appraised 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 strategies including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing businesses.

The Board does not have a lead independent director given that the Chairman is independent and the majority of the Board are non-executive directors.

Principle 4 – Board Membership

The NC consists of two (2) Independent Non-Executive Directors and one (1) Executive Director. Accordingly, the majority of the members of the NC, 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 and one (1) NC Meeting was held in FY2019. 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 AGM, having regard to the Director's contribution and performance and ensuring that all Directors submit themselves for re-election at regular intervals;
- reviewing the Board structure, size and composition regularly and making recommendation to the Board, where appropriate;
- reviewing the Board succession plan for Directors (in particular, the Chairman), CEO, COO and Chief Financial Officer ("**CFO**");
- determining the independence of Directors annually (taking into account the circumstances set out in the Code and other salient factors);
- developing a process for assessing and evaluating the effectiveness of the Board as a whole and the Board Committees and the contribution of each individual Director to an effective Board;
- deciding on how the Board's performance may be evaluated and to propose objective performance criteria for the Board's approval;
- reviewing training and professional development programmes for the Board; and
- determining whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he 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 and appointments 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, as well as to advance the Company's objective of promoting board diversity. In identifying potential new Directors, the NC will use various channels in searching for appropriate candidates such as through Directors' and management's personal networks, Singapore Institute of Directors and professional consultants. The NC will consider the various aspects of board diversity, including gender diversity, before making a recommendation to the Board. The NC will evaluate the suitability of the nominee or candidate based on his qualifications, business and related experience, commitment, gender, age, ability to contribute to the Board process and such other qualities and attributes that may be required by the Board. In recommending a candidate for re-appointment to the Board, the NC considers, amongst other things, his contributions to the Board (including attendance and participation at meetings, time and effort accorded to the Company's or Group's businesses and affairs) and his 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 number of Directors who are retiring by rotation at such meeting.

Pursuant to the Company's Constitution, one-third of the Directors shall retire from office and be re-elected at least once every three (3) years at each AGM. Dr Ang Peng Tiam, Mr S. Chandra Das and Mr Sitoh Yih Pin (the "**Retiring Directors**") will be retiring and seeking re-election at the forthcoming AGM in accordance with Article 91 of the Company's Constitution.

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

Based on the recommendation of the NC, the Board (save for the respective Retiring Directors who abstained from the deliberation process in respect of their own re-election) proposes to the Company's shareholders to approve the re-election of each Retiring Director as Director of the Company.

Mr S. Chandra Das and Mr Sitoh Yih Pin each confirms that there is no relationship whether familial, business, financial, employment or otherwise with the Company, its related corporations, substantial shareholders, or any officers, which could interfere or be perceived to interfere with his independent judgement. Each of them also confirms that there is no conflict of interest (including any competing business) with the Company, and has submitted his undertaking to the Company (in the format set out in Appendix 7H) under Rule 720 (1) of the Catalist Rules of the SGX-ST.

The NC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards and have other principal commitments.

Despite some of the Directors having other board representations and other principal commitments, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company. In making this determination, the NC had considered the respective director's actual conduct and effectiveness on the Board, and the time and attention given by each of them to the affairs of the Company. As a guide, the Board has determined that the Directors should not hold more than five (5) listed company board representations. There is no alternate Director on the Board.

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

For Retiring Directors, information of their past directorships (in both listed and non-listed entities) for the last five (5) years is also disclosed in their respective profiles under the "Board of Directors" section of this annual report.

Other information relating to the Retiring Directors as required by Rule 720 (5) of the Catalist Rules of the SGX-ST are disclosed under the sections headed "Board of Directors", "Directors' Statement" and "Notice of Seventh Annual General Meeting" in 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 committees' 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 (5) segments; namely, the following:

- 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 judgement, and the Director's 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 in 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 and timely 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.

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.

B. REMUNERATION MATTERS

Principle 6 – Procedures for Developing Remuneration Policies
Principle 7 – 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 6, 7 and 8, 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 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 mainly includes 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 to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.

The RC is responsible for ensuring that a formal and transparent procedure is in place for fixing the remuneration packages of each individual Director, the CEO and key Management personnel (who are not Directors or the CEO). 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 to ensure that they are appropriate and proportionate to the sustained performance and value creation of the Group. 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 for 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 are 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 8 – Disclosure on Remuneration

The Company only identified four (4) key Management personnel who are not Directors or the CEO of the Company, based on the Group's current organisational and reporting structure, instead of five (5) as required by the Code. Details of the remuneration of Directors and the four (4) key Management personnel of the Group for FY2019 are set out below:

Names	Band(1)	Fees	Salaries(2)	Bonuses(2)	Other benefits	Total
Directors						
Mr S. Chandra Das	1	100%	–	–	–	100%
Dr Ang Peng Tiam (CEO)	3	–	100%	–	*	100%
Dr Khoo Kei Siong (COO)	3	–	100%	–	–	100%
Mr Sitoh Yih Pin	1	100%	–	–	–	100%
Mr Dan Yock Hian	1	100%	–	–	–	100%
Mr Lim Jen Howe	1	100%	–	–	–	100%
Mr Lim Teong Jin George	1	100%	–	–	–	100%
4 key Management personnel						
Mr Lee Boon Yong (CFO)	2	–	75%	25%	–	100%
Dr Teo Cheng Peng	2	–	99%	–	1%	100%
Dr Lim Hong Liang	3	–	99%	–	1%	100%
Dr Lim Zi-Yi	2	25%	43%	32%	–	100%

Notes:

(1) Band 1 means remuneration of S$250,000 and below per annum
Band 2 means remuneration of between S$250,001 and S$500,000 per annum
Band 3 means remuneration of S$500,001 and above per annum

(2) Salaries and bonuses include employer's contributions to the Central Provident Fund ("**CPF**")

* Denotes percentage of less than 1%

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 four (4) key Management personnel (who are not Directors or the CEO) of the Company and that the details disclosed in the table provides an appropriate balance between detailed disclosure and confidentiality in the sensitive area of remuneration. In arriving at its decision, the Board took into consideration the competitive business environment in which the Group operates in, the sensitive and confidential nature of such information and disadvantages that this might bring. There are no termination, retirement and post-employment benefits granted to Directors, the CEO and the four (4) key Management personnel.

In aggregate, the total remuneration (including CPF contributions thereon and bonuses) paid to the four (4) key Management personnel (who are not Directors or the CEO) during FY2019 is approximately S$1.43 million.

Save as disclosed in this report, there was no employee of the Group who was a substantial shareholder or an immediate family member of a Director, the Chairman, the CEO, or a substantial shareholder of the Company whose remuneration exceeded S$100,000 for FY2019.

The Company has an employee share option scheme and a performance share plan known as the TalkMed Group Employee Share Option Scheme (the "**ESOS**") and the TalkMed Group Performance Share Plan (the "**PSP**") respectively, approved by shareholders of the Company on 28 April 2016. Details of the ESOS and the PSP can be found in the circular to shareholders dated 13 April 2016. The ESOS and the PSP are respectively administered by a committee comprising four (4) Directors, Mr S. Chandra Das, Mr Sitoh Yih Pin, Mr Lim Teong Jin George and Dr Ang Peng Tiam.

The Company has granted 7,200,000 options ("**Options**") under the ESOS to the employees of the Group on 10 May 2019, accounting for 0.55% of the issued shares of the Company as at the date of the grant. The exercise price of the Options were fixed at a 20% discount to the volume-weighted average price of the Company's shares between 28 March 2019 and 9 May 2019 and the exercise price of the Options granted was S$0.4142 per share option (market price being S$0.530 per share). There were no share awards granted under the PSP in FY2019.

No options or share awards were granted to directors and controlling shareholders (and their associates) of the Group since the commencement of the ESOS and PSP till the end of the financial year.

The Company allotted and issued 215,723 new ordinary shares on 15 May 2019 pursuant to the vesting of the performance share awarded under the PSP granted in 2017.

Further details on the Options granted under the ESOS during FY2019 can be found in the Directors' Statement and Note 7 to the financial statements.

C. ACCOUNTABILITY AND AUDIT

The Board recognises the importance of providing accurate and relevant information on a timely basis. In this respect, the ARC reviews all financial results announcements and financial statements and recommends them to the Board for approval. In addition, the ARC 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.

Management provides all members of the Board with 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 with the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Catalist Rules**") and the Companies Act, Chapter 50 of Singapore, 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 and the Company's website. The Company's corporate information, as well as annual reports, are also available on the Company's website.

Principle 9 – Risk Management and Internal Controls

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 the interests of the Company and its shareholders, and determines the nature and extent of the significant risks that the Company is willing to take in achieving its strategic business objectives and value creation.

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.

The Company engaged HLS Risks Advisory Services Pte. Ltd. ("**HLS**") as the internal auditors to assist the Board and the ARC 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 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 auditors. On an annual basis, the ARC reviews and reports the Group's risk profile to the Board, 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 ARC for further discussion. The Board and the ARC also work with the internal auditors and Management on their recommendations to institute and execute relevant controls with a view to managing such risks.

The Group has conducted an enterprise risk assessment, with the assistance of the internal auditors, and has developed a detailed risk register. The Group will continue to analyse, monitor and mitigate the key risk areas 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 ARC and the Board are of the opinion that the Group's risk management and internal control systems are 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 auditors 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 FY2019 give a true and fair view of the Company's operations and finances; and (b) an adequate and effective risk management and internal control systems have been put in place.

Principle 10 – Audit and Risk Committee

The Board recognises the importance of providing accurate and relevant information on a timely basis. To ensure that the corporate governance is effectively practised, the Board has established self-regulatory and monitoring mechanisms, including the establishment of the ARC 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 ARC consists of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, the majority of whom, including the ARC Chairman, are independent:

Mr Sitoh Yih 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 members of the ARC, having the necessary accounting and/or related financial management expertise, are appropriately qualified to discharge their responsibilities.

The ARC meets on a quarterly basis and plays a key role in assisting the Board to review significant financial reporting issues and judgements 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 the ARC carry out their duties in accordance with a set of terms of reference which mainly includes the following:

- to review with the external auditor their audit plan, audit report, management letter and the Management's response;
- to review the quarterly financial results announcements and annual financial statements on significant financial reporting issues and judgements before submission to the Board for approval;
- to review any announcements relating to the Company's financial performance;
- to review annually the adequacy and effectiveness of the Company's internal controls and risk management systems;
- to discuss problems and concerns, if any, arising from the interim and final audits, in consultation with the external auditors;
- to meet with the internal and external auditors without the presence of the Management, at least annually, to discuss any problems and concerns they may have;
- to review the assistance given by the Management to external auditors;
- to review and evaluate the assurance from the CEO and CFO on the financial records and financial statements of the Group;
- to review the adequacy, effectiveness, independence, scope and results of the Company's internal audit function (which has been outsourced to HLS);
- to review annually the adequacy, effectiveness, scope and results of the external audit and its cost-effectiveness as well as the independence and objectivity of the external auditors;
- to review the policy and 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 ARC will lead in all queries as may be raised by the staff of the Group. The ARC will have full access to and co-operation from Management and full discretion to invite any Director or executive officer to attend its meetings. The ARC also has reasonable resources to enable it to discharge its functions properly;
- to report to the Board its findings from time to time on matters arising and requiring the attention of the ARC;
- to review Interested Person Transactions ("**IPTs**") falling within the scope of the Catalist Rules;

- to undertake such other reviews and projects as may be requested by the Board; and
- 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 ARC 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 ARC shall abstain from voting on any resolutions in respect of matters in which he is interested.

The ARC 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 ARC provides a channel of communication between the Board, Management, and the internal and external auditors on audit matters.

The ARC 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 ARC 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 ARC 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 ARC also reviews the independence and objectivity of the external auditors and has reviewed the scope and value of non-audit services provided to the Group by the external auditors, Ernst & Young LLP ("**EY**"). The aggregate amount of audit and non-audit fees paid or payable to EY for FY2019 are as disclosed in Note 8 to the financial statements. The ARC is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of EY. The ARC has recommended to the Board the nomination of EY 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. None of the ARC members was former partners or directors of EY or has any financial interest in EY.

To keep abreast of the changes in accounting standards and issues which have a direct impact on the financial statements, the ARC will seek advice from the external auditors during each ARC meeting.

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 may be raised. A dedicated secured email address allows whistle-blowers to contact the ARC. 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 ARC will address any issues/concerns that are raised and follow up with the necessary investigations and/or other appropriate actions. The ARC will report to the Board all issues/concerns that it receives at the ensuing Board meeting. In the event where the ARC receives reports relating to serious offences, and/or criminal activities in the Group, the ARC and the Board shall 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.

Internal Audit

The ARC's responsibilities in relation to 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 auditors to perform the internal audit function and will report their findings and where applicable, make recommendations to the ARC.

HLS carries 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 ARC ensures that the Management provides adequate support to the internal auditors which include, amongst others, access to documents, records, properties and personnel. The primary reporting line of the internal audit function is to the ARC. The internal auditors have unrestricted access to the ARC on internal audit matters. The ARC reviews the internal audit reports of the Group. Any material non-compliance or failure in internal control and recommendations for improvements are reported to the ARC.

The ARC has reviewed the adequacy and effectiveness of the internal audit function (which is undertaken by HLS) at least annually and has ensured that it is adequately resourced and has appropriate standing within the Company. The ARC approves the hiring, removal, evaluation and compensation of HLS.

D. SHAREHOLDERS' RIGHTS AND ENGAGEMENT

Principle 11 – Shareholders' Rights and Conduct of General Meetings
Principle 12 – Engagement with Shareholders

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 investing community and has in place an investor relations policy to provide for a mechanism through which, shareholders may communicate effectively with the Company. Shareholders may contact the Company with their questions via emails and phone calls or through enquiry forms submitted via the Company's website, and the Company will respond to such questions in a timely manner.

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 about the Company's business development and financial performance through the timely release of announcements to the SGX-ST via SGXNet. During FY2019, quarterly and full yearly financial results of the Company and the Group were released within 45 days from the respective quarter ended and 60 days from the financial year ended. In addition, this annual report is made available to shareholders through SGX announcement and the Company's website at least 14 days before the AGM which is scheduled to be held on 20 April 2020. To be environmentally friendly, the Company will no longer distribute hard copies of its annual report to shareholders starting from 2021. Shareholders who wish to receive hard copies of its annual report may submit a request form which will be provided to shareholders in due course.

Currently, the Constitution of the Company allows all shareholders (members) to appoint up to two (2) proxies to attend general meetings and vote on their behalf. On 3 January 2016, the legislation was amended, amongst other things, to allow certain members, defined as "relevant intermediary", to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and the CPF Board which purchases shares on behalf of the CPF investors.

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 the forthcoming AGM to address any queries of the shareholders. All Directors had attended the AGM held on 25 April 2019. The Company is in full support of shareholders' 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 relevant comments or queries from shareholders relating to the agenda of the meetings and responses from the Management. Such minutes will be published on its corporate website as soon as practicable.

The Company has adopted poll voting by shareholders for greater transparency in the voting process. The detailed voting results of each of the resolutions tabled will be announced immediately at the meeting. The total number of votes cast for or against the resolutions will also be announced immediately at the AGMs and after the meeting via SGXNet.

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 1.3 Singapore cents per ordinary share for FY2019 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 factors deemed relevant by the Board.

E. MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13 – Engagement with Stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The Company has identified its key stakeholder groups based on their impact on the Group's business and operations.

Through various engagement initiatives, the Company was able to strengthen its relationships with its stakeholders and obtain valuable feedback. More information on the Company's engagement with its stakeholders can be found in our FY2019 Sustainability Report which will be made available via SGXNet and our Company's website by end May 2020.

All material information on the performance and development of the Group and of the Company is disclosed in a timely, accurate and comprehensive manner through SGXNet, press releases and the Company's website. The quarterly, half-yearly and full year financial results are also available on the Company's website. The Company's website, which is updated regularly, contains various information on the Group and the Company which serves as an important resource for shareholders and all stakeholders.

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 in 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 guidance 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 FY2019, the Company issues quarterly circulars to its Directors, officers and employees on the prohibition of dealing in its shares during the two (2) weeks before the announcement of the Company's quarterly financial results and one (1) 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 FY2019.

INTERESTED PERSON TRANSACTIONS ("IPT")

(Rule 907 of the Catalist Rules of SGX-ST)

Details of the IPTs for FY2019 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 S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	S$'000	S$'000
Dr Ang Peng Tiam	202	N.A.
P.T. Ang Medical Services Pte Ltd	873	N.A.
StemCord Pte Ltd[(1)]	522	N.A.

(1) Dr Ang is a Director and a substantial shareholder of StemCord Pte Ltd ("**StemCord**") holding 17.35% in StemCord. Pursuant to Rule 904 of the Catalist Rules, charges by and payments made by StemCord on behalf of Stem Med Pte. Ltd. and CellVec Pte. Ltd., subsidiaries of the Company, constitutes an IPT.

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the ARC 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 an immediate announcement or shareholders' approval under the Catalist Rules of SGX-ST regulating IPTs for FY2019.

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 those disclosed in the Directors' Statement 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.

CORPORATE GOVERNANCE REPORT

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 FY2019.

CODE OF CONDUCT & PRACTICES

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

DIRECTORS' STATEMENT

The directors are pleased to present their statement 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 year ended 31 December 2019.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(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.

Directors

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

Dr Ang Peng Tiam
Mr S. Chandra Das
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' STATEMENT

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, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct Interest No. of ordinary shares		Deemed Interest No. of ordinary shares	
Name of director	**At the beginning of the financial year**	**At the end of the financial year**	**At the beginning of the financial year**	**At the end of the financial year**
Ordinary shares of the Company				
Dr Ang Peng Tiam	–	–	858,912,000	858,912,000
Dr Khoo Kei Siong	99,360,000	89,360,000	–	10,000,000
Mr S. Chandra Das	–	–	146,500	999,000

By virtue of Section 7 of the Singapore Companies Act, Chapter 50,

(a) Dr Ang Peng Tiam is deemed to have an interest in all the shares held by the holding company, Ladyhill Holdings Pte. Ltd., in the Company;

(b) Dr Khoo Kei Siong is deemed to have an interest in the 10,000,000 shares of the Company held through Raffles Nominees (Pte.) Limited; and

(c) Mr S. Chandra Das is deemed to have an interest in all the shares held by his spouse, Rosie D/O Pillai Mrs Rosie Chandradas, 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 2020.

Except as disclosed in this statement, 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 or at the end of the financial year.

Share options and performance shares

At the Extraordinary General Meeting held on 28 April 2016, shareholders approved the Employee Share Option Scheme ("**ESOS**") and the Performance Share Plan ("**PSP**") and for the granting of non-transferable share options and performance shares that are settled by physical delivery of the ordinary shares of the Company, to eligible employees.

Share options and performance shares (cont'd)

The committee administering the ESOS and PSP comprises the following directors:

Dr Ang Peng Tiam
Mr S. Chandra Das
Mr Lim Teong Jin George
Mr Sitoh Yih Pin

In 2017, the Company had granted 3,800,000 share options under the ESOS. With the resignation of two employees in the financial year, a total of 1,200,000 share options offered to these employees under the ESOS had been forfeited. During the financial year, 7,200,000 additional share options were granted, of which 6,000,000 share options were accepted by employees, bringing the total number of share options outstanding as at the end of the financial year to 8,600,000.

Details of the share options to subscribe for ordinary shares of the Company pursuant to the ESOS as at 31 December 2019 are as follows:

Grant date	Exercisable on or after	Expiry date	Exercise price S$	Number of share options outstanding as at the end of the financial year
11 May 2017	11 May 2019	11 May 2022	0.6546	1,300,000
11 May 2017	11 May 2020	11 May 2023	0.6546	650,000
11 May 2017	11 May 2021	11 May 2024	0.6546	650,000
10 May 2019	10 May 2021	10 May 2024	0.4142	3,000,000
10 May 2019	10 May 2022	10 May 2025	0.4142	1,500,000
10 May 2019	10 May 2023	10 May 2026	0.4142	1,500,000
				8,600,000

The exercise price of the share options granted in 2017 is fixed at a 20% discount to the volume-weighted average price of the Company's shares between 27 March 2017 and 9 May 2017 while the exercise price of the share options granted in 2019 was fixed at a 20% discount to the volume-weighted average price of the Company's shares between 28 March 2019 and 9 May 2019.

There were no performance shares granted during the financial year. In 2017, the Company had granted 512,335 performance shares under the PSP. During the financial year ended 31 December 2019, 215,723 performance shares vested and 215,723 ordinary shares were issued upon vesting. With the resignation of two employees in the financial year, a total of 121,342 performance shares offered to these employees under the PSP have been forfeited.

DIRECTORS' STATEMENT

Share options and performance shares (cont'd)

Details of the performance shares of the Company granted on 11 May 2017 and which are outstanding as at 31 December 2019 are as follows. The performance shares will be settled by the physical delivery of the ordinary shares of the Company.

Expected to vest on	Number of performance shares outstanding as at the end of the financial year
11 May 2020	87,635
11 May 2021	87,635
	175,270

Since the commencement of the ESOS and the PSP till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company and their associates;
- No options that entitle the holder to participate, by virtue of the options and the performance shares, in any share issue of any other corporation have been granted; and
- No participants have received 5% or more of the total options and performance shares available under the scheme/plan.

Audit and Risk Committee

The Audit and Risk Committee ("**ARC**") performed the functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed with the external auditors their audit plan, audit report, management letter and the response of management (the "**Management**");
- Reviewed the quarterly financial results announcements and annual financial statements on significant financial reporting issues and judgements before submission to the Board for approval;
- Reviewed annually the adequacy and effectiveness of the Company's internal controls and risk management systems;
- Reviewed the assistance given by the Management to external auditors;
- Reviewed the adequacy, effectiveness, independence, scope and results of the Company's internal audit function; and
- Considered the appointment/re-appointment of external auditors, the audit fee and matters relating to the resignation or dismissal of auditors.

Auditor

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

On behalf of the board of directors,

Dr Ang Peng Tiam
Director

Dr Khoo Kei Siong
Director

Singapore
26 March 2020

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TALKMED GROUP LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of TalkMed Group Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), which comprise the statements of financial position of the Group and the Company as at 31 December 2019, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TALKMED GROUP LIMITED

Key audit matters (cont'd)

Revenue – Consultancy Fees

The Group determines that its promise to render consultancy services and provide specialist doctors and clinical staff to Parkway Cancer Centre ("**PCC**"), a division of Parkway Hospitals Singapore Pte. Ltd., represents a single performance obligation. Revenue from the provision of such consultancy services to PCC is recognised over time as the Group concludes that PCC simultaneously receives the benefits as it performs the services.

67% of the Group's revenue comprises consultancy services revenue derived from PCC. Revenue from consultancy services is computed based on the financial results of PCC in accordance with the terms and conditions of the Consultancy Restatement Agreement. The reported PCC's revenue and profit formed the basis of the Group's consultancy revenue to be charged to PCC. We have identified this as a key audit matter due to the high volume of transactions which in turn creates a risk that systematic errors or alteration of pricing could lead to an error in the reported PCC's revenue and hence the Group's revenue for the year.

As part of our audit procedures, we have reviewed the Consultancy Restatement Agreement which specifies the obligations of the Group and the basis of computing the Group's consultancy revenue. We also evaluated the design and tested the effectiveness of the internal controls over revenue recognition process and reviewed the appropriateness of the Group's revenue recognition accounting policies. We recomputed the reasonableness of the consultancy fees based on the financial results of PCC, including setting expectations of PCC's gross revenue and gross margin based on number of patient visits, average billing and historical margin achieved and comparing our expectations to the consultancy fees recorded. We also considered the adequacy of the disclosures in respect of revenue in Note 2.17(a) and Note 4 to the financial statements.

Other information

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TALKMED GROUP LIMITED

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TALKMED GROUP LIMITED

Auditor's responsibilities for the audit of the financial statements (cont'd)

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Ho Shyan Yan.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
26 March 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 S$'000	Group 2018 S$'000
Revenue	4	**75,919**	61,278
Other items of income			
Interest income		**1,307**	982
Other income	5	**74**	104
Other items of expense			
Employee benefits expense	6	**(25,145)**	(20,468)
Share-based payments expense	7	**(220)**	(537)
Operating lease expense		**(37)**	(1,904)
Depreciation of right-of-use assets	12	**(1,961)**	–
Depreciation of plant and equipment	11	**(1,464)**	(376)
Finance costs	8	**(394)**	(127)
Other operating expenses		**(5,680)**	(3,812)
Share of results of associate		**(1,050)**	(1,137)
Profit before tax	8	**41,349**	34,003
Income tax expense	9	**(8,543)**	(6,789)
Profit for the year		**32,806**	27,214
Profit/(loss) for the year attributable to:			
Owners of the Company		**35,751**	28,908
Non-controlling interests		**(2,945)**	(1,694)
Profit for the year		**32,806**	27,214
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	10	**2.72**	2.20
Profit for the year		**32,806**	27,214
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		**175**	–
Share of other reserve of associate		**398**	–
Other comprehensive income for the year, net of tax		**573**	–
Total comprehensive income for the year		**33,379**	27,214
Total comprehensive income for the year attributable to:			
Owners of the Company		**36,354**	28,908
Non-controlling interests		**(2,975)**	(1,694)
Total comprehensive income for the year		**33,379**	27,214

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group 2019 S$'000	Group 2018 S$'000	Company 2019 S$'000	Company 2018 S$'000
ASSETS					
Non-current assets					
Plant and equipment	11	**4,891**	4,227	**–**	–
Right-of-use assets	12	**3,848**	–	**–**	–
Investment in subsidiaries	13	**–**	–	**14,508**	7,188
Investment in associate	14	**2,887**	3,404	**11,399**	11,524
Loans to subsidiaries	15	**–**	–	**8,056**	7,649
Prepaid operating expenses		**18**	4	**–**	–
		11,644	7,635	**33,963**	26,361
Current assets					
Inventories		**856**	282	**–**	–
Prepaid operating expenses		**610**	648	**24**	25
Trade and other receivables	15	**12,267**	8,714	**17,118**	15,851
Cash and short-term deposits	16	**80,698**	73,993	**1,037**	1,057
		94,431	83,637	**18,179**	16,933
Total assets		**106,075**	91,272	**52,142**	43,294
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	17	**3,034**	1,980	**60**	3
Other liabilities	18	**3,412**	3,980	**154**	150
Lease liabilities	12	**1,774**	–	**–**	–
Income tax payable		**8,548**	6,775	**–**	–
		16,768	12,735	**214**	153
Net current assets		**77,663**	70,902	**17,965**	16,780
Non-current liabilities					
Other liabilities	18	**126**	87	**–**	–
Lease liabilities	12	**2,119**	–	**–**	–
Loans from non-controlling shareholder to subsidiaries	17	**5,371**	5,099	**–**	–
		7,616	5,186	**–**	–
Total liabilities		**24,384**	17,921	**214**	153
Net assets		**81,691**	73,351	**51,928**	43,141
Equity attributable to owners of the Company					
Share capital	19	**22,438**	22,273	**22,438**	22,273
Merger reserve	20	**(2,311)**	(2,311)	**–**	–
Share-based payments reserve	21	**938**	883	**938**	883
Other reserve	22	**2,258**	1,869	**–**	–
Foreign currency translation reserve	23	**(290)**	(495)	**–**	–
Retained earnings		**60,072**	51,547	**28,552**	19,985
		83,105	73,766	**51,928**	43,141
Non-controlling interests		**(1,414)**	(415)	**–**	–
Total equity		**81,691**	73,351	**51,928**	43,141
Total equity and liabilities		**106,075**	91,272	**52,142**	43,294

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 2019

	Attributable to owners of the Company							
	Share capital (Note 19) S$'000	Retained earnings S$'000	Merger reserve (Note 20) S$'000	Share-based payments reserve (Note 21) S$'000	Other reserve (Note 22) S$'000	Foreign currency translation reserve (Note 23) S$'000	Non-controlling interests S$'000	Total equity S$'000
Group								
Opening balance at 1 January 2019	**22,273**	**51,547**	**(2,311)**	**883**	**1,869**	**(495)**	**(415)**	**73,351**
Profit for the year	**–**	**35,751**	**–**	**–**	**–**	**–**	**(2,945)**	**32,806**
Other comprehensive income								
Foreign currency translation	**–**	**–**	**–**	**–**	**–**	**205**	**(30)**	**175**
Share of other reserve of associate	**–**	**–**	**–**	**–**	**398**	**–**	**–**	**398**
Other comprehensive income for the year, net of tax	**–**	**–**	**–**	**–**	**398**	**205**	**(30)**	**573**
Total comprehensive income for the year	**–**	**35,751**	**–**	**–**	**398**	**205**	**(2,975)**	**33,379**
Distributions to and contributions by owners								
Dividends (Note 28)	**–**	**(27,142)**	**–**	**–**	**–**	**–**	**–**	**(27,142)**
Share-based payments	**–**	**–**	**–**	**220**	**–**	**–**	**–**	**220**
Ordinary shares issued upon vesting of performance shares	**165**	**–**	**–**	**(165)**	**–**	**–**	**–**	**–**
Contribution of capital by non-controlling shareholder	**–**	**–**	**–**	**–**	**–**	**–**	**1,883**	**1,883**
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests without a change in control	**–**	**(84)**	**–**	**–**	**(9)**	**–**	**93**	**–**
Closing balance at 31 December 2019	**22,438**	**60,072**	**(2,311)**	**938**	**2,258**	**(290)**	**(1,414)**	**81,691**
Opening balance at 1 January 2018	22,273	50,647	(2,311)	346	2,006	(632)	181	72,510
Profit for the year, representing total comprehensive income for the year	–	28,908	–	–	–	–	(1,694)	27,214
Distributions to and contributions by owners								
Dividends (Note 28)	–	(28,008)	–	–	–	–	–	(28,008)
Share-based payments	–	–	–	537	–	–	–	537
Fair value adjustment for loans from non-controlling shareholder to subsidiaries (Note 17)	–	–	–	–	–	–	1,098	1,098
Other adjustment	–	–	–	–	(137)	137	–	–
Closing balance at 31 December 2018	22,273	51,547	(2,311)	883	1,869	(495)	(415)	73,351

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Attributable to owners of the Company			
	Share capital (Note 19) S$'000	Retained earnings S$'000	Share-based payments reserve (Note 21) S$'000	Total equity S$'000
Company				
Opening balance at 1 January 2019	**22,273**	**19,985**	**883**	**43,141**
Profit for the year, representing total comprehensive income for the year	**–**	**35,709**	**–**	**35,709**
Distributions to and contributions by owners				
Dividends (Note 28)	**–**	**(27,142)**	**–**	**(27,142)**
Share-based payments	**–**	**–**	**220**	**220**
Ordinary shares issued upon vesting of performance shares	**165**	**–**	**(165)**	**–**
Closing balance at 31 December 2019	**22,438**	**28,552**	**938**	**51,928**
Opening balance at 1 January 2018	22,273	20,447	346	43,066
Profit for the year, representing total comprehensive income for the year	–	27,546	–	27,546
Distributions to and contributions by owners				
Dividends (Note 28)	–	(28,008)	–	(28,008)
Share-based payments	–	–	537	537
Closing balance at 31 December 2018	22,273	19,985	883	43,141

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 2019

	Note	Group 2019 S$'000	Group 2018 S$'000
Operating activities			
Profit before tax		**41,349**	34,003
Adjustments for:			
Depreciation of plant and equipment	11	**1,464**	376
Depreciation of right-of-use assets	12	**1,961**	–
Share-based payments expense	7	**220**	537
Finance costs on unwinding of discount adjustment of loans to subsidiaries	17	**272**	127
Finance costs on lease liabilities	12	**122**	–
Interest income		**(1,307)**	(982)
Share of results of associate		**1,050**	1,137
Currency re-alignment		**(85)**	–
Total adjustments		**3,697**	1,195
Operating cash flows before changes in working capital		**45,046**	35,198
Changes in working capital			
Increase in inventories		**(574)**	(115)
Decrease/(increase) in prepaid operating expenses		**24**	(370)
Increase in trade and other receivables		**(3,683)**	(40)
Increase in trade and other payables		**1,054**	399
(Decrease)/increase in other liabilities		**(529)**	1,398
Total changes in working capital		**(3,708)**	1,272
Cash flows generated from operations		**41,338**	36,470
Interest received		**1,437**	949
Interest on lease liabilities		**(122)**	–
Income tax paid		**(6,770)**	(7,340)
Net cash flows generated from operating activities		**35,883**	30,079
Investing activities			
Purchase of plant and equipment	11	**(2,128)**	(3,929)
Proceeds from return of capital from associate	14	**125**	–
Net cash flows used in investing activities		**(2,003)**	(3,929)
Financing activities			
Proceeds from issuance of shares by subsidiary to non-controlling shareholder		**1,883**	–
Dividends paid on ordinary shares	28	**(27,142)**	(28,008)
Loans from non-controlling shareholder to subsidiaries	17	**–**	4,800
Payment for principal portion of lease liabilities		**(1,916)**	–
Net cash flows used in financing activities		**(27,175)**	(23,208)
Net increase in cash and cash equivalents		**6,705**	2,942
Cash and cash equivalents at 1 January		**73,993**	71,051
Cash and cash equivalents at 31 December	16	**80,698**	73,993

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

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. which is incorporated in Singapore.

The registered office of the Company is at 101 Thomson Road, #09-02 United Square, Singapore 307591 and the principal place of business of the Group is at 3 Mount Elizabeth, Mount Elizabeth Hospital Level 2, Singapore 228510.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries and associate are disclosed in Note 13 and 14 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 (International) ("**SFRS(I)**").

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 "**S$**") and all values are rounded to the nearest thousand ("**S$'000**") as indicated.

2.2 New accounting standards effective on 1 January 2019

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 and interpretations that are effective for annual periods beginning on or after 1 January 2019. Except for the adoption of SFRS(I) 16 as described below, the adoption of these standards and interpretations did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 16 Leases

SFRS(I) 16 supersedes SFRS(I) 1-17 Leases, SFRS(I) INT 4 Determining whether an Arrangement contains a Lease, SFRS(I) INT 1-15 Operating Leases-Incentives and SFRS(I) INT 1-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under SFRS(I) 16 is substantially unchanged from SFRS(I) 1-17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in SFRS(I) 1-17. Therefore, SFRS(I) 16 does not have an impact for leases where the Group is the lessor.

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

2.2 New accounting standards effective on 1 January 2019 (cont'd)

SFRS(I) 16 Leases (cont'd)

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. Under this approach, comparative information is not restated. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying SFRS(I) 1-17 and SFRS(I) INT 4 at the date of initial application. The Group also elected to apply the recognition exemptions to lease contracts that have a lease term of 12 months or less from the date of initial application and do not contain a purchase option, and lease contracts for which the underlying asset is of low value.

The Group has lease contracts for clinics, office premises, laboratory premises and office equipment. Before the adoption of SFRS(I) 16, the Group classified its leases (as lessee) at the inception date as operating leases. Refer to Note 2.16(c) to the financial statements for the accounting policy over leases prior to 1 January 2019.

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for the leases were recognised based on an amount equal to the lease liabilities, adjusted for previously recognised prepaid or accrued lease payment. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

– Used a single discount rate to a portfolio of leases with reasonably similar characteristics;

– Relied on its assessment of whether leases are onerous immediately before the date of initial application;

– Applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;

– Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and

– Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 January 2019, right-of-use assets and lease liabilities of S$2,544,000 each were recognised and presented separately in the statement of financial position.

There is no impact to the opening retained earnings at the date of initial application, 1 January 2019 as the Group chose to measure its right-of-use assets at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

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

2.2 New accounting standards effective on 1 January 2019 (cont'd)

SFRS(I) 16 Leases (cont'd)

The lease liabilities at 1 January 2019 can be reconciled to the operating lease commitments as at 31 December 2018, as follows:

	Group S$'000
Operating lease commitments at 31 December 2018	2,415
Less: Commitments relating to short-term leases	(2)
Add: Lease payments relating to renewal period, not included in operating lease commitments as at 31 December 2018	288
	2,701
Weighted average incremental borrowing rate as at 1 January 2019	3.79%
Discounted operating lease commitments, representing lease liabilities at 1 January 2019 (Note 12)	2,544

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Amendments to SFRS(I) 3: *Definition of a Business*	1 January 2020
Amendments to SFRS(I) 1 and SFRS(I) 8: *Definition of Material*	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

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

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

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

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

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

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

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations

The consolidated financial statements of the Group have 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 prior to the date of completion of the restructuring exercise in September 2013.

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 or transferred and the share capital of the subsidiary, SCC, is reflected within equity as merger reserve.

2.5 Transactions with non-controlling interests

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

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

2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

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

2.6 Foreign currency (cont'd)

(b) Consolidated financial statements

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

2.7 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 and fittings	–	2 to 10 years
Clinic equipment	–	2 years
Office equipment	–	2 to 10 years
Computers	–	2 to 3 years
Renovations	–	2 to 5 years
Laboratory equipment	–	3 to 5 years
Motor vehicle	–	5 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 residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2.8 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.

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

2.8 Impairment of non-financial assets (cont'd)

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.

2.9 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, investment in subsidiaries is accounted for at cost less impairment losses.

2.10 Associates

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

In the Company's separate financial statements, investment in associate is accounted for at cost less impairment losses.

The Group accounts for its investment in associate using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

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

2.10 Associates (cont'd)

Under the equity method, the investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. The profit or loss reflects the share of results of the operations of the associate. Distributions received from associate reduces the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After the application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate is prepared at the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.11 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

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

2.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through the amortisation process.

De-recognition

A financial asset is de-recognised 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 for debt instruments 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 instruments. The Group determines the classification of its financial liabilities at initial recognition.

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

Subsequent measurement

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

De-recognition

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

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

2.12 Impairment of financial assets

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

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

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

For loans carried at amortised cost, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the loans are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the loans. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 60 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.13 Cash and cash equivalents

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

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value, assigned on a first-in-first-out basis; and mainly consist of materials used in the provision of stem cells and cellular and gene therapy related products and services.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

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

2.15 Employee benefits

(a) Defined contribution plans

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

(b) Equity-settled compensation plans

Certain employees of the Group receive remuneration in the form of performance shares and share options as consideration for services rendered. The cost of these equity-settled share-based payment transactions with employees is measured by reference to the fair value at the date on which the performance shares are awarded or when the share options are granted using an appropriate valuation model. This cost is recognised in profit or loss, with a corresponding increase in the share-based payments reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of performance shares and share options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period and is recognised in "Share-based payments expense" in the statement of comprehensive income.

No expense is recognised for performance shares and share options that do not ultimately vest. In the case where the performance share and share option do not vest as the result of a failure to meet a vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The share option reserve is transferred to retained earnings upon expiry of the share option.

2.16 Leases

The accounting policies described below in Note 2.16(a) and 2.16(b) are applied on and after the initial application date of SFRS(I) 16, 1 January 2019:

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

(a) Group as a lessee

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

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

2.16 Leases (cont'd)

(a) Group as a lessee (cont'd)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The cost of a right-of-use asset also includes an estimate of the costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which the asset is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The Group, as a lessee, incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Clinics	–	2 to 5 years
Office premises	–	2 to 3 years
Laboratory premises	–	1 to 3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment in accordance with the accounting policy disclosed in Note 2.8 to the financial statements.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

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

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

2.16 Leases (cont'd)

(a) Group as a lessee (cont'd)

Short-term leases and leases of low-value assets

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

(b) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in "Revenue" in the statement of comprehensive income.

The accounting policies described below in Note 2.16(c) and 2.16(d) are applied before the initial application date of SFRS(I) 16, 1 January 2019:

(c) Group as a 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.

(d) Group as a lessor

The accounting policy applicable to the Group as a lessor in the comparative period was the same as the accounting policy applied under SFRS(I) 16.

2.17 Revenue

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

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

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

2.17 Revenue (cont'd)

(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 the Consultancy Restatement Agreement.

The Group provides consultancy services to Thu Cuc International General Hospital ("**TCH**"), to enable TCH to operate a medical centre for the provision of 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.

The Group provides consultancy services to its associate, Hong Kong Integrated Oncology Centre Holdings Limited ("**HKH**") for a fixed annual fee. Revenue from the provision of such consultancy services to HKH is recognised when the services are rendered.

(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 services by SCC's employees and specialist doctors to PCC and all expenses incurred from the provision of consultancy services by SCC's specialist doctors to TCH. Revenue from management fees is recognised when the services are rendered.

(c) Stem cell processing and culturing services

Revenue from processing and culturing of stem cells is recognised upon completion of processing and culturing.

(d) Storage fees

Revenue arising from the storage of stem cells is accounted for on a straight-line basis over the contractual storage period and recognised in full upon release of all stem cells from storage.

(e) Cellular and gene therapy related products and services

Revenue from the manufacturing of cellular and gene therapy related products is recognised at the point in time when control of the products is transferred to the customer, generally on delivery of the products to the customer and when all criteria for acceptance have been satisfied.

Revenue from provision of cellular and gene therapy related services is recognised over time as the customers simultaneously receive the benefits as it performs the services.

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

2.18 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 grants 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".

2.19 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 at 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 and associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

2.19 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 and associate, 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

Revenues, expenses and assets are recognised net of the 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 the expense item as applicable; and

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

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

2.20 Share capital and share issuance expenses

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has applied judgements in the impairment assessment of investment in subsidiaries and associate.

The carrying amount of the Group's investment in subsidiaries and associate at the reporting date is disclosed in Note 13 and 14 to the financial statements.

The Group has reviewed its investment in subsidiaries and associate for indicator of impairment and concluded that there is no indicator of impairment in view of the improved performance and growth in their business operations.

These judgements are however not expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period as disclosed in the notes to the financial statements.

3.2 Key sources of estimation uncertainty

Management is of opinion that there is no estimation uncertainty that has a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial period.

4. REVENUE

Disaggregation of revenue

The table below summarises information about the Group's revenue which is disaggregated by segments, geographical markets and the timing of transfer of goods or services (either at a point in time or over time).

	Oncology services				Stem cell related products and services		Cellular and gene therapy related products and services		Total revenue	
	Consultancy services		Management fees							
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Primary geographical markets										
Singapore	50,888	40,248	21,925	19,168	1,256	1,156	479	–	74,548	60,572
China and Hong Kong	273	270	17	–	–	–	–	–	290	270
Vietnam	109	176	58	81	55	–	–	–	222	257
Malaysia	–	–	–	–	476	179	–	–	476	179
Indonesia	–	–	–	–	335	–	–	–	335	–
Others	–	–	–	–	48	–	–	–	48	–
	51,270	40,694	22,000	19,249	2,170	1,335	479	–	75,919	61,278
Timing of transfer of goods or services										
At a point in time	–	–	–	–	2,104	1,289	479	–	2,583	1,289
Over time	51,270	40,694	22,000	19,249	66	46	–	–	73,336	59,989
	51,270	40,694	22,000	19,249	2,170	1,335	479	–	75,919	61,278

Nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms

(a) Oncology services

(i) Recognition of revenue from consultancy services from Parkway Cancer Centre ("PCC"), Thu Cuc International General Hospital ("TCH") and Hong Kong Integrated Oncology Centre Holdings Limited ("HKH")

<u>Nature of goods or services</u>

Oncology-related consultancy services are provided to PCC, TCH and HKH. Consultancy services rendered to PCC include provision of specialist doctors and clinical staff to PCC.

Details of these oncology-related consultancy services are as disclosed in Note 2.17(a) to the financial statements.

4. REVENUE (CONT'D)

Nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms (cont'd)

(a) Oncology services (cont'd)

(i) Recognition of revenue from consultancy services from Parkway Cancer Centre ("PCC"), Thu Cuc International General Hospital ("TCH") and Hong Kong Integrated Oncology Centre Holdings Limited ("HKH") (cont'd)

Timing of transfer of goods or services

Revenue from provision of consultancy services is recognised over time as the Group concludes that the customers simultaneously receive the benefits as it performs the services.

Significant payment terms

Invoices for consultancy services are issued either on a weekly, monthly or quarterly basis. These invoices are payable within 30 days.

(ii) Recognition of management fees from Parkway Cancer Centre ("PCC")

Nature of goods or services

The Group derives management fees from PCC through the billing of salaries, wages and employee benefits and rental of clinical premises.

Timing of transfer of goods or services

Revenue from management fees is recognised over time as the Group concludes that PCC simultaneously receives the benefits as it performs the services.

Significant payment terms

Invoices are issued on a monthly basis and are payable within 30 days.

(b) Stem cell related products and services

Recognition of revenue from stem cell processing, culturing and storage services

Nature of goods or services

The Group provides services related to processing, culturing and storage of stem cells through its subsidiary, Stem Med Pte. Ltd. and these services are sold in bundled packages.

The Group accounts for these services separately as they are assessed to be distinct, that is, the customer can benefit from the services on its own or together with other readily available resources.

4. REVENUE (CONT'D)

Nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms (cont'd)

(b) Stem cell related products and services (cont'd)

Recognition of revenue from stem cell processing, culturing and storage services (cont'd)

Timing of transfer of goods or services

The consideration for the bundled sales is allocated to the separate services based on their relative stand-alone selling prices. The stand-alone selling prices are determined based on the prices that the Group would have charged if the services were contracted for separately.

Revenue from sale of processing and culturing services is recognised when the promised services are delivered to the customer and all criteria for acceptance have been satisfied.

For the storage of stem cells where the Group satisfies its performance obligations over time, management has determined that a straight-line method provides a faithful depiction of the Group's performance in transferring control of the storage services to the customers, as it reflects the Group's efforts incurred to date. The measure of progress is based on period of storage to date as a proportion of the total period of storage promised.

Significant payment terms

Invoices are issued when customers sign up for the packages and are payable within 30 days.

(c) Cellular and gene therapy related products and services

Nature of goods or services

The Group provides cellular and gene therapy related services and manufactures viral vectors through its subsidiary, CellVec Pte. Ltd.

Timing of transfer of goods or services

Revenue from the manufacturing of cellular and gene therapy related products is recognised at the point in time when control of the products is transferred to the customers, generally on delivery of the products to the customer and when all criteria for acceptance have been satisfied.

Revenue from provision of cellular and gene therapy related services is recognised over time as the Group concludes that the customers simultaneously receive the benefits as it performs the services.

4. REVENUE (CONT'D)

Nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms (cont'd)

(c) Cellular and gene therapy related products and services (cont'd)

Significant payment terms

Invoices are issued when customers purchases the products and are payable within 30 days.

(d) Transaction price allocated to remaining performance obligations

Information relating to the aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations is presented in the table below:

	2019 S$'000	2018 S$'000
Transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations:		
At 1 January	**132**	–
Recognised as revenue during the year	**(45)**	–
Unsatisfied (or partially unsatisfied) performance obligations	**98**	132
At 31 December	**185**	132
Expected to be recognised in:		
One year or less	**59**	45
More than one year but less than five years	**126**	87
At 31 December	**185**	132

5. OTHER INCOME

	Group	
	2019 S$'000	2018 S$'000
Government-paid childcare and maternity leave	**37**	30
Grant income from Temporary Employment Credit scheme	**–**	14
Grant income from Wage Credit Scheme	**14**	29
Grant income from Special Employment Credit scheme	**8**	7
Others	**15**	24
	74	104

6. EMPLOYEE BENEFITS EXPENSE

	Group	
	2019	**2018**
	S$'000	**S$'000**
Employee benefits expense (including those employee benefits expense of directors):		
Salaries and bonuses	**23,669**	19,230
Central Provident Fund contributions	**1,276**	1,028
Other short-term benefits	**200**	210
	25,145	20,468

7. SHARE-BASED PAYMENTS EXPENSE

	Group	
	2019	**2018**
	S$'000	**S$'000**
Share-based payments expense in relation to:		
– Employee Share Option Scheme ("**ESOS**") and Performance Share Plan ("**PSP**")	**220**	537

On 11 May 2017, the Company granted equity-settled share options and awarded equity-settled performance shares to the employees of the Group under the ESOS and PSP respectively. On 10 May 2019, the Company granted equity-settled share options to the employees of the Group under the ESOS.

Employee Share Option Scheme

Under the ESOS, share options are granted to the employees of the Group. The exercise price of the share options granted in 2017 was fixed at a 20% discount to the volume-weighted average price of the Company's shares between 27 March 2017 and 9 May 2017 while the exercise price of the share options granted in 2019 was fixed at a 20% discount to the volume-weighted average price of the Company's shares between 28 March 2019 and 9 May 2019. The vesting period of the share options granted in both 2017 and 2019 ranged from two years to four years from the date of grant. Upon completion of the vesting period, these share options may be exercised for a period of up to three years. The Group does not have a past practice of cash settlement for these share options.

There has been no cancellation or modification to the ESOS during the years ended 31 December 2019 and 2018. During the year ended 31 December 2019, share options held by certain employees were forfeited upon their resignation. Accordingly, the Group wrote back an amount of S$260,000 in respect of these options.

7. SHARE-BASED PAYMENTS EXPENSE (CONT'D)

Employee Share Option Scheme (cont'd)

Movements of share options

The following table illustrates the number (No.) and weighted average exercise prices ("**WAEP**") of, and movements in, share options during the years ended 31 December 2019 and 2018:

	2019		2018	
	No.	WAEP S$	No.	WAEP S$
Outstanding at 1 January	**3,800,000**	**0.6546**	3,800,000	0.6546
Options granted during the year	**6,000,000**	**0.4142**	–	–
Options forfeited during the year	**(1,200,000)**	**0.6546**	–	–
Outstanding at 31 December	**8,600,000**	**0.4869**	3,800,000	0.6546
Exercisable at 31 December	**1,300,000**	**0.6546**	–	–

The weighted average fair value of share options granted on 11 May 2017 was S$0.2570 while the weighted-average fair value of share options granted on 10 May 2019 was S$0.1660.

There were no share options exercised during the years ended 31 December 2019 and 2018.

The range of exercise prices for share options outstanding at the end of the year was S$0.4142 to S$0.6546 (2018: S$0.6546). The weighted average remaining contractual life for these share options excluding remaining vesting period and including remaining vesting period is 2.9 (2018: 3.0) years and 4.5 (2018: 4.1) years respectively.

Fair value of share options granted

The fair value of the share options granted in 2017 and 2019 was estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted.

The following table summarises the inputs to the binomial option pricing model:

	ESOS 2019	ESOS 2017
Average dividend payout (%)	**3.89**	5.46
Expected volatility (%)	**36.16 to 37.78**	37.43 to 38.32
Risk-free interest rate (% p.a.)	**1.92 to 1.99**	1.69 to 1.90
Expected life of option from the date of grant (years)	**5 to 7**	5 to 7

The expected life of the share options was determined based on historical data and was not necessarily indicative of exercise patterns that may occur. The expected volatility reflected the assumption that the historical volatility over a period similar to the life of the share options was indicative of future trends, which may not necessarily be the actual outcome.

7. SHARE-BASED PAYMENTS EXPENSE (CONT'D)

Performance Share Plan

Under the PSP, performance shares are awarded to the employees of the Group. The vesting period of the performance shares ranged from two years to four years from the date of grant. The performance share will convert into ordinary shares of the Company upon completion of the vesting period. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these performance shares.

There has been no cancellation or modification to the PSP during the years ended 31 December 2019 and 2018. During the year ended 31 December 2019, performance shares held by certain employees were forfeited upon their resignation. Accordingly, the Group wrote back an amount of S$71,000 in respect of these performance shares.

Movements of performance shares

The following table illustrates the number (No.) and movements in performance shares during the years ended 31 December 2019 and 2018:

	2019 No.	2018 No.
Outstanding at 1 January	**512,335**	512,335
Performance shares vested during the year	**(215,723)**	–
Performance shares forfeited during the year	**(121,342)**	–
Outstanding at 31 December	**175,270**	512,335

The weighted average fair value of performance shares granted on 11 May 2017 was S$0.7395.

The weighted average remaining contractual life for these performance shares is 0.9 (2018: 1.1) years.

Fair value of performance shares granted

The fair value of the performance shares granted in 2017 under the PSP was estimated at the grant date using the expected value of shares based on dividend adjusted share price.

The following table summarises the inputs to the performance share valuation model:

	PSP 2017
Average dividend payout (%)	5.46
Risk-free interest rate (% p.a.)	1.023
Expected life of performance shares from the date of grant (years)	2 to 4

8. PROFIT BEFORE TAX

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

	Note	Group 2019 S$'000	Group 2018 S$'000
Audit fee:			
– Auditor of the Company		**142**	130
Non-audit fees:			
– Auditor of the Company		**22**	18
– Other auditors		**99**	2
Employee benefits expense	6	**25,145**	20,468
Depreciation of plant and equipment	11	**1,464**	376
Depreciation of right-of-use assets	12	**1,961**	–
Finance costs on:			
– Lease liabilities	12	**122**	–
– Unwinding of discount adjustment of loans to subsidiaries	17	**272**	127

9. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

	Group 2019 S$'000	Group 2018 S$'000
Current income tax:		
– Current income taxation	**8,555**	6,787
– (Over)/under provision in respect of prior years	**(12)**	2
Income tax expense recognised in profit or loss	**8,543**	6,789

9. INCOME TAX EXPENSE (CONT'D)

Relationship between tax expense and profit before tax

A reconciliation between tax expense and the product of profit before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2019 and 2018 is as follows:

	Group	
	2019	**2018**
	S$'000	**S$'000**
Profit before tax	**41,349**	34,003
Tax at the corporate tax rate of 17%	**7,029**	5,781
Adjustments:		
Non-deductible expenses	**617**	556
Income not subject to tax	**11**	–
Effect of partial tax exemption and tax relief	**(93)**	(141)
Deferred tax assets not recognised	**805**	389
(Over)/under provision in respect of prior years	**(12)**	2
Share of results of associate	**179**	193
Withholding tax	**7**	12
Others	**–**	(3)
Income tax expense recognised in profit or loss	**8,543**	6,789

Tax consequence of proposed dividends

There is no income tax consequence attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 28).

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately S$10,840,000 (2018: S$6,108,000) and capital allowances of approximately S$37,000 (2018: S$37,000) that are available for offset against future taxable profits of the companies in which the losses and capital allowances arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses and capital allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. These tax losses and capital allowances have no expiry date.

10. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares. Diluted earnings per share is calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. These profit and share data are presented in the tables below:

	Group	
	2019	**2018**
	$'000	**$'000**
Profit for the year attributable to owners of the Company	**35,751**	28,908

	No. of shares	**No. of shares**
Weighted average number of ordinary shares outstanding for computation of basic earnings per share	**1,314,422,526**	1,314,286,000
Effect of dilution:		
– Contingently issuable performance shares	**295,911**	512,335
Weighted average number of ordinary shares outstanding for diluted earnings per share computation	**1,314,718,437**	1,314,798,335

8,600,000 (2018: 3,800,000) share options granted to and accepted by employees under the ESOS have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

In March 2020, the Company allotted and issued 3,465,423 ordinary shares of the Company to employees pursuant to the vesting of performance shares granted in March 2020. Consequently, the total number of issued and paid-up shares of the Company increased from 1,314,501,723 to 1,317,967,146 ordinary shares.

Except for the above, there have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. PLANT AND EQUIPMENT

	Furniture and fittings S$'000	Clinic equipment S$'000	Office equipment S$'000	Computers S$'000	Renovations S$'000	Laboratory equipment S$'000	Motor vehicle S$'000	Total S$'000
Group								
Cost								
At 1 January 2018	74	10	16	40	721	500	195	1,556
Additions	72	–	31	78	2,722	1,026	–	3,929
At 31 December 2018 and 1 January 2019	146	10	47	118	3,443	1,526	195	5,485
Additions	35	–	37	160	996	900	–	2,128
At 31 December 2019	**181**	**10**	**84**	**278**	**4,439**	**2,426**	**195**	**7,613**
Accumulated depreciation								
At 1 January 2018	63	10	15	26	571	184	13	882
Depreciation charge for the year	11	–	3	18	105	200	39	376
At 31 December 2018 and 1 January 2019	74	10	18	44	676	384	52	1,258
Depreciation charge for the year	34	–	15	71	804	501	39	1,464
At 31 December 2019	**108**	**10**	**33**	**115**	**1,480**	**885**	**91**	**2,722**
Net book value								
At 31 December 2018	72	–	29	74	2,767	1,142	143	4,227
At 31 December 2019	**73**	**–**	**51**	**163**	**2,959**	**1,541**	**104**	**4,891**

12. LEASES

Group as a lessee

The Group has lease contracts for clinics, office premises, laboratory premises and office equipment. These leases have an average lease term of 3 years. There are several lease contracts that include extension and termination options, which are further discussed below.

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

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year ended 31 December 2019:

	Right-of-use assets			
	Clinics S$'000	Office premises S$'000	Laboratory premises S$'000	Total S$'000
At 1 January 2019	1,650	666	228	2,544
Additions	2,853	412	–	3,265
Depreciation charge for the year	(1,454)	(325)	(182)	(1,961)
At 31 December 2019	**3,049**	**753**	**46**	**3,848**

Set out below are the carrying amounts of lease liabilities and the movements during the year ended 31 December 2019:

	2019 S$'000
At 1 January	**2,544**
Additions	**3,265**
Accretion of interest	**122**
Payments	**(2,038)**
At 31 December	**3,893**
Current	**1,774**
Non-current	**2,119**
At 31 December	**3,893**

12. LEASES (CONT'D)

Group as a lessee (cont'd)

The following amounts are recognised in profit or loss:

	2019 S$'000	2018 S$'000
Depreciation of right-of-use assets	**1,961**	–
Finance costs on lease liabilities	**122**	–
Expenses relating to short-term leases	**37**	–
Total amounts recognised in profit or loss	**2,120**	–

The Group had total cash outflows for leases of S$2,075,000 for the year ended 31 December 2019. Non-cash additions to right-of-use assets and lease liabilities amounted to S$3,265,000 each for the year ended 31 December 2019. There is no future cash outflow relating to leases that have not yet commenced.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

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

	Within one year S$'000	After one year but not more than five years S$'000	Total S$'000
2019			
Extension options expected not to be exercised	**433**	**1,346**	**1,779**

Minimum lease payments recognised as an expense in profit or loss for the year ended 31 December 2018 amounted to S$1,904,000.

At 31 December 2018, the Group's operating lease commitments under SFRS(I) 1-17 were as follows:

	Group 2018 S$'000
Not later than one year	1,349
Later than one year but not later than five years	1,066
	2,415

12. LEASES (CONT'D)

Group as a lessor

The Group has entered into operating leases on clinics. These leases have terms of between two and three years. Rental income (included under "Revenue" as "Management fees" disclosed in Note 4(a)(ii) to the financial statements) recognised by the Group during the year is S$1,554,000 (2018: S$1,386,000).

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2019 S$'000	2018 S$'000
Within one year	**1,519**	767
After one year but not more than five years	**1,266**	440
	2,785	1,207

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2019 **S$'000**	**2018** **S$'000**
Equity shares, at cost	**11,213**	4,113
Discount on interest-free loans to subsidiaries	**2,192**	2,192
Deemed contribution in respect of share-based payments to employees of Singapore Cancer Centre Pte. Ltd.	**1,103**	883
	14,508	7,188

At 31 December 2019, the Company's cost of investment in subsidiaries amounted to S$11,213,000 (2018: S$4,113,000). The increase in the cost of investment in subsidiaries was due to the incorporation of a wholly-owned subsidiary, TalkMed Greater China Pte. Ltd. ("**TMGC**"), with a paid-up capital of S$7,100,000, in connection with the restructuring exercise carried out by the Group in December 2019.

During the year ended 31 December 2018, the Company recorded discount on interest-free loans to subsidiaries of S$1,648,000 (Note 15). There was no such discount recorded during the year ended 31 December 2019.

During the year ended 31 December 2019, the Company recorded share-based payments expense in relation to ESOS and PSP of S$220,000 (2018: S$537,000) (Note 7).

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

The Group has the following investment in subsidiaries:

Name of entity	Country of incorporation	Principal activities (Principal place of business)	Proportion of ownership interest 2019 %	2018 %
Held by the Company:				
Singapore Cancer Centre Pte. Ltd. ("**SCC**")[a]	Singapore	Provision of specialist doctors and medical staff to operate Parkway Cancer Centre which is a division of Parkway Hospitals Singapore Pte. Ltd. for specialist oncology services (Singapore)	**100**	100
TalkMed Vietnam Pte. Ltd.[a]	Singapore	Provision of specialised medical oncology services (Vietnam)	**100**	100
TalkMed Greater China Pte. Ltd.[c]	Singapore	Provision of healthcare management services (Singapore)	**100**	100
Stem Med Pte. Ltd. ("**Stem Med**")[a]	Singapore	Provision of services related to the processing, culturing and storage of stem cells (Singapore)	**60**	57
CellVec Pte. Ltd. ("**CellVec**")[a]	Singapore	Provision of cellular and gene therapy related products and services (Singapore)	**57**	57
Held through Stem Med Pte. Ltd.:				
Stem Med Indonesia Pte. Ltd.[a]	Singapore	Provision of services related to operation of cellular laboratories and storage facilities and cellular therapeutics clinics (Indonesia)	**90**	90
DrSG Cellular Wellness Pte. Ltd.[b]	Singapore	Provision of customised solutions using protein-rich derivatives for skin care and hair rejuvenation (Singapore)	**60**	60

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of entity	Country of incorporation	Principal activities (Principal place of business)	Proportion of ownership interest 2019 %	2018 %
Held through TalkMed Greater China Pte. Ltd.:				
TalkMed Chongqing Pte. Ltd.[a, d]	Singapore	Provision of healthcare management services (Singapore)	**100**	75
TalkMed China Pte. Ltd.[a, d]	Singapore	Provision of healthcare management services (Singapore)	**100**	100
Held through TalkMed Chongqing Pte. Ltd.:				
Sino-Singapore Hospital Management (Chongqing) Co., Ltd.[c]	China	Provision of healthcare management services (China)	**60**	–
Held through TalkMed China Pte. Ltd.:				
TalkMed Hospital Management (Beijing) Co., Ltd.[c]	China	Provision of healthcare management services (China)	**100**	–

[a] Audited by Ernst & Young LLP, Singapore.

[b] This company is dormant since the date of incorporation and is not required to be audited.

[c] These companies are newly incorporated during the year and are not required to be audited for the financial year ended 31 December 2019.

[d] In prior year, TalkMed Chongqing Pte. Ltd. and TalkMed China Pte. Ltd. were held through TalkMed China Pte. Ltd. and TalkMed Group Limited respectively.

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

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interests held by non-controlling interests		Loss allocated to NCI during the reporting period		Accumulated NCI at the end of reporting period		Dividends paid to NCI	
		2019	2018	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Stem Med	Singapore	**40%**	43%	**(200)**	(1,241)	**(1,107)**	(598)	**–**	–
CellVec	Singapore	**43%**	43%	**(2,699)**	(435)	**(2,104)**	205	**–**	–

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Summarised financial information about subsidiaries with material NCI

Summarised financial information before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised statements of financial position

	Stem Med Pte. Ltd.		CellVec Pte. Ltd.	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Current				
Assets	**2,201**	6,202	**2,050**	4,400
Liabilities	**(735)**	(579)	**(2,752)**	(2,268)
Net current assets/(liabilities)	**1,466**	5,623	**(702)**	2,132
Non-current				
Assets	**3,661**	324	**5,127**	3,904
Liabilities	**(7,943)**	(7,388)	**(9,244)**	(5,447)
Net non-current liabilities	**(4,282)**	(7,064)	**(4,117)**	(1,543)
Net (liabilities)/assets	**(2,816)**	(1,441)	**(4,819)**	589

Summarised statements of comprehensive income

	Stem Med Pte. Ltd.		CellVec Pte. Ltd.	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Revenue	**2,170**	1,335	**479**	–
Loss before and after tax	**(467)**	(2,885)	**(6,277)**	(1,012)
Total comprehensive income	**(467)**	(2,885)	**(6,277)**	(1,012)

Other summarised information

	Stem Med Pte. Ltd.		CellVec Pte. Ltd.	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Net cash flows generated from/(used in) operations	**1,961**	(4,196)	**(5,042)**	790
Acquisitions of plant and equipment	**10**	310	**2,104**	3,616

Capital commitment

Capital commitment which the Group had contracted for as at the end of the reporting period but not recognised in the financial statements relates to an additional capital contribution of RMB9.6 million to its subsidiary, Sino-Singapore Hospital Management (Chongqing) Co., Ltd..

14. INVESTMENT IN ASSOCIATE

The Group's investment in associate is summarised below:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Hong Kong Integrated Oncology Centre Holdings Limited				
Cost of acquisition	**11,524**	11,524	**11,524**	11,524
Share of post-acquisition results	**(10,535)**	(9,485)	**–**	–
Share of other reserve of associate	**2,395**	1,997	**–**	–
Foreign currency translation	**(372)**	(632)	**–**	–
Return of capital	**(125)**	–	**(125)**	–
	2,887	3,404	**11,399**	11,524

The Group has the following investment in associate:

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest 2019 %	Proportion of ownership interest 2018 %
Held by the Company:				
Hong Kong Integrated Oncology Centre Holdings Limited ("**HKH**")[a]	Cayman Islands	Investment holding	**30**	30
Held by HKH:				
Hong Kong Integrated Oncology Centre Limited ("**HKIOC**")[a]	Hong Kong	Provision of specialist oncology services	**72**	76

[a] Audited by Ernst & Young, Hong Kong.

14. INVESTMENT IN ASSOCIATE (CONT'D)

The summarised financial information in respect of Hong Kong Integrated Oncology Centre Holdings Limited, based on its consolidated IFRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements is as follows:

Summarised statements of financial position

	Hong Kong Integrated Oncology Centre Holdings Limited	
	2019	2018
	S$'000	S$'000
Current assets	**8,489**	8,088
Non-current assets	**38,214**	21,599
Total assets	**46,703**	29,687
Current liabilities	**20,160**	14,206
Non-current liabilities	**22,618**	10,554
Total liabilities	**42,778**	24,760
Net assets	**3,925**	4,927
Non-controlling interests	**1,290**	3,014
	5,215	7,941
Proportion of the Group's ownership	**30%**	30%
Group's share of net assets	**1,565**	2,382
Goodwill on acquisition	**952**	959
Other adjustments	**370**	63
Carrying amount of the investment	**2,887**	3,404

Summarised statements of comprehensive income

	Hong Kong Integrated Oncology Centre Holdings Limited	
	2019	2018
	S$'000	S$'000
Revenue	**50,573**	54,098
Loss before and after tax	**(3,063)**	(3,763)
Total comprehensive income	**(3,063)**	(3,763)

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Trade and other receivables:				
Trade receivables	**11,349**	8,104	**–**	–
GST receivable	**478**	–	**–**	–
Amounts due from subsidiaries (non-trade)	**–**	–	**1,168**	51
Dividends receivable from a subsidiary	**–**	–	**15,950**	15,800
Refundable deposits	**356**	367	**–**	–
Interest receivables	**73**	203	**–**	–
Other receivables	**11**	40	**–**	–
Total trade and other receivables	**12,267**	8,714	**17,118**	15,851
Add: Cash and short-term deposits (Note 16)	**80,698**	73,993	**1,037**	1,057
Add: Loans to subsidiaries	**–**	–	**8,056**	7,649
Less: GST receivable	**(478)**	–	**–**	–
Total financial assets carried at amortised cost	**92,487**	82,707	**26,211**	24,557

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 subsidiaries (non-trade)

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

Loans to subsidiaries (non-current)

During the financial years ended 31 December 2018 and 2017, the Company and a non-controlling shareholder, StemCord Pte Ltd, granted interest-free loans to its subsidiaries, Stem Med and CellVec.

Details of the loans are summarised in the table below:

		Amount of loans granted			
Name of subsidiaries	Date of grant	Company	StemCord (Note 17)	Total	Date of repayment
		S$'000	S$'000	S$'000	
Stem Med	20 June 2017	2,400	1,600	4,000	19 June 2022
Stem Med	20 June 2018	3,000	2,000	5,000	19 June 2023
CellVec	1 November 2018	4,200	2,800	7,000	31 October 2023
Total loans to subsidiaries		9,600	6,400	16,000	

15. TRADE AND OTHER RECEIVABLES (CONT'D)

Loans to subsidiaries (non-current) (cont'd)

These interest-free loans are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Their fair values are estimated based on the present value of future cash flows, discounted at the market rate of interest for similar types of lending or borrowing at the end of the reporting period.

	Company	
	2019	2018
	S$'000	S$'000
At 1 January	**7,649**	1,905
Loans to subsidiaries during the year:		
– Original loan amounts	**–**	7,200
– Discount on loans (Note 13)	**–**	(1,648)
Interest income on unwinding of discount adjustment	**407**	192
At 31 December	**8,056**	7,649

Management has assessed that the loss allowance provision as at 31 December 2019 and 2018 is negligible as the Group has no significant default in trade and other receivables based on historical experience. Information relating to the expected credit loss assessment of the Group and the Company is disclosed in Note 25 to the financial statements.

There is no credit-impairment loss recognised on trade and other receivables for the years ended 31 December 2019 and 2018.

16. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Cash at banks and on hand	**18,373**	13,421	**1,037**	1,057
Short-term deposits	**62,325**	60,572	**–**	–
Total cash and short-term deposits	**80,698**	73,993	**1,037**	1,057

Cash at banks earn interests ranging from 0.50% to 1.00% (2018: 0.50% to 0.70%) per annum. Short-term deposits are made for periods varying between 1 month and 6 months (2018: 1 month and 6 months), depending on the immediate cash requirements of the Group, and earn interests ranging from 1.69% to 2.24% (2018: 1.23% to 2.20%) per annum.

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Trade and other payables:				
Trade payables	**1,188**	490	**–**	–
GST payable	**1,279**	832	**–**	–
Rental deposits	**380**	376	**–**	–
Other payables	**90**	248	**10**	3
Amount due to a subsidiary (non-trade)	**–**	–	**50**	–
Amounts due to a director-related company (non-trade)	**1**	2	**–**	–
Amounts due to non-controlling shareholder (trade)	**96**	32	**–**	–
Total trade and other payables	**3,034**	1,980	**60**	3
Add: Accrued operating expenses (Note 18)	**3,353**	3,935	**154**	150
Add: Lease liabilities (Note 12)	**3,893**	–	**–**	–
Less: GST payable	**(1,279)**	(832)	**–**	–
Add: Loans from non-controlling shareholder to subsidiaries	**5,371**	5,099	**–**	–
Total financial liabilities carried at amortised cost	**14,372**	10,182	**214**	153

Trade payables

Trade payables are non-interest bearing and are generally settled on 30 to 60 days' terms.

Loans from non-controlling shareholder to subsidiaries (non-current)

During the years ended 31 December 2018 and 2017, the Company and a non-controlling shareholder, StemCord Pte Ltd granted interest-free loans to its subsidiaries, Stem Med and CellVec.

Details of the loans are summarised in the table below:

		Amount of loans granted			
Name of subsidiaries	**Date of grant**	**Company (Note 15) S$'000**	**StemCord S$'000**	**Total S$'000**	**Date of repayment**
Stem Med	20 June 2017	2,400	1,600	4,000	19 June 2022
Stem Med	20 June 2018	3,000	2,000	5,000	19 June 2023
CellVec	1 November 2018	4,200	2,800	7,000	31 October 2023
Total loans to subsidiaries		9,600	6,400	16,000	

17. TRADE AND OTHER PAYABLES (CONT'D)

Loans from non-controlling shareholder to subsidiaries (non-current) (cont'd)

These interest-free loans are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Their fair values are estimated based on the present value of future cash flows, discounted at the market rate of interest for similar types of lending or borrowing at the end of the reporting period.

	Group	
	2019	2018
	S$'000	S$'000
At 1 January	**5,099**	1,270
Loans from non-controlling shareholder to subsidiaries during the year:		
– Original loan amounts	**–**	4,800
– Discount on loans	**–**	(1,098)
Finance costs on unwinding of discount adjustment	**272**	127
At 31 December	**5,371**	5,099

Amount due to a subsidiary (non-trade)

This amount is unsecured, non-interest bearing, repayable on demand and is to be settled in cash.

Amounts due to a director-related company (non-trade)

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

Amounts due to non-controlling shareholder (trade)

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

18. OTHER LIABILITIES

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Current				
Accrued operating expenses	**3,353**	3,935	**154**	150
Deferred revenue	**59**	45	**–**	–
	3,412	3,980	**154**	150
Non-current				
Deferred revenue	**126**	87	**–**	–

19. SHARE CAPITAL

	Group and Company			
	2019		2018	
	No. of shares '000	S$'000	No. of shares '000	S$'000
Issued and fully paid ordinary shares				
At 1 January	**1,314,286**	**22,273**	1,314,286	22,273
Ordinary shares issued upon vesting of performance shares	**216**	**165**	–	–
At 31 December	**1,314,502**	**22,438**	1,314,286	22,273

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.

20. MERGER RESERVE

The merger reserve represents the difference between the consideration paid and the paid-up capital of the subsidiary under common control which is accounted for by applying the pooling of interest method (Note 2.4(b)).

21. SHARE-BASED PAYMENTS RESERVE

Share-based payments reserve represents the equity-settled share options and performance shares granted to employees (Note 7). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options and performance shares, and is reduced by the expiry, exercise or forfeiture of the share options and performance shares.

22. OTHER RESERVE

	Group	
	2019 S$'000	2018 S$'000
Share of other reserve of associate	**2,395**[1]	1,997
Changes in ownership interest in subsidiary without loss in control	**9**	9
Acquisition of non-controlling interests without a change in control	**(9)**	–
Other adjustment	**(137)**	(137)
	2,258	1,869

[1] At 31 December 2019, the associate, HKH's ownership interest in its subsidiary, HKIOC was diluted to 72% (Note 14). The change in HKH's ownership interest in HKIOC did not result in loss of control of HKIOC and was therefore accounted for as an equity transaction in the consolidated financial statements of HKH. Accordingly, the Group recognised its share of such changes which amounted to S$398,000 in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23. FOREIGN CURRENCY TRANSLATION RESERVE

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

24. 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 years ended 31 December 2019 and 2018:

	Group	
	2019	**2018**
	S$'000	**S$'000**
Lease payments to directors and director-related companies	**1,482**	1,482
Service fees paid to director-related companies	**154**	72
Payments made on behalf by non-controlling shareholder	**29**	39
Consultancy services rendered to associate	**273**	270
Stem cell processing fees charged to non-controlling shareholder	**488**	520

(b) Compensation of key management personnel

	Group	
	2019	**2018**
	S$'000	**S$'000**
Short-term employee benefits	**7,087**	6,833
Directors' fees – directors of the Company and subsidiaries	**470**	470
Central Provident Fund contributions	**79**	84
Share-based payments expense	**–**	85
	7,636	7,472
Comprised amounts paid/payable to:		
– Directors of the Company	**6,207**	4,652
– Other key management personnel	**1,429**	2,820
	7,636	7,472

25. 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 years, the Group's and the Company'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.

(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.

The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group and the Company have determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which is derived based on the Group's and the Company's historical information.

To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group and the Company consider available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

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

(a) Credit risk (cont'd)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 60 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

– There is significant difficulty of the issuer or the debtor;
– A breach of contract, such as a default or past due event; or
– It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The Group categorises a loan or receivable for potential write off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group and the Company continue to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

(i) Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance with days past due by grouping of customers based on geographical regions and revenue segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information such as forecast of economic conditions where the healthcare consumer price index will increase over the next year, leading to an increased number of defaults. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

Management has assessed that the loss allowance provision as at 31 December 2019 and 2018 is negligible as the Group has no significant default in trade receivables based on historical experience.

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

(a) Credit risk (cont'd)

(ii) Loans to subsidiaries at amortised cost

The Company uses three categories of internal credit risk ratings for intercompany loans which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are determined through incorporating both qualitative and quantitative information that builds on information from external credit rating companies, such as Standard and Poor, Moody's and Fitch, supplemented with information specific to the counterparty and other external information that could affect the counterparty's behaviour.

The Company computes expected credit loss for this group of financial assets using the probability of default approach. In calculating the expected credit loss rates, the Company considers implied probability of default from external rating agencies where available and historical loss rates for each category of counterparty, and adjusts for forward looking macroeconomic data such as GDP growth and central bank base rates.

A summary of the Company's internal grading category in the computation of the Company's expected credit loss model for the intercompany loans is as follows:

Category	Definition of category	Basis for recognition of expected credit loss provision
Grade I	Counterparties have a low risk of default and a strong capacity to meet contractual cash flows.	12-month expected credit losses
Grade II	Loans for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 60 days past due.	Lifetime expected credit losses
Grade III	Interest and/or principal repayments are 90 days past due.	Lifetime expected credit losses

There are no significant changes to estimation techniques or assumptions made during the reporting period.

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

(a) Credit risk (cont'd)

(ii) Loans to subsidiaries at amortised cost (cont'd)

The gross carrying amount of loans at amortised cost, without taking into account of any collaterals held or other credit enhancements which represents the maximum exposure to loss, is as follows:

Company		**2019**	**2018**
		$'000	**$'000**
12-month ECL	Loans at amortised cost	**8,056**	7,649

Management assessed that the subsidiaries have a strong capacity to meet the contractual cash flows of the intercompany loans. As such, these intercompany loans are categorised under Grade I.

Accordingly, the risk of default is determined to be low and the loss allowance provision on the Company's loans to subsidiaries at amortised costs based on the 12-month expected credit loss as at 31 December 2019 and 2018 is assessed as negligible.

Exposure to credit risk

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

Credit risk concentration profile

The Group has one (2018: one) major trade debtor whom is based in Singapore. At the end of the reporting period, approximately 95% (2018: 97%) of the Group's trade receivables were due from this major trade debtor.

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 key trade debtor.

The carrying amount of trade receivables is disclosed in Note 15 to the financial statements.

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

(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 and the Company monitor and maintain a level of cash and short-term deposits deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	2019			2018		
	One year or less S$'000	One to five years S$'000	Total S$'000	One year or less S$'000	One to five years S$'000	Total S$'000
Group						
Financial assets						
Trade and other receivables (net of GST receivable)	**11,789**	**–**	**11,789**	8,714	–	8,714
Cash and short-term deposits	**80,698**	**–**	**80,698**	73,993	–	73,993
Total undiscounted financial assets	**92,487**	**–**	**92,487**	82,707	–	82,707
Financial liabilities						
Trade and other payables (net of GST payable)	**1,755**	**–**	**1,755**	1,148	–	1,148
Accrued operating expenses	**3,353**	**–**	**3,353**	3,935	–	3,935
Lease liabilities	**1,868**	**2,213**	**4,081**	–	–	–
Loans from non-controlling shareholder to subsidiaries	**–**	**6,400**	**6,400**	–	6,400	6,400
Total undiscounted financial liabilities	**6,976**	**8,613**	**15,589**	5,083	6,400	11,483
Total net undiscounted financial assets/(liabilities)	**85,511**	**(8,613)**	**76,898**	77,624	(6,400)	71,224

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

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	2019			2018		
	One year or less S$'000	**One to five years S$'000**	**Total S$'000**	**One year or less S$'000**	**One to five years S$'000**	**Total S$'000**
Company						
Financial assets						
Trade and other receivables	**17,118**	**–**	**17,118**	15,851	–	15,851
Cash and short-term deposits	**1,037**	**–**	**1,037**	1,057	–	1,057
Loans to subsidiaries	**–**	**9,600**	**9,600**	–	9,600	9,600
Total undiscounted financial assets	**18,155**	**9,600**	**27,755**	16,908	9,600	26,508
Financial liabilities						
Trade and other payables	**60**	**–**	**60**	3	–	3
Accrued operating expenses	**154**	**–**	**154**	150	–	150
Total undiscounted financial liabilities	**214**	**–**	**214**	153	–	153
Total net undiscounted financial assets	**17,941**	**9,600**	**27,541**	16,755	9,600	26,355

(c) Fair value of financial instruments

(i) Fair value hierarchy

The Group and the Company categorise fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group and the Company can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

(c) *Fair value of financial instruments (cont'd)*

(ii) *Assets and liabilities that are not carried at fair value, but for which fair value is disclosed*

The following table shows an analysis of each class of assets and liabilities not measured at fair value at the end of the reporting period:

	Note	Group: Fair value measurements at the end of the reporting period using — Quoted prices in active markets for identical instruments (Level 1) S$'000	Significant observable inputs other than quoted prices (Level 2) S$'000	Significant unobservable inputs (Level 3) S$'000	Carrying amount S$'000
2019					
Financial liabilities carried at amortised cost:					
Loans from non-controlling shareholder to subsidiaries	17	**–**	**–**	**5,381**	**5,371**
2018					
Financial liabilities carried at amortised cost:					
Loans from non-controlling shareholder to subsidiaries	17	–	–	5,097	5,099

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

(c) Fair value of financial instruments (cont'd)

(ii) Assets and liabilities that are not carried at fair value, but for which fair value is disclosed (cont'd)

		Company			
		Fair value measurements at the end of the reporting period using			
	Note	Quoted prices in active markets for identical instruments (Level 1) S$'000	Significant observable inputs other than quoted prices (Level 2) S$'000	Significant unobservable inputs (Level 3) S$'000	Carrying amount S$'000
2019					
Financial assets carried at amortised cost:					
Loans to subsidiaries	15	**–**	**–**	**8,072**	**8,056**
2018					
Financial assets carried at amortised cost:					
Loans to subsidiaries	15	–	–	7,646	7,649

Loans to subsidiaries and loans from non-controlling shareholder to subsidiaries

The fair value of the non-current loans to subsidiaries and loans from non-controlling shareholder to subsidiaries which are not carried at fair value in the balance sheet is presented in the tables above. The fair value is estimated based on the present value of future cash flows, discounted at the market rate of interest for similar types of lending or borrowing at the end of the reporting period.

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

(c) Fair value of financial instruments (cont'd)

(iii) Assets and liabilities that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values

Except as disclosed in Note 25(c)(ii), management has determined that the carrying amounts of the financial instruments of the Group and the Company reasonably approximate their fair values due to their short-term nature.

26. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 2018.

27. SEGMENT INFORMATION

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

(i) Oncology services

The provision of oncology services to Parkway Cancer Centre, a division of Parkway Hospitals Singapore Pte. Ltd., Thu Cuc International General Hospital in Hanoi, Vietnam and Hong Kong Integrated Oncology Centre Holdings Limited.

(ii) Stem cell related products and services

The provision of services related to processing, culturing and storage of stem cells through its subsidiary, Stem Med Pte. Ltd. ("**Stem Med**"), to Parkway Cancer Centre, a division of Parkway Hospitals Singapore Pte. Ltd., StemCord Pte Ltd, the non-controlling shareholder of Stem Med and other individual customers.

(iii) Cellular and gene therapy related products and services

The provision of goods and services related to cellular and gene therapy through its subsidiary, CellVec Pte. Ltd..

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

27. SEGMENT INFORMATION (CONT'D)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit or loss.

	Group			
	Oncology services S$'000	Stem cell related products and services S$'000	Cellular and gene therapy related products and services S$'000	Per consolidated financial statements S$'000
2019				
Revenue				
External customers, representing total revenue	73,270	2,170	479	75,919
Results				
Interest income	1,281	8	18	1,307
Finance costs on lease liabilities	95	7	20	122
Finance costs on unwinding of discount adjustment of loans to subsidiaries	–	156	116	272
Depreciation of plant and equipment	2	166	1,296	1,464
Depreciation of right-of-use assets	1,528	224	209	1,961
Employee benefits expense	22,077	619	2,449	25,145
Share of results of associate	1,050	–	–	1,050
Income tax expense	8,543	–	–	8,543
Share-based payments expense	220	–	–	220
Segment profit/(loss)	39,186	(334)	(6,046)	32,806
Assets				
Investment in associate	2,887	–	–	2,887
Segment assets	93,480	2,531	7,177	103,188
Total assets	96,367	2,531	7,177	106,075
Liabilities				
Segment liabilities	16,224	4,066	4,094	24,384

27. SEGMENT INFORMATION (CONT'D)

	Group			
	Oncology services S$'000	Stem cell related products and services S$'000	Cellular and gene therapy related products and services S$'000	Per consolidated financial statements S$'000
2018				
Revenue				
External customers, representing total revenue	59,943	1,335	–	61,278
Results				
Interest income	982	–	–	982
Finance costs on unwinding of discount adjustment of loans to subsidiaries	–	108	19	127
Depreciation of plant and equipment	2	324	50	376
Employee benefits expense	18,695	1,201	572	20,468
Share of results of associate	1,137	–	–	1,137
Income tax expense	6,789	–	–	6,789
Share-based payments expense	537	–	–	537
Segment profit/(loss)	30,924	(2,727)	(983)	27,214
Assets				
Investment in associate	3,404	–	–	3,404
Segment assets	75,095	4,469	8,304	87,868
Total assets	78,499	4,469	8,304	91,272
Liabilities				
Segment liabilities	11,936	3,588	2,397	17,921

27. SEGMENT INFORMATION (CONT'D)

Geographical information

Revenue and non-current assets information based on the geographical location of customers whom the Group renders billings to and where the assets are located respectively are as follows:

	Revenue		Non-current assets	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Group				
Singapore	**74,548**	60,572	**8,751**	4,231
China and Hong Kong	**290**	270	**6**	–
Vietnam	**222**	257	**–**	–
Malaysia	**476**	179	**–**	–
Indonesia	**335**	–	**–**	–
Others	**48**	–	**–**	–
	75,919	61,278	**8,757**	4,231

Non-current assets information presented above consists of plant and equipment, right-of-use assets and prepaid operating expenses as presented in the statement of financial position of the Group.

Information about a major customer

Revenue from one major customer amounted to S$73,065,000 (2018: S$59,570,000), arising from the provision of oncology and stem cells services to Parkway Cancer Centre, a division of Parkway Hospitals Singapore Pte. Ltd..

28. DIVIDENDS

	Group and Company 2019 S$'000	2018 S$'000
Declared and paid during the year:		
Dividends on ordinary shares:		
– Final exempt (one-tier) dividend for 2018: 1.065 cents (2017: 1.370 cents) per share	**13,997**	18,006
– First interim exempt (one-tier) dividend for 2019: 1.000 cents (2018: 0.761 cents) per share	**13,145**	10,002
	27,142	28,008
Proposed dividends to the Company's shareholders but not recognised as a liability as at 31 December:		
– Final exempt (one-tier) dividend for 2019: 1.300 cents (2018: 1.065 cents) per share	**17,089**	13,997

29. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) Acquisition of subsidiary

In January 2020, TalkMed China Pte. Ltd. entered into an acquisition agreement to acquire 70% equity interests in Beijing Yachuang Siwei Investment Management Co., Ltd. ("**Yachuang**") (the "**Acquisition**"). The purchase consideration for the Acquisition was RMB180,000 (equivalent to approximately S$35,350) (the "**Consideration**").

Yachuang is a limited liability company established in Beijing, People's Republic of China on 5 April 2012. As at the date of the Acquisition, it has a registered capital of RMB20 million.

Yachuang is principally engaged in the business of investment management, hospital management, and healthcare management and consultancy (excluding diagnosis and treatment). Yachuang is dormant between the date of acquisition and the issuance of these financial statements.

The Consideration which will be payable in cash, was determined after arm's length negotiations between the parties, and arrived at on a willing-buyer and willing-seller basis.

29. EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONT'D)

(b) Grant and award of performance shares under the PSP

In March 2020, the Company has granted and awarded performance shares ("**Awards**") under the PSP to eligible employees of the Group. The details of the Awards granted are as follows:

(a) Date of Awards ("**Date of Awards**")	13 March 2020
(b) Market price (last dealt price) of share on Date of Awards	S$0.405
(c) Total number of shares awarded to the employees of the Group	12,000,000
(d) Number of Awards granted to directors and controlling shareholders (and their associates) of the Group	Nil

	Category A	Category B	Category C
(e) Vesting date(s) of the Awards ("**Vesting Date(s)**")	Date of Awards (i.e. 13 March 2020)	Progressively within a three (3)-year period from the Date of Awards (i.e. from 13 March 2021 to 13 March 2023)	Progressively within a five (5)-year period from the Date of Awards (i.e. from 13 March 2021 to 13 March 2025)
(f) Moratorium period of the Awards	N.A.	Three (3) years from Vesting Date(s)	Five (5) years from Vesting Date(s)
(g) Validity period of the Awards	N.A.	N.A.	N.A.

(c) Allotment and issuance of ordinary shares pursuant to the PSP

In March 2020, the Company allotted and issued 3,465,423 ordinary shares in the capital of the Company, pursuant to the vesting of the Awards under Category A. The newly issued shares rank pari passu in all respects with the existing issued shares of the Company.

Consequently, the total number of issued and paid-up shares of the Company increased from 1,314,501,723 to 1,317,967,146 ordinary shares.

(d) Impact of Coronavirus disease ("COVID-19") outbreak on the Group's operations

The emergence of COVID-19 has introduced uncertainties to the Group's operating environment and has impacted the Group's operations and its financial position subsequent to the financial year ended 31 December 2019. Travel restrictions imposed by governments around the world are expected to impact the patient flow to the Group's operations in Hong Kong and Singapore, as foreign patients accounted for part of the Group's patient load. Given the unpredictable outcome of the disease, management is unable to estimate the financial effect of the COVID-19 outbreak on the Group's businesses.

30. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of directors on 26 March 2020.

STATISTICS OF SHAREHOLDINGS

AS AT 10 MARCH 2020

ISSUED AND FULLY PAID UP CAPITAL	:	S$22,437,796
NO. OF SHARES ISSUED	:	1,314,501,723
NO. OF SHARES ISSUED (excluding Treasury Shares and Subsidiary Holdings[(1)])	:	1,314,501,723
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS (excluding Treasury Shares and Subsidiary Holdings[(1)])	:	1 VOTE PER SHARE
TREASURY SHARES	:	NIL
NUMBER OF SUBSIDIARY HOLDINGS[(1)]	:	NIL
PERCENTAGE OF TREASURY SHARES AND SUBSIDIARY HOLDINGS[(1)]	:	NIL[(2)]

Notes:

(1) "**Subsidiary Holdings**" means any Issued Shares of the Company held by its subsidiaries (as referred to in the Companies Act, Chapter 50 of Singapore).

(2) Percentage calculated against the number of Issued Shares (excluding Treasury Shares and Subsidiary Holdings).

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	NIL	NIL	NIL	NIL
100 – 1,000	50	5.38	32,100	0.00
1,001 – 10,000	408	43.87	2,651,900	0.20
10,001 – 1,000,000	454	48.82	31,937,479	2.43
1,000,001 & above	18	1.93	1,279,880,244	97.37
TOTAL	930	100.00	1,314,501,723	100.00

TOP TWENTY SHAREHOLDERS AS AT 10 MARCH 2020	NO. OF SHARES	%
CITIBANK NOMINEES SINGAPORE PTE LTD	989,931,700	75.31
UOB KAY HIAN PTE LTD	97,930,200	7.45
DR KHOO KEI SIONG	69,360,000	5.28
RAFFLES NOMINEES (PTE.) LIMITED	52,122,800	3.97
HSBC (SINGAPORE) NOMINEES PTE LTD	20,008,000	1.52
DR LIM HONG LIANG	17,472,000	1.33
DBS NOMINEES (PRIVATE) LIMITED	10,463,548	0.80
LIM BEE KOK	4,638,400	0.35
DR SEE HUI TI	4,208,048	0.32
LAI JASON JUSTIN	2,020,000	0.15
THNG YONGXIAN (TANG YONGXIAN)	1,681,100	0.13
CHAN JIN HOE	1,600,000	0.12
NG LIN CHIEH KELVIN	1,500,000	0.11
TAN FAN HAO MATTHEW	1,500,000	0.11
TAN YII HSIEN BARNABAS (CHEN YUXIAN BARNABAS)	1,500,000	0.11
DR FOO KIAN FONG	1,476,448	0.11
SNG SU YING MARIAN	1,390,000	0.11
CHENG TIM JENG	1,078,000	0.08
ROSIE D/O PILLAI MRS ROSIE CHANDRADAS	999,000	0.08
NG SOK MENG EVELYN	919,800	0.07
	1,281,799,044	97.51

STATISTICS OF SHAREHOLDINGS

AS AT 10 MARCH 2020

SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST NO. OF SHARES	%	DEEMED INTEREST NO. OF SHARES	%	TOTAL NO. OF SHARES	%
LADYHILL HOLDINGS PTE. LTD.[1]	–	–	858,912,000	65.34	858,912,000	65.34
DR KHOO KEI SIONG[2]	69,360,000	5.28	30,000,000	2.28	99,360,000	7.56
DR TEO CHENG PENG[3]	–	–	98,256,000	7.47	98,256,000	7.47
DR ANG PENG TIAM[4]	–	–	858,912,000	65.34	858,912,000	65.34
MDM CHUA SIOK LIN[4]	–	–	858,912,000	65.34	858,912,000	65.34

Notes:

(1) Ladyhill Holdings Pte. Ltd. is deemed interested in the 858,912,000 shares of the Company held through Citibank Nominees Singapore Pte Ltd.

(2) Dr Khoo Kei Siong is deemed interested in the 10,000,000 shares and 20,000,000 shares of the Company held through Raffles Nominees (Pte.) Limited and HSBC (Singapore) Nominees Pte Ltd respectively.

(3) Dr Teo Cheng Peng is deemed interested in the 98,256,000 shares of the Company held through Citibank Nominees Singapore Pte Ltd.

(4) 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 Singapore Companies Act, Chapter 50.

SHAREHOLDING HELD IN PUBLIC HANDS

As at 10 March 2020, approximately 15.57% 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 SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting ("**AGM**") of TalkMed Group Limited will be held at RELC International Hotel, 30 Orange Grove Road, Singapore 258352 on Monday, 20 April 2020 at 6:00 p.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2019 together with the Auditor's Report thereon. **(Resolution 1)**

2. To declare a final one-tier tax-exempt dividend of 1.3 Singapore cents per ordinary share in respect of the financial year ended 31 December 2019. **(Resolution 2)**

3. To approve the payment of Directors' fees of S$380,000 for the financial year ending 31 December 2020 to be paid quarterly in arrears (2019: S$380,000). **(Resolution 3)**

4. To re-elect the following Directors who retire by rotation pursuant to Article 91 of the Company's Constitution, and who, being eligible, offer themselves for re-election:

   Dr Ang Peng Tiam
   [Please see Explanatory Note (i)] **(Resolution 4)**

   Mr S. Chandra Das
   [Please see Explanatory Note (ii)] **(Resolution 5)**

   Mr Sitoh Yih Pin
   [Please see Explanatory Note (iii)] **(Resolution 6)**

5. To re-appoint Messrs Ernst & Young LLP as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

6. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

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

7. Authority to issue shares in the capital of the Company

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   (a) (1) issue shares in the Company ("**Shares**") whether by way of rights issue, bonus issue or otherwise; and/or

(2) 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 of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares pursuant to any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the "**Share Issue Mandate**")

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including the Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares (including the Shares in pursuance of the Instruments made or granted pursuant to this Resolution) to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company (as calculated in accordance with sub-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 Shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Shares and Instruments shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company at the time of the passing of this Resolution, after adjusting for:

(i) new Shares arising from the conversion or exercise of the Instruments or any convertible securities or share options or vesting of share awards, which were issued and outstanding or subsisting at the time this Resolution is passed, provided that such share options or share awards were granted in compliance with part VIII of Chapter 8 of the Catalist Rules of the SGX-ST; and

(ii) any subsequent bonus issue, consolidation or subdivision of Shares,

and, in paragraph (1) above and this paragraph (2), "subsidiary holdings" has the meaning given to it in the Catalist Rules of the SGX-ST;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
[Please see Explanatory Note (iv)] **(Resolution 8)**

BY ORDER OF THE BOARD

LIM HENG CHONG BENNY
LEE BOON YONG
Joint Company Secretaries

Singapore, 3 April 2020

Explanatory Notes:

(i) Key information on Dr Ang Peng Tiam, who is seeking re-appointment as a Director of the Company under Ordinary Resolution 4, is found on pages 9 and 109 to 114 of the Annual Report. Dr Ang Peng Tiam will, upon the re-election as Director of the Company, remain as a member of the Nominating Committee of the Company. Details of the share interests of Dr Ang Peng Tiam in the Company can be found on pages 34 and 104 of the Annual Report. Dr Ang Peng Tiam is the Chief Executive Officer of the Group.

(ii) Key information on Mr S. Chandra Das, who is seeking re-appointment as a Director of the Company under Ordinary Resolution 5, is found on pages 8 and 109 to 114 of the Annual Report. Mr S. Chandra Das will, upon the re-election as Director of the Company, remain as Chairman of the Remuneration and Nominating Committees of the Company, and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. There are no relationships (including immediate family relationships) between Mr S. Chandra Das and the other Directors, the Company or its 10% shareholders.

(iii) Key information on Mr Sitoh Yih Pin, who is seeking re-appointment as a Director of the Company under Ordinary Resolution 6, is found on pages 11 and 109 to 114 of the Annual Report. Mr Sitoh Yih Pin will, upon the re-election as Director of the Company, remain as Chairman of the Audit and Risk Committee and a member of the Remuneration Committee of the Company, and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. There are no relationships (including immediate family relationships) between Mr Sitoh Yih Pin and the other Directors, the Company or its 10% shareholders.

(iv) Ordinary Resolution 8 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to fifty per cent (50%) may be issued other than on a pro-rata basis to existing shareholders of the Company.

NOTICE OF SEVENTH ANNUAL GENERAL MEETING

Notes:

1. A member entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. Where a member appoints two (2) 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 deposited at the Registered Office of the Company at 101 Thomson Road, #09-02 United Square, Singapore 307591 not less than forty-eight (48) hours before the time appointed for holding the AGM.

4. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class (if applicable) of Shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act.

5. A member of the Company which is a corporation is entitled to appoint its authorised representatives or proxies to vote on its behalf.

6. 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 members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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 processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (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.

This Notice has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this Notice, including the correctness of any of the statements or opinions made or reports contained in this Notice. The contact person for the Sponsor is Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581. Telephone number: (65) 6415 9886.

Dr Ang Peng Tiam, Mr S. Chandra Das and Mr Sitoh Yih Pin are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 20 April 2020 ("**AGM**") under Ordinary Resolutions 4 to 6 as set out in the Notice of AGM dated 3 April 2020 (collectively, the "**Retiring Directors**").

Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the additional information relating to the Retiring Directors as set out in Appendix 7F is set out below, to be read in conjunction with the information set out under "Board of Directors" and the "Corporate Governance Report" on pages 8 to 11 and pages 19 to 20, respectively of this Annual Report:

Name of Director	Mr S. Chandra Das	Dr Ang Peng Tiam	Mr Sitoh Yih Pin
Country of Principal Residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board considered the recommendation of the Nominating Committee, and is satisfied that Mr Das is able to exercise independent judgement and provide valuable contributions to the Board	Dr Ang provides the vision and the strategic direction for the Group. The Board has considered the recommendation of the Nominating Committee, and is confident that Dr Ang will continue to contribute to the growth of the Company.	The Board considered the recommendation of the Nominating Committee, and is satisfied that Mr Sitoh is able to exercise independent judgement and provide valuable contributions to the Board
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive The area of responsibility of Dr Ang can be found on page 18 of this Annual Report	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Chairman and Independent Director, Chairman of Remuneration Committee and Nominating Committee	Executive Director and Chief Executive Officer, Member of Nominating Committee	Independent Director, Chairman of Audit and Risk Committee and Member of Remuneration Committee
Working experience and occupation(s) during the past 10 years	Managing Director of NUR Investment & Trading Pte Ltd	Medical Director at Singapore Cancer Centre Pte. Ltd.	Chartered Accountant
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest of 999,000 ordinary shares in the listed issuer	Deemed interest of 858,912,000 ordinary shares in the listed issuer	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Dr Ang is a substantial shareholder of the Company	Nil

Name of Director	Mr S. Chandra Das	Dr Ang Peng Tiam	Mr Sitoh Yih Pin
Conflict of interests (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments Including Directorships			
Past (for the last 5 years)	– Ascendas-Singbridge Pte Ltd – Global Money Remittance Pte Ltd – Travelex Holdings (S) Pte Ltd – Tamil Murasu Ltd – Eldercare Holdings Pte Ltd – Super Group Ltd	Nil	– Lian Beng Group Ltd – Allied Technologies Limited – United Food Holdings Limited
Present	Please refer to the information set out under "Board of Directors" on page 8 of this Annual Report	Please refer to the information set out under "Board of Directors" on page 9 of this Annual Report	Please refer to the information set out under "Board of Directors" on page 11 of this Annual Report
INFORMATION REQUIRED PURSUANT TO CATALIST RULE 704(6)			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

Name of Director	Mr S. Chandra Das	Dr Ang Peng Tiam	Mr Sitoh Yih Pin
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgement against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No

NOTICE OF SEVENTH ANNUAL GENERAL MEETING

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Name of Director	Mr S. Chandra Das	Dr Ang Peng Tiam	Mr Sitoh Yih Pin
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No

Name of Director	Mr S. Chandra Das	Dr Ang Peng Tiam	Mr Sitoh Yih Pin
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	Yes. Further to an inquiry conducted by the Disciplinary Tribunal of the Singapore Medical Council, Dr Ang was given an eight-month suspension commencing from 25 July 2017 by the Court of Three Judges.	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No

Name of Director	Mr S. Chandra Das	Dr Ang Peng Tiam	Mr Sitoh Yih Pin
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	Yes. Further to an inquiry conducted by the Disciplinary Tribunal of the Singapore Medical Council, Dr Ang was given an eight-month suspension commencing from 25 July 2017 by the Court of Three Judges.	No

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Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at the AGM of the Company is entitled to appoint one (1) or two (2) proxy(ies) to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

4. Where a member appoints two (2) proxies, the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy must be specified. If no proportion of shareholding is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares held and any second named proxy as an alternate to the first named proxy.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

6. 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 forty-eight (48) hours before the time appointed for the AGM.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his 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 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 letter or power of attorney or a duly certified copy thereof must be lodged with this instrument.

8. 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 AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

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 AGM dated 3 April 2020.

General:

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 and proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

TALKMED GROUP LIMITED

(Company Registration No. 201324565Z)
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes on the left before completing this Form)

IMPORTANT:

1. A relevant intermediary may appoint more than two (2) proxies to attend the Annual General Meeting and vote (please see Note 3).
2. For investors who have used their CPF monies to buy TalkMed Group Limited's Shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. 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.
4. CPF investors who wish to vote should contact their CPF Approved Nominees.

I/We, ______________________________ (Name) ______________________________ (NRIC/Passport number)

of ____ (Address)

being a member/members of TALKMED GROUP LIMITED (the "**Company**"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM of the Company to be held at RELC International Hotel, 30 Orange Grove Road, Singapore 258352 on Monday, 20 April 2020 at 6:00 p.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

(Please indicate your vote "**For**" or "**Against**" with a tick [✓] within the box provided.)

No.	**Resolutions relating to:**	**For**	**Against**
1.	Adoption of Directors' Statement and Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2019 together with the Auditor's Report thereon		
2.	Approval of final one-tier tax-exempt dividend of 1.3 Singapore cents per ordinary share in respect of the financial year ended 31 December 2019		
3.	Approval of Directors' fees of S$380,000 for the financial year ending 31 December 2020 to be paid quarterly in arrears		
4.	Re-election of Dr Ang Peng Tiam as a Director of the Company pursuant to Article 91 of the Company's Constitution		
5.	Re-election of Mr S. Chandra Das as a Director of the Company pursuant to Article 91 of the Company's Constitution		
6.	Re-election of Mr Sitoh Yih Pin as a Director of the Company pursuant to Article 91 of the Company's Constitution		
7.	Re-appointment of Messrs Ernst & Young LLP as Auditor and to authorise the Directors of the Company to fix their remuneration		
8.	Authority to allot and issue new Shares		

Dated this ____________ day of ______________, 2020

Total number of Shares in:	**No. of Shares**
(a) Depository Register	
(b) Register of Members	

- -

Signature(s) of Shareholder(s)
Or, Common Seal of Corporate Shareholder

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

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TALKMED
GROUP

101 Thomson Road
#09-02 United Square
Singapore 307591