



ASIAN
HEALTHCARE
SPECIALISTS

ORTHOPAEDIC HEALTHCARE SPECIALIST AND PROVIDER

ANNUAL REPORT 2018





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This annual report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report. The contact person for the Sponsor is: Name: Mr Mah How Soon, Registered Professional, RHT Capital Pte. Ltd. Address: 9 Raffles Place #29-01 Republic Plaza Tower 1, Singapore 048619 Tel: (65) 6381 6757.

CORPORATE PROFILE

We are an experienced group of orthopaedic specialists who provide a wide spectrum of general and subspecialised orthopaedic, trauma and sports services such as knee/hip replacements, sports medicine/surgery, spine surgery, foot/ankle surgery and minimally invasive orthopaedic procedures.



Asian Healthcare Specialists comprises an experienced group of specialists who provide a wide spectrum of general and subspecialised orthopaedic, trauma and sports services such as knee/hip replacements, sports medicine/surgery, spine surgery, foot/ankle surgery and minimally invasive orthopaedic procedures. Asian Healthcare Specialists also has an anaesthesia arm and a physiotherapy practice.

orthopaedic medical specialists operating at 4 clinics under “**The Orthopaedic Centre**” brand at convenient and accessible locations across Singapore. Each of its medical specialists are subspecialists in specific areas of orthopaedic, trauma and sports medicine, ranging from specialities in spine (neck and back), shoulder, elbow, hip, knee and foot and ankle. The Group’s core business is supplemented by specialist anaesthetic capabilities as well as an in-house physiotherapy practice.

The Group aims to be a one-stop integrated healthcare provider for all musculoskeletal-related medical care, including post-surgery rehabilitation services such as physiotherapy and ancillary services such as pain management.

Asian Healthcare Specialists Limited and its subsidiaries (collectively, the “**Group**”) currently have 6 senior and experienced

Common medical problems treated by the Group include fractures, torn ligaments, compressed nerves, “slipped discs”, arthritis-related ailments, accident/incident related traumas and sports injuries.

Common medical problems treated by the Group

- Fractures
- Torn ligaments
- Compressed nerves
- “Slipped discs”
- Arthritis-related ailments
- Accident/incident-related traumas
- Sports injuries



CHAIRMAN'S MESSAGE

With a view to strengthen our offering to our patients and creating value for our shareholders, we will continue our growth plans both in respect of our core business, and, as and when opportunities in the healthcare space arise, including other synergistic businesses and cross-disciplines.

Dear Shareholders,

I am pleased to present the first annual report of Asian Healthcare Specialists Limited (“AHS” or the “Company”) for the financial year ended 30 September 2018 (“FY2018”) and our growth strategies and outlook for the year ahead.

Our successful listing on the Catalist of the SGX-ST on 20 April 2018 marked a momentous milestone in our corporate history. AHS was founded with a vision to bring healthcare professionals with similar mindset together to provide safe and quality healthcare to the current and future patients. Our immediate aim was to be a one-stop integrated healthcare provider for all musculoskeletal-related medical care, including post-surgery rehabilitation services such as physiotherapy as well as other ancillary services such as pain management. In November 2018, subsequent to the end of FY2018, we have taken significant steps towards meeting our plans, with the acquisition of an anaesthesia arm, as well as the setting up of a physiotherapy practice to complement our core business activities. These are also the building blocks towards establishing a comprehensive pain management centre.

Whilst 2018 has been indeed a challenging year for all small and medium enterprises locally, we have seen doors continue to open for the Group which bodes well for the future. Our listed status has allowed us to garner interest from many investors, including Heliconia. They share the Group’s vision of providing top notch healthcare services that is synonymous with the Singapore branding. We look forward to working with Heliconia in the coming years to build a better and stronger healthcare brand focusing on South-east Asia initially.



CHAIRMAN'S MESSAGE



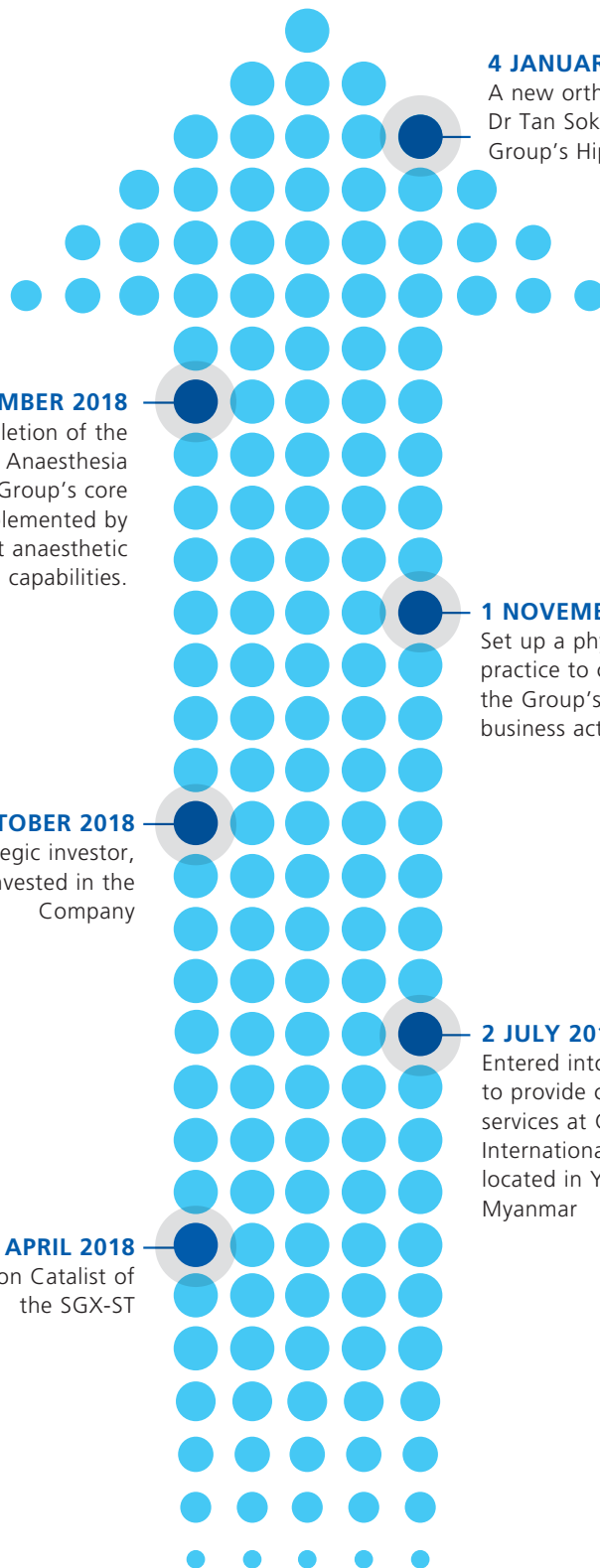
With a view to strengthen our offering to our patients and creating value for our shareholders, we will continue our growth plans both in respect of our core business, and, as and when opportunities in the healthcare space, other synergistic businesses and cross-disciplines arise.

Sustainability is intrinsically a part of our mission. As our utmost priority in decision-making and our guiding doctrine, we also take into consideration the best interests of our stakeholders such as our patients. Our goal is, and has always been, to give movement, quality and life to years. This ethical foundation ties in with sustainability, where we consider the interests of all our stakeholders and focus on the longer-term prospects of the Group. To this end, apart from inorganic growth we have undertaken this year, we have also made efforts to grow the Group organically. This includes the recruitment of young and talented medical professionals, including new surgeons, to strengthen the Group's offering, as well as to ensure the grooming of the next generation of the Group's medical professionals.

Lastly, on behalf of the Board of Directors, I wish to convey my appreciation to all our doctors, clinical and management staff, professional parties and business associates for their dedication and unwavering support. I would also like to thank our patients, families and shareholders for their confidence and trust in us. We look forward to your continued support as we continue to scale new heights in the year ahead.



KEY DEVELOPMENTS IN 2018

**4 JANUARY 2019**

A new orthopaedic surgeon, Dr Tan Sok Chuen, joined the Group's Hip and Knee Service

28 NOVEMBER 2018

With the completion of the acquisition of Asian Anaesthesia Care Pte. Ltd, the Group's core business is supplemented by specialist anaesthetic capabilities.

1 NOVEMBER 2018

Set up a physiotherapy practice to complement the Group's core business activities

31 OCTOBER 2018

Strategic investor, Heliconia, invested in the Company

2 JULY 2018

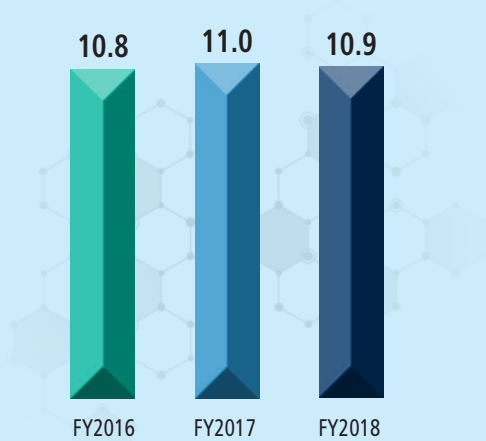
Entered into an agreement to provide consultancy services at Grand Hantha International Hospital located in Yangon, Myanmar

20 APRIL 2018

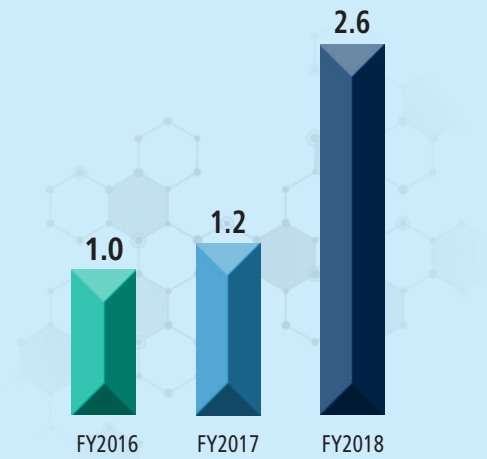
Listed on Catalist of the SGX-ST

FINANCIAL HIGHLIGHTS

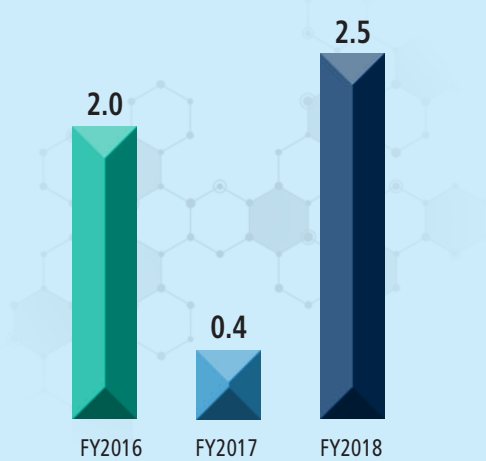
REVENUE (S\$M)



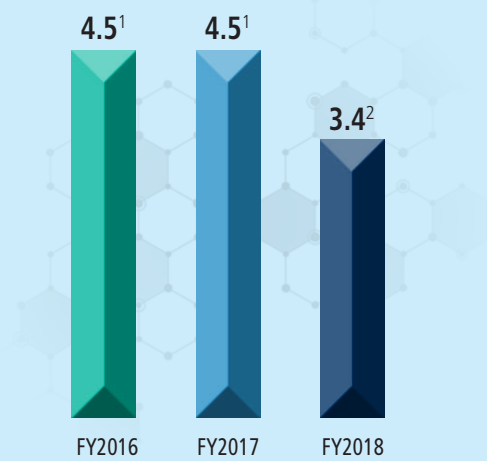
NET CASH GENERATED FROM OPERATING ACTIVITIES (S\$M)



PROFIT AFTER TAX ("PAT") (S\$M)



ADJUSTED PAT (S\$M)



⁽¹⁾ Adjusted for the effects had the Employment Agreements and Service Agreements been in place since 1 October 2014 in lieu of the Consultancy Service Agreements.

⁽²⁾ Excluding one-off listing expenses not capitalized of approximately S\$0.9 million in FY2018.

FINANCIAL REVIEW

REVIEW OF THE GROUP'S PERFORMANCE

Revenue

The Group's revenue for FY2018 was S\$10.9 million, a decrease of S\$0.1 million or 1.4% from S\$11.0 million for the financial year ended 30 September 2017 ("FY2017"). The decrease in revenue in FY2018 was mainly attributable to a decrease in the number of patient visits as compared to last year.

Other income

The Group's other income comprises mainly government grants and interest income. Other income for FY2018 increased by S\$0.1 million or 310.3%, out of which S\$85,000 was government grants and S\$34,000 was interest income earned.

Supplies and consumables used

For FY2018, expense arising from supplies and consumables used increased by S\$0.3 million or 18.1%, from S\$1.4 million in FY2017 to S\$1.7 million. Supplies and consumables used comprise mainly expenses incurred to purchase implants, braces and drugs required for the provision of orthopaedic services. The increase was mainly due to higher implant cost. Implant cost varies depending on the type and complexity of surgeries. For instance, the cost of implants used in spine-related surgeries are higher.

Purchased and contracted services

For FY2018, purchased and contracted services decreased by S\$7.0 million or 97.6%, from S\$7.2 million in FY2017 to S\$0.2 million. The decrease was due to termination of the Consultancy Services Agreements and the commencement of the Employment Agreements with Dr Chin Pak Lin, Dr Yue Wai Mun, Dr Su Hsien Ching David and Dr Tan Chyn Hong (the "Consultancy Services Agreements" and "Employment Agreements" respectively).

Staff costs

For FY2018, staff costs increased by S\$3.0 million or 428.2%, from S\$0.7 million to S\$3.7 million. The increase was mainly due to (i) the termination of the Consultancy Services Agreements and the commencement of the Employment Agreements; and (ii) the increase in number of staff hired.

Depreciation of plant and equipment

For FY2018, depreciation of plant and equipment decreased by S\$0.1 million, due to the full depreciation of some plant and equipment.

Other operating expenses

For FY2018, other operating expenses increased by S\$1.3 million or 122.3%, from S\$1.1 million in FY2017 to S\$2.4 million. The increase in operating expenses was mainly due to expenses for IPO exercise and other operating expenses in connection to continuing listing obligation.

Profit before tax

For FY2018, the Group recorded an increase of profit before tax of S\$2.5 million or 525.8%, from S\$0.4 million in FY2017 to S\$2.9 million. The increase was mainly due to a decrease in purchased and contracted services pursuant to the termination of the Consultancy Services Agreements, net of: (i) increased staff costs pursuant to the commencement of the Employment Agreements; (ii) higher supplies and consumables used; and (iii) increased other operating expenses, which includes expenses for IPO exercise of approximately S\$0.9 million in FY2018.

Tax expense

For FY2018, income tax expense increased by S\$0.4 million or 1458.1%. The effective tax rate for FY2018 approximates to 16.5%, which is approximate to the statutory tax rate of 17.0%.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Non-current assets

As at 30 September 2018, the Group's non-current assets amounted 0.2% of the Group's total assets. Non-current assets consist of plant and equipment, comprising furniture, fittings, and office equipment, renovations and computers.

Current assets

As at 30 September 2018, the Group's current assets amounted to S\$14.6 million or 99.8% of the total assets. Current assets consist of trade and other receivables of S\$1.6 million or 10.9% of the total current assets; and cash and cash equivalents of S\$13.0 million or 89.1% of the total current assets.

Non-current liability

As at 30 September 2018, the Group's non-current liability, comprised solely of deferred tax liability, accounting for 0.8% of the total liabilities.

Current liabilities

As at 30 September 2018, the Group's current liabilities amounted to S\$1.4 million or 99.2% of the total liabilities. Current liabilities consist of trade and other payables of S\$0.9 million or 63.6% of the total current liabilities; and current tax payable of S\$0.5 million or 36.4% of the total current liabilities.

FINANCIAL REVIEW



Equity

As at 30 September 2018, the Group's equity of S\$13.2 million comprises issued and fully paid share capital of S\$12.7 million and retained earnings of S\$2.9 million, net of merger reserve of S\$2.4 million.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Operating activities

For FY2018, net cash generated from operating activities amounted to S\$2.6 million. This comprised operating cash flows before changes in working capital of S\$3.0 million, offset by net working capital outflows of S\$0.3 million and income tax paid of S\$0.1 million. The net working capital outflows were mainly due to the decrease in trade and other payables of S\$0.3 million.

Financing activities

For FY2018, net cash generated from financing activities of S\$8.3 million was attributed to: (i) gross proceeds from issuance of new shares pursuant to IPO less share issue expenses, amounting to S\$10.3 million; offset by (ii) repayment of the amounts due to related parties, namely Dr Chin Pak Lin, Dr Su Hsien Ching David and Dr Tan Chyn Hong, amounting to S\$0.6 million, and (iii) dividends paid, amounting to approximately S\$1.4 million.



BOARD OF DIRECTORS



DR CHIN PAK LIN

Executive Chairman/Chief Executive Officer

Dr Chin Pak Lin is the Executive Chairman and Chief Executive Officer (“**CEO**”) and was appointed to the Board on 27 September 2017. Dr Chin was one of the founding members of The Orthopaedic Centre and has been a Medical Specialist with the Group since 2013.

In addition to his role as a medical specialist, Dr Chin has been actively managing the Group as the CEO and making executive decisions at the Group level in relation to the operations and business direction of the Group. Dr Chin oversees all operational matters of the Group and works closely with the Chief Financial Officer (“**CFO**”) and Chief Operating Officer (“**COO**”) of the Group to ensure that the business runs in an orderly fashion. In addition, Dr Chin has been instrumental in the preparation of the Listing. With the support of his management team, he ensured that the structuring of the listing group, external audit, internal audit and the legal due diligence processes proceeded smoothly.

Dr Chin has previously held various appointments such as, *inter alia*, a Director of the Musculoskeletal Bone Bank, an Adjunct Assistant Professor at Duke-NUS Graduate Medical School and a consultant to Stryker Knee Navigations, Zimmer Knee Arthroplasty and the Department of Orthopaedic Surgery, Singapore General Hospital (“**SGH**”).

Prior to establishing the Group, Dr Chin was a consultant within the Adult Reconstructive Service in the Department of Orthopaedic Surgery at SGH from 2009. Dr Chin spent two (2) years before that as an Associate Consultant with SGH. In the first half of 2008, Dr Chin was a clinical fellow at the Manchester Royal Infirmary, United Kingdom.

Dr Chin has been an active volunteer in medical missions like the Pakistan Earthquake Medical Mission Trip under SingHealth and Cambodia Medical Mission Specialist Programme in Calmette Hospital in Phnom Penh under Singapore International Foundation. To date, he is still an active volunteer at the Ang Mo Kio – Thye Hwa Kwan Community Hospital.

Dr Chin is also academically active with his numerous peer review publications and teaching assignments locally and internationally. He is an examiner for the Joint Specialty Fellowship Examination in Orthopaedic Surgery at the National University of Singapore (“**NUS**”).

Dr Chin graduated from NUS with a Bachelor of Medicine and Bachelor of Surgery in 1998 and subsequently obtained his Masters of Medicine in Orthopaedic Surgery in 2003 from the Graduate School of Medical Studies, NUS. In 2007, Dr Chin qualified for his fellowship in orthopaedic surgery with the Royal College of Surgeons of Edinburgh, United Kingdom and in 2008, Dr Chin received the Health Manpower Development Programme scholarship from MOH to pursue advanced training in joint replacement at the Manchester Royal Infirmary, United Kingdom.

BOARD OF DIRECTORS



DR YUE WAI MUN

Executive Director/Chief Medical Officer

Dr Yue Wai Mun is an Executive Director and the Chief Medical Officer of the Group and was appointed to the Board on 27 September 2017. Dr Yue joined the Group as a medical specialist subspecialising in spine and scoliosis surgery in 2015 and is presently an Adjunct Associate Professor at the Duke-NUS Graduate Medical School and Clinical Senior Lecturer at NUS.

Before joining the Group, Dr Yue was a Senior Consultant in the Spine Service of the Department of Orthopaedic Surgery, SGH, from 2009 to 2015, which is the largest orthopaedic unit in Singapore. At the same time, Dr Yue was also the Director of the Spine Fellowship Programme and Director of Quality Assurance and Clinical Governance. Dr Yue was on the Master of Medicine (Orthopaedic) Committee and remains an examiner for the Joint Specialty Fellowship Examination in Orthopaedic Surgery, Master of Medicine Examination in both Orthopaedic Surgery and Family Medicine and the Bachelor of Medicine and Bachelor of Surgery Examination in NUS.

He completed his training in orthopaedic surgery in Singapore and received the N Balachandran Memorial Award for Outstanding Orthopaedic Trainee in 2001. He received the Health Manpower Development Plan award from the Ministry of Health ("MOH"), and completed his clinical Spine Fellowship with the University of Missouri-Columbia/Columbia Orthopaedic Group in 2003.

Dr Yue has been admitted as a member of the North American Spine Society, Asia Pacific Spine Society Cervical Spine Research Society and the Society for Minimally Invasive Spine Surgery. He is a Life Member of the Asia Pacific Orthopaedic Association and a Founding Member of the Cervical Spine Research Society – Asia-Pacific Section.

Dr Yue graduated with a Bachelor of Medicine and Bachelor of Surgery in 1992 from NUS and was admitted as a Fellow of the Royal College of Surgeons of Edinburgh in 1998. He became a Fellow of the Academy of Medicine (Orthopaedic Surgery) in 2004.

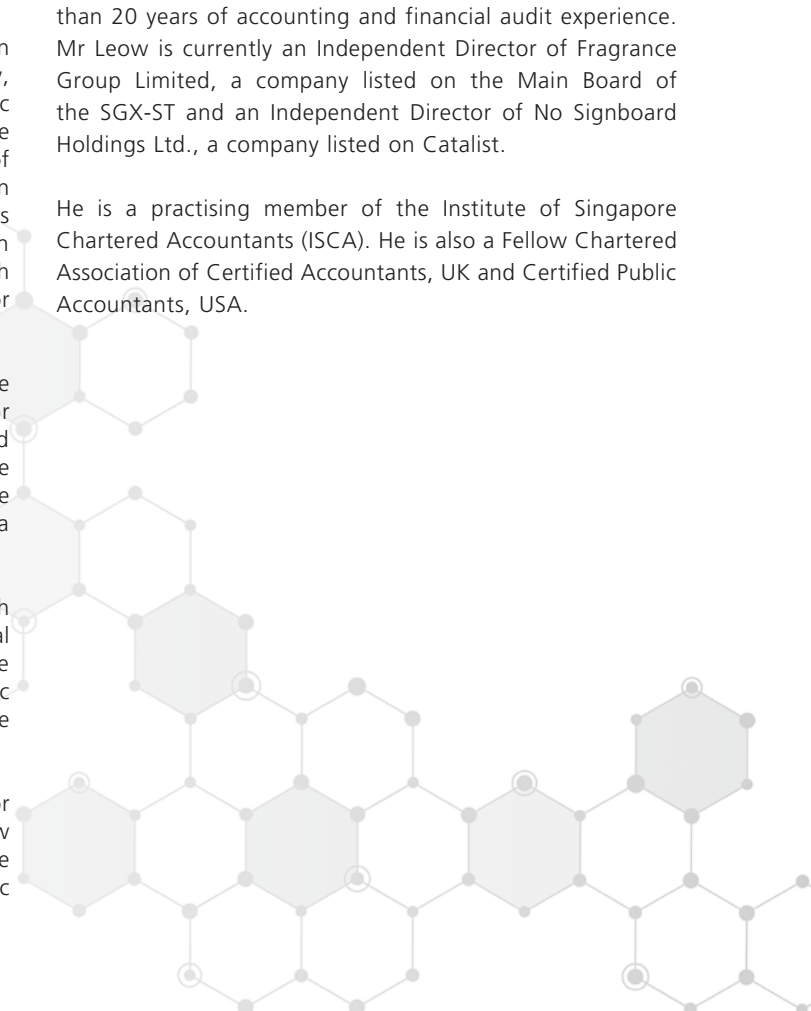


MR LEOW CHUNG CHONG YAM SOON

Lead Independent Director

Mr Leow Chung Chong Yam Soon is the Lead Independent Director of the Company and was appointed to the Board on 28 March 2018. Mr Leow is presently a partner in Ecovis Assurance LLP as well as a Director of Ecovis Advisory Pte. Ltd. and Spring & Associates PAC. Prior to that he was an audit partner with Deloitte & Touche LLP. Mr Leow has more than 20 years of accounting and financial audit experience. Mr Leow is currently an Independent Director of Fragrance Group Limited, a company listed on the Main Board of the SGX-ST and an Independent Director of No Signboard Holdings Ltd., a company listed on Catalist.

He is a practising member of the Institute of Singapore Chartered Accountants (ISCA). He is also a Fellow Chartered Association of Certified Accountants, UK and Certified Public Accountants, USA.



BOARD OF DIRECTORS



MR SIEK WEI TING, RYAN

Independent Director

Mr Siek Wei Ting, Ryan is an Independent Director of the Company and was appointed to the Board on 28 March 2018. Mr Siek is presently the Finance Director of V3 Group Pte Ltd. He is concurrently a Non-Executive Director of China Minzhong Food Corporation Pte. Ltd., a company formerly listed on the Main Board of the SGX-ST.

Prior to joining China Minzhong Food Corporation Pte. Ltd., Mr Siek was the Head of Operations Group, Southern Bank Berhad from 2002 to 2004 and a Director and Chief Executive Officer of EBBIS Pte Ltd from 1999 to 2001.

Mr Siek worked as an audit supervisor for Ernst & Young LLP from 2001 to 2002 and for Deloitte & Touche LLP from 1996 to 1999.

Mr Siek graduated with a Bachelor of Accountancy from the Nanyang Technological University in 1996.



MR VIKRAM NAIR

Independent Director

Mr Vikram Nair is an Independent Director of the Company and was appointed to the Board on 28 March 2018. He is presently a partner at Rajah & Tann Singapore LLP and heads its India desk and is also a Member of Parliament for the Sembawang Group Representation Constituency.

Mr Nair is qualified in both Singapore and English law and has more than 13 years of experience as a practising lawyer specialising in international arbitration and commercial and corporate litigation, with particular experience in handling complex, multi-jurisdictional disputes in sectors such as banking, finance, oil & gas, manufacturing, mining, construction and property development.

Prior to commencing legal practice, Mr Nair was a management consultant at McKinsey & Company from 2002 to 2004.

Mr Nair graduated with a Bachelor of Arts with Honours in law from the University of Cambridge.

EXECUTIVE OFFICERS



DR SU HSIEN CHING DAVID

Medical Specialist

Dr Su Hsien Ching David is a Medical Specialist and a co-founder of the Group.

Prior to establishing the Group in 2013, Dr Su Hsien Ching David was a Consultant Orthopaedic Surgeon and the Director of the Foot and Ankle Service at the Department of Orthopaedic Surgery, SGH. He continues to serve as a Visiting Consultant in SGH.

Dr Su held an appointment as an Adjunct Assistant Professor at the Duke-NUS Medical School. He has served as Honorary Secretary of the Singapore Orthopaedic Association in the past.

Dr Su graduated with a Bachelor of Medicine and Bachelor of Surgery in 1999 from NUS and also obtained his post-graduate medical qualifications from NUS in 2005. In 2008, Dr Su qualified for his fellowship in orthopaedic surgery with the Royal College of Surgeons of Edinburgh.



DR TAN CHYN HONG

Medical Specialist

Dr Tan Chyn Hong is a Medical Specialist and also a co-founder of the Group.

Prior to establishing the Group, Dr Tan Chyn Hong was a Consultant and the Head of the Division of Sports Medicine at the National University Hospital (“**NUH**”) in Singapore from 2012 to 2014. From 2010 to 2014, Dr Tan was also a Consultant in the Division of Shoulder and Elbow Injury.

Dr Tan held the position as an Associate Consultant at the Department of Orthopaedic Surgery at NUH from 2008 to 2010 and pursued his Health Manpower Development Plan fellowship in Melbourne, Australia in 2009. As part of his rotation from 2004 to 2008, Dr Tan held the position of Registrar at NUH, KK Women’s and Children’s Hospital, Tan Tock Seng Hospital, SGH and Alexandra Hospital.

In 2007, Dr Tan was part of a workgroup appointed by MOH to develop the national clinical practice guidelines in the treatment of osteoarthritis of the knee. In the same year, he was awarded the inaugural College of Surgeons Gold medal from the Academy of Medicine Singapore for being the most outstanding candidate in the fellowship examination in orthopaedic surgery from the Royal College of Surgeons of Edinburgh.

Dr Tan graduated with a Bachelor of Medicine and Bachelor of Surgery in 1998 from NUS and also obtained a Master of Medicine in Orthopaedic Surgery from NUS in 2004. In 2008, Dr Tan qualified for his fellowship in orthopaedic surgery with the Royal College of Surgeons of Edinburgh.

EXECUTIVE OFFICERS



MR TRAVIS SEET

Chief Financial Officer (CFO)

Mr Travis Seet joined the Group in July 2017 as CFO.

Prior to joining the Group, Mr Travis Seet was the Group Financial Controller from 2008 to 2013 and thereafter the Group Deputy Chief Financial Officer from 2013 to 2017 of China Minzhong Food Corporation Limited, a company listed on the Main Board of the SGX-ST until 2017. From 2004 to 2008, Mr Seet worked as an auditor with PricewaterhouseCoopers, Singapore.

Mr Seet graduated with a Bachelor of Accountancy (Honours) degree from the Nanyang Technological University in 2004 and is qualified as a Chartered Accountant in Singapore.



MS VIOLET KWEK

Chief Operating Officer (COO)

Ms Violet Kwek the Group's COO who has been with the Group since its inception.

Ms Violet Kwek is a trained nurse who occasionally assists the medical specialists in complex surgeries.

Prior to joining the Group, from 2006 to 2014, Ms Kwek worked as a senior staff nurse at the SGH. Ms Kwek's dedication to her profession and her patients has been recognised in several awards which include, *inter alia*, 100% work attendance for numerous years, the Excellent Service (Silver) Award and the Singapore Health Quality Service Award (Silver).

Ms Kwek graduated from the Faculty of Nursing and Midwifery, University of Sydney with a Bachelor of Nursing in 2013 and is a registered nurse under the Singapore Nursing Board. Prior to that, Ms Kwek pursued a Diploma in Nursing as well as an Advanced Diploma in Nursing (Perioperative) at the Nanyang Polytechnic.

MEDICAL PRACTITIONERS



DR MOHD MASHFIQUL ARAFÍN SIDDIQUI

Medical Specialist

Dr Mohd Mashfiqul Arafín Siddiqui is a Medical Specialist of the Group.

Dr Mohammad Mashfiqul Arafín Siddiqui subspecialises in complex spinal surgery and prior to joining the Group in November 2017, he was a Consultant at the Spine Service in the Department of Orthopaedic Surgery at the SGH as well as Visiting Consultant to KK Women's and Children's Hospital.

Dr Mohammad Mashfiqul Arafín Siddiqui obtained his basic medical degree from NUS. He subsequently pursued his post-graduate training in Orthopaedic surgery and obtained his fellowship from the Royal College of Surgeons of Edinburgh. He later underwent specialised training in spinal surgery at The Royal Alexandra Hospital, University of Alberta Hospital and the Stollery Children's Hospital under renowned spinal surgeons with both orthopaedic and neurosurgical backgrounds.

Dr Mohammad Mashfiqul Arafín Siddiqui is an advocate of using minimal access surgical techniques to achieve a quicker recovery from surgery with decreased post-operative pain and a shorter hospitalisation stay. He is also well versed in the usage of both 2-D and 3-D computer navigation techniques for spinal surgery and utilises them when necessary to give the best clinical outcome. His areas of interest include spinal degeneration (both in the neck and back), prolapsed intervertebral disc (slipped disc), cervical disc replacement (replacing the discs in the neck), spinal deformity (such as scoliosis) and spinal tumours. He is one of the few surgeons in Singapore experienced in dealing with the resection of massive sacral tumours and subsequent reconstruction of the spine to the pelvis.

Dr Mohammad Mashfiqul Arafín Siddiqui has presented his work at numerous international meetings including those of the American Academy of Orthopaedic Surgeons, North American Spine Society, Global Spine Congress, Eurospine, International Meeting on Advanced Spine Techniques, International Society of Orthopaedic Surgery and Traumatology, European Society of Sports Traumatology Knee surgery and Arthroscopy, European Federation of National Associations of Orthopaedic Sports and Traumatology and Asia Pacific Orthopaedic Surgeons. He is also a reviewer for multiple journals including The Spine Journal.



DR TAN SOK CHUEN

Medical Specialist

Dr Tan Sok Chuen is a Medical Specialist of the Group.

Prior to joining the Group in January 2019, Dr Tan Sok Chuen was a Consultant in the Hip and Knee Service of the Department of Orthopaedic Surgery, Ng Teng Fong General Hospital. She was also the Core Clinical Faculty Member for Postgraduate Year One Teaching Program.

Dr Tan Sok Chuen obtained her basic medical degree from NUS in 2004. She subsequently pursued her post-graduate training in Orthopaedic Surgery and obtained her fellowship from the Royal College of Surgeons of Edinburgh. Sub-specialising in hip and knee surgery, she completed her clinical fellowship in Hip & Knee Surgery at Nuffield Orthopaedic Centre, Oxford, United Kingdom in 2016.

As a firm believer of training the younger Doctors, Dr Tan Sok Chuen holds the position of Adjunct Assistant Professor in the Clinical Faculty for Medical Undergraduate Teaching Program. Throughout her practice, she was the Advanced Trauma Life Support Instructor in 2013, table instructor for Direct Anterior Hip Cadaveric Course of London Health Sciences Centre in 2015, faculty and speaker for Residency Basic Knee and Hip Cadaveric Course. She was the Chief Convenor for Joint Specialty Fellowship Examination for Orthopaedics 2018.

Dr Tan Sok Chuen has contributed extensively to the scientific literature of hip and knee arthroplasty. She has also had numerous presentations accepted at various local and international scientific meetings.

MEDICAL PRACTITIONERS



DR LIM TET CHEN ROY

Specialist Anaesthesiologist

Dr Lim Tet Chen Roy, who joined us in November 2018, is a Specialist Anaesthesiologist of the Group.

Accredited by the Singapore Medical Council as a Specialist Anaesthesiologist, Dr Lim Tet Chen Roy has been providing anaesthetic services in the private healthcare sector in Singapore since 2013. Dr Lim Tet Chen Roy obtained his medical degree from NUS in 1998. He subsequently pursued and obtained a Master of Medicine in Anaesthesiology in 2009. In 2011, Dr Lim Tet Chen Roy completed his clinical fellowship specialising in Paediatric Cardiac and Adult Cardiothoracic Anaesthesia at the Royal Brompton Hospital in London. The Royal Brompton Hospital is a tertiary heart and lung referral centre for the United Kingdom as well as Europe and the largest adult congenital heart disease centre in Europe. Upon completion of his fellowship, Dr Lim Tet Chen Roy joined NUH as a consultant who provided general anaesthetic services for operations. In addition to providing general anaesthetic services for day to day operations, Dr Lim Tet Chen Roy also provided subspecialised cardiothoracic anaesthesia for paediatrics and adults, which required mastery of techniques in transoesophageal echocardiography, regional anaesthetics, lung isolation techniques as well as post-operative intensive care medicine.

Dr Lim Tet Chen Roy is a strong advocate of imparting accumulated knowledge and experience to the younger generation. In 2007, Dr Lim Tet Chen Roy was appointed as a Clinical Tutor by NUS whose duties included bed side teaching and tutorials of medical students undergoing the anaesthesia module in the undergraduate curriculum. In addition, Dr Lim Tet Chen Roy was also the lecturer for the Core Lectures in Anaesthesia Training which is a structured training program for Basic Specialist Trainees as well as a tutor for the Primary and Final Masters of Medicine (Anaesthesiology) Examination Preparatory Course which was attended by both local and international candidates.



MISS CINDY CHAN YIEN SAN

Physiotherapist

Miss Cindy Chan Yien San, who joined us in November 2018, is a Physiotherapist of the Group.

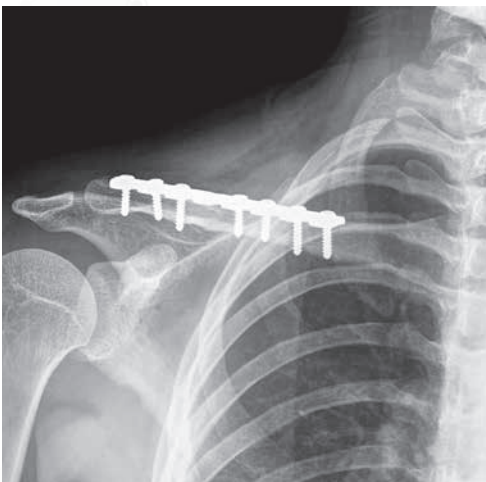
Miss Cindy Chan Yien San began her career at SGH in 2006 upon graduating from Nanyang Polytechnic with a Diploma in Physiotherapy. During her tenure as a junior physiotherapist in SGH, she was attached to the Outpatient Spine team and was trained in chronic pain management. As part of her training, Miss Cindy Chan Yien San was able to work closely with the Pain Management team which comprises doctors, clinical psychologists and nurses. In 2007, she was appointed to represent the Pain Management team in introducing the Pain Management Program to other healthcare professionals during the ASEAN and Singapore Pain Conference.

Miss Cindy Chan Yien San left SGH in 2008 to practice as a locum in various step-down facilities. Working in a nursing home and a community hospital provided valuable opportunities for her to enhance her skills by exposing her to many geriatric patients affected by orthopaedic dysfunction, musculoskeletal impairments, dementia and other common geriatric diseases. In recent years, Miss Chan has focused on treating athletes with physical disability, sports teams and international performers. In order to achieve the best results for her patients, Miss Cindy Chan Yien San employs a combination of cognitive behavioural therapy, activity modification and graded rehabilitation programs with staged treatment goals.

Besides clinical practice, Miss Cindy Chan Yien San has conducted Pain Management, Ergonomics and Sports-related talks to schools and clubs. She was also a part-time lecturer at Republic Polytechnic between 2013 and 2015.

SUSTAINABILITY REPORT

**Our goal is,
and has always
been, to give
movement,
quality and
life to years**



BOARD STATEMENT

We are pleased to present the first sustainability report of AHS.

Sustainability is intrinsically a part of our mission and an underlying consideration of our business strategy. The best interest of our patient's is always our first priority in decision-making, and will always be our guiding doctrine. Our goal is, and has always been, to give movement, quality and life to years.

The Board has been involved in determining our material factors and is active in overseeing their overall management. During the materiality process, we have identified factors that are important to our stakeholders and factors where we have significant impact. As a business in the healthcare sector, these factors range from managing bio-hazardous waste and nurturing talent to ensuring quality of care and protecting customer data.

In this report, we hope to show our sustainability performance as well as our efforts to improve and integrate sustainability into our operations.

ABOUT THIS REPORT

This is AHS's inaugural report in line with the SGX-ST's sustainability reporting requirements, and henceforth will be published on an annual basis.

The report presents information for the financial year ended 30 September 2018 and covers our sustainability policies, practices and performances, as well as our ambitions for the future. It has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

Although we provide consultancy services in Myanmar, this report will focus on our Singapore-based operations, where the majority of our work is carried out. The report covers all of our locally based clinics:

- The Orthopaedic Centre (Novena) Pte Ltd
- The Orthopaedic Centre (Farrer) Pte Ltd
- The Orthopaedic Centre (Gleneagles) Pte Ltd
- The Orthopaedic Centre (Orchard) Pte Ltd

We have opted not to obtain external assurance this year, but will strive to continue improving our reporting processes and quality; and may consider external assurance for future reports. If you have any comments on our sustainability report, please feel free to reach us at the following address: travis.seet@toc.com.sg.

SUSTAINABILITY REPORT



ABOUT ASIAN HEALTHCARE SPECIALISTS

Based in Singapore, listed on the Catalist of the SGX-ST and operating under “The Orthopaedic Centre” brand, the Group provides a wide spectrum of general and subspecialised orthopaedic, trauma and sports services such as knee/hip replacements, sports medicine/surgery, spine surgery, foot/ankle surgery and minimally invasive orthopaedic procedures. AHS also has an anaesthesia arm and a physiotherapy practice.

The Group has 6 senior and experienced orthopaedic medical specialists operating at 4 clinics across Singapore. The Group aims to be a one-stop integrated healthcare provider for all musculoskeletal-related medical care, including post-surgery rehabilitation services such as physiotherapy and ancillary services such as pain management.

As our clinics are all located in the medical centres within the hospitals, part of the maintenance and facility fee covers the energy and waste disposal.

This year, The Orthopaedic Centre (Orchard) is relocated to a new clinic with a bigger floor area at 3 Mount Elizabeth Medical Centre #17-18 Singapore 228510.

Our supply chain consists of medical supplies and consumables, medical equipment, doctors and nurses.

SUSTAINABILITY GOVERNANCE

Ethical medicine is the foundation of our practice. Our mission is to work towards giving movement, quality and life to years. We believe wholeheartedly in the work we do and are committed, equally, to commencing our sustainability journey. Each of the clinic managers are responsible for keeping track of the sustainability performance of their clinic. They pass this information to senior management who in turn report our sustainability performance to the Board. The Board has ultimate oversight over our sustainability strategy, and works closely with senior management to formulate and refine the agenda.

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

To conduct our materiality assessment, AHS carried out a materiality workshop with the help of an external consultant. Following a peer-benchmarking exercise, we narrowed down a list of relevant topics. During the workshop, management selected those topics they felt have the greatest impact on our stakeholders and those where we have the greatest influence as a business. Once we identified the highest prioritised topics, we finalised our material topics with the Board. The completed list is shown below:

- Environmental**
 - Medical and bio-hazardous waste
- Social**
 - Employee welfare and retention
 - Workplace Health and Safety
 - Corporate Social Responsibility
- Governance**
 - Patient satisfaction & quality of care
 - Regulatory and legal compliance
 - Fair pricing and billing transparency
 - Patient data privacy

STAKEHOLDER ENGAGEMENT

AHS values all of its stakeholders. Particularly as a small company, stakeholder engagement is critical to our success. We consider our stakeholders those who rely on, and those who affect our business.

Stakeholder	Frequency	Method	Topics raised	Our response
Employees	<ul style="list-style-type: none"> • Regularly • Monthly 	<ul style="list-style-type: none"> • Lunches and dinners • Management meetings 	<ul style="list-style-type: none"> • Welfare and wellbeing • Health and safety • Training and development 	Flexible support to grow knowledge Frequent team bonding through meals and meetings
Investors	<ul style="list-style-type: none"> • Annual • Annual • Half Yearly • Ad hoc 	<ul style="list-style-type: none"> • Annual General Meeting • Annual reports • SGX Announcements • Presentations at investment fairs 	<ul style="list-style-type: none"> • Performance review • Legal and regulatory compliance 	Provision of half yearly announcements and investor relations website
Patients	<ul style="list-style-type: none"> • Ad hoc 	<ul style="list-style-type: none"> • In-person • Calls • Meetings 	<ul style="list-style-type: none"> • Patient satisfaction 	Frequent communication to ensure repeat business and patient wellbeing and satisfaction
Regulators/ Government	<ul style="list-style-type: none"> • Ad hoc 	<ul style="list-style-type: none"> • Meetings • Conferences 	<ul style="list-style-type: none"> • Legal and regulatory compliance • SGX listing requirements 	Frequent meetings with various regulatory bodies to ensure up-to-date compliance Regular attendance of medical conferences
Suppliers	<ul style="list-style-type: none"> • Regularly 	<ul style="list-style-type: none"> • Meetings • Emails 	<ul style="list-style-type: none"> • Product quality • Health and safety 	Ensure high quality by screening suppliers through partner hospitals

SUSTAINABILITY REPORT

ENVIRONMENT

Due to the unique nature of the medical industry, much of the waste produced cannot be recycled or reused as it is either hazardous or infectious. To reduce the risk of cross-contamination of infectious diseases, healthcare facilities have mainly moved to the use of single-use consumables. Thus, this results in the tricky disposal of medical and biohazardous wastes making the medical industry a large consumer of energy and contributor to landfills.

MEDICAL AND BIO-HAZARDOUS WASTE

Management Approach

In our clinics, we have three different waste disposal bins: sharps, biohazardous and non-hazardous. As our clinics are located in the medical centres within the hospitals, the hospitals are ultimately in charge of our biohazardous and non-hazardous waste disposal. We place our waste in shared bins that are then collected by contractors chosen by the hospital.

Within our biohazardous waste, we produce five types of waste:

- Infectious,
- Pathological,
- Chemical waste,
- Pharmaceutical waste, and
- Sharps.

Of these, we are independently responsible for the disposal of our sharps waste. Sharps waste include any device or object that is used to puncture to lacerate the skin; such as hypodermic needles, disposal scalpels and blades and contaminated glass.

The proper handling of sharps waste is of extreme importance because injuries from these objects, such as infected needles can spread blood-borne pathogens. In each doctor's office, there is a "Sharps Container", a small to medium sized plastic bin especially for sharps waste.



Performance

Although we do not measure the amount of sharps waste we dispose, we estimate our total sharps waste based on how frequently we empty the 6 and 10 litres bins we keep in the clinics. As our Novena clinic has the heaviest patient traffic, it has a significantly higher amount of waste generated relative to the other clinics.

Clinic	Litres
TOC Novena	32
TOC Farrer	10
TOC Gleneagles	10
TOC Orchard	10
Total	62

Targets

- Formulate a waste reduction and management plan for FY2019

SOCIAL

As a healthcare facility, AHS depends on the expertise of the doctors and nurses, thus placing immense value in its employees. As a small company, we are a close-knit team that constantly ensures the wellbeing and happiness of all of our employees. Our small size enables us to communicate with one another effectively and keep tabs on each of our workers.

Guided by our values, we also believe in giving back to community through our healthcare expertise. We believe this helps strengthen the trust our communities hold in our brand.

EMPLOYEE WELFARE AND RETENTION

Management approach

AHS primarily hires its employees through word-of-mouth referrals. Once a new employee is hired, a preceptor is assigned to assist the new staff with his/her on-boarding and adjustment, in ensuring the individual settle in well.

Due to the seniority of our doctors and the minimum training requirements that our nurses already meet, our employees do not require on-boarding skills training. However, AHS believes in staying abreast of the latest development in medicine which is an ever-evolving field. Additionally, the

SUSTAINABILITY REPORT



Singapore Medical Council requires a minimum number of hours of training per year for doctors to maintain their practicing licences. Other than the local education training, our doctors also stay up-to-date is by attending overseas conferences. For example, in FY2018, our doctors attended:

- North American Spine Society (NASS) 33rd Annual meeting in Los Angeles was attended by both of our spine surgeons, Dr Yue Wai Mun and Dr Mohammad Mashfiqul. The symposium addressed topics such as spine implants, intraoperative neurophysiological monitoring and emerging surgical technologies. In addition, it covered topics for non-physician spine specialists including kinematics and patient self-care and the use of opiates medications in the managing of acute and chronic pain.
- The 12th European Foot and Ankle Society (EFAS) Congress was attended by our foot and ankle specialist Dr David Su. International experts gathered together in Geneva to present the state of the art technologies in surgical and non-surgical treatment of the more difficult conditions that foot and ankle surgeons encounter.



We take care of our employees by providing health and dental insurance, and meeting regularly for check-in lunches and dinners. We strongly believe wholeheartedly in celebrating birthdays and festive occasions together! For example, Chinese New Year, Hari Raya and Christmas meet-ups are staple events in our year. We also have an annual company retreat to celebrate the end of year.

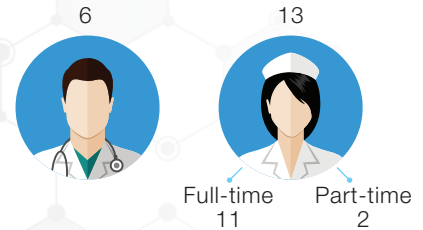


SUSTAINABILITY REPORT

Performance

As at 30 September 2018, the company consists of five doctors, four nurses, six clinic executives, two finance executives and two part-time cleaners.

	Male	Female
Permanent Contract	6	11
Temporary Contract	0	2



Gender	New Hires		Employee Turnover			
	Number	%	Number	Rate ¹	Number ²	Rate ^{1,2}
Male	1	14%	0	0	0	0%
Female	6	86%	4	33%	1	8%

Age	New Hires		Employee Turnover			
	Number	%	Number	Rate ¹	Number ²	Rate ^{1,2}
Less than 30	5	71%	3	67%	1	14%
30-50	2	29%	1	8%	0	0%

Targets

- Assess specific training needs for all employees and roll out new training programme for FY2019
- Maintain a turnover rate of 15% or less (excluding employee joined and left during the same year)
- Implement a new programme to secure high quality fresh talent

WORKPLACE HEALTH AND SAFETY

Management approach

Working at a medical facility has some inherent risks. Being in the healthcare sector, the risk of transmission of infectious diseases is always present. To prevent employees from falling ill or getting hurt at work, we have well established safety practices that are emphases to all of our staff.

As previously mentioned, sharp objects like hypodermic needles, which we handle often, carry with them the risk of passing on blood-borne infections such as HIV, Hepatitis B or C. When new employees join our team, basic medical knowledge and training plays a huge part of their orientation. Through this training, they learn to be aware of any potential medical or healthcare risks. New employees are also allocated a preceptor who is in charge of teaching them our safety protocols such as basic handwashing, handling of sharps and blood contaminated wastes and the care of infectious patients.

¹ Employee turnover rate = number of employee turnover / ((employees at start of year + employees at end of year)/2)

² Exclude employee joined and left during the same year

SUSTAINABILITY REPORT

Performance

In FY2018, there were no incidents of work-related ill health.

Targets

- Identify and investigate safety hazards for employees to improve safety practices
- Develop and roll out safety training to advocate and educate employees on safety best practices in FY2019

CORPORATE SOCIAL RESPONSIBILITY

Management approach and performance

Highly recognised in the medical field, the doctors have been invited to be lecturers and examiners to the medical and nursing students. Dr Yue Wai Mun has been constantly teaching Advanced Diploma nursing students who are specialising in perioperative and neuroscience at Nanyang Polytechnic since 2008. Dr Chin Pak Lin was also one of the examiners at the Orthopaedic registrars exit examination held by Edinburgh this year.

On a weekly basis, both Dr Chin and Dr Mashfiqul visits Ang Mo Kio Community Hospital to provide free consultancy services and ward rounds to the patients who required orthopaedic care and review.

MEMBERSHIPS OF ASSOCIATIONS AND EXTERNAL INITIATIVES

Governing Body	Purpose
Ministry of Health	Clinic Licence
Singapore Medical Council	Doctor's Practising Certificate
Singapore Nursing Board	Nurse's Practising Certificate
Health Services Authority	Purchase of Orthopaedic Implants/Drugs/Medical Consumables
Central Provident Fund (CPF) Board	Submission of Medisave for Patients and Employees' CPF contribution
Inland Revenue Authority of Singapore (IRAS)	Corporate Tax/Goods and Services Tax
Accounting and Corporate Regulatory Authority (ACRA)	Filing of Financial Statements

Dr David Su also engaged in a mission trip to Sri Lanka this year where he provided talks to the people and held consultation services.

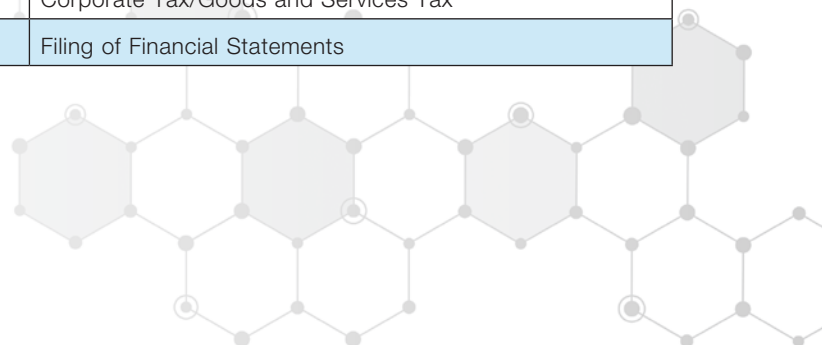
Targets

- Implement a programme to encourage employees to provide volunteer hours for community activities in FY2019

GOVERNANCE

Healthcare provision must be built on a foundation of strong moral ethics and principles. It is our duty to protect, support and save our patients. The wellbeing of our patients is the bedrock of our practice and we consistently strive to serve them to the best of our ability. This responsibility stretches beyond our medical work and includes regulatory compliance, fair pricing, billing transparency and data privacy – all of which we take very seriously at AHS.

The table below shows the external initiatives and memberships of associations that AHS has to remain in compliance to the practice of safe, ethical medicine.



SUSTAINABILITY REPORT

REGULATORY COMPLIANCE, FAIR PRICING AND BILLING TRANSPARENCY, AND PATIENT SATISFACTION AND QUALITY OF CARE

Management approach

AHS's pricing strategy is informed by the Singapore Ministry of Health (MOH) and clinical consult fees are listed at our reception desk. As such, patients will never be surprised about their bill after a consult and are aware of the prices up front. In November 2018, the Ministry of Health (Singapore) published a fee guideline based on the recommendations of the Fee Benchmarks Advisory Committee that will guide our consultancy services fee structure and will further increase transparency to the public.

AHS's strong code of conduct is built on the Hippocratic Oath, where the doctors abide by the Singapore Medical Council Ethical Code and Ethical Guidelines; and our nurses are bound by the Singapore Nursing Board Code of Conduct and Ethical Guidelines of Practice. These core values reflect in our daily practice and interactions with patients.

Given the transparent and tight-knit community of our practice, we do not expect unethical or corrupt behaviour from our employees. However, there are hard copies of the AHS whistle-blowing policy in all of our clinics, so that employees can feel safe in their work environment and have the knowledge on how to report any unethical behaviour that they witness during their course of work. To ensure our patients receive the dedicated and effective care they deserve, we place great emphasis on matching a patient to the right specialist and go out of our way to arrange the appropriate pairing of doctor and patient.

Performance

In FY2018, there were no incidents of non-compliance with regards to the health and safety impacts of services; regulations concerning product and service information and labelling, laws and regulations in the social and economic arena.

Targets

- Implement patient satisfaction survey after treatment in FY2019 to receive patient feedback
- Roll out fair pricing policy in FY2019

PATIENT DATA PRIVACY

As a healthcare facility, AHS manages sensitive patient health data on a daily basis, much of which includes a large amount of historical health data. This is an additional responsibility for us to handle with care and integrity. In 2018, 1.5 million patient in Singapore were affected by a large-scale data breach. Therefore, it is AHS's duty to keep our cyber systems up-to-date and for staff to practice safe data management to protect patients' data.

Management approach

We have updated our cyber systems to the latest patient database software approved by MOH. AHS also complies with the Personal Data Privacy Act (PDPA) and has appointed a PDPA officer to ensure we are managing patient data carefully. We do not keep data that we do not need and do not collect information that we do not require.

Performance

There were no complaints received concerning breaches of patient data privacy in FY2018.

Targets

- Provide training to all employees on patient data protection and appoint a data officer in FY2019
- Implement cyber security measures such as penetration testing across all systems in FY2019

GRI INDEX TABLE

Disclosure Number	Disclosure Title	Reference
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102-41	Collective bargaining agreements	ASH does not have any collective bargaining agreements
102-42	Identifying and selecting stakeholders	17
102-43	Approach to stakeholder engagement	17
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102-45	Entities included in the consolidated financial statements	61
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Fair Pricing and Billing Transparency (Marketing and labelling 2016)		
103-1/2/3	Management Approach	22
417-2	Incidents of non-compliance concerning products and service information and labelling	
Patient Data Privacy (Customer Privacy 2016)		
103-1/2/3	Management Approach	22
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Regulatory and Legal Compliance (Socioeconomic Compliance 2016)		
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419-1	Non-Compliance with Laws and Regulations in the Social and Economic Area	

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:

Chin Pak Lin
(Executive Chairman and Chief Executive Officer)

Yue Wai Mun
(Executive Director and Chief Medical Officer)

Non-Executive:

Leow Chung Chong Yam Soon
(Lead Independent Director)

Siek Wei Ting (Xie Weiting)
(Independent Director)

Vikram Nair
(Independent Director)

AUDIT AND RISK MANAGEMENT COMMITTEE

Leow Chung Chong Yam Soon (Chairman)

Siek Wei Ting (Xie Weiting)

Vikram Nair

NOMINATING COMMITTEE

Siek Wei Ting (Xie Weiting) (Chairman)

Leow Chung Chong Yam Soon

Vikram Nair

REMUNERATION COMMITTEE

Vikram Nair (Chairman)

Leow Chung Chong Yam Soon

Siek Wei Ting (Xie Weiting)

COMPANY SECRETARY

Toh Li Ping, Angela

REGISTERED OFFICE

38 Irrawaddy Road

#09-42

Singapore 329563

BANKERS

Standard Chartered Bank

Overseas-Chinese Banking Corporation Limited

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place #32-01

Singapore Land Tower

Singapore 048623

CONTINUING SPONSOR

RHT Capital Pte. Ltd.

9 Raffles Place

#29-01 Republic Plaza Tower 1

Singapore 048619

Registered Professional: Mr Mah How Soon

AUDITORS

KPMG LLP

16 Raffles Quay #22-00

Hong Leong Building

Singapore 048581

Partner-in-charge: Mr Lim Jek

(a member of the Institute of Singapore Chartered Accountants)

Appointed wef financial year ended 30 September 2018

CORPORATE GOVERNANCE

INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) of Asian Healthcare Specialists Limited (the “**Company**”) and its subsidiaries (collectively as the “**Group**”) are committed to high standards of corporate governance as a fundamental part of its responsibilities to ensure greater transparency and protection of shareholders’ interest. The Board is responsible for the Group’s corporate governance standards and policies, and stresses their importance across the Group.

As the Company was recently listed on the Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 20 April 2018 (“**Listing**”), the Company has complied in all material respects with the principles and guidelines of the Code of Corporate Governance 2012 (the “**Code**”) which forms part of the continuing obligations of the Rules of Catalist of the SGX-ST (“**Catalist Rules**”), to the extent possible. This report sets out the Group’s key corporate governance practices with reference to the Code, where appropriate. Where there are deviations from the Code, appropriate explanations have been provided.

A. BOARD MATTERS

PRINCIPLE 1: THE BOARD’S CONDUCT OF ITS AFFAIRS

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Role of the Board

The Board is collectively responsible for long term success of the Company. Each Director exercises his independent judgement to act in good faith and discharge their duties and in the best interests of the Company for the creation of long-term value for shareholders.

The principal duties and responsibilities of the Board include:

- providing entrepreneurial leadership and guidance to the management (“**Management**”) in setting the Company’s overall long-term strategies and financial objectives, and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;
- reviewing the financial results of the Group and financial reporting;
- monitoring the implementation of strategies and the business performance and management performance;
- setting the Company’s values and ethical standards in which it conducts businesses and ensure that these are adhered to and ensuring that obligations to shareholders are understood and met;
- considering sustainability issues such as environmental and social factors, as part of its strategy formulation, including identifying key stakeholder groups and ensuring that obligations to other stakeholders are understood and met as their perceptions affect the Company’s reputation;
- approving the appointment of Directors and other key management personnel;
- approving the remuneration packages for the Executive Directors and key management personnel;
- establishing a framework of prudent and effective internal controls and evaluating the adequacy of internal controls and risk management, including safeguarding of shareholders’ interests and the Group’s assets;

CORPORATE GOVERNANCE

- approving material acquisitions and disposals of assets, mergers and acquisitions, major corporate policies in key areas of operations, annual budgets, major funding, investment proposals, divestments (if any), issuance of shares, dividends and proposals relating to shareholder returns, the Group's half yearly and full year results and material interested person transactions ("IPT"); and
- ensuring the Group's compliance with laws, regulations, policies, directives, guidelines and internal code of conduct.

The Board believes that when making decisions, all Directors discharge their duties and responsibilities at all times as fiduciaries and act objectively in the interests of the Company.

The matters which specifically require the Board's approval or guidance are those involving:

- Strategies and objectives of the Group, including annual budget and forecasts;
- Delegation of authority matrix (if any);
- Announcements on financial results;
- Directors' Statement and Audited Financial Statements;
- Annual Report and Sustainability Report;
- IPT;
- Declaration of interim dividends and proposal of final dividends;
- Corporate action/exercises, including issuance of new shares in the capital of the Company; and
- Material acquisition and disposal of assets/investments, including material financial/funding arrangements and capital expenditures.

Board Committees

To assist the Board in the efficient discharge of its responsibilities and provide independent oversight of Management, the Board has established the following Board Committees with written terms of reference, whose actions are reported to and monitored by the Board:

- Audit and Risk Management Committee ("ARMC")
- Nominating Committee ("NC")
- Remuneration Committee ("RC")

The written terms of reference clearly set out the authority delegated by the Board to make decision. These terms of reference also set out the conduct of meetings including quorum, voting requirements and qualifications for Board Committee membership. The Board Committees will review its terms of reference from time to time to ensure relevance. Any changes to the terms of reference for any Board Committee require the Board's approval.

The Board accepts that while these Board Committees have the authority to examine issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility for all matters lies with the Board. The effectiveness of each Board Committee is also constantly monitored by the Board.

CORPORATE GOVERNANCE

The ARMC, NC and RC comprises all Independent Directors, and the composition of the Board and Board Committees are as follows:

Board composition/Name of Director	ARMC	NC	RC
Dr Chin Pak Lin (Executive Chairman and Chief Executive Officer (“CEO”))	–	–	–
Dr Yue Wai Mun (Executive Director and Chief Medical Officer)	–	–	–
Mr Leow Chung Chong Yam Soon (“Paul Leow”) (Lead Independent Director)	Chairman	Member	Member
Mr Siek Wei Ting (Xie Weiting) (“Ryan Siek”) (Independent Director)	Member	Chairman	Member
Mr Vikram Nair (Independent Director)	Member	Member	Chairman

The appointment of Board Committee members, which requires the approval of the Board, is carried out carefully to ensure the Board Committees comprise Directors with appropriate qualifications and skills, to maximise the effectiveness of the Board.

Board Meetings and Attendance

The Board and Board Committees meet regularly to discuss strategy, operational matters and governance issues. Since the Company’s listing on the Catalist of the SGX-ST on 20 April 2018, the Board has held 2 meetings. All Board and Board Committees’ meetings for the calendar year 2019 have been scheduled well in advance in consultation with the Directors to ensure maximum attendance.

The Non-Executive Directors of the Company, who are all Independent Directors, constructively challenge and help develop proposals on strategy, review the performance of Management and monitor the reporting of performance. At every scheduled meeting, the Board sets aside time for the Independent Directors to meet without the presence of Management. In addition, the Directors are in frequent contact with one another outside the Board and Board Committees’ meetings and hold constant informal discussions amongst themselves.

Attendance via telephone or video conference, if required, at Board or Board Committees’ meetings is permitted by the Company’s Constitution and/or the written terms of reference of the Board Committees, as the case may be. Ad-hoc meetings will be convened where circumstances require as such. A record of the Directors’ attendance at Board and Board Committees’ meetings for the financial period ended 30 September 2018 (“FY2018”) is set out below.

NAME OF DIRECTORS	BOARD COMMITTEES			
	BOARD	ARMC	NC	RC
Number of Meetings held	2	2	1	1
Dr Chin Pak Lin	2	2*	1*	1*
Dr Yue Wai Mun	2	2*	1*	1*
Mr Paul Leow	2	2	1	1
Mr Ryan Siek	1**	2	0**	0**
Mr Vikram Nair	2	2	1	1

* Attendance by invitation.

** Mr Ryan Siek was provided with the meeting materials prior to the said meetings. Although he was not able to attend 1 of the scheduled NC, RC and Board meetings due to unforeseen circumstances, he had provided his comments on the matters to be discussed to Management, the Board Committees and the Board respectively.

Between Board meetings, the Board and Board Committees may also make decisions through circular resolutions in writing.

CORPORATE GOVERNANCE

Board Induction and Training

The Board values ongoing professional development and recognises that it is important that all Directors receive regular training so as to be able to serve effectively on, and contribute to, the Board.

Upon appointment to the Board, a formal letter will be provided to each newly appointed Non-Executive Director (including Independent Director), setting out his duties and obligations whereas each of the Executive Directors will enter into a Service Agreement with the Company, which sets out their terms of office and terms and conditions of appointment. The Company had issued a letter of appointment to each of the Independent Director and entered into a Service Agreement with each of the Executive Director.

All newly appointed Directors will undergo comprehensive orientation programmes which cover business activities of the Group, its strategic direction and corporate governance practices. Arrangements will also be made for Directors to meet Key Management Personnel (as defined in the Code) for a better understanding of the Group's businesses and operations. The Directors have open invitations to visit the Group's operating facilities to enable them to obtain a better perspective of the business and to enhance their understanding of the Group's operations.

As part of training and professional development for the Board, the Company ensures that Directors are briefed from time to time on changes to regulations, guidelines and accounting standards, as well as other relevant trends or issues. In addition, the Company's external auditors, KPMG LLP ("**External Auditors**") and/or the CFO update the Board on the changes to accounting standards and issues which have a direct impact on financial statements from time to time. The Executive Chairman and CEO also provide the Board with regular updates on the Group's operations and any changes to commercial risks.

These are done either during Board meetings, at Board dinners or at specially convened sessions, including training sessions and seminars conducted by external professionals at the Company's expense. Directors are also encouraged to request further explanation, briefings or informal discussion on any aspect of the Group's operations or business issues from Management.

Mr Ryan Siek had prior experience as an Executive Director of a company formerly listed on the Main Board of the SGX-ST while Mr Paul Leow is an Independent Director of a company listed on the Main Board of the SGX-ST and a company listed on the Catalyst of the of the SGX-ST. Mr Vikram Nair, a practising lawyer, is also familiar with the laws and regulations.

During FY2018, the development/training programmes for Directors included the following:

- Prior to the Company's Listing, all Directors were briefed on the business activities of the Group, its strategic direction and corporate governance practices, and met with all key management personnel of the Company for a better understanding of the Group's businesses and operations.
- All Directors, save for Mr Paul Leow, had attended "The Listed Entity Director (LED) Programme" conducted by the Singapore Institute of Directors, at the Company's expense. Nonetheless, Mr Paul Leow had attended the said programme in 2013.
- The Company's lawyers, Rajah & Tann Singapore LLP, had conducted an in-house training on Directors' responsibilities for all Directors.
- All Directors had also attended an in-house training on Directors' responsibilities conducted by the Sponsor, RHT Capital Pte. Ltd.

CORPORATE GOVERNANCE

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10 per cent shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Board Composition

The Board comprises 5 Directors, of whom 2 are Executive Directors and 3 are Independent Directors. None of the directors are related to one another. Other than Dr Chin Pak Lin and Dr Yue Wai Mun, none of the Directors is a former or current employee of the Company or its subsidiaries. No alternate Director has been or is currently appointed to the Board.

Mr Paul Leow was appointed as the Lead Independent Director. A summary of the roles of the Lead Independent Director is set out on page 33.

The size and composition of the Board are reviewed from time to time by the NC to ensure that the size of the Board is appropriate and conducive for effective discussion and decision making, with a strong element of independence. No individual or small group of individuals dominates the Board's decision-making process as majority (60%) of the Board is made up of Independent Directors. Accordingly, there is a strong and independent element on the Board and the Company complied with guidelines 2.1 and 2.2 of the Code.

The NC, with the concurrence of the Board, is of the view that the current Board size is adequate, taking into account the nature and scope of the Group's operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees.

Board diversity

The NC also aims to maintain a diversity of expertise, skills and attributes among the Directors, which the Group may tap on for assistance in furthering its business objectives and shaping its business strategies. Any potential conflicts of interest are taken into consideration.

In reviewing Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including diversity of skills, experience, background, gender, age, ethnicity and other relevant factors and knowledge of the Company. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

The Board comprises Directors with a broad range of commercial experience including expertise in the medical industry. Together, the Board and Board Committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience and knowledge of the Company. They also bring with themselves a wide range of core competencies such as accounting and finance, legal knowledge, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge. The diversity of the Directors' background allows for the useful exchange of ideas and views.

All Board appointments are made based on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

Review of Directors' Independence

The NC, which is responsible for reviewing the independence of each Director on an annual basis, has adopted the Code's definition of what constitutes an Independent Director and the Code's guidelines as to relationships which would deem a Director not to be independent.

CORPORATE GOVERNANCE

In addition, the NC requires each Independent Director to assess his own independence by completing a Confirmation of Independence form ("**Declaration Form**") which is drawn up in accordance with the guidelines of the Code and state whether he considers himself independent despite having any of the relationships identified in the Code which would deem him not to be independent, if any.

The Board reviews and determines whether each Director is independent, taking into account the views of the NC and any existence of relationships or circumstances, including those identified by the Code, that are relevant in its determination as to whether a Director is independent.

The Directors are required to avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of the Group. Where a Director has a conflict of interest, or it appears that he might have a conflict of interest, in relation to any matter, he should immediately declare his interest at a meeting of the Directors or send a written notice to the Company containing details of his interest and the conflict, and recuse himself from participating in any discussion and decision on the matter. Where relevant, the Directors have complied with such requirement, and such compliance has been duly recorded in the minutes of meeting and/or Directors' Resolutions in writing.

For FY2018, the NC and the Board have assessed the independence of each of the Independent Directors.

Mr Vikram Nair, an Independent Director of the Company, is a partner of Rajah & Tann Singapore LLP, the Company's Legal Adviser and the Solicitors to the Listing of the Company. Rajah & Tann Singapore LLP is a member firm of Rajah & Tann Asia. Mr Vikram Nair is not involved in the provision of legal services by Rajah & Tann Singapore LLP to the Company and was not involved in the negotiations, deliberations and the delivery of services by Rajah & Tann Singapore LLP to the Group. Fees charged by Rajah & Tann Singapore LLP to the Group were on an arm's length basis and were based on normal commercial terms. Mr Vikram Nair has not previously provided any legal services to the Group. Mr Vikram Nair has abstained and will abstain from and will not be involved in any discussions, deliberations or decisions of the Board in relation to any transactions or dealings with Rajah & Tann Singapore LLP.

Based on the foregoing, the Board (except Mr Vikram Nair who has recused himself from such discussions) believes that the engagement of Rajah & Tann Singapore LLP for the provision of legal services would not interfere, or be reasonably perceived to interfere, with the exercise of Mr Vikram Nair's independent business judgment as an Independent Director with a view to the best interests of the Company. In reviewing the independence of Mr Vikram Nair, in particular, the NC has had regard to the value of the transactions between Rajah & Tann Singapore LLP and the Company.

Based on the Declarations Forms provided by these Directors and taking into account the guidance in the Code and the considerations set out above, the Board has determined that save for Dr Chin Pak Lin and Dr Yue Wai Mun who are Executive Directors, all other members of the Board are considered to be Independent Directors.

No Director has served on the Board for more than nine years.

Each Mr Paul Leow and Mr Vikram Nair had recused himself from the NC's and the Board's deliberations respectively on his own independence. Mr Ryan Siek did not participate in the NC and Board's discussions on his own independence as he did not attend the NC meeting due to unforeseen circumstances.

CORPORATE GOVERNANCE

PRINCIPLE 3: CHAIRMAN AND CEO

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Role of Chairman

The principal duties and responsibilities of the Executive Chairman include:

- Leading the Board to ensure its effectiveness on all aspects of its roles;
- Scheduling meetings for the Board to discharge its duties, including setting the agenda in consultation with the CFO, Company Secretary and the Chairman of the respective Board Committees, and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- Promoting a culture of openness and debate at the Board;
- Coordinating activities of the Independent Directors and facilitate the effective contribution of the Independent Directors;
- Exercising control over quality, quantity and timeliness of the flow of information between Management and the Board to ensure that the Directors receive complete, adequate and timely information;
- Encouraging constructive relations within the Board and between the Board and Management;
- Ensuring effective communication with shareholders; and
- Assisting in ensuring the Company's compliance with corporate governance guidelines and promoting high standards of corporate governance.

Role of CEO

The CEO is responsible for making strategic proposals to the Board and implementing the Group's strategies and policies as well as the Board's decision, and assumes the executive responsibility for the day-to-day management of the Group, with the support of the Key Management Personnel.

Dr Chin Pak Lin serves concurrently as Executive Chairman and CEO and accordingly, the roles and responsibilities of both the Executive Chairman and the CEO are vested in Dr Chin Pak Lin. Although it is a deviation from the Code which provides that there should be a clear division of responsibilities between the leadership of the Board and the executives for managing the Company's business, the Board is of the opinion that there is a sufficiently strong independent element in the Board, in view that majority of the Board is made up of Independent Directors, all resolutions of the Board are passed collectively after due consideration and no single individual exercised any concentration of power or influence.

The Board is of the opinion that it is able to benefit from an active Chairman who is knowledgeable about the business of the Company and therefore is better able to guide discussions. He is capable of ensuring that the Board is properly briefed in a timely manner on pertinent issues and developments. The Board also obtains independent views from its Independent Directors. The Chairman establishes the boundaries of risk undertaken by the Group and ensures the governance system is in place and regularly evaluated.

All major decision made by the Executive Chairman and CEO are reviewed by the Board. His performance and remuneration are also reviewed by the NC annually. As such, the Board believes that there are adequate safeguards in place against centralisation power and authority in a single individual. These safeguards include the appointment of a Lead Independent Director, having majority of the Board made up of Independent Director and the NC comprising only Independent Directors.

CORPORATE GOVERNANCE

Role of Lead Independent Director

In accordance with guideline 3.3 of the Code, Mr. Paul Leow was appointed as the Lead Independent Director.

The Lead Independent Director assists the Executive Chairman and CEO and the Board to ensure effective corporate governance in managing the affairs of the Board and the Company. As the Lead Independent Director, he will lead the meetings of the Independent Directors periodically and on such other occasions as may be deemed appropriate. The Lead Independent Director will also provide feedback, if any, to the Executive Chairman and CEO after such meetings.

As one of the key contacts listed in the Company's Whistle Blowing Policy, the Lead Independent Director will be available to shareholders and any other persons if they have concerns relating to matters which contact through the normal channels of the Executive Chairman and CEO or Group CFO has failed to resolve, or where such contact is inappropriate.

PRINCIPLE 4: BOARD MEMBERSHIP

There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

The Company has established a NC to, among other things, make recommendations to the Board on all Board appointments, re-election of Directors and oversee the Board and key management personnel's succession and leadership development plan.

The terms of reference of the NC provides that the NC shall comprise at least three Directors, the majority of whom including the NC Chairman, shall be Non-Executive Directors. The NC comprises all Independent Directors with Mr Ryan Siek as the Chairman and Mr Paul Leow and Mr Vikram Nair as members. The NC Chairman is not associated in any way with any 10% shareholders of the Company.

The principal duties and responsibilities of the NC include:

- making recommendations to the Board on relevant matters relating to (i) the review of board succession plans for directors, in particular, the Executive Chairman and CEO, (ii) the development of a process of evaluation of the performance of the Board, the Board Committees and Directors, (iii) the review of training and professional development programs for the Board, and (iv) the appointment and re-election of the Directors (including alternate Directors, if applicable) (including appointments and re-appointments to Board Committees);
- reviewing and determining annually, and as and when circumstances require, if a Director is independent, in accordance with the Code (as may from time to time be amended, modified or supplemented) and any other salient factors;
- reviewing the composition of the Board annually to ensure that the Board and the Board Committees comprise Directors who as a group provide an appropriate balance and diversity of skills, expertise, gender and knowledge of the Company and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge;
- implementing a process for assessing the effectiveness of the Board as a whole and the Board Committees and for assessing the contribution of the Executive Chairman and each individual Director to the effectiveness of the Board and each Board Committee on which he sits;
- reviewing and approval of any employment of all managerial staff and employees who are related to any of the Directors, Substantial Shareholders or the CEO and the proposed terms of their employment; and
- where a Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as Director, taking into consideration the Director's number of listed company board representation and other principal commitments. If necessary, to set up internal guidelines to address the competing time commitments that is faced when Directors serve on multiple boards.

CORPORATE GOVERNANCE

Succession Planning and Nomination Process

The NC has the responsibility of establishing a formal and transparent search and nomination process for the selection and re-election of Directors.

When an existing Director chooses to retire or is required to retire from office by rotation, or the need for a new Director arises, the NC reviews the range of expertise, skills and attributes of the Board and the composition of the Board.

Although the Board does not have a written policy with regards to diversity in identifying Director nominees, it will consider the benefits of all aspects of diversity, including diversity of skills, experience, background, gender, age, ethnicity and other relevant factors. New Directors, if any, will continue to be selected based on objective criteria set as part of the process for appointment of new Directors and the NC will, in consultation with the Board, evaluate and determine the selection criteria with due consideration to the mix of skills, knowledge and experience of the existing Board. The NC will evaluate potential candidates by undertaking background checks, assessing individual competency, knowledge, management skills, financial literacy, experience and qualifications, thereby ensuring the fulfilment of every requirement which the Board as a whole requires to be effective. The NC will seek candidates from a wide pool of individuals not limited to persons known to the Directors directly, and is empowered to engage professional search firms to aid in this process. Short-listed candidates will be invited to meet the Independent Directors separately and may also be invited to meet the Board as a whole to discuss the duties of a Director. This is to ensure that there are no misunderstandings or a mismatch of expectations.

Directors' Time Commitment

The NC is tasked with ensuring that Directors have given sufficient time and attention to the affairs of the Group and to decide if a Director has been adequately carrying out, and is able to continue carrying out the duties of a Director of the Company.

In determining if a Director is able to and has been adequately carrying out his duties as Director of the Company, the Board, with the concurrence of the NC, has taken into consideration the Director's number of listed company board representations and other principal commitments. Inclusive of their appointment to the Board, none of the Directors hold more than 3 appointments on the board of listed companies.

Directorships or chairmanships held by the Company's Directors in other listed companies are as follows:

Name of Director	Date of first appointment/ last re-election	Directorships in other listed companies ⁽¹⁾	
		Current	Past 3 Years
Dr Chin Pak Lin	27 September 2017 / N.A.	–	–
Dr Yue Wai Mun	27 September 2017 / N.A.	–	–
Mr Paul Leow	28 March 2018 / N.A.	<ul style="list-style-type: none"> • Fragrance Group Limited • No Signboard Holdings Ltd. 	–
Mr Ryan Siek	28 March 2018 / N.A.	–	China Minzhong Food Corporation Pte. Ltd. ⁽²⁾
Mr Vikram Nair	28 March 2018 / N.A.	–	–

Notes:

(1) The principal commitment of each Director is set out in the "Board of Directors" section of this annual report.

(2) China Minzhong Food Corporation Pte. Ltd. (formerly known as China Minzhong Food Corporation Limited) was delisted from the Main Board of SGX-ST on 28 February 2017 although Mr Ryan Siek remained as a Non-Executive Director.

CORPORATE GOVERNANCE

As such, no maximum number of listed company board representations has been fixed as time requirements are subjective and the NC recognises that its assessment of each Director's ability to discharge his duties adequately should not be confined to the sole criterion of the number of his board representations. Thus, in assessing each Director's ability to discharge his duties adequately, the Board will also consider, amongst other factors, contributions by Directors during Board and Board Committee meetings, and their attendance at such meetings, in addition to each of their principal commitments.

Annual Determination of Directors' Independence

The NC has the responsibility in determining on an annual basis whether each Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect the Director's judgement. As reported earlier in the section on the Review of Directors' Independence, the NC determined and made its recommendations on the independence to the Board.

Rotation and Re-election of Directors

The Board subscribes to the principle that all Directors should stand for re-election at regular intervals and at least once every three years. In accordance with the Company's Constitution, all Directors are required to retire from office at least once every three years and submit themselves for re-election at the next Annual General Meeting ("AGM"). A new Director appointed in between the AGM must also submit himself for re-election at the AGM following his appointment. The retiring Directors are eligible to offer themselves for re-election.

The NC, having considered the attendance and participation of the following Directors at Board and Board Committees meetings, in particular, their contributions to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of Dr Chin Pak Lin who will be retiring pursuant to Regulation 110 of the Constitution of the Company at the forthcoming AGM. The NC had also recommended to the Board the re-election of the three Directors who were appointed during the year, namely Mr Paul Leow, Mr Ryan Siek and Mr Vikram Nair who will be retiring pursuant to Regulation 114 at the forthcoming AGM.

All Directors retiring by rotation have consented to continue in office and the Board had accepted the recommendation of the NC and accordingly, the above Directors will be offering themselves for re-election.

Each member of the NC had abstained from voting on any resolution and making any recommendation and/or participated in respect of his own re-election, if any, as Director of the Company.

The information on each Director's academic and professional qualifications and other principal commitments is presented in the "Board of Directors" section of this annual report and their shareholdings in the company and its related corporations, relationships (if any) is presented in the "Directors' Statement" section of this annual report.

PRINCIPLE 5: BOARD PERFORMANCE

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and contribution by each Director to the effectiveness of the Board.

Board Effectiveness Assessment

The NC reviews the Board's performance on an annual basis, based on the performance criteria as agreed by the Board, and decides how this may be evaluated. The Board has implemented a process for assessing its effectiveness as a whole and for assessing the contribution by each Director to the effectiveness of the Board. Currently, the Board does not assess the performance of each Director or at the Board Committees' level and as the Company was listed recently, it may not be meaningful to conduct such assessments. As such, the NC is progressively reviewing and/or implementing such processes.

The evaluation of the Board's performance is conducted by means of an evaluation questionnaire completed by each Director on the Board, which are then collated and analysed. The results of the Board's performance evaluation will be reviewed by the NC and circulated to the Board for consideration thereafter. To-date, no external facilitator has been used.

CORPORATE GOVERNANCE

The NC was generally satisfied with the results of the Board performance evaluation for FY2018, which indicated areas of strengths and those that could be improved further. No significant problems were identified. The NC had discussed the results with Board members who agreed to work on those areas that could be improved further. As it was the first year of assessment, there were no comparatives with the prior year. The NC would continue to evaluate the process for such review and its effectiveness from time to time.

PRINCIPLE 6: ACCESS TO INFORMATION

In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to Board meetings and on an ongoing basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

In order to ensure that the Board is able to discharge its responsibilities effectively, Management provides the Directors with regular updates on the operational and financial performance of the Company, and furnishes the Directors with complete and adequate information on matters that require their consideration in a timely manner. Board papers with the relevant background and financial information are circulated at least 3 working days prior to the scheduled meetings. However, to maintain confidentiality, sensitive matters may occasionally only be tabled at the meeting itself or discussed without papers being distributed. The notice(s) of additional meetings, if any, with the relevant board papers, will be circulated prior to the meetings, as and when these meetings are required to be convened.

Directors are also encouraged to, and do seek additional information from Management as and when needed to make informed decisions. Management does its best to meet such requests in a timely manner.

At the Board meeting, the Executive Chairman and CEO, Executive Directors and CFO also provide the Board with operational updates on significant events relating to the Group and information concerning industry-related developments.

All Directors have separate, unrestricted and independent access to the Company's Key Management Personnel and the Company Secretary.

In situations where the Directors, whether individually or as a group, in the furtherance of their duties, need to seek independent professional advice, they can select the professional advisor to be engaged by the Company. The cost of such professional advice will be borne by the Company.

Role of Company Secretary

The Company Secretary attends all Board and Board Committees' meetings and is accountable directly to the Board, through the Executive Chairman and CEO, on all matters to do with the proper functioning of the Board, including compliance with the Company's Constitution, the Companies Act, the Securities and Futures Act and the SGX Listing Manual. She assists the Board in implementing and strengthening corporate governance policies and processes. The Company Secretary is the primary point of contact between the Company and when required, the Sponsor and/or the SGX-ST.

Under the Constitution, the appointment and removal of the Company Secretary is subject to the approval of the Board.

B. REMUNERATION MATTERS

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

The terms of reference of the RC provides that the RC shall comprise at least three Directors, of whom all shall be Non-Executive Directors and majority of whom shall be Independent Directors. The RC comprises all Independent Directors with Mr Vikram Nair as Chairman and Mr Paul Leow and Mr Ryan Siek as members. The RC Chairman is not associated in any way with any 10% shareholders of the Company.

CORPORATE GOVERNANCE

The principal duties and responsibilities of the RC include:

- reviewing and recommending to the Board of Directors, in consultation with the Chairman of the Board of Directors, for endorsement, a comprehensive remuneration policy framework and guidelines for remuneration of the Directors and Key Management Personnel;
- reviewing and recommending to the Board of Directors, for endorsement, the specific remuneration packages for each of the Directors and Key Management Personnel;
- reviewing and approving the design of all share option plans, performance share plans and/or other equity based-plans and benefits-in-kind;
- in the case of service contracts and employment contracts, reviewing the Company's obligations arising in the event of termination of the Executive Directors' or Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance; and
- approving performance targets for assessing the performance of each of the Key Management Personnel and recommend such targets as well as employee specific remuneration packages for each of such Key Management Personnel, for endorsement by the Board of Directors.

Each member of the RC will abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his own remuneration.

For FY2018, the Company has in place a Service Agreement for each Executive Director which sets out their remuneration framework. Such Service Agreements are for an initial period of seven years. The Company may, at its discretion, extend the initial term by a further period of three years, by providing notice of not less than six months to the Executive prior to the scheduled expiry of the initial seven years period.

The Company does not have any contractual provisions which allow the Company to reclaim incentive components of remuneration from Executive Directors and/or Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company as such provisions will stifle the Company's ability to effectively attract and retain the right individuals.

For FY2018, there were no termination, retirement and post-employment benefits granted to Directors and Key Management Personnel.

The RC, if required, will seek expert advice, both within and outside the Company on remuneration of all Directors. No remuneration consultant was engaged in FY2018.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The level and structure of remuneration is designed to be aligned with the long-term interest and risk policies of the Company, and is sufficiently competitive to attract, retain and motivate the Directors to provide good stewardship of the Company and the Key Management Personnel to successfully manage the Company. In determining the remuneration packages of the Executive Directors and Key Management Personnel, the RC takes into consideration their performance, as well as the financial, commercial and business outlook of the Company.

CORPORATE GOVERNANCE

The Group's remuneration policy is to provide compensation packages at market rates to reward successful performance and attract, retain and motivate Key Management Personnel and Executive Directors. Benefits provided are consistent with market practice and include medical benefits and transport allowances. Eligibility to enjoy these benefits will depend on individual salary grade and length of service.

The remuneration structure for the Executive Chairman and CEO, Executive Director and CMO and the Key Management Personnel (other than Kwek Jin Mei Violet and Seet Kah Wai whose remuneration includes annual wage supplement) consists of Fixed Component, Variable Component, Provident Fund, Benefits and AHS Performance Share Plan.

Notes:

Fixed Component

Fixed pay comprises basic salary and Annual Wage Supplement.

Variable Component

This component refers to the variable bonus and contractual payments that are paid based on the Group's and individual's performance.

Provident Fund

This component is made up of statutory contribution to post-employment benefits plans such as Singapore Central Provident Fund.

Benefits

Benefits provided are consistent with market practice. To be eligible for these benefits, it will depend on the individual job grade and scheme of service.

AHS Performance Share Plan

The Company has also adopted the AHS Performance Share Plan on 22 March 2018 which is proposed on the basis that it is important to retain talent whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding participants who have contributed to the growth of the Group. The AHS Performance Share Plan will give participants an opportunity to have a personal equity interest in the Company.

Participants of the AHS Performance Plan ("Participants")

- The RC may grant Awards to eligible full-time Group Employees and/or Directors (including Independent Directors) who have attained the age of 21 years and hold such rank, as the RC may select, in its absolute discretion, at any time during the period when the Plan is in force, provided that none shall be an undischarged bankrupt or have entered into a composition with his creditors.
- Controlling Shareholders (as defined in the Catalyst Rules) of the Company and/or Associates (as defined in the offer document dated 12 April 2018) of such Controlling Shareholders who meet the criteria above are also eligible to participate in the AHS Performance Share Plan if their participation and contingent awards of shares granted or which may be granted pursuant to the AHS Performance Share Plan ("**Awards**") are approved by independent Shareholders in separate resolutions for each such person and for such Award.
- The number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the RC, which shall take into account criteria as it considers fit, including (but not limited to) his rank, job performance, potential for future development and his contribution to the success and development of the Group and the extent of effort and difficulty with which the performance condition(s) may be achieved within the performance period.

CORPORATE GOVERNANCE

The aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the Plan on any date, when aggregated with the total number of new Shares allotted and issued and/or to be allotted and issued Shares (including treasury shares) delivered and/or to be delivered pursuant to Awards already granted under the Plan; and the aggregate number of Shares over which options or awards are granted under any other share option schemes or share schemes of the Company, shall not exceed 15.0% of the total number of issued Shares (excluding Shares held by the Company as treasury shares) on the day preceding that date.

The Plan shall continue to be in force at the discretion of the RC, subject to a maximum period of 10 years commencing on the Adoption Date, provided always that the Plan may continue beyond the above stipulated period with the approval of the Company's Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The expiry or termination of the Plan shall not affect Awards which have been granted prior to such expiry or termination, whether such Awards have been Released (whether fully or partially) or not.

For more information, please refer to Offer Document dated 12 April 2018.

As at 30 September 2018, there were no Award granted under the AHS Performance Share Plan of the Group.

The Independent Directors receive fees which are reviewed by the RC to ensure commensuration with the contributions, responsibilities, efforts and the spent by such individuals. Directors' fees are recommended by the RC and submitted to the Board for endorsement, subject to the approval of shareholders at the AGM.

The level and structure of remuneration of the Directors and the Executive Chairman and CEO are disclosed in Principle 9.

PRINCIPLE 9: DISCLOSURE OF REMUNERATION

Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel and performance.

Directors' Remuneration/Fees

The Directors' compensation for FY2018 is as listed below:

	Salary/ Directors' fees %	Bonus %	AHS Performance Share Plan %	Total compensation (S\$'000)
Executive Directors				
Dr Chin Pak Lin (Executive Chairman and CEO)	100	–	–	522
Dr Yue Wai Mun (Chief Medical Officer)	100	–	–	519
Independent Directors				
Mr Paul Leow	100	–	–	21
Mr Ryan Siek	100	–	–	19
Mr Vikram Nair	100	–	–	19

CORPORATE GOVERNANCE

The remuneration bands of the top four Key Management Personnel of the Group (who are not Directors or the Group CEO) for FY2018 is as follows:

	Salary and Bonus %	AHS Performance Share Plan %
Above S\$500,000 but below S\$750,000		
Tan Chyn Hong	100	–
David Su Hsien Ching	100	–
Below S\$250,000		
Kwek Jin Mei Violet	100	–
Seet Kah Wai	100	–

Notwithstanding guideline 9.1 of the Code, as there were only four Key Management Personnel during FY2018, disclosure was only made in respect of the remuneration of these four Key Management Personnel of the Group.

The aggregate remuneration paid to the top four Key Management Personnel (who are not Directors or the CEO) for FY2018 is S\$1.38 million. Due to the confidentiality and commercial sensitivity attached to remuneration matters, in particular those of the top four Key Management Personnel, given the highly competitive environment the Group operates in, the Company does not fully disclose the remuneration of the Key Management Personnel. Instead, the disclosures had been provided in applicable bands of S\$250,000 as above, with a breakdown in percentage of the remuneration earned through salary and bonus and/or AHS Performance Share Plan.

There are no employees of the Group who are immediate family members of a Director or the CEO for FY2018.

For FY2018, there were no termination, retirement and post-employment benefits granted to Directors and Key Management Personnel.

C. ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: ACCOUNTABILITY

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Group is committed to open and honest communication with shareholders at all times.

The Board is aware of its responsibilities to provide shareholders with a balanced, understandable and comprehensive view of the Company's performance, financial position and prospects on a timely basis and believes that prompt compliance with statutory reporting requirements is imperative to maintaining shareholders' confidence and trust in the company.

The Company presents a balanced and clear assessment of the Group's performance, position and prospects to shareholders through the timely release of its half yearly and annual financial reports via SGXNET.

The half yearly and full year results announcements are released via the SGXNET within the mandatory period. Price sensitive information is publicly released either before the Company meets with any group of investors or analysts, or simultaneously with such meetings.

CORPORATE GOVERNANCE

For the financial period under review, the Executive Directors and the CFO have provided assurance to the Board that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances. In line with Catalist Rules, negative assurance statement was issued by the board to accompany the Company's half-yearly financial results announcements, confirming that nothing has come to their attention which may render the unaudited financial statements to be false or misleading in any material aspect.

Analysis on the performance of the Group was provided on the results and performance to the Board to ensure they effectively discharge their duties. The Executive Chairman and CEO of the Group will also update the Board on the Group's operations during Board Meetings. As and when there are other developments in between meetings, the Board will be provided and supplemented with the relevant information with respect thereto, whether by email circulation or informal teleconference.

The Company has also procured undertakings from all its Directors and Executive Officers (as defined under the Catalist Rules) in compliance with Catalist Rule 720(1).

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of risk.

The Board recognises its responsibility to ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and will also determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board, with the assistance of the ARMC, undertakes periodic reviews and a formal annual assessment on the adequacy and effectiveness of the Group's risk management and internal control systems. The assessment for FY2018 considered issues dealt with in reports reviewed by the Board during the year, together with any additional information necessary to ensure that the Board has taken into account all significant aspects of risks and internal controls for the Group for FY2018.

The Board has obtained a written confirmation from the Executive Chairman and CEO and the CFO that as at 30 September 2018, to the best of their knowledge:

- (a) the financial records of the Group have been properly maintained and the financial statements for the financial year ended 30 September 2018 give a true and fair view of the Company's operations and finances; and
- (b) based on the internal controls and risk management systems established by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the ARMC and the Board are of the opinion that the Group's internal controls and risk management systems addressing financial, operational, compliance and information technology risks, were adequate and effective as at 30 September 2018.

Based on the internal controls including financial, operational and compliance controls, established and maintained by the Group, work performed by the Internal Auditors and External Auditors, and reviews undertaken by Management, the Board, with the concurrence of the ARMC, is of the opinion that the Group's internal controls addressing material financial, operational, compliance and information technology risks, and risk management systems are adequate and effective as at 30 September 2018 to meet the needs of the Group, taking into account the nature and scope of its operations.

CORPORATE GOVERNANCE

PRINCIPLE 12: AUDIT AND RISK MANAGEMENT COMMITTEE

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The terms of reference of the ARMC provides that the ARMC shall comprise at least three Directors, all of whom shall be Non-Executive Directors and the majority of whom, including the ARMC Chairman, shall be Independent Directors. The ARMC comprises all Independent Directors with Mr Paul Leow as Chairman and Mr Ryan Siek and Mr Vikram Nair as members. The ARMC Chairman and Mr Ryan Siek have recent and relevant accounting or related financial management expertise and experience. In addition, the Board is satisfied that the ARMC members are appropriately qualified to discharge the ARMC's responsibilities. None of the members nor the ARMC Chairman are former partners or directors of the Group's existing auditing firm within the last twelve months nor does any of them has any financial interests in the said auditing firm.

The principal duties and responsibilities of the ARMC include:

- assisting the Board of Directors in discharging its statutory responsibilities on financing and accounting matters;
- reviewing significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to financial performance;
- reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the External Auditors;
- reviewing the External Auditors' audit plan and audit report, and the external auditor's evaluation of the system of internal accounting controls, including financial, operational, compliance and information technology controls;
- reviewing the key financial risk areas, the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board of Directors;
- reviewing the statements to be included in the annual report concerning the adequacy and effectiveness of the risk management and internal controls systems, including financial, operational, compliance controls, and information technology controls;
- reviewing any interested person transactions and monitoring the procedures established to regulate interested person transactions, including ensuring compliance with the Company's internal control system and the relevant provisions of the Catalist Rules, as well as all conflicts of interests to ensure that proper measures to mitigate such conflicts of interests have been put in place;
- reviewing the scope and results of the internal audit procedures, and at least annually, the adequacy and effectiveness of the internal audit function;
- approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;
- appraising and reporting to the Board of Directors on the audits undertaken by the external auditors and internal auditors and the adequacy of disclosure of information;
- making recommendations to the Board of Directors on the proposals to Shareholders on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- undertake such other reviews and projects as may be requested by the Board of Directors, and report to the Board its findings from time to time on matters arising and requiring the attention of the ARMC; and

CORPORATE GOVERNANCE

- undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by amendments made thereto from time to time.

The ARMC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the Management, full discretion to invite any Executive Director or officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. In addition, the ARMC has been given full access to the External Auditors of the Company, KPMG LLP, and the internal auditors of the Company, PricewaterhouseCoopers Risk Services Pte. Ltd. (the “**Internal Auditors**”). If required, the ARMC has authority to seek external resources to enable it to discharge its functions properly, including obtaining legal and other professional advice and services, at the Company’s expense.

The Internal Auditors performs detailed work to assist the ARMC in developing and maintaining an effective system of internal controls of the Group. The External Auditors also review the Group’s material internal controls to the extent of their scope as laid in their audit plans during the course of their normal audit procedures on the statutory financial statements of the Group.

The ARMC meets with the Group’s Internal Auditors and External Auditors and Management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group. For FY2018, the ARMC has met two times and:

- met up with the Internal and External Auditors, without the presence of Management, to discuss their findings set out in their respective reports to the ARMC. Both the Internal and External Auditors had confirmed that they had received the full co-operation of Management and no restrictions were placed on the scope of the respective audits;
- conducted a review of the non-audit services provided by the External Auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the External Auditors as well as the cost effectiveness of the audit before confirming their re-nomination. The following fees for FY2018, amounting to S\$134,500 were approved:

Statutory audit fees	S\$130,000
Non-Audit fees	S\$4,500

The External Auditors had also confirmed their independence in this respect;

- confirmed that Company had complied with Catalist Rule 712 in relation to the appointment of a suitable auditing firm to meet its audit obligations. Messrs. KPMG LLP, the appointed auditors of the Group, is registered with the Accounting and Corporate Regulatory Authority in Singapore.

Together with the audit engagement partner and his team assigned to the audit of the Group, the ARMC was satisfied that the resources and experience of Messrs. KPMG LLP, the Audit Engagement Partner and his team assigned to the audit were adequate to meet their audit obligations, given the size, nature, operations and complexity of the Group.

- confirmed that the Company had complied with Catalist Rule 715 in relation to the appointment of the same auditing firm based in Singapore to audit its accounts, and its foreign-incorporated subsidiaries. The Group’s subsidiaries are disclosed under Note 1.3 of the Notes to the Financial Statements on page 61 of this Annual Report.

The ARMC, with the concurrence of the Board, had recommended the re-appointment of Messrs. KPMG LLP as External Auditors for FY2018 at the forthcoming AGM, based on their performance and the quality of their audit.

The External Auditors and/or the CFO will update the ARMC on the changes to accounting standards and issues which have a direct impact on financial statements from time to time. In addition, the ARMC is entitled to seek clarification from Management, the External Auditor and/or the Internal Auditor or independent professional advice, or attend relevant seminars, informative talks at the Company’s expense from time to time to apprise themselves of accounting standards/financial updates.

CORPORATE GOVERNANCE

Whistle-blowing Policy

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud. The Company has put in place a whistle-blowing policy and procedures duly endorsed by the ARMC, where employees of the Group and any other persons may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters such as suspected fraud, corruption, dishonest practices, etc. All reports, including anonymous reports, reports that are lacking in detail and verbal reports, will be thoroughly investigated. All complaints will be treated as confidential and will be brought to the attention of the ARMC.

Assessment, investigation and evaluation of complaints are conducted by or, at the direction of the ARMC if it deems appropriate, independent advisors engaged at the Group's expense. Following the investigation and evaluation of a complaint, the ARMC will then decide on recommended disciplinary or remedial actions, if any. Appropriate actions that are determined by the ARMC shall then be brought to the Board or to the appropriate senior executive of the Group for authorisation or implementation respectively.

In the event that the report is about a Director, that Director will not be involved in the review and any decision making with respect to that report. The policy aims to encourage reporting of such matters in good faith, with the confidence that any employees and any other persons making such reports will be treated fairly and be protected from reprisals. Details of the whistle-blowing policy have been made available to all employees.

PRINCIPLE 13: INTERNAL AUDIT

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Group has also outsourced its internal audit function to PricewaterhouseCoopers Risk Services Pte. Ltd. as its Internal Auditors. The Internal Auditors, staffed with persons of relevant qualifications and experience, carry out its audit taking guidance from the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors and they report directly to the ARMC on internal audit matters and to the CEO on administrative matters.

The role of the Internal Auditors is to support the ARMC in ensuring that the Group maintains a sound system of risk management and internal controls by monitoring and assessing the adequacy and effectiveness of key controls and procedures, conducting in-depth audits of high risk areas and undertaking investigations as directed by the ARMC.

The hiring, removal, evaluation and compensation of the Internal Auditors or corporation to which the internal audit function is outsourced was approved by the ARMC. The Internal Auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the ARMC.

The ARMC will also review the adequacy and effectiveness of the internal audit function annually to ensure that the internal audit function is sufficiently resourced and is able to perform its function effectively and objectively. For FY2018, the ARMC is satisfied that PricewaterhouseCoopers Risk Services Pte. Ltd. has adequate resources and experience to meet its internal audit obligations.

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

PRINCIPLE 14: SHAREHOLDER RIGHTS

Companies should treat all shareholders fairly and equitably and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangement.

CORPORATE GOVERNANCE

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company is mindful of its obligations to provide material information in a fair and organised manner and on a timely basis to its shareholders. The Company strives to ensure regular, effective and fair communication with its shareholders, and be as descriptive, detailed and forthcoming as possible in disclosing the information and to inform shareholders of changes in the Company or its business which would likely to materially affect the price or value of the Company's shares.

The Board treats all shareholders fairly and equitably and seeks to protect and facilities exercise of shareholder's rights. The Company publicly release all material information prior to any meetings. Price sensitive information, half yearly and full year results announcements and presentation slides are always released through the SGXNET on a timely basis for dissemination to shareholders and the public in accordance with the requirements of the SGX-ST.

Information is communicated to shareholders on a timely basis. Communication is made through annual reports or circulars that are prepared and issued to all shareholders as well as half yearly and full year result announcements, containing a summary of the financial information and affairs of the Group for the period, notices and explanatory notes of AGM and Extraordinary General Meetings, other announcements and press releases that are issued via SGXNET. Shareholders can also access the Group's website at <http://investor.asianhealthcare.com.sg/> for the aforementioned information on the Group. Where there is inadvertent disclosure made to a select group, the Company will make the same disclosure publicly to all others promptly.

The notice of the AGM is despatched to shareholders, together with explanatory notes or a circular on items of special business, at least fourteen days before the meeting for ordinary resolutions and twenty-one days before the meeting for special resolutions.

Although the Company does not have an investor relations policy, other than communicating with shareholders at AGM, Management proactively engage investors through various investors relations activities and/or events. The shareholders may contact the Company's CFO on any investors relations matters at travis.seet@toc.com.sg.

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company recognises that effective communication can highlight transparency and enhance accountability to its shareholders. The AGM is a principal forum for dialogue and interaction with all shareholders. The Group believes in encouraging shareholder participation at general meetings.

The Board has also taken steps to solicit and understand the views of the shareholders through results briefings from time to time. In addition, shareholders are invited and encouraged to attend the general meetings of shareholders to have the opportunity to participate effectively in and vote, to ensure a high level of accountability and to stay informed of the Group's strategy and goals. Shareholders may vote in person or in absentia by way of proxy forms deposited, in person or by mail, at the office address of the Share Registrar at least 72 hours before the meetings.

Currently, the Board has not implemented any voting methods to allow shareholders to vote by way of electronic mail or facsimile. However, pursuant to Regulation 99 of the Constitution of the Company, the Directors may, at their sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow shareholders who are unable to vote in person at any general meeting the option to vote in absentia, including but not limited to voting by electronic mail or facsimile. A member, who is not a relevant intermediary (the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.), is entitled to appoint one or two proxies to attend and vote at the AGM. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend 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.

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The Company employs electronic polling at its general meetings. The voting procedures are carefully explained to the shareholders at the start of the meeting. All resolutions are put to vote by poll and the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be made available through SGXNET. Every matter requiring shareholders' approval will be proposed as a separate resolution. Each item of special business included in the meeting notice will be accompanied by, where appropriate, an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

The Executive Chairman and CEO and all Directors including the Board Committees' Chairmen will attend the AGM and be available to take questions from the shareholders. The External Auditors are also invited to attend the AGM and will be available to assist the Directors in addressing any relevant queries from the shareholders relating to the conduct of the audit and the preparation and content of the auditors' report. Shareholders also have the opportunity to communicate with the Directors and Management after the meeting.

The Company Secretary records minutes from these shareholder meetings, including relevant comments or queries from shareholders and responses from the Board and Management. The minutes will be made available upon request by shareholders.

Dividend Policy

The Group does not have a concrete dividend policy at present. The form, frequency and amount of dividends declared will take into consideration the Group's profit growth, cash position, cash flow generated from operations, projected capital requirement for business growth and other factors as the Board may deem appropriate.

As stated in the Offer Document dated 12 April 2018, subject to the Dividend Factors, the Board intends to recommend a dividend of not less than 50.0% of the net profits attributable to shareholders as dividends for FY2018 and FY2019. The final dividend for FY2018 (if any) will take into account the interim dividend of \$800,000 declared by the Company and approved by the Shareholders on 31 January 2018.

The Board has proposed a final dividend of 0.40 Singapore cents per ordinary share for FY2018, which is subject to the approval of the shareholders at the forthcoming AGM.

DEALINGS IN SECURITIES

In line with Catalist Rule 1204(19), the Company has adopted a compliance code to issue a notification to all Directors, key executives of the Group and their officers that they are not allowed to deal in the Company's securities during the "black-out" period, being one month before the announcement of the Company's half-yearly and full-year results respectively, or if they are in possession of unpublished price-sensitive information of the Group.

In addition, Directors, key executives and officers are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's securities on short-term considerations.

The Board confirms that for FY2018, the Company has complied with Catalist Rule 1204(19).

INTERESTED PERSON TRANSACTIONS

All IPTs to be entered into by the Company will be reviewed by the ARMC to ensure that the terms are fair and reasonable prior to recommending them to the Board for approval.

When a potential conflict of interest arises, the Director concerned will not participate in the discussion and will refrain from exercising any influence over other members of the Board.

CORPORATE GOVERNANCE

As a listed company on the SGX-ST, the Company is required to comply with Chapter 9 of the SGX-ST Listing Manual on IPTs. To ensure compliance with Chapter 9, the following practices have been implemented:

- The ARMC meets once every six months to review if the Company will be entering into any IPTs. If the Company intends to do so, the ARMC will ensure that the Company complies with the requisite rules under Chapter 9 of the Catalist Rules; and
- The ARMC will then recommend the approval of the IPTs, if any, to the Board for review and approval. The Board will review and ensure that the Company complies with the requisite rules under Chapter 9 of the Catalist Rules before such approval.

It was noted that the IPTs that were transacted during the year under review were below the threshold limits as set out under Chapter 9 of the Catalist Rules and no announcements or shareholders' approval were, therefore, required. There were also no IPTs of S\$100,000 or above for FY2018.

However, in the spirit of disclosure and transparency, the IPTs entered into by the Group were as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual: Rules of Catalists) SGD'000	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual: Rules of Catalists (excluding transactions less than S\$100,000) SGD'000
Transactions less than S\$100,000		
CTS Holding Pte. Ltd. Rental of 1 Farrer Park Station Road, Unit #14-05, Connexion, Singapore 217562 by The Orthopaedic Centre (Farrer) Pte. Ltd. from CTS Holding Pte. Ltd.	95	-
Dr Su Hong Zee and Dr Ma Seow Jing⁽¹⁾ Rental of 3 Mount Elizabeth #08-02 Mount Elizabeth Medical Centre Singapore 228510 by The Orthopaedic Centre (Orchard) Pte. Ltd. from Dr Su Hong Zee and Dr Ma Seow Jing	66	-

Note:

(1) Dr Su Hong Zee is the father of Dr Su Hsien Ching David. Accordingly, Dr Su Hong Zee is an associate of Dr Su Hsien Ching David and is thus, an Interested Person. Dr Ma Seow Jing is an unrelated third party.

The tenancy agreement of The Orthopaedic Centre (Orchard) Pte. Ltd. with Dr Su Hong Zee and Dr Ma Seow Jing had been terminated with effect from 31 October 2018 as The Orthopaedic Centre (Orchard) Pte. Ltd. had entered into another tenancy agreement with an unrelated third party.

The Group has not obtained a general mandate from shareholders for IPTs.

CORPORATE GOVERNANCE

MATERIAL CONTRACTS

The Deed of Restructuring dated 11 October 2017, not being a contract entered into in the ordinary course of business, has been entered into by the Company within the two (2) years preceding the date of lodgement.

Save for disclosed above, the Company confirms that there were no material contracts entered into between the Company and its subsidiaries, which the Group CEO, any of the Directors or controlling shareholders, has an interest in, either still subsisting at the end of the financial year, or was entered into since the end of the previous financial year.

USE OF PROCEEDS

Pursuant to the Company's IPO, the Company received net proceeds from the IPO of approximately S\$9.5 million (the "Net Proceeds"). Please refer to the Offer Document dated 12 April 2018 for further details. As at the date of this announcement, the Net Proceeds have been utilised as following:

Use of proceeds	Allocation of Net Proceeds (as disclosed in the Offer Document) S\$'000	Net Proceeds utilised as at the date of this announcement S\$'000	Balance of Net Proceeds as at the date of this announcement S\$'000
Business expansion (including organic expansion and mergers and acquisitions)	8,500	(1,000) ⁽¹⁾	7,500
Working capital	1,017	(1,017) ⁽²⁾	–
Total	9,517	(2,017)	7,500

Notes:

(1) Pursuant to the SPA entered into on 26 October 2018 for the acquisition of AAC, S\$1 million cash consideration was paid on 28 November 2018.

(2) The Group had utilized the net proceeds allocated to working capital for Group's monthly staff costs.

Pursuant to the Investment Agreement with Vanda 1 Investments Pte. Ltd., the Company had received S\$5.0 million, but has yet to utilise any of the said proceed. For more information on the said Investment Agreement, please refer to the announcement dated 15 October 2018.

NON-SPONSOR FEES

RHT Capital Pte. Ltd. became the continuing sponsor of the Company following the listing on the SGX-ST on 20 April 2018. For FY2018, the Company paid RHT Capital Pte. Ltd. a professional fee for acting as the issue manager and sponsor to the Company's initial public offering.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 30 September 2018.

In our opinion,

- (a) the financial statements of Asian Healthcare Specialists Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 56 to 88 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 30 September 2018 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

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

Chin Pak Lin
 Yue Wai Mun
 Vikram Nair (Appointed on 28 March 2018)
 Siek Wei Ting (Appointed on 28 March 2018)
 Leow Chung Chong Yam Soon (Appointed on 28 March 2018)

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
Chin Pak Lin		
AHS Investment Holdings Pte. Ltd. – ordinary shares	1	2
Asian Healthcare Specialist Limited – ordinary shares (deemed interests)	1	243,100,000
Yue Wai Mun		
AHS Investment Holdings Pte. Ltd. – ordinary shares	–	2
Asian Healthcare Specialist Limited – ordinary shares (deemed interests)	–	243,100,000

DIRECTORS' STATEMENT

By virtue of Section 7 of the Act, Chin Pak Lin and Yue Wai Mun are deemed to have interests in the other subsidiaries of AHS Investment Holdings Pte. Ltd., all of which are wholly-owned, at the beginning and at the end of the financial year.

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 October 2018 (21 days after period end).

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 in or debentures of the Company or any other body corporate.

SHARE OPTIONS

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries.

AUDIT AND RISK MANAGEMENT COMMITTEE

The members of the Audit and Risk Management Committee during the year and at the date of this statement are:

Vikram Nair	(Appointed on 28 March 2018)
Siek Wei Ting	(Appointed on 28 March 2018)
Leow Chung Chong Yam Soon	(Appointed on 28 March 2018)

The Audit and Risk Management Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit and Risk Management Committee has held two meetings since the last directors' statement. In performing its functions, the Audit and Risk Management Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit and Risk Management Committee also reviewed the following:

- assistance provided by the Company's officers to the external auditors;
- half-yearly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual Section B: Rules of Catalist).

DIRECTORS' STATEMENT

The Audit and Risk Management Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit and Risk Management Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit and Risk Management Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX-ST Listing Manual Section B: Rules of Catalyst.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Dr Chin Pak Lin

Director

Dr Yue Wai Mun

Director

14 December 2018



INDEPENDENT AUDITORS' REPORT

Members of the Company
Asian Healthcare Specialists Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Asian Healthcare Specialists Limited (the "**Company**") and its subsidiaries (the "**Group**"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 September 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 56 to 88.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "**Act**") and Financial Reporting Standards in Singapore ("**FRSs**") 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 30 September 2018, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date 30 September 2018.

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 '*Auditors' 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 *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.

INDEPENDENT AUDITORS' REPORT

Valuation of trade receivables (\$1.31 million)

Refer to Note 3.4 & 3.5 (accounting policy), Note 6 (financial disclosures) and Note 15 (financial instruments)

The key audit matter

The Group has trade receivables with a carrying value of \$1.31 million as at 30 September 2018. Trade receivables represent a significant asset item on the statement of financial position.

The Group has established policies relating to the estimation of the allowance for doubtful receivables. Management assesses the collectability of these outstanding receivables on an ongoing basis by performing specific and collective assessments. The assessments require significant judgement by management, based on management's experience and expectation.

There is a risk of inadequate provisions on uncollectible trade receivables.

How the matter was addressed in our audit

Our procedures included the following:

- We assessed the Group's processes for the review and determination of doubtful trade receivables on a specific and collective basis;
- We assessed the basis of specific allowance for doubtful receivables by considering the ageing profile, customer background and profile (such as financial and residency status), historical payments trends and subsequent payments of customers;
- We assessed the adequacy of collective allowance for doubtful receivables by comparing aged outstanding receivables as well as the past collections and actual bad debts write off trends against the assumptions made in the current and prior periods; and
- We considered the adequacy of disclosures in the financial statements about the extent of estimation and judgement involved in determining the allowance for doubtful receivables.

Our findings

The Group has processes in place to review and determine the amount of doubtful trade receivables. We noted that the Group's trade receivables with impairment indicators have been appropriately identified.

In making its assessment of the specific allowances for doubtful receivables, management took into account past payment trends and abilities of the patients to make payments. We considered the estimations made by management based on historical rates of incurred losses with regard to collective allowance for doubtful receivables to be reasonable, and the level of allowance to be adequate.

We also noted that the disclosures meet the requirements of the relevant accounting standards.



INDEPENDENT AUDITORS' REPORT

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for the Corporate profile, Key developments in 2018, Medical practitioners, and Shareholders' information ("**the Reports**") which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

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 FRSS, 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.

Auditors' 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 auditors' 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 controls.

INDEPENDENT AUDITORS' REPORT

- Obtain an understanding of internal controls 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 controls 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 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 auditors' report unless the law or regulations preclude 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 auditors' report is Lim Jek.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

14 December 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2018

	Note	Group		Company	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
ASSETS					
Non-current assets					
Plant and equipment	4	24	63	–	–
Subsidiaries	5	–	–	2,431	–
Total non-current assets		24	63	2,431	–
Current assets					
Trade and other receivables	6	1,601	1,601	3,296	–
Cash and cash equivalents		13,021	2,142	8,681	–*
Total current assets		14,622	3,743	11,977	–*
Total assets		14,646	3,806	14,408	–*
EQUITY					
Share capital	7	12,715	2,431	12,715	–*
Other reserve	8	(2,431)	(2,431)	–	–
Retained earnings		2,924	1,852	1,549	–
Total equity attributable to owners of the Company		13,208	1,852	14,264	–*
LIABILITIES					
Non-current liability					
Deferred tax liability	9	11	11	–	–
Total non-current liability		11	11	–	–
Current liabilities					
Trade and other payables	10	908	1,823	144	–
Current tax payable		519	120	–	–
Total current liabilities		1,427	1,943	144	–
Total liabilities		1,438	1,954	144	–
Total equity and liabilities		14,646	3,806	14,408	–

* Less than 1,000

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 SEPTEMBER 2018

	Note	2018 \$'000	2017 \$'000
Revenue		10,863	11,016
Other income		119	29
Items of expense			
Supplies and consumables used		(1,716)	(1,453)
Purchased and contracted services		(171)	(7,221)
Staff costs		(3,666)	(694)
Depreciation of plant and equipment		(53)	(110)
Other operating expenses		(2,441)	(1,098)
Profit before tax		2,935	469
Tax expense	11	(483)	(31)
Profit for the year, representing total comprehensive income for the year, attributable to owners of the Company	12	2,452	438
Earnings per share			
Basic and diluted (cents)	13	0.93	0.18

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 SEPTEMBER 2018

Group	Note	Attributable to owners of the Company			
		Share capital \$'000	Other reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 October 2016		2,431	(2,431)	1,414	1,414
Profit for the year		–	–	438	438
Total comprehensive income for the year		–	–	438	438
At 30 September 2017		2,431	(2,431)	1,852	1,852
At 1 October 2017		2,431	(2,431)	1,852	1,852
Profit for the year		–	–	2,452	2,452
Total comprehensive income for the year		–	–	2,452	2,452
<i>Contributions by and distributions to owners</i>					
Issuance of new shares pursuant to IPO	7	10,787	–	–	10,787
Capitalisation of share issue expenses	7	(503)	–	–	(503)
Dividends paid	7	–	–	(1,380)	(1,380)
Total transactions with owners		10,284	–	(1,380)	8,904
At 30 September 2018		12,715	(2,431)	2,924	13,208

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2018

	Note	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Profit before tax		2,935	469
Adjustments for:			
Depreciation of plant and equipment	4	53	110
Interest income		(34)	–
		<u>2,954</u>	<u>579</u>
Changes in:			
– trade and other receivables		13	545
– trade and other payables		(332)	95
Cash generated from operations		<u>2,635</u>	<u>1,219</u>
Interest received		21	–
Tax paid		(84)	(63)
Net cash generated from operating activities		<u>2,572</u>	<u>1,156</u>
Cash flows from investing activity			
Purchase of plant and equipment	4	(14)	(26)
Net cash used in investing activity		<u>(14)</u>	<u>(26)</u>
Cash flows from financing activities			
Advances due from related parties		–	(190)
Amounts due to related parties (non-trade)		(583)	4
Gross proceeds from issuance of new shares pursuant to IPO	7	10,787	–
Share issue expenses capitalised in equity	7	(503)	–
Dividends paid to owners of the Company	7	(1,380)	–
Net cash generated from/(used in) financing activities		<u>8,321</u>	<u>(186)</u>
Net increase in cash and cash equivalents		<u>10,879</u>	<u>944</u>
Cash and cash equivalents at 1 October		<u>2,142</u>	<u>1,198</u>
Cash and cash equivalents at 30 September		<u>13,021</u>	<u>2,142</u>

Significant non-cash transactions

On 30 September 2017, \$826,000 due to related parties (trade) and \$255,000 due to related parties (non-trade) was settled by way of offsetting \$696,000 advances due from related parties and \$385,000 amounts due from related parties (non-trade).

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 14 December 2018.

1 DOMICILE AND ACTIVITIES

1.1 The Company

The Company was incorporated in the Republic of Singapore on 27 September 2017 under the Singapore Companies Act as a private company limited by shares under the name of Asian Healthcare Specialists Pte. Ltd. and has its registered address at 38 Irrawaddy Road #09-42 Singapore 329563. On 21 March 2018, the Company was converted to a public limited company and changed its name to Asian Healthcare Specialists Limited.

The parent company is AHS Investments Holdings Pte. Ltd., a company incorporated in Singapore.

The principal activities of the Company are those of an investment holding company. The principal activities of the subsidiaries are set out in Note 1.3 to the financial statements.

The financial statements of the Group as at and for the year ended 30 September 2018 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

1.2 The restructuring exercise ("Restructuring Exercise")

(i) Incorporation of the Company

The Company was incorporated in the Republic of Singapore on 27 September 2017 under the Companies Act as a private company limited by shares. At the time of incorporation, the Company's issued and paid-up share capital of \$1 comprising of one share was held by AHS Investments Holdings Pte. Ltd..

(ii) Incorporation of TOC Holdings Pte. Ltd.

TOC Holdings Pte. Ltd. was incorporated in the Republic of Singapore on 2 October 2017 as a private company limited by shares. The principal activity of TOC Holdings Pte. Ltd. is that of an investment holding company. At the time of incorporation, the entity's issued and paid-up share capital of \$1 comprising one share was held by the Company.

(iii) Acquisition of subsidiaries and issuance of consideration shares

Pursuant to the Deed of Restructuring dated 11 October 2017, the Company, AHS Investments Holdings Pte. Ltd. and TOC Holdings Pte. Ltd. acquired all of the issued and paid-up ordinary shares (the "**Sale Shares**") of The Orthopaedic Centre (Novena) Pte. Ltd., The Orthopaedic Centre (Orchard) Pte. Ltd., The Orthopaedic Centre (Farrer) Pte. Ltd. and The Orthopaedic Centre (Gleneagles) Pte. Ltd. (the "**TOC Subsidiaries**") from Dr Chin Pak Lin, Dr Tan Chyn Hong and Dr Su Hsien Ching David. TOC Subsidiaries were held directly and controlled by Dr Chin Pak Lin, Dr Tan Chyn Hong and Dr Su Hsien Ching David prior to 11 October 2017 (the "**Controlling Shareholders**"). In accordance with the Deed of Restructuring, the aggregate consideration for the transfer of the Sale Shares from the Controlling Shareholders to TOC Holdings Pte. Ltd. was \$2,430,999 due and payable to the Controlling Shareholders (the "**TOC Subsidiaries Consideration**"). The Controlling Shareholders assigned the TOC Subsidiaries Consideration to the Company, which was satisfied by the issuance of consideration shares in TOC Holdings Pte. Ltd. to the Company.

NOTES TO THE FINANCIAL STATEMENTS

1 DOMICILE AND ACTIVITIES (CONTINUED)

1.2 The restructuring exercise ("Restructuring Exercise") (Continued)

(iii) Acquisition of subsidiaries and issuance of consideration shares (Continued)

As a result of the assignment of the TOC Subsidiaries Consideration, the amount of \$2,430,999 was due and payable by the Company to the Controlling Shareholders. The Controlling Shareholders further assigned the \$2,430,999 due and payable by the Company to the Controlling Shareholders to AHS Investments Holdings Pte. Ltd. which was satisfied by the issuance of consideration shares in the Company to AHS Investments Holdings Pte. Ltd..

Following the completion of the Restructuring Exercise and prior to the issuance of 46,900,000 ordinary shares at \$0.23 per share on 18 April 2018, pursuant to the listing of the Company on the SGX-Catalist Board on 20 April 2018, AHS Investments Holdings Pte. Ltd. held the entire issued share capital of the Company.

The above Restructuring Exercise is considered to be a business combination involving entities or businesses under common control and is accounted for by applying the pooling of interests method. Accordingly, the assets and liabilities of these businesses and entities transferred have been included in the financial statements at their carrying amounts. Although the Restructuring Exercise occurred on 11 October 2017, the financial statements present the financial position and financial performance as if the businesses had always been since the beginning of the earliest period presented.

1.3 Subsidiaries

The financial statements of the Group have been prepared to reflect the operations of the Company and the subsidiaries as a single economic enterprise and consist of those companies under common control during the financial year ended 30 September 2017.

As at 30 September 2017 and 2018, the subsidiaries of the Group are as follows:

Name of subsidiaries	Countries of incorporation	Principal activities	Effective ownership interest	
			2018 %	2017 %
The Orthopaedic Centre (Farrer) Pte. Ltd.	Singapore	Medical consultancy and services in orthopaedic	100	100
The Orthopaedic Centre (Gleneagles) Pte. Ltd.	Singapore	Medical consultancy and services in orthopaedic	100	100
The Orthopaedic Centre (Novena) Pte. Ltd.	Singapore	Medical consultancy and services in orthopaedic	100	100
The Orthopaedic Centre (Orchard) Pte. Ltd.	Singapore	Medical consultancy and services in orthopaedic	100	100
The Orthopaedic Centre (International) Pte. Ltd.	Singapore	Medical consultancy and services in orthopaedic	100	-
TOC Holdings Pte. Ltd.	Singapore	Investment holding, business and management consultancy services	100	-

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRSs").

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars ("S\$"), which is the Company's functional currency. All financial information presented in S\$ has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year are included in the following note:

Note 6 – Allowance for impairment loss on trade receivables

There are no critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements.

2.5 Changes in accounting policies

Revised standards

The Group has applied the following amendments for the first time for the annual period beginning on 1 October 2017:

- *Disclosure Initiative (Amendments to FRS 7);*
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12); and*
- *Clarification of the scope of FRS 112 (Improvements to FRSs 2016).*

Other than the amendments to FRS 7, the adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

Disclosure Initiative (Amendment to FRS 7)

From 1 October 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financial activities for the year ended 30 September 2018. Comparative information has not been presented (see note 7).

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES

The Group adopted new or revised financial reporting standards and interpretations which became effective during the year. The initial adoption of these standards and interpretations did not have a material impact on the financial statements.

The accounting policies set out below have been applied consistently to all the periods presented in these financial statements and have been applied consistently by the Group entities.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the date of acquisition, which is the date on which control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(ii) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) *Acquisitions from entities under common control*

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(iv) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(v) *Subsidiaries in the separate financial statements*

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the functional currency of the Group entities at exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that their fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Plant and equipment

(i) *Recognition and measurement*

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost material and direct labour;
- any other costs directly attributable to bring the assets to a working condition for their intended use;
- when the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) *Subsequent costs*

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) *Depreciation*

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Plant and equipment (Continued)

(iii) Depreciation (Continued)

The estimated useful lives for the current and comparative years are as follows:

Furniture, fittings and office equipment	3 years
Medical equipment	3 years
Renovations	3 years
Computers	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.4 Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the loans and receivables category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables, excluding prepayments.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(ii) *Non-derivative financial liabilities*

Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

These other financial liabilities comprise trade and other payables.

(iii) *Share capital*

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Impairment

(i) *Non-derivative financial assets*

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at a specific asset level and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(ii) *Non-financial assets*

The carrying amount of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Impairment (Continued)

(ii) *Non-financial assets (Continued)*

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Employee benefits

(i) *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Revenue recognition

Goods sold and services rendered

Revenue is recognised upon the provision of medical services, and the supply of drugs prescribed, net of discounts and excluding any applicable goods and services tax.

3.8 Government grants

An unconditional government grant is recognised in profit or loss as 'other income' when the grant becomes receivable.

Other government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised.

3.9 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.10 Taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivables on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Taxes (Continued)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.11 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.12 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment, and intangible assets other than goodwill.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 New standards and interpretations not adopted

Applicable to 2019 financial statements

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 30 September 2019 will be prepared in accordance with SFRS(I). As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International).

In addition to the adoption of the new framework, the Group will also concurrently apply the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date:

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements, except for SFRS(I) 15 and SFRS(I) 9.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group in future periods, the Group is assessing the transition options and the potential impacts on its financial statements. The Group does not plan to adopt these standards early.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 New standards and interpretations not adopted (Continued)

Applicable to 2019 financial statements (Continued)

SFRS(I) 1

When the Group adopts SFRS(I) in 2019, the Group will apply SFRS(I) 1 with 1 October 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2019, restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. The Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group plans to adopt SFRS(I) 15 in its financial statements for the year ending 30 September 2019, using the retrospective approach.

The Group currently recognised its revenue from rendering of medical services when significant benefits have been transferred to the customer, which is upon the completion of services to the customer. The Group does not expect the application of SFRS(I) 15 to have a significant impact on the 2019 financial statements given that the Group does not enter into long-term contracts for the delivery goods and services and the Group satisfies their performance obligations when the services are being rendered to the customers. Revenues continue to be recognised upon the provision of medical services, and the supply of drugs prescribed, under SFRS(I) 15.

SFRS(I) 9

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 will generally be applied by the Group retrospectively, except as described below.

- The Group plans to take advantage of the exemption in SFRS(I) 1 allowing it not to restate comparative information in the 2019 SFRS(I) financial statements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 October 2018.
- The following assessments have to be made on the basis of facts and circumstances that existed at 1 October 2018.
 - The determination of the business model within which a financial asset is held.
 - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 New standards and interpretations not adopted (Continued)

Applicable to 2019 financial statements (Continued)

SFRS(I) 9 (Continued)

The expected impact on adoption of SFRS(I) 9 are described below. The information below reflects the Group's expectation of the implications arising from changes in the accounting treatment, however, the actual tax effect may change when the transition adjustments are finalised.

The Group does not expect a significant change to the classification and measurement basis arising from adopting SFRS(I) 9. Receivables and payables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under SFRS(I) 9.

SFRS(I) 9 replaces the current 'incurred loss' model with a forward-looking expected credit loss ("ECL") model. The new impairment model will apply to financial assets measured at amortised cost. Under SFRS(I) 9, loss allowances of the Group will be measured on either of the following bases:

- 12-months ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group plans to apply the simplified approach and record lifetime ECL on all trade receivables. The Group assessed that the application of SFRS(I) 9 impairment requirements in 2019 would not be materially different to the total impairment losses of \$217,000 as at 30 September 2018 (note 6) recognised under FRS 39. The Group does not expect a significant impact on its 2018 net profit for the year and net assets as at 30 September 2018.

The Group is currently finalising the testing of its expected credit loss model and the quantum of the final transition adjustments may be different upon finalisation.

Applicable to financial statements for the year 2020 and thereafter

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group's preliminary assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 New standards and interpretations not adopted (Continued)

Applicable to financial statements for the year 2020 and thereafter (Continued)

SFRS(I) 16

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2020 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 October 2019. Accordingly, existing lease contracts that are still effective on 1 October 2019 continue to be accounted for as lease contracts under SFRS(I) 16. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements (refer to note 16).

Until 2020, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. The operating lease commitments on an undiscounted basis amount to approximately 12% of the consolidated total assets and 124% of consolidated total liabilities. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

4 PLANT AND EQUIPMENT

	Furniture, fittings and office equipment \$'000	Medical equipment \$'000	Renovations \$'000	Computers \$'000	Total \$'000
Group					
Cost					
At 1 October 2016	12	5	296	79	392
Additions	3	–	4	19	26
At 30 September 2017	15	5	300	98	418
Additions	4	–	2	8	14
Disposals	(2)	–	–	–	(2)
At 30 September 2018	17	5	302	106	430
Accumulated depreciation					
At 1 October 2016	7	4	194	40	245
Depreciation for the year	4	1	76	29	110
At 30 September 2017	11	5	270	69	355
Depreciation for the year	3	–	29	21	53
Disposals	(2)	–	–	–	(2)
At 30 September 2018	12	5	299	90	406
Carrying amounts					
At 1 October 2016	5	1	102	39	147
At 30 September 2017	4	–	30	29	63
At 30 September 2018	5	–	3	16	24

5 SUBSIDIARIES

	Company	
	2018 \$'000	2017 \$'000
Equity investments at cost	2,431	–

Details of the Company's subsidiaries are set out in Note 1.3.

NOTES TO THE FINANCIAL STATEMENTS

6 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade				
Trade receivables	1,531	2,131	66	-
Less: Impairment losses	(217)	(643)	-	-
	1,314	1,488	66	-
Amounts due from subsidiaries (non-trade)	-	-	3,202	-
Other receivables	30	29	28	-
Deposits	195	84	-	-
Prepayments	62	-	-	-
	1,601	1,601	3,296	-

The Company's trade receivables comprise management fee receivables, due from the Company's subsidiaries.

Amounts due from subsidiaries (non-trade) are unsecured, interest free and repayable on demand. Included in the amount is dividend receivable from its subsidiaries amounting to \$3,000,000.

Impairment losses

The ageing analysis of trade receivables as at the end of the reporting year was:

	Gross		Impairment losses	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Group				
Not past due	74	113	-	-
Past due 1 – 30 days	749	735	(25)	(7)
Past due 31 – 120 days	371	444	(16)	(32)
Past due 121 – 365 days	206	259	(45)	(122)
Past due more than 365 days	131	580	(131)	(482)
	1,531	2,131	(217)	(643)

The Group evaluates whether there is any objective evidence that trade receivables are impaired, and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group determines the estimates based on the financial health of the debtors, ageing of the receivables balance, credit-worthiness, and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

Allowance for impairment losses are made based on the historical trend of incurred losses.

The Group believes that the amounts past due but not impaired are still collectible, other than those already provided, based on historical payment behaviour and analyses of customer credit risk.

NOTES TO THE FINANCIAL STATEMENTS

6 TRADE AND OTHER RECEIVABLES (CONTINUED)

Impairment losses (Continued)

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Note	2018 \$'000	2017 \$'000
At 1 October		(643)	(481)
Impairment loss recognised	12	(13)	(162)
Written off		439	–
At 30 September		(217)	(643)

Impairment losses are recognised in other operating expenses in the profit or loss.

7 SHARE CAPITAL

Company	Ordinary shares	
	2018 No. of shares ('000)	2017 No. of shares ('000)
In issue at 1 October	–*	–*
Restructuring exercise ⁽¹⁾	2,431	–
Shares split exercise ⁽²⁾	240,669	–
New shares issued pursuant to IPO ⁽³⁾	46,900	–
In issue at 30 September	290,000	–*

* Less than 1,000

All shares rank equally with regard to the Company's residual assets, except that preference shareholders participate only to the extent of the face value of the shares.

All issued shares are fully paid, with no par value.

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

Issuance of ordinary shares

- (1) Pursuant to the Deed of Restructuring dated 11 October 2017, the Company had issued 2,430,999 shares at \$1 each to the controlling shareholders of the holding company, AHS Investment Holdings Pte. Ltd.
- (2) On 22 March 2018, 2,431,000 shares in the capital of the Company were split into 243,100,000 shares.
- (3) On 18 April 2018, a total of 46,900,000 ordinary shares were issued at \$0.23 per share, pursuant to the listing of the Company on the SGX-Catalist Board on 20 April 2018.

NOTES TO THE FINANCIAL STATEMENTS

7 SHARE CAPITAL (CONTINUED)

Dividends

The following exempt (one-tier) dividends were declared and paid by the Group and Company:

	2018 \$'000	2017 \$'000
Interim dividend of \$0.33 per ordinary share for the financial year ended 30 September 2018 declared on 31 January 2018	800	–
Interim dividend of \$0.002 per ordinary share for the financial year ended 30 September 2018 declared on 5 June 2018	580	–
	1,380	–

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors. These exempt (one-tier) dividends have not been provided for.

	Group and Company	
	2018 \$'000	2017 \$'000
Final dividend of \$0.004 per ordinary share for the financial year ended 30 September 2018	1,160	–
	1,160	–

Reconciliation of movements of equity to cash flows arising from financing activities

Group	Share capital \$'000	Other reserve \$'000	Retained earnings \$'000	Total \$'000
Balance as at 1 October 2017	2,431	(2,431)	1,852	1,852
Gross proceeds from issuance of new shares pursuant to IPO	10,787	–	–	10,787
Share issue expenses capitalised in equity	(503)	–	–	(503)
Dividends paid to owners of the Company	–	–	(1,380)	(1,380)
Total changes from financing cash flows	10,284	–	(1,380)	8,904
Other equity-related changes	–	–	2,452	2,452
Balance as at 30 September 2018	12,715	(2,431)	2,924	13,208

8 OTHER RESERVE

	Group	
	2018 \$'000	2017 \$'000
Non-distributable reserve:		
– Merger reserve	(2,431)	(2,431)

Merger reserve

Merger reserve arose from the Restructuring Exercise which involved related parties under common control, represents the difference between the consideration paid and the issued share capital of subsidiaries under common control that are accounted for by applying the “pooling-of-interest” method.

NOTES TO THE FINANCIAL STATEMENTS

9 DEFERRED TAX LIABILITY

Recognised deferred tax liability

Deferred tax liability is attributable to the following:

	Assets		Liabilities		Net	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Group						
Plant and equipment	-	-	(11)	(11)	(11)	(11)
Tax liabilities	-	-	(11)	(11)	(11)	(11)

Movement in temporary differences during the year

	At 1/10/2016 \$'000	Recognised in profit or loss \$'000 (Note 11)	At 30/9/2017 \$'000	Recognised in profit or loss \$'000 (Note 11)	At 30/9/2018 \$'000
Plant and equipment	(11)	-	(11)	-	(11)

Unrecognised deferred tax assets

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Deductible temporary differences	-	2	-	-
Tax losses	121	253	73	-
	121	255	73	-

10 TRADE AND OTHER PAYABLES

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade				
Trade payables	350	136	28	-
Amounts due to related parties (trade)	184	1,059	-	-
Amounts due to related parties (non-trade)	-	583	-	-
Accrued expenses	374	45	116	-
	908	1,823	144	-

In 2017, the amounts due to related parties (non-trade) were unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

11 TAX EXPENSE

	Group	
	2018 \$'000	2017 \$'000
Current tax expense		
Current year	499	31
Over provision of prior year	(16)	–
	483	31
Reconciliation of tax expense		
Profit before tax	2,935	469
Tax calculated using tax rate of 17% (2017: 17%)	499	80
Non-deductible expenses	159	40
Tax exempt income	(101)	(69)
Tax incentives	(34)	(26)
Recognition of tax effect of previously unrecognised tax losses	(36)	–
Current year losses for which no deferred tax assets was recognised	12	–
Over-provision in respect of prior year's current tax	(16)	–
Others	–	6
	483	31

12 PROFIT FOR THE YEAR

The following items have been included in arriving at profit for the year:

	Note	Group	
		2018 \$'000	2017 \$'000
Audit fees paid to:			
– auditors of the Company		255	44
Non-audit fees paid to:			
– auditors of the Company		5	–
– other auditors		77	–
Government grants		(85)	(26)
Interest income		(34)	–
Contribution to defined contribution plan included in staff costs		188	88
Depreciation of plant and equipment	4	53	110
Expenses for corporate exercise		965	87
Impairment loss:			
– Trade receivables	6	13	162
Operating lease expenses		343	296

NOTES TO THE FINANCIAL STATEMENTS

13 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share at 30 September 2018 and 2017 was based on the profit attributable to ordinary shareholders and a weighted-average number of ordinary shares outstanding, calculated as follows:

Profit attributable to ordinary shareholders

	Group	
	2018 \$'000	2017 \$'000
Profit for the year	2,452	438

Weighted-average number of ordinary shares

	Group	
	Number of shares	
	2018 '000	2017 '000
Issued ordinary shares on 1 October	243,100	243,100
Effect of shares issued on 18 April 2018	21,201	–
At 30 September	264,301	243,100

For the purpose of preparing the financial statements, the Company's pre-placement number of ordinary shares of 243,100,000 has been used in the calculation of basic and diluted earnings per share for 2017. The pre-placement number of ordinary shares reflects the weighted average number of shares as at 30 September 2017 adjusted for (i) the shares issued to the Controlling Shareholders after the Restructuring Exercise pursuant to the reorganisation as described in note 1.2, and (ii) shares split on 22 March 2018 as described in note 7, on the basis that the shares transfer and split had taken effect as of 1 October 2016.

There were no potential dilutive ordinary shares for the years ended 30 September 2018 and 2017. As such, the profit attributable to ordinary shareholders and the number of ordinary shares used in the calculation of diluted earnings per share are the same as those used in the calculation of basic earnings per share.

14 SEGMENT INFORMATION

The Group has only one primary business or operating segment, which is that of providing medical consultancy and services in the field of orthopaedic medicine. The assets, liabilities and capital expenditure of the Group are mainly employed in this sole reportable segment.

Geographical information

The Group's revenue and assets are mainly derived from Singapore, accordingly, no geographical segment information are presented during these financial years.

Major customers

Revenue are mainly derived from walk-in patients which are members of the public. Due to the diverse base of customers to whom the Group renders services in each of the reporting periods, the Group is not reliant on any customers for its revenue and no one single customer accounted for 5% or more of the Group's total revenue for the financial years ended 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS

Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers.

The carrying amount of financial assets in the statements of financial position represents the Group's respective maximum exposure to credit risk, before taking into account any collateral held. The Group does not hold any collateral in respect of its financial assets.

Receivables

Risk management policy

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. To minimise the risk of bad debts, non-corporate customers are generally requested to place an initial deposit at the time of admission to the hospitals. Additional deposit is requested from the customer when the hospital charges exceed a certain level.

Exposure to credit risk, credit quality and collateral

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

As at the end of the reporting year, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The Group's credit risk exposure in respect of its trade receivables is disclosed in Note 6.

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its payables.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting year based on undiscounted contractual payments:

	Note	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000
Group				
2018				
Non-derivative financial liabilities				
Trade and other payables	10	<u>908</u>	<u>908</u>	<u>908</u>
2017				
Non-derivative financial liabilities				
Trade and other payables	10	<u>1,823</u>	<u>1,823</u>	<u>1,823</u>
Company				
2018				
Non-derivative financial liabilities				
Trade and other payables	10	<u>144</u>	<u>144</u>	<u>144</u>

Market risk

The Group's exposure to market risk (i.e. market prices, such as foreign exchange rates and equity prices, and interest rates) is minimal.

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values

Categories of financial instruments

The carrying amounts of financial assets and financial liabilities are as follows:

	Loans and receivables \$'000	Other financial liabilities \$'000	Total \$'000
Group			
2018			
Financial assets not measured at fair value			
Trade and other receivables*	1,539	–	1,539
Cash and cash equivalents	13,021	–	13,021
	14,560	–	14,560
Financial liabilities not measured at fair value			
Trade and other payables	–	(908)	(908)
2017			
Financial assets not measured at fair value			
Trade and other receivables*	1,601	–	1,601
Cash and cash equivalents	2,142	–	2,142
	3,743	–	3,743
Financial liabilities not measured at fair value			
Trade and other payables	–	(1,823)	(1,823)
Company			
2018			
Financial assets not measured at fair value			
Trade and other receivables*	3,296	–	3,296
Cash and cash equivalents	8,681	–	8,681
	11,977	–	11,977
Financial liabilities not measured at fair value			
Trade and other payables	–	(144)	(144)
	–	(144)	(144)

* Excluding prepayments

Fair value information

Financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including cash and cash equivalents, trade and other receivables, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

NOTES TO THE FINANCIAL STATEMENTS

16 OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2018 \$'000	2017 \$'000
Within one year	562	377
Between one and five years	1,218	714
	1,780	1,091

The Group leases a number of clinics under operating leases. The leases typically run for a period between two to six years, with an option to renew the lease after that date.

17 CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern and to sustain future development of the business. In order to maintain or achieve optimal capital structure, the Group may adjust the amount of dividend payment. There were no changes in the Group's approach to capital management during the financial year.

18 RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or *vice versa*, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

Transactions with key management personnel

Key management personnel and director transactions

Key management personnel compensation comprised:

	Group	
	2018 \$'000	2017 \$'000
Short-term employee benefits (including director fees)	2,484	–
Post-employment benefits (including CPF)	95	–
	2,579	–

Directors of the Company control 81.3% of the voting shares of the Company through AHS Investment Holdings Pte. Ltd.

NOTES TO THE FINANCIAL STATEMENTS

18 RELATED PARTIES (CONTINUED)

Transactions with key management personnel (Continued)

Key management personnel and director transactions (Continued)

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control, joint control or significant influence over the financial or operating policies of these entities. A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or joint control were as follows:

	Transaction value for the year ended 30 September		Balance outstanding as at 30 September	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Consultancy fees	-	6,929	-	953
Rental of premise	95	84	184	106
	95	7,013	184	1,059

(i) In 2017, the Group used the consultancy services of the entities controlled by the key management personnel, in relation to medical services. Amounts billed were based on normal market rates for such services and were due and payable under normal payment terms.

(ii) The Group entered into a three-year tenancy contract with CTS Holding Pte. Ltd., a company controlled by the key management personnel, for the premise situated at 1 Farrer Park Station Road, Unit #14-05, Connexion, Singapore 217562, for operation purposes. The monthly rental is \$8,000. The contract terms are based on market rates for these types of commercial properties rental, and amounts are payable on a monthly basis for the duration of the contract.

Other related party transactions

Company	Transaction value for the year ended 30 September		Balance outstanding as at 30 September	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Management fees charged to:				
Subsidiaries	116	-	66	-

NOTES TO THE FINANCIAL STATEMENTS

19 SUBSEQUENT EVENTS

Issue of convertible bonds

On 15 October 2018, the Company entered into an investment agreement with an investor to issue the followings:

- (a) zero-coupon convertible bond in the aggregate principal amount of \$5,000,000 due in 2021 ("**Convertible Bond**"), convertible in whole or in part into fully-paid ordinary shares in the capital of the Company at a conversion price of \$0.25 per share; and
- (b) grant of non-listed share option to be exercised in whole or in part, carrying the right to subscribe for such number of ordinary shares in the capital of the Company for an aggregate consideration of \$5,000,000 at the exercise price of \$0.325 per share.

On 31 October 2018, the Company completed the Convertible Bond issuance.

Acquisition of a subsidiary

On 26 October 2018, the Company entered into a sale and purchase agreement (the "**Acquisition**") to acquire the entire issued and paid up shares in the share capital of Asian Anaesthesia Care Pte. Ltd. ("**AAC**"). The consideration of the acquisition is \$11,050,000, to be satisfied by the Company as follows, on completion date:

- (a) \$1,000,000 in cash; and
- (b) \$10,050,000 by the issue and allotment of 35,892,857 new shares credited and fully paid up at an issue price of \$0.28.

The Acquisition was completed on 28 November 2018.

SHAREHOLDERS' INFORMATION

AS AT 17 DECEMBER 2018

Class of shares	:	Ordinary shares
Authorised share capital	:	S\$23,268,000
Issued and fully paid-up capital	:	S\$23,268,000
Number of Shares issued	:	325,892,857
Voting rights	:	One vote per share

The Company does not hold any treasury shares and subsidiary holdings.

STATISTICS OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 – 99	–	–	–	–
100 – 1,000	14	4.31	9,900	0.00
1,001 – 10,000	147	45.23	905,000	0.28
10,001 – 1,000,000	154	47.38	17,251,000	5.29
1,000,001 and above	10	3.08	307,726,957	94.43
Total	325	100.00	325,892,857	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 17 DECEMBER 2018

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
AHS Investment Holdings Pte. Ltd. ⁽¹⁾	235,807,000	72.36	7,293,000	2.24
Chin Pak Lin ⁽²⁾	–	–	243,100,000	74.60
Yue Wai Mun ⁽²⁾	–	–	243,100,000	74.60
Su Hsien Ching David ⁽²⁾	–	–	243,100,000	74.60
Tan Chyn Hong ⁽²⁾	–	–	243,100,000	74.60
Lim Tet Chen Roy	35,922,857	11.02	–	–

Notes:

- (1) Pursuant to a consultancy agreement between AHS Investment Holdings Pte. Ltd. ("**AHSIH**") and Dr Lim Cheok Peng ("**Dr Lim**") in consideration for the provision of advisory and consultancy services to AHSIH, 7,293,000 Shares were transferred by AHSIH to Dr Lim. Dr Lim has granted a right of first refusal to AHSIH in respect of the 7,293,000 Shares held by him and accordingly, AHSIH is deemed interested in the Shares held by Dr Lim.
- (2) The shareholders of AHSIH are Dr Chin Pak Lin, Dr Yue Wai Mun, Dr Su Hsien Ching David and Dr Tan Chyn Hong in equal proportions. Accordingly, each of Dr Chin Pak Lin, Dr Yue Wai Mun, Dr Su Hsien Ching David and Dr Tan Chyn Hong is deemed interested in the Shares that AHSIH is interested in by virtue of Section 4 of the Securities and Futures Act.

SHAREHOLDERS' INFORMATION

AS AT 17 DECEMBER 2018

TWENTY LARGEST SHAREHOLDERS AS AT 17 DECEMBER 2018

No.	Name of Shareholders	Number of Shares	%
1.	AHS INVESTMENTS HOLDINGS PTE. LTD.	235,807,000	72.36
2.	LIM TET CHEN ROY	35,922,857	11.02
3.	STF INVESTMENTS LTD	9,818,100	3.01
4.	LIM CHEOK PENG	7,293,000	2.24
5.	VSTL INVESTMENT LTD	5,315,600	1.63
6.	ONE HILL INVESTMENTS PTE. LTD.	4,833,500	1.48
7.	CHUA WEIJIE	3,032,000	0.93
8.	DBS NOMINEES (PRIVATE) LIMITED	2,743,600	0.84
9.	RAFFLES NOMINEES (PTE) LIMITED	1,711,300	0.53
10.	THNG HONG FOO (TANG KANGFU)	1,250,000	0.38
11.	MOHAMMAD MASHFIQUL ARAFIN SIDDIQUI	957,000	0.29
12.	SEAH CHENG GUAN	957,000	0.29
13.	OCBC SECURITIES PRIVATE LIMITED	855,000	0.26
14.	SEET KAH KOY (XUE JIAQU)	850,000	0.26
15.	TEO SAY KUAN	800,000	0.25
16.	VINCENT SIM TECK LENG (SHEN DELONG)	800,000	0.25
17.	LAU PIN LING @MERLIN LAU	770,000	0.24
18.	LEE CHIEW ENG	700,000	0.21
19.	CHONG YOON PHIN	435,000	0.13
20.	LETITIA TAM JU-EN (LETITIA TAN RU'EN)	435,000	0.13

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

14.38% of the Company's shares are held in the hands of public. Accordingly, the Company has complied able to comply with Rule 723 of the Listing Manual of the SGX-ST.

INFORMATION ON CONVERTIBLE SECURITIES

CONVERTIBLE BOND AND OPTION

The Company has, on 15 October 2018 entered into an investment agreement ("**Investment Agreement**") with Vanda 1 Investments Pte. Ltd. (the "**Investor**"), in relation to:

- (a) the proposed issue by the Company of one (1) zero-coupon convertible bond to the Investor ("**Convertible Bond Issuance**") in the aggregate principal amount of S\$5,000,000 due in 2021 ("**Convertible Bond**"), convertible in whole or in part into fully-paid ordinary shares in the capital of the Company ("**Conversion Shares**") at a conversion price of S\$0.25 per Conversion Share ("**Conversion Price**"), which is subject to adjustments in accordance with the provisions of the Investment Agreement ("**Adjustment Events**"); and
- (b) the proposed grant by the Company of one (1) non-listed share option ("**Option**") ("**Grant of Option**") to be exercised in whole or in part, carrying the right to subscribe for such number of ordinary shares in the capital of the Company ("**Option Shares**") for an aggregate consideration of S\$5,000,000 at the exercise price of S\$0.325 per Option Share ("**Option Price**"), which is subject to the Adjustment Events.

Pursuant to the Investment Agreement, the principal terms of the Convertible Bond are summarised as follows:

Principal Sum	S\$5,000,000
Interest	The Convertible Bond is a zero-coupon instrument and shall accordingly not bear any interest.
Conversion Right and Conversion Period	The right of the Investor to convert all or part of the outstanding principal amount (" Designated Principal Amount ") of the Convertible Bond (in whole or in single denominations of S\$1,000,000) (" Conversion Right ") may be exercised at any time, at the option of the Investor, from the Convertible Bond Closing Date (as defined below) until the date falling three (3) years of the Convertible Bond Closing Date.
Conversion Price	S\$0.25 per Conversion Share, subject to adjustments pursuant to the Adjustment Events.
Adjustment Events	<p>The Conversion Price and number of Conversion Shares to be issued are subject to certain anti-dilution adjustments under certain circumstances provided for in the Investment Agreement, including, <i>inter alia</i>:</p> <ul style="list-style-type: none"> (a) any consolidation, subdivision, or reclassification of Shares; (b) issue by the Company of Shares credited as fully-paid by way of capitalization of profits or reserves; and (c) issuance of securities, other than specific excluded events. <p>The Option and the grant of any new options or awards pursuant to the Company's existing AHS Performance Share Plan adopted on 22 March 2018 shall not result in any adjustments.</p>
Conversion Shares and Status	<p>The number of Conversion Shares (rounded up to the nearest whole number) to be issued on any conversion of the whole or part of the Convertible Bond shall be determined as follows:</p> $\text{Number of Conversion Shares (rounded up to the nearest whole number)} = \frac{\text{Designated Principal Amount}}{\text{Conversion Price}}$

INFORMATION ON CONVERTIBLE SECURITIES

	<p>Assuming that there are no Adjustment Events which will result in adjustments to the Conversion Price and that the Conversion Right is fully exercised in respect of the entire principal amount of the Convertible Bond, the maximum number of Conversion Shares of 20,000,000 Shares when allotted and issued, will represent approximately 6.9% of the Existing Shares, 6.5% of the enlarged share capital of 310,000,000 Shares, after the full conversion of the Convertible Bond, and approximately 6.1% of the enlarged share capital of 325,384,615 Shares after the full conversion of the Convertible Bond and the full exercise of the Option.</p> <p>The Conversion Shares when issued will be duly authorized, validly issued and fully-paid Shares which are free from encumbrances and will rank <i>pari passu</i> in all respects with the then existing Shares of the Company, save that they will not rank for any dividends, rights, allotments or other distributions, the record date which falls before the date of issue of the Conversion Shares.</p>
Maturity and Redemption	<p>The maturity date of the Convertible Bond shall be the date falling three (3) years of the Convertible Bond Closing Date ("Redemption Date").</p> <p>Within seven (7) business days of Redemption Date, if the Investor has not exercised its Conversion Right during the Conversion Period, the Company shall redeem the Convertible Bond by paying an amount equivalent to the outstanding principal amount of the Convertible Bond to the Investor.</p>

Pursuant to the Investment Agreement, the principal terms of the Option are summarised as follows:

Option Shares Consideration	S\$5,000,000
Exercise Right of Option	The Option may be exercised in whole or in part at any time from the period commencing on the Convertible Bond Closing Date to the Investor and expiring on the third anniversary of the Convertible Bond Closing Date (both dates inclusive) (" Exercise Period "), provided that the relevant portion of the Option Shares Consideration payable by an Investor at each completion of the Investor's subscription of the Option Shares (" Designated Option Shares Consideration ") shall be in denominations of S\$1,000,000.
Option Price	S\$0.325 per Option Share, subject to adjustments pursuant to the Adjustment Events.
Adjustment Events	<p>The Exercise Price and number of Option Shares to be issued are subject to certain anti-dilution adjustments under certain circumstances provided for in the Investment Agreement, including, <i>inter alia</i>:</p> <ul style="list-style-type: none"> (a) any consolidation, subdivision, or reclassification of Shares; (b) issue by the Company of Shares credited as fully-paid by way of capitalization of profits or reserves; and (c) issuance of securities, other than specific excluded events. <p>The Convertible Bond and the grant of any new options or awards pursuant to the Company's existing AHS Performance Share Plan adopted on 22 March 2018 shall not result in any adjustments.</p>

INFORMATION ON CONVERTIBLE SECURITIES

<p>Number of Option Shares and Status</p>	<p>The number of Option Shares to be issued pursuant to any exercise of the Option in whole or in part (rounded up to the nearest whole number) shall be calculated in accordance with the following formula:</p> $\text{Number of Option Shares (rounded up to the nearest whole number)} = \frac{\text{Designated Option Shares Consideration}}{\text{Option Price}}$ <p>Assuming that there are no adjustments to the Option Price pursuant to an Adjustment Event and that the Option is exercised in full by the Investor, the maximum number of Option Shares of 15,384,615 Shares when allotted and issued, will represent approximately 5.3% of the Existing Shares and 4.7% of the enlarged share capital of 325,384,615 Shares after the full conversion of the Convertible Bond and the full exercise of the Option.</p> <p>The Option Shares when issued will be duly authorized, validly issued and fully-paid Shares which are free from encumbrances and will rank <i>pari passu</i> in all respects with the then existing Shares of the Company, save that they will not rank for any dividends, rights, allotments or other distributions, the record date which falls before the date of issue of the Option Shares.</p>
<p>Conditions precedent to the Exercise of the Option</p>	<p>The issue of the Option Shares pursuant to the exercise of the Option shall be conditional upon, <i>inter alia</i>, the following:</p> <ul style="list-style-type: none"> (a) the conversion of the Convertible Bond by the Investor in full and the allotment and issue of the Conversion Shares in accordance with the Investment Agreement; (b) the approval of the shareholders of the Company for grant of the Option and the issue of the Option Shares being obtained (including a general mandate obtained from such shareholders), and such shareholders' approval remaining in full force and effect and not having been revoked or varied; and (c) the approval in-principal from the SGX-ST for the listing and quotation of the Option Shares on Catalist having been obtained and such approval being in full force and effect as at the date falling three (3) business days from the date an exercise notice in connection with the Option is received by the Company, and not having been revoked or varied, and where such approval is subject to conditions, such conditions being reasonably acceptable to the parties, and to the extent that any such conditions are required to be fulfilled on or before the closing date of the allotment and issuance of the Option Shares, such conditions having been fulfilled or waived by the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING



ASIAN HEALTHCARE SPECIALISTS LIMITED

(Incorporated in Singapore)

(Co. Reg. No: 200409453N)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Asian Healthcare Specialists Limited (the “**Company**”) will be held at One Farrer Hotel, Napier Room, 1 Farrer Park Station Road, Singapore 217562 on Monday, 28 January 2019 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

- To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 30 September 2018 together with the Auditors’ Report thereon. **(Resolution 1)**
- To declare a final Tax-Exempt (One-Tier) dividend of S\$0.004 per share for the financial year ended 30 September 2018. **(Resolution 2)**
- To re-elect the following Directors of the Company retiring pursuant to Regulations 110 and 114 of the Constitution of the Company:

Dr Chin Pak Lin	(Retiring under Regulation 110)	(Resolution 3)
Mr Leow Chung Chong Yam Soon	(Retiring under Regulation 114)	(Resolution 4)
Mr Siek Wei Ting (Xie Weiting)	(Retiring under Regulation 114)	(Resolution 5)
Mr Vikram Nair	(Retiring under Regulation 114)	(Resolution 6)

Mr Leow Chung Chong Yam Soon will, upon re-election as a Director of the Company, remain as Lead Independent Director, Chairman of the Audit and Risk Management Committee and members of the Nominating and Remuneration Committees and will be considered independent for the purposes of Rule 704(7) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist (“Catalist Rules”).

Mr Siek Wei Ting (Xie Weiting) will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and members of the Audit and Risk Management and Remuneration Committees and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Mr Vikram Nair will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and members of the Audit and Risk Management and Nominating Committees and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

- To approve the payment of Directors’ fees of S\$58,750 for the financial year ended 30 September 2018. **(Resolution 7)**
- To approve the payment of Directors’ fees of S\$117,500 for the financial year ending 30 September 2019, to be paid half yearly in arrears. **(Resolution 8)**

NOTICE OF ANNUAL GENERAL MEETING

6. To re-appoint Messrs KPMG LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 9)**
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

8. Authority to issue shares

That authority be given to the Directors of the Company pursuant to Section 161 of the Companies Act, Cap. 50 ("**Companies Act**") and Rule 806 of the Catalist Rules and notwithstanding the provisions of the Constitution of the Company, to:

- (a) (i) issue shares in the capital of the Company ("**Shares**"), whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, the "**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; and/or
- (iii) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution is in force, provided that:
 - (i) the aggregate number of Shares issued pursuant to this Resolution (including Shares issued in pursuance to any Instruments made or granted pursuant to this Resolution), does not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);
 - (ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of issued Shares (excluding treasury shares and subsidiary holdings) shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (A) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (B) any subsequent bonus issue, consolidation or subdivision of Shares;

NOTICE OF ANNUAL GENERAL MEETING

- (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Companies Act, the Catalist Rules (including supplemental measures hereto) for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (iv) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (i)]

(Resolution 10)

9. Authority to issue Shares under the AHS Performance Share Plan

That pursuant to Section 161 of the Companies Act, the Directors be authorised and empowered to offer and grant options under the AHS Performance Share Plan (the “**Scheme**”) and to issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional Shares to be issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (ii)]

(Resolution 11)

By Order of the Board

Toh Li Ping, Angela
Company Secretary

Date: 11 January 2019

Explanatory Notes:

- (i) The Ordinary Resolution 10 in item 8 above, if passed, is to empower the Directors to allot and issue Shares in the capital of the Company and/or Instruments (as defined above). The aggregate number of Shares to be issued pursuant to Resolution 10 (including Shares to be issued in pursuance of Instruments made or granted) shall not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), with a sub-limit of fifty per cent. (50%) for Shares issued other than on a pro rata basis (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 10) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of Resolution 10, after adjusting for (A) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution 10, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and (B) any subsequent bonus issue or consolidation or subdivision of Shares.
- (ii) The Ordinary Resolution 11 in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in aggregate (for the entire duration of the Scheme) fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "**Meeting**").
- (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend 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.

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

- A proxy need not be a Member of the Company.
- The instrument appointing a proxy must be deposited at the office of the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623, not less than seventy-two (72) hours before the time appointed for holding the Meeting.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) 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), 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) 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.



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ASIAN HEALTHCARE SPECIALISTS LIMITED
(Company Registration No. 201727543R)
(Incorporated In The Republic of Singapore)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their 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.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We _____

of _____

being a member/members of Asian Healthcare Specialists 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 Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at One Farrer Hotel, Napier Room, 1 Farrer Park Station Road, Singapore 217562 on 28 January 2019 at 10:00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Resolutions relating to:	Number of Votes For ⁽¹⁾	Number of Votes Against ⁽¹⁾
1	Directors' Statement and Audited Financial Statements for the financial year ended 30 September 2018		
2	Payment of proposed final dividend		
3	Re-election of Dr Chin Pak Lin as a Director		
4	Re-election of Mr Leow Chung Chong Yam Soon as a Director		
5	Re-election of Mr Siek Wei Ting (Xie Weiting) as a Director		
6	Re-election of Mr Vikram Nair as a Director		
7	Approval of Directors' fees amounting to S\$58,750 for the financial year ended 30 September 2018		
8	Approval of Directors' fees amounting to S\$117,500 for the financial year ending 30 September 2019 to be paid half-yearly in arrears		
9	Re-appointment of KPMG LLP as Auditors		
10	Authority to issue new shares		
11	Authority to issue shares under the AHS Performance Share Plan		

(1) If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2019

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

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

*Delete where inapplicable



Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), 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 a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

“Relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting 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 Meeting.
 6. The instrument appointing a proxy or proxies must be deposited at the office of the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 not less than 72 (seventy-two) hours before the time appointed for the Meeting.
 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 the 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 Meeting, 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 Annual General Meeting dated 11 January 2019.

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

ASIAN HEALTHCARE SPECIALISTS LIMITED

(Company Registration No. 201727543R)

(Incorporated in the Republic of Singapore on 27 September 2017)

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