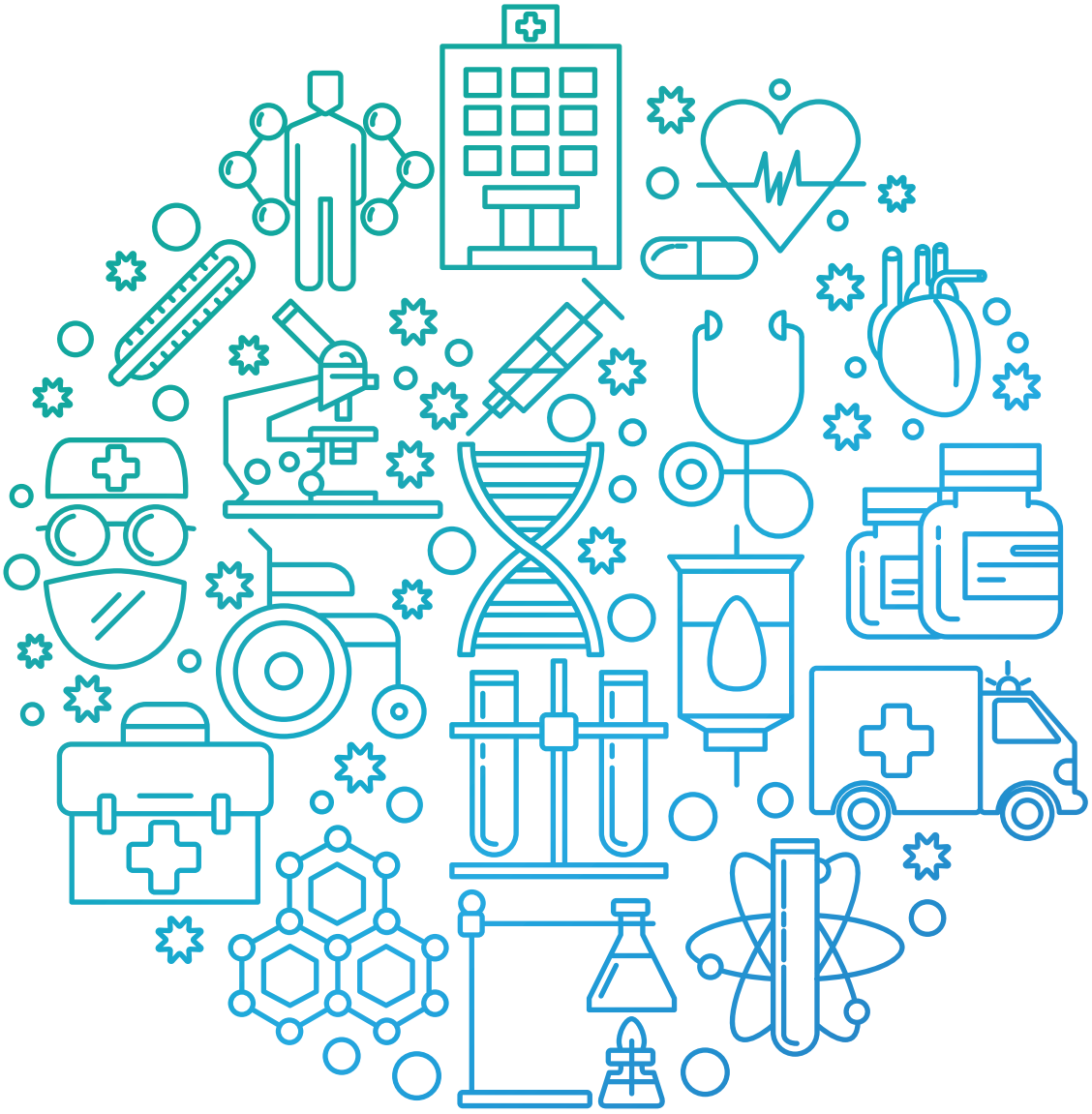
TMC LIFE SCIENCES BERHAD

Incorporated in Malaysia [Registration No.: 200301021989 (624409-A)]



OPTIMISING SUSTAINABILITY IN HEALTHCARE

ANNUAL REPORT 2019

Vision

To be the premier provider of outstanding value-based medical services in South East Asia

Mission

To provide exceptional medical services and compassionate care to our patients and patrons through continuous effort, dedication, commitment and the application of world class standards in all of our endeavours

WHAT'S







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2019

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ANNUAL GENERAL MEETING

Thursday
20 February 2020

10.00 a.m.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir
Non-Independent
Non-Executive Chairman

Wan Nadiah Binti Wan Mohd Abdullah Yaakob
Executive Director and
Group Chief Executive Officer

Kan Kheong Ng
Executive Director

Gary Ho Kuat Foong
Independent
Non-Executive Director

Claire Lee Suk Leng
Independent
Non-Executive Director

Dr. Lam Lee G
Independent
Non-Executive Director

Dato' Sri Mohd Mokhtar Bin Mohd Shariff
Independent
Non-Executive Director

Wilson Sam
Executive Director
(Alternate to Kan Kheong Ng)

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman : Gary Ho Kuat Foong
Members : Claire Lee Suk Leng
Dr. Lam Lee G

NOMINATING COMMITTEE

Chairman : Gary Ho Kuat Foong
Members : Claire Lee Suk Leng
Dr. Lam Lee G
Dato' Sri Mohd Mokhtar Bin Mohd Shariff

REMUNERATION COMMITTEE

Chairperson : Claire Lee Suk Leng
Members : Gary Ho Kuat Foong
Dr. Lam Lee G
Dato' Sri Mohd Mokhtar Bin Mohd Shariff

COMPANY SECRETARIES

Chua Siew Chuan
(SSM PC No. 201908002648) (MAICSA 0777689)
Chin Mun Yee
(SSM PC No. 201908002785) (MAICSA 7019243)

AUDITORS

Ernst & Young (AF0039)
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

Tel: 603-7495 8000
Fax: 603-2095 9076

SHARE REGISTRAR

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Unit 32-01, Level 32
Tower A, Vertical Business Suite
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No.8, Jalan Kerinchi
59200 Kuala Lumpur

Tel: 603-2783 9299
Fax: 603-2783 9222

REGISTERED OFFICE

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Tel: 603-2084 9000
Fax: 603-2094 9940/
603-2095 0292

HEAD OFFICE

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No.1, Jalan PJU 5/1
Dataran Sunway
Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

Tel: 603-6287 1111
Fax: 603-6287 1212

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock code : 101
Sector : Health Care
Sub-sector : Health Care Providers

WEBSITE

www.tmclife.com

CORPORATE **STRUCTURE**

AS AT 31 AUGUST 2019

TMC LIFE SCIENCES BERHAD

(200301021989) (624409-A)

- 100% Thomson Hospitals Sdn. Bhd.
  - 100% TMC Women's Specialist Holdings Sdn. Bhd.
  - 95.57% PT Tropicana Healthcare Indonesia (in liquidation)
- 100% IVF Technologies Sdn. Bhd.
- 100% TMC Biotech Sdn. Bhd.
- 100% BB Waterfront Sdn. Bhd.
- 100% TMC Lifestyle Sdn. Bhd.
- 100% TMC Properties Sdn. Bhd.
- 100% Thomson TCM Sdn. Bhd.
- 100% TMC Care Sdn. Bhd.

CORPORATE
PROFILE

TMC Life Sciences Berhad

TMC Life Sciences Berhad (TMCLS) is one of the fastest growing healthcare groups in Malaysia. Listed on the Main Market of Bursa Malaysia Securities Berhad since 2005, the Group aims to be the "Premier Provider of Outstanding Value-Based Medical Services in South East Asia", delivering quality, value-based care to its patients and customers.

The Group's business includes:

- Thomson Hospital Kota Damansara
- TMC Fertility
- Thomson TCM
- TMC Care Pharmacy
- Thomson Iskandar

TMCLS has embarked on a major expansion plan, with significant additional capacity and capabilities projected to come on stream by 2020. The plan includes expanding its flagship hospital, Thomson Hospital Kota Damansara, and developing a new integrated medical hub – Thomson Iskandar – in Johor Bahru.

"THKD currently has five Centres of Excellence: Fertility & O&G, Children, ENT Head & Neck Laser Surgery, Diabetes & Metabolic and Orthopaedic & Trauma"



Thomson Hospital Kota Damansara

Celebrating Life

Established in 2008, Thomson Hospital Kota Damansara (THKD) is the flagship hospital of TMCLS. Located in a prime alcove of Kota Damansara, Selangor, THKD is easily accessible via all modes of transportation, including the Mass Rapid Transit (MRT) system.

It is a multi-disciplinary tertiary care centre equipped with advanced medical technology and modern infrastructure to deliver quality, affordable healthcare solutions and a superior service experience for our local and international patients. The 205-bedded hospital is served by a panel of over 114 consultant specialists – all highly trained with commendable track records in their medical and surgical disciplines.

THKD currently has five Centres of Excellence: Fertility & O&G, Children, ENT Head & Neck Laser Surgery, Diabetes & Metabolic and Orthopaedic & Trauma. With facilities ranging from a 24-hour Accident & Emergency department and cardiac and vascular catheterization labs to a full-fledged International Patient Centre, THKD is able to fulfill all your healthcare needs. In addition, THKD is the first hospital in Malaysia to be accredited with Malaysian Society for Quality in Health (MSQH). It is also the first in Malaysia to offer ENT, Head and Neck CO2 laser treatment, while also being one of four private hospitals in Malaysia to offer specialized interventional neuro-radiology services. The Hospital's numerous awards include ENT Service Provider of the Year in Asia Pacific (Global Health and Travel Awards 2018 and 2019), Diabetes Service Provider of the Year in Asia Pacific (Global Health and Travel Awards 2018), Women's Health and Wellness Service Provider of the Year in Asia Pacific (TMC) (Global Health and Travel Awards 2018), Service Delivery Innovation Initiative Of The Year in Malaysia (Healthcare Asia Awards 2018) and CSR Excellence Award (Sin Chew Business Excellence Awards 2018).

In line with the Group's vision to be the "Premier Provider of Outstanding Value-Based Medical Services in South East Asia", THKD has embarked on an expansion project that will triple its capacity by end 2020. This will make us one of the largest private healthcare institutions in the region. The expansion will enable THKD to bring even more services and facilities to our community, including:



600 beds

New **Health & Wellness Centre**

New **Oncology Centre**

11 operating theatres

Over **1,000** **parking bays**

More than **150** **specialist** outpatient clinics

Corporate Profile

Thomson Iskandar Medical Hub

Located just off the Causeway linking Johor and Singapore, Thomson Iskandar will comprise of the 500-bed multi-disciplinary tertiary Iskandariah Hospital, 400 medical suites, medical, allied health and nursing training institutes as well as medical research facilities, and a 33-storey commercial block.

TMC Fertility Centre

Realising Dreams, From Hope to Joy

TMC Fertility (TMCF) was established in January 1994 at Damansara Utama, Selangor. For more than 20 years, TMCF has helped numerous couples achieve their dreams of parenthood. From humble beginnings as a clinic, TMCF today boasts a network of 6 centres nationwide, 13 resident fertility specialists, 13 highly qualified scientists and an equally experienced team of nurses and support staff.

TMCF offers a comprehensive range of reproductive treatments such as In-Vitro Fertilisation (IVF), Pre-Implantation Genetic Testing (PGT), cryopreservation, donation programmes, laparoscopic surgery, and surgical sperm retrieval, among others. TMCF laboratory utilises High-Resolution Next Generation Sequencing (NGS) technology, the most advanced pre-implantation genetic screening to date. The NGS technology screens all 24 chromosomes and contains information that indicates the condition of the embryo and the potential health risks.

TMCF utilises the time-lapse imaging technology, which has been associated with higher clinical pregnancy rates. Specially designed incubators with built-in camera and microscope takes an image of embryos every 10 minutes, enabling embryologists to monitor embryos without removing them from the safe environment of the incubator. This technology has also been associated with higher live birth rates and lower early pregnancy loss.

Quality care and high treatments standards make up the cornerstones of TMCF's success. Strict quality controls are practiced throughout its state-of-the-art facilities. Housing one of the largest IVF laboratories in South East Asia, TMCF was one of the first in Malaysia to be certified by the Reproductive Technology Accreditation Committee (RTAC), an international validation of the quality standards practiced. RTAC is the accreditation arm of the Fertility Society of Australia (FSA), which is the peak body for reproductive medicine in Australia and New Zealand.

All the efforts put forth has resulted in TMCF being awarded accolades over the years, making it a multi award-winning and internationally renowned Centre of Excellence. The Global Health & Travel named TMCF 'Fertility Service Provider of the Year' 2016-2019, for 4 consecutive years; and 'Women's Health & Wellness Service Provider of the Year' 2018 & 2019. Frost & Sullivan named TMCF 'Malaysia Fertility Centre of The Year' in 2016, 2017 & 2019.

Since its inception 25 years ago, TMCF has successfully helped couples to conceive more than 5,000 IVF babies through various assisted reproductive techniques. TMCF broke the Malaysia Book of Records for the Highest Number of IVF Babies Produced by A Single IVF Practice – 5,388 IVF babies. Well-recognised as an innovation driver, TMCF aims to consistently exceed patients' expectations and improve patient engagement by providing a greater experience.





Corporate Profile

TMC Care Pharmacy

TMC Care Pharmacy (TMC Care) opened for business in July 2016 and officially launched on 10 December 2016 at Vantage Bay in the bustling city of Johor Bahru. It was the first retail pharmacy under the wing of TMCLS and envisioned to serve the Thomson Iskandar medical hub such as the 500-bed Hospital Iskandariah, medical suites, health and wellness facilities and the proposed medical and allied-health school.

Thomson TCM

Thomson TCM practices a complementary approach to allopathic medicine and provides patients with a fully holistic experience. Thomson TCM's certified and experienced team of physicians graduated and trained in Peking University and Tianjin University, practice Traditional Chinese Medicine philosophies combined with the latest technology. Patients have a wide range of options to treat health conditions such as hormone imbalance, infertility, general health and wellness, and pain management, amongst others. The centre's modern, patient friendly facility provides the perfect ambience to relax while restoring the yin and yang balance in the body. Thomson TCM's mission is to be the trusted integrative health and wellness centre, offering patients a wholesome healing alternative.

TMC Care **carries** over

5,000

products in-store and online, with more to come.

Thomson TCM **provides treatments** such as

traditional acupuncture, womb care therapy, moxibustion and more.

> Patients have a wide range of options to treat health conditions such as hormone imbalance, infertility, general health and wellness, and pain management, amongst others

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of TMC Life Sciences Berhad for the financial year ended 31 August 2019.



Performance Review

Our growth continued in 2019 while we are already at full capacity at Thomson Hospital Kota Damansara. Group revenue rose by 15% to RM195 million for the financial year ended 31 August 2019, compared to FY2018. This was achieved through higher patient load and higher intensity of cases handled. With the higher revenue achieved, the Group recorded a corresponding strong profit before tax for the financial year ended 31 August 2019 of RM38 million, at a growth rate of 15% compared to FY2018.

Net profit for the financial year was RM21 million, recording a decrease of 25% compared to the previous year. Excluding the one-off effect of brought forward capital allowances, higher investment tax allowance utilisation and overprovision of deferred tax in previous years and also the effect of changes in tax rate on real property gains tax during the financial year, our net profit for FY2019 would have grown by 13%.

The Group continues to prudently manage spending and the operating cash flows. The cash and bank balances maintained at RM179.7 million, after having paid in total RM61.2 million on capital expenditure, including RM55.6 million on expansion projects.

Dividends

In recognition of the Group's continued strong performance, we intend to reward our shareholders by paying out dividends so that we can share the Group's profits with our shareholders. The Board has proposed a single-tier final dividend of 0.2013 sen for the financial year ended 31 August 2019, a 10% increase from the previous year. This represents 16.7% of the net profit for the current financial year (2018: 11.5%), subject to the approval of the shareholders at the forthcoming Annual General Meeting. In deciding on the quantum, the Board was mindful of the need to balance rewarding our shareholders with maintaining a suitable cash reserve position to support our two major expansion projects in Kota Damansara and Johor Bahru.

> "Our growth continued in 2019 while we are already at full capacity at Thomson Hospital Kota Damansara."

Revenue



RM195 m
▲15%

Profit before tax



RM38.1 m
▲15%

Proposed final dividend



0.2013 sen
▲10%

Compliance with Corporate Governance

At TMC Life Sciences Berhad, we are committed to upholding the highest standards of corporate governance throughout the Group. This is fundamental to the discharging of our responsibilities to safeguard shareholders' investment and ultimately enhance shareholder value and the financial performance of the Group.

The Standards of practice and policy that we adhere to in accordance with the Malaysian Code on Corporate Governance was highlighted in the Statement on Corporate Governance stated on pages 62 to 73 of this Annual Report.

Chairman's Statement

Moving forward

Uncertainty over global trade deal negotiation, political and geopolitical risk and other external uncertainties poses downside risks to growth prospect for Malaysia in 2020. Specifically on healthcare, with the expected US dollar continue to stay strong, imported medical and healthcare equipment, medicine and disposables that are priced in US dollars may affect operating costs for local operators, include our Group.

We will continue to be prudent in our spending as we seek to grow our range of services while maintaining the highest level of medical care and patient safety. While our primary focus remains to serve local residents, as well as increasing our branding among international patients, and develop a larger overall footprint in the Malaysian healthcare sector to serve all who seek the highest quality of care. In this regard, our expansion plans in Kota Damansara and Johor Bahru remain key priorities. The expansion of THKD is on track for completion by end 2020.

The Group is encouraged by the announcement by the Government that it will proceed with the Johor Bahru - Singapore Rail Transit System (RTS) project and the Group keenly awaits information on when the RTS is expected to be completed. The Group remains committed to the project at Thomson Iskandar Medical Hub, with the aim to complete the hospital within 12 to 24 months after the RTS project at Bukit Chagar is fully operational. At the same time, we are building up our capacity for infertility treatment by expanding and upgrading our TMC Fertility Centre in Puchong. In addition, there are also plans to grow our Traditional Chinese Medicine and pharmacy businesses to complement the growth of our hospitals and fertility centres.

At TMC Life Sciences, we believe fully in our vision to build an integrated private healthcare service platform. Notwithstanding potential economic headwinds, we seek to continue to grow our business through good planning, prudent management of resources and upholding the highest standards of health and medical care.

A Word of Appreciation

First, I would like to acknowledge and thank our patients and their families for the confidence they have put in our hospital and fertility centres. Secondly, I wish to thank the management, specialists and staff for their dedication, hard work and loyalty to the Group, without which, our achievements and growth would not have been achievable. Thirdly, I would also like to extend my sincere gratitude to our suppliers, business associates and partners for their support over the years.

I would also like to express my gratitude to my fellow Board members for their invaluable contribution and commitment. Last but not least, my sincere appreciation to all shareholders for being an integral part of our journey towards building an iconic platform for private healthcare in Malaysia and beyond.

PROFESSOR EMERITUS DATO' DR. KHALID BIN ABDUL KADIR
CHAIRMAN

> "In addition, there are also plans to grow our Traditional Chinese Medicine and pharmacy businesses to complement the growth of our hospitals and fertility centres."

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of TMC Life Sciences Berhad

TMC Life Sciences Berhad operates an integrated healthcare platform that incorporates Hospital Division, TMC Fertility Centre, TMC Care Pharmacy and Thomson TCM, as described in Corporate Profile on pages 4 to 7 of this Annual Report.

Hospital Division | **TMC Fertility Centre** | **TMC Care Pharmacy** | **Thomson TCM**

Financial Review

For the financial year ended 31 August 2019, our Group recorded revenue and profit before tax of RM195 million, and RM38.1 million respectively, both recorded increase of 15% compared to the previous year. The increase in revenue was mainly due to a higher patient load and higher case intensity handled.

Net profit for the financial year ended 31 August 2019 was RM21 million, a decrease of 25% compared to previous year. Decrease in net profit was mainly due to the utilisation of brought forward capital allowances, higher investment tax allowance utilisation and overprovision of deferred tax in previous years and also the effect of changes in tax rate on real property gains tax during the financial year. Excluding this one-off effect, our underlying net profit would have grown by 13%.

Revenue



RM195 m
▲15%

Profit before tax



RM38.1 m
▲15%

Statement of Financial Position

Our capital expenditure spend was RM76.7 million of which RM71 million relates to our expansion projects. Our inventory was higher by 9% compared to last financial year which was in line with the increase in operation. Our gross trade receivables were higher by 11% compared to our revenue growth rate of 15%, indicating better risk management and internal controls. Higher trade payables was mainly due to the amount payable for our expansion project at year end.

Statement of Cash Flows

Operating activities

Net cash generated from operating activities was RM30.2 million during the financial year ended 31 August 2019, an increase of 17% compared to the preceding year. Higher cash generated from operating activities was mainly due to better working capital management during the financial year.

Investing activities

The Group used RM61 million in new investment activities during the financial year compared to RM34.9 million last financial year. The higher amount was mainly due to the further progress of our expansion projects at Thomson Hospital Kota Damansara and piling work at Thomson Iskandar Medical Hub.

Financing activities

Our net cash from financing activities during the financial year was RM809k compared to RM2.8 million used last year. Lower amount of cash used in financing activities was mainly due to proceeds from warrants exercised of RM4 million during the financial year.

The consequent net increase in cash and cash equivalents was RM40 million, with total cash and cash equivalent at 31 August 2019 of RM101 million.

Cash and cash equivalents



RM101 m
▲66%

Management Discussion and Analysis

Hospital Division

Thomson Hospital Kota Damansara

2019 KEY MILESTONES

TMCLS 25th Year Anniversary

This year, TMC Life Sciences Berhad celebrated its 25th anniversary – marking 25 years of providing quality care to the community. Since its inception in 1994 as a small fertility clinic in Damansara Utama, the Group has grown into a multidisciplinary healthcare company that provides high quality care to patients from across Asia.

To celebrate this momentous milestone, a carnival was jointly organised by its subsidiaries, Thomson Hospital Kota Damansara (THKD), TMC Fertility, Thomson TCM and TMC Care Pharmacy, featuring an array of activities including a uniform fashion show which showcased new uniforms following the hospital's rebranding in 2018, as well as complimentary health checks and health bazaars.

Additionally, the event also saw the relaunch of Thomson Kids Club with the introduction of its new mascot – Lila the butterfly. The mascot was inspired by THKD's logo – the heart of the healthcare team and the heart of the patient community coming together to signify endurance, change, hope and life.



Dr Surinder Singh, Consultant Obstetrician & Gynaecologist and Fertility Specialist, speaking at the 25th anniversary celebration.



The management team of TMCLS with YB Tuan Shatiri Bin Mansor, ADUN of Kota Damansara, during the 25th anniversary celebration.



Introducing Thomson Kids Club's new mascot, Lila the butterfly.

The butterfly in THKD's logo **symbolises** the meeting of **two hearts**:

the heart of our health care team and the heart of our patient community.



Close to 180 GPs joined our medical symposium at Sofitel Hotel.



Dr Tan Gie Hooi, Consultant Breast & Oncoplastic Surgeon (left) and Dr Kwan Keat Leong, Consultant Gastrointestinal & General Surgeon (3rd from left) after giving their talks at Thean Hou Temple.

Medical Outreach and Education

THKD continues to create a platform for general practitioners (GP) to obtain the latest medical updates through our Thomson GP+ Symposium. The theme, "Managing Diseases during Fasting & Festive Season", saw doctors attending from all over Malaysia, both east and west. Our consultants from specialties such as gastroenterology, haematology, endocrinology and rehab medicine gave insightful talks on the latest medical advances and treatment options available.

Besides engaging with medical practitioners, THKD also reached out to the general public through health talks and forums. Such events enable THKD to build awareness of our Hospital and services while educating the public about health matters. During the financial year ended 31 August 2019, the Hospital conducted 13 public events which were held in various locations such as offices, universities and temples, with topics ranging from diabetes management to breast cancer, from managing stress to nutrition.



Dr Balachandran Appoo, Consultant ENT, Head & Neck Surgeon, talking about sleep apnoea at Publika Shopping Gallery.

Management Discussion and Analysis

Award-Winning Hospital

Once again, THKD was honoured to take home the ENT Service Provider of the Year award at the Global Health and Travel Awards 2019. The ENT, Head & Neck Laser Centre focuses on the utilisation of its AcuPulse DUO Surgical CO_2 Laser for precise surgeries. This advanced technique improves patient care with superior clinical outcomes and faster recovery period.

The Hospital also bagged the CSR Excellence Award at the Sin Chew Business Excellence Award 2018 for its breast cancer awareness campaign – Pink October Project (POP). The campaign was designed to educate the public about early screening for breast cancer. The highlight of POP was the donation of breast prostheses to well-deserving cancer survivors who had undergone mastectomy.



TMCLS Group CFO Mr Wong Yu Chee (centre) receiving on behalf of the Hospital the CSR Excellence Award at the Sin Chew Business Excellence Awards 2018.

Developing Comprehensive Tertiary Healthcare Services

This financial year saw the joining of new consultants and thereby expansion of specialist services offered to patients. Eleven new consultants were recruited covering new areas of speciality, including clinical haematology, upper gastrointestinal & bariatric surgery, rheumatology, neurology, chemical pathology and orthopaedic surgery and intensive care.

The hospital also introduced Paediatric Close Observation (COU) in April 2019 and Chemotherapy daycare services.

Improving Patient Safety and Customer Service

In the area of operations, THKD completed several safety and risk projects. This includes the Chemical Hazard Risk Assessment (CHRA) exercise to identify and manage chemical risks at our Hospital and the Poison Act Inspection by Ministry of Health (MOH) to ensure all controlled chemicals and poisons are handled, transacted and labelled properly for the safety of the public.

The Human Resource, Customer Care and Nursing team carried out the Positive Outlook Programme in a collaborative effort to enhance patient-centric approaches. The Hospital also implemented and redesigned its customer feedback mechanism as a way to gain valuable feedback for service improvement in accordance with our patients' needs.

CHALLENGES

Private healthcare, while growing, is also a highly competitive industry. The increase in number of beds, whether through the opening of new hospitals or expansions and upgrading of existing ones, poses a continuing challenge in attracting and retaining both customers and skilled talent. The Hospital is not spared the general brain drain affecting the country as the loss of professional talent to foreign opportunities seems to be a recurring theme.

Volatility of the Ringgit and the US-China trade conflict have resulted in fluctuations in prices, while equipment reaching the end of their shelf life have started showing signs of wear and breakdown. Technology, which has been disruptive of so many industries, is making an impact in healthcare.

STRATEGIES

Efforts to recruit and retain the best talent continue to be a strategic priority. THKD has begun exploring partnerships with nursing colleges and institutions of higher learning in an effort to develop a pipeline of talent for our future expansion. Training opportunities are consistently offered, while more regular incentives and rewards have been rolled out to match the traits of millennial staff members. To source for consultants for specialities in shortage, THKD reached out to the Malaysian diaspora of healthcare professionals in the UK.

> “Further improvements can be found in the area of health screening, where packages were redesigned and streamlined to meet the changing demands of the market and prevalence of chronic diseases.”

On the technology front, understanding that big data analysis is paramount in this digital age, we have taken steps to be more data-driven in order to make more effective decisions and policies. 2019 saw the implementation of a hospital-wide KPI performance management system tied to measurable indicators to identify areas of improvement. At the same time, the many data breaches that have occurred even among global companies serve as a warning for how THKD should handle the large volume of sensitive data that we accumulate on a daily basis. Working with certified IT companies, we conducted penetration tests on our hospital network and websites, with positive results. Our patients can rest assured that their data is protected.

Digital technology has also ushered in the ubiquity of social media, and it has become a vital platform to reach a wide, global audience. The hospital will continue to focus on digital marketing and communication channels to raise awareness and communicate to more targeted audiences. In 2019, several successful social media campaigns resulted in an increase in viewer and engagement numbers that translated to a measurable increase in patient numbers in specific departments.

Further improvements can be found in the area of health screening, where packages were redesigned and streamlined to meet the changing demands of the market and prevalence of chronic diseases. New offerings such as *umrah* vaccination package, nasopharyngeal cancer screening and allergy panel tests were introduced. Diet counselling services were added to screening packages. THKD also became a MOH-certified yellow fever vaccine centre. All of this resulted in an increase in number of health screening patients by approximately 40 percent compared to the previous year.

PROSPECTS

The expansion of THKD is on track for completion by end 2020. In addition to specialist clinics and inpatient rooms, the new building will also house a brand new Cancer & Radiosurgery Centre and Nuclear Medicine Centre.

The Group is encouraged by the announcement by the Government that it will proceed with the Johor Bahru – Singapore Rail Transit System (RTS) project and the Group keenly awaits information on when the RTS is expected to be completed. The Group remains committed to the project at Thomson Iskandar Medical Hub, with the aim to complete the hospital within 12 to 24 months after the RTS project at Bukit Chagar is fully operational.

TMC FERTILITY CENTRE (TMCF)

2019 KEY MILESTONES

Quality and Safety

The Fertility Society of Australia ("FSA"); the foremost body for reproductive medicine in Australia and New Zealand has certified TMC Fertility @ Thomson Hospital (TMCF@THKD) for having achieved its international benchmark in reproductive medicine. Reproductive Technology Accreditation Committee ("RTAC"), the accreditation arm of FSA, certified TMCF@ THKD in 2015 and renewed the certification to 2020. The successful implementation of quality improvement programme in TMCF such as Internal Quality Audits and E-incident reporting marked another milestone in our quest to achieve high and consistent standard of care in all our centres.

Awards and Accolades

TMCF has been awarded numerous accolades over the years, making it a multi award-winning and internationally-renowned Centre of Excellence. In 2019, TMCF was once again named the "Fertility Service Provider of the Year" and "Women's Health and Wellness Service Provider of the Year" by Global Health and Travel. TMCF also garnered the award for "Malaysia Fertility Centre of The Year" by Frost & Sullivan.

TMC Fertility Penang 10th Year Anniversary Celebration

Established in 2009, TMC Fertility Penang was initially located along Jalan Masjid Negeri and relocated to the picturesque Straits Quay in 2011 to cater to the increasing patient load, and offer patients a more convenient and private ambience during their treatment. The centre celebrated its 10th year anniversary with a fun-filled event that was attended by parents and children, doctors, embryologists, nurses, staff and families of the largest fertility providers in the country.







CHALLENGES

The shortage of skilled manpower has resulted in increase in costs of resources and retaining manpower. The downtrend in the economic landscape and current demographic inclinations are the main factors in shaping the demand for fertility services. The lack of insurance coverage for fertility treatments also serves as a hindrance to expectant couples.

STRATEGIES

TMCF has been extending fertility services to under-served areas as part of calculated strategies to ensure it commands the largest market segment. Having the largest network of fertility centres across Malaysia serves as a key differentiator and a platform for medical tourism growth by attracting international patients. TMCF increased its pool of specialists and scientists, and introduced new technology in the centres such as EmbryoScope Plus. TMCF also worked with global and local healthcare partners to increase brand awareness and tap into new markets. Public and professional educational initiatives have been undertaken to increase awareness on fertility. TMC Fertility is also supported by the advanced technology and surgical specialities at Thomson Hospital Kota Damansara, offering patients a one-stop solution to their infertility needs and providing access to complex procedures such as MicroTESE (microscopic testicular sperm extraction). Notwithstanding rapid growth, TMCF aims to consistently exceed patients' expectations and improve patient engagement by providing a greater experience.

PROSPECTS

The stream of international patients from our strongest markets, Indonesia, China and Singapore are showing healthy growth. The rising average age of new mothers is one of the key factors driving the demand for fertility clinics. The decreasing fertility in women and low sperm quality in men are also driving market growth. New technology and techniques in fertility treatment are also opening new opportunities with additional services to offer to patients. Under the new Budget 2020, couples can withdraw from EPF to fund their IVF treatments. IVF procedures are also tax deductible as medical expenses so this will provide many childless couples the opportunity to seek IVF treatments.

"Having the largest network of fertility centres across Malaysia serves as a key differentiator and a platform for medical tourism growth by attracting international patients."

Management Discussion and Analysis

TMC CARE PHARMACY

2019 KEY MILESTONES

E-Commerce Business Setup

In the emerging e-commerce business, TMC Care Pharmacy has expanded its services to capture an ever-expanding market. TMC Care has active listings on Lazada Malaysia, 11Street Malaysia and Shopee. We launched our very own flagship e-commerce store (www.tmccarepharmacy.com) in 2018 to cater for orders and enquiries from both local and neighbouring country Singapore. Online shoppers in Malaysia can have their orders delivered right to their doorsteps. As an added feature, residents outside of Malaysia can pre-order their items and pick it up at their convenience from the pharmacy located in Vantage Bay, Johor Bahru.

Corporate Social Responsibility

In our continuous effort to give back to our community, TMC Care Pharmacy donated medical supplies to the Sg. Kim Kim incident victims through MERCY Malaysia. This was in response to Mercy Malaysia's call for medical aid in overcoming the staggering conditions of the toxic waste dumping incident in Pasir Gudang, Johor. Special thanks to MERCY Malaysia's Johor state representative, En. Mohamed Noor Suleiman for receiving the medical supplies from TMC Care Pharmacy. We're proud to be part of this initiative and with our small contribution we hope that we were able to aid the lives of those who were affected.





CHALLENGES

The retail pharmacy sector remains competitive with the increase in demand for accessible and affordable medication. The rising costs of medication makes competition stiffer to maintain the profit margin. TMC Care's value proposition is its link with the larger healthcare platform within the Group. This ensures continuous high-quality control of our products and services offered to our patients. Our customers can be seamlessly referred to our associated healthcare and medical institutions such as Thomson Hospital Kota Damansara, TMC Fertility Centre and Thomson TCM. We are and will remain as the trusted source of medication and health products.

STRATEGIES

TMC Care's strategic plans aim to enhance our value proposition in order to meet customers' expectations and be the preferred community pharmacy supported by a healthcare group. The pharmacy provides a special focus on women's health, fertility and children. Being a relatively newcomer in the pharmacy community, we strive to make our presence known by organizing numerous activities and health programmes to boost our brand prominence within the community. In the emerging e-commerce business, TMC Care Pharmacy has expanded its services to capture an ever-expanding market with its own e-commerce site and active listings on Lazada Malaysia, 11Street Malaysia and Shopee.

PROSPECTS

With the upcoming expansion of THKD, Thomson Iskandar Medical Hub and other developments in the proposed Vantage Bay Healthcare City, TMC Care will be able to leverage on the bigger integrated healthcare platform to grow in tandem with the other associated facilities. TMC Care's proximity to neighboring Singapore continues to create the opportunities to cater to the Singaporean's demand for high quality and cost-effective products.

THOMSON TCM

2019 KEY MILESTONES

Thomson TCM's modern, patient-friendly facility opened doors to customers on 23 November 2018. The centre practices a complementary approach to allopathic medicine and provides patients a fully holistic experience. Thomson TCM's certified and experienced team of physicians graduated and trained in Peking University and Tianjin University, practice Traditional Chinese Medicine philosophies combined with the latest technology. Patients have a wide range of options to treat health conditions such as hormone imbalance, infertility, general health and wellness, and pain management, amongst others. Our modern, patient friendly facility provides the perfect ambience to relax and restore the yin and yang balance to your body.

At Thomson TCM, our mission is to be the trusted integrative health and wellness centre, offering patients a wholesome healing alternative.

CHALLENGES

Despite the rising popularity, Thomson TCM is yet to come out of the shadow of credibility and confidence. These are two fundamental and complex challenges involving quality, safety and authenticity of the herbal medicines and services. The rising costs of skilled manpower and resources will continue to weigh on the overall industry.

STRATEGIES

Thomson TCM's strategy focuses on expanding the business into new areas with treatments focused on women's health, fertility and children. In line with the Group's vision to build an integrated health platform, Thomson TCM provides complementary health services to provide our customers with a holistic view of health. As part of an established healthcare group, Thomson TCM provides trusted complementary health services in line with growing demand for holistic care. Our Thomson TCM physicians work closely with medical specialists to ensure that patient safety and care are taken care of.

PROSPECTS

With the increasing awareness and interest in traditional medicine and herbal remedies, Traditional Chinese Medicine is becoming an essential part of the healthcare system. The rising costs of contemporary treatment and possible side effects also contributed to the demand for alternative Traditional Chinese Medicine. Thomson TCM prides itself as being part of an integrated healthcare group. This ensures the highest quality of care and services to all our customers.

> "Our Thomson TCM physicians work closely with medical specialists to ensure that patient safety and care are taken care of."



SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

It has been a privilege to prepare and present to our valued stakeholders, our second sustainability statement in which we disclose the progress of our sustainability efforts. We have continued in our journey to develop our business with the future of our people and planet in mind. Through this process we have identified our priorities as well as the challenges we face to evolve our operations in line with the principles of sustainable development. This year, we have reviewed our material sustainability matters and identified new topics that are relevant to the Group. We are conscious that the success of the Group hinges on our sustainability performance as well as our contribution to global goals. As such, we have identified 4 out of the 17 sustainable development goals put forward by the United Nations as part of Agenda 2030 for Sustainable Development.

As a Group, TMC Life Sciences Berhad (TMCLS) continues to strive to embed sustainability throughout all facets of our organisation keeping in mind of our Economic, Environmental, and Social ("EES") impacts. Our goal is to provide quality healthcare services in tandem with sustainable practices that will determine the longevity of our organisation.



ECONOMIC



ENVIRONMENTAL



SOCIAL

Scope and Boundary of Statement

The coverage of this statement includes all of TMCLS's business segments as follows:

1. Thomson Hospital Kota Damansara (THKD)
2. TMC Fertility Centres
3. TMC Care Pharmacy
4. Thomson TCM

Please note that the focus of our information disclosed will be from the THKD as this is our largest operations.

Reporting Period

Unless otherwise stated, our reporting period is 1st September 2018 – 31st August 2019.

Our Reporting Framework

This statement has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), with reference to the Sustainability Reporting Guide issued by Bursa Securities, as well as the Global Reporting Initiatives ("GRI") Standards as the framework.

Feedback

We value feedback from our stakeholders and will use them to better improve our reports and initiatives. To raise questions, concerns, or comments, you may contact:

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Email : ir@tmclife.com
Telephone : +603-62871111
Address : TMC Life Sciences Berhad
C-13-9 Sunway Nexis
No.1, Jalan PJU 5/1, Kota Damansara
47810 Petaling Jaya,
Selangor Darul Ehsan, Malaysia

OUR APPROACH TO SUSTAINABILITY

Our Sustainability Focus Areas

Our Sustainability Focus Areas help guide us in enhancing our operations to capitalise on our EES opportunities and at the same time minimise related risks. While we understand that sustainability is beyond economic benefits, it is still crucial to our success and how we provide quality service to remain a preferred provider in the healthcare industry. The social aspect is imperative as patients are at the core of our business, and we can only execute quality service through protecting and investing in our own employees. As the issue of climate change becomes more imminent, we have a responsibility to concentrate our efforts in managing our impacts to the environment to the best of our capabilities.



Economic

Contributing to the local economy as leader in the healthcare industry.

Social

Ensuring our patients' health and care, well-being of our employees and caring for our local community.

Environment

Exploring more green initiatives to minimise our impact to the environment.

Our Commitment to Global Efforts

The announcement of the 17 Sustainable Development Goals ("SDG") by the United Nations, prompted commitment by member states in contributing towards solving the environmental and social challenges faced globally. These goals aim to improve the quality of life of people in tandem with economic prosperity and environmental preservation within a peaceful ecosystem.



Sustainability Statement

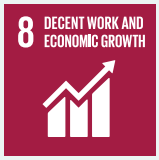
Malaysia is one of the member states declaring its commitment to the UN Agenda 2030 and its 17 SDGs. The Eleventh Malaysia Plan (2016-2020) outlines the nation's own sustainable development agenda that contributes to the UN Agenda 2030. As a rapidly growing healthcare provider in Malaysia, TMCLS recognises the Group's responsibility to contribute to the SDGs through sustainable business practices. To this end, we have adopted four SDGs that are aligned with our current business operations.



Ensure healthy lives and promote well-being for all at all ages

As a healthcare provider, our top priority is to ensure that people are able to access quality healthcare and are taking care of their health. We are committed to promoting good health knowledge by providing talks and seminars to various groups.

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



We promote healthy economic growth by remaining a competitive and innovative provider of healthcare services as well as providing employment opportunities and maintaining a healthy environment conducive to productivity.



Take urgent action to combat climate change and its impacts

We recognise the importance of minimising our impact to the environment and therefore, ensure compliance to all regulations, while tracking our use of energy to decrease our environmental footprint.

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels



We ensure that we have strong corporate governance and strong institutions that protects all our stakeholders from patients, to our employees. We are firmly against unethical and unlawful activities and take the appropriate measures to combat it.

TMCLS Board of Directors (BOD)

Audit & Risk Management Committee

Sustainability Committee

- Finance
- Consultant Emergency Physician
- Facilities Management
- Allied Health
- Legal & Risk
- Group Human Capital
- General Administration
- Hospitality Services
- Nursing
- Business Development
- Marketing & Communication

Sustainability Governance

The foundation of ensuring progress for our sustainability efforts requires a governance structure that is devoted to ensuring measures are embedded at all levels of the Group. Our sustainability initiatives are led by the Board at TMCLS, supported by the Audit & Risk Management Committee, and the Sustainability Committee. The Sustainability Committee is chaired by senior management of various departments.

Roles & Responsibilities

Board of Directors
- Endorses proposed sustainability strategy and initiatives
- Issues final approval on the contents of the sustainability statement

Audit & Risk Management Committee
- Advises Board of Directors on sustainability initiatives and oversees the implementation/performance

Sustainability Committee
- Identify material sustainability matters
- Implement sustainability initiatives
- Monitor sustainability performances

Stakeholders Engagement

TMCLS's performance in the healthcare sector is highly influenced by direct and frequent engagement with each of the Group's stakeholders. The perspectives and feedback from our stakeholders are imperative in helping the Group to improve our services. Effective stakeholder engagement can help translate stakeholder needs into organisational goals and further develop a strategy with meaningful outcomes. Through open and transparent communication with both our internal and external stakeholders, we aim to deepen our understanding of the expectations set for us.

Stakeholders Group	Mode of Engagement	Frequency	Concerns Raised
Shareholders/ Investors	Annual General Meeting Extraordinary General Meeting Analysts meetings	Annually As needed As requested	Economic performance, Corporate governance, Expansion Projects
Media	Press interviews/Events Post-board meeting press conferences/ press releases Media events Advertising agents	As needed Quarterly As needed As needed	Economic performance, Corporate governance, Customer health and safety, Corporate social responsibility
Government/ Regulators	Meetings Electronic communications Inspections	As needed As needed As needed	Customer health and safety, Regulatory compliance, Clinical governance, Corporate social responsibility
Suppliers/ Contractors	Supplier assessments Site meetings Outsource provider meetings Joint inspections	Annually Monthly Monthly Monthly	Business Integrity, Ethical procurement, Regulatory compliance, Customer health and safety
Patients/ Customers	Customer feedback and grievance mechanism Customer survey Digital communications Social media	As and when customer provides feedback	Healthcare service delivery, Customer privacy, Customer health and safety
Employees	Face to face meetings Employee town halls Doctors quarterly meetings Chief Executive Officer monthly messages	Annually Annually Quarterly Monthly	Employee welfare, Occupational health and safety, Economic performance, Talent development and retention, Employee benefits
Local Communities	Board of Visitors Corporate Social Responsibility programmes Corporate health screening programmes Public forums Continuous Medical Educations (CMEs) Drills with local authorities (Fire and Rescue Department)	Twice a year As needed As needed As needed As needed Annually	Health awareness, Community-based healthcare services and awareness, Safety and risk awareness

Sustainability Statement

MATERIAL SUSTAINABILITY MATTERS

In last year's reporting period, we identified seven material sustainability matters that were of most significance to the economic, environmental, and social impacts of the Group. This year, the Group decided to undertake a materiality assessment process to identify, refine and assess the numerous potential environmental, social and governance issues that could affect our healthcare operations, as well as our stakeholders. The assessment was held in a workshop attended by the Sustainability Committee which involved departmental heads and senior management, to capture a more comprehensive view. During this assessment, we have identified seven new additional material sustainability matters pertinent to the healthcare sector which were added to our original list of seven material issues. These include:



Ethics & Integrity



Quality Healthcare



Safe Products & Services



Responsible Medicine Management



Patient Satisfaction

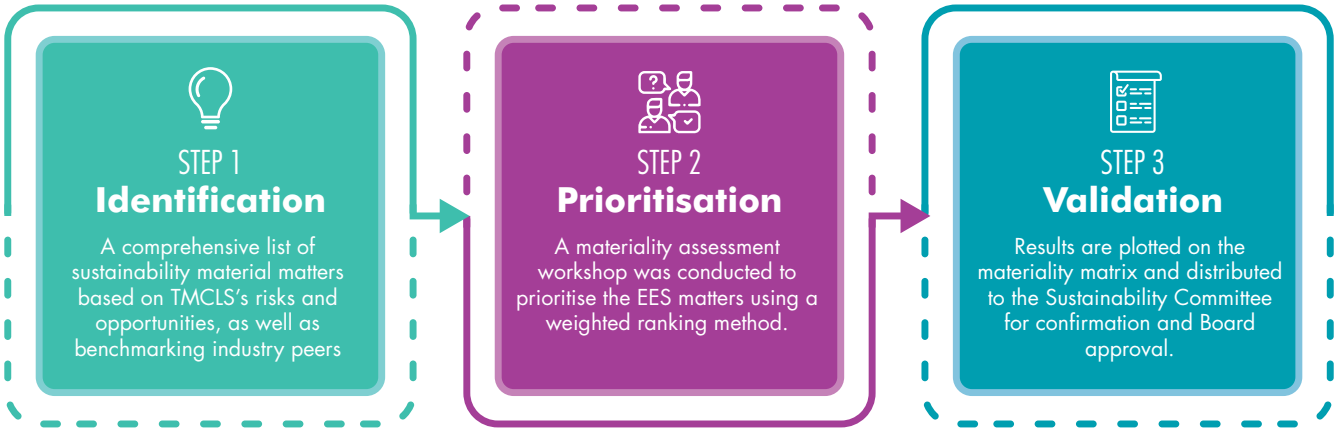


Emergency Preparedness for Diseases

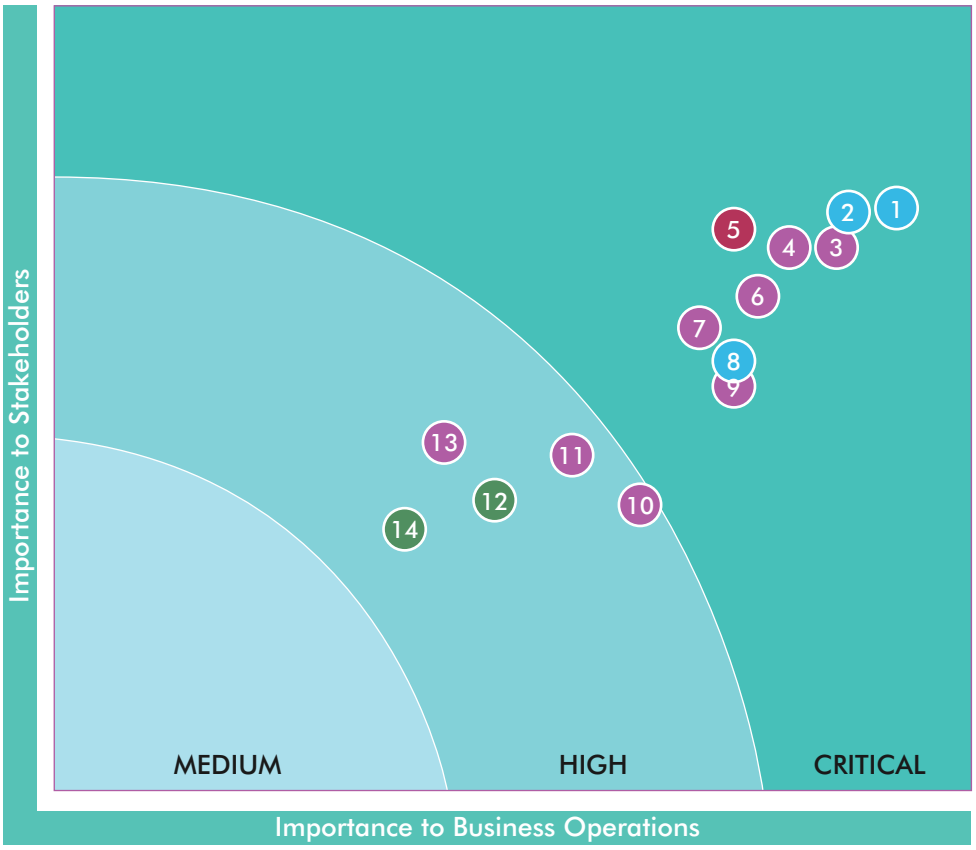


Community Health & Wellbeing

The combined 14 matters were then ranked in order of priority. Our materiality assessment process is illustrated below.



Based on the results of the materiality assessment, a matrix is generated that illustrates the priority of each material sustainability matter based on its significance to our stakeholders and our business operations. The material matters located towards the top right corner are most material and hold the highest importance to the Group.



Governance

5 Ethics & Integrity

Economic

1 Quality Healthcare

2 Safe Healthcare Products & Services

8 Economic Performance

Environmental

12 Clinical & Other Wastes

14 Energy Conservation

Social

3 Patient Privacy & Confidentiality

4 Responsible Medicine Management

6 Patient Satisfaction

7 Emergency Preparedness

9 Safety at the Workplace

10 Talent Management

11 Talent Development

13 Community Health & Wellbeing

Sustainability Statement

Mapping Our Material Matters

In embedding sustainability throughout our value chain, we illustrate the linkages of our material matters with our adopted UN SDG's as well as to the relevant stakeholders and GRI indicators.

Material Sustainability Matters	Relevant Stakeholders	Corresponding GRI Indicators	SDG
Governance			
Ethics & Integrity	• Shareholders/Investors • Employees • Government/Regulators • Suppliers/Contractors	102-16 Values, principles, standards, and norms of behaviour 102-17: Mechanisms for advice and concerns about ethics	
Economic			
Economic Performance	• Shareholders/Investors • Employees	201: Economic Performance	
Safe Healthcare Products & Services	• Government/Regulators • Suppliers/Contractors • Patients & Customers	GRI G4 Sector Specific 416: Customer Health & Safety	
Quality Healthcare	• Patients & Customers • Employees • Shareholders/Investors	GRI G4 Sector Specific	
Environment			
Energy Conservation	• Government/Regulators	302: Energy	
Clinical and Other Wastes	• Government/Regulators • Patients & Customers • Local Communities	GRI G4 Sector Specific for Healthcare Providers 306: Effluents and Waste	
Social			
Safety at the Workplace	• Employees • Government/Regulators	403: Occupational Health and Safety	
Talent Retention	• Employees • Shareholders/Investors	202: Market Presence 401: Employment 405: Diversity and Equal Opportunity	
Human Capital Development	• Employees	404: Training and Education	
Patient Privacy and Confidentiality	• Patients & Customers • Government/Regulators	418: Customer Privacy	
Emergency Preparedness for Disease Spread Control	• Government/Regulators • Employees • Patients & Customers • Local Communities	GRI G4 Sector Specific for Healthcare Providers	
Patient Satisfaction	• Patients & Customers • Shareholders/Investors	GRI G4 Sector Specific for Healthcare Providers	
Responsible Medicine Management	• Government/Regulators • Patients & Customers • Local Communities	GRI G4 Sector Specific for Healthcare Providers	
Community Health & Well-being	• Local Communities • Media	413: Local Communities	

STRENGTHENING OUR GOVERNANCE

Ethics & Integrity

Ethical standards affect the entire company, therefore, making it crucial to have a strong culture of professionalism in the workplace. Ensuring integrity within all facets of our operations will foster trust amongst our stakeholders, namely our patients, and protect the reputation of our brand name.

Integrity and ethical behavior are paramount in a healthcare setting and that is why we ensure that all employees are made aware of the Group's Code of Conduct and Ethics and our employee handbook. Upon commencement of work, new employees undergo a General Orientation programme in which we explain and illustrate the behavioural standards set out by the Group's policies.

As part of good governance, TMCLS's Whistleblowing Policy and Procedure provide employees an avenue to report legitimate concerns to be objectively investigated and addressed without any reprisal. Examples of cases that refer to misconduct or malpractice include but are not limited to fraud, corruption, improper or unauthorized use of the Group's properties, facilities or assets, negligence, non-compliance and etc. All reports are to be submitted to their immediate supervisor, or if not possible, the Chairman of the Audit Committee, in which the necessary action will be taken. To protect the interest of the whistleblower, the identity of the individual is made anonymous to ensure confidentiality.

STRENGTHENING OUR ECONOMIC RESILIENCE

Economic Performance

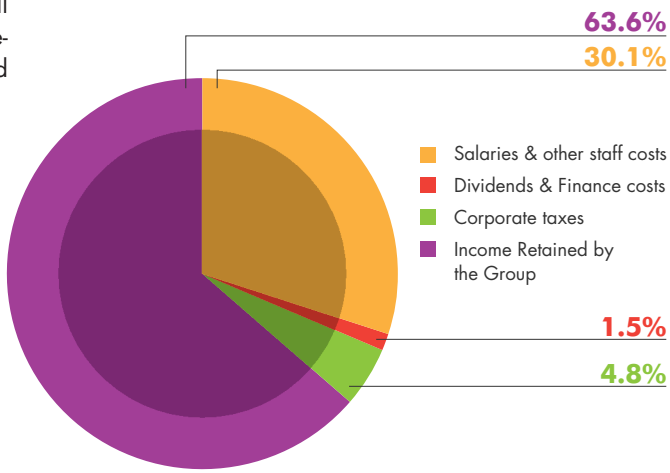
TMCLS believes that sustainable business development is a path towards unceasing and enhanced healthcare services at an affordable cost to the local community as well as the greater regional communities. We strive to maintain growth in order to improve our facilities with the latest technological innovations in healthcare as well as attract the right human capital in order to deliver top quality services to our patients, and deliver economic value to all our shareholders.

We are committed to achieving operational excellence through a series of stringent measures to manage our budget prudently. As a result, we have achieved sustainable economic growth in our bottom line Year over Year (YoY). With the Thomson Hospital Kota Damansara's (THKD's) expansion project that will be completed in 2020, we will triple our current capacity to 600 beds with 11 state-of-the-art operating theatres, 10 centers of excellence, an advanced cancer center, and more than 150 specialist clinics.

We achieved a total economic value generated of RM209.1 million during the FY2019. RM62.9 million (30.1%) was shared with 906 employees through pay out. Capital providers received RM3.3 million (1.5%) which included financial cost and paid-out dividend, whereas the government collected RM 10.1 million (4.8%) through corporate taxes for the reporting year. RM132.9 million (63.6%) was retained by the Group for future investment into our personnel, performance and sustainability focus area. Full details on economic performance can be found on pages 94 to 101 of the Annual Report.

total economic value
RM209.1
MILLION

Economic Distribution FY2019



Sustainability Statement

CARING FOR OUR PATIENTS

Quality Healthcare

Providing patients with exceptional quality of care is TMCLS's top priority and we are dedicated to continuously working to ensure that we are people's choice for healthcare.

We ensure that our equipment, diagnostic machines and related devices and instruments are subjected to periodical preventive maintenance to ensure the safety of our patients and hospital staff when using these facilities. With the completion of our THKD expansion project in 2020, we will be able to cater up to three times more patients than our current capacity. Our healthcare professionals comprise doctors specialising in multidisciplinary fields of medicine and well-trained nurses.

We have an established Quality Governance Structure that manages our approach when assessing the quality of care we provide. The Group Quality Legal and Risk committee ("GQLR") reports to the Group CEO for the planning and implementation of initiatives that will enhance quality of care through evaluation of current practices. The Incident Reporting system is made available in order to report any clinical or non-clinical incidents. These cases are monitored and tracked by the GQLR on which further analysis is conducted, called the Root Cause Analysis, in order to develop preventative measures. The GQLR also coordinates the reporting of quality and safety to the Ministry of Health (MOH) for the Incident Reporting and the Malaysian Patient Safety Goals, which aims at empowering patients through providing the proper knowledge.

One of our initiatives to continuously improve our care, THKD has implemented the 'No Time to Waste' project, that aims to improve the patient registration process during discharge. Based on customer feedback, this plan enabled us to reduce waiting times by 78%. Workshops on internal quality audits, incident reporting, and risk management are also conducted to familiarise staff on best practices in quality and safety.



'No Time to Waste' project reduced waiting times by **78%**

In ensuring the quality of care by our nursing staff, we provide monthly Continuing Nursing Education (CNE) training as well as nursing workshops whereby the speakers consist of experts in the related field (i.e. Consultants, Clinical Pharmacist, Physiotherapist, Legal Experts, etc.). All newly registered nurses go through quarterly orientation and competency training to enhance their clinical skills. Monthly nursing audits on patient safety are conducted and, clinical incident reporting procedures have been put in place to identify and analyse root causes for accidents to develop preventative measures. Relevant clinical incidents and audit findings will be shared with the MDAC sub-committee for further discussion to review the cases and give recommendations for improvement and developing preventative measures. We have also put in place Nursing Education Teams (NET) comprising trainers who are specialised in specific fields of medicine. These trainers conduct training for other nurses to hone their nursing skills further.

Group wide quality audits are also held to monitor our performance. Quarterly audits have been made for the Fertility Centre branches along with on-site audits in order to meet the requirements of the Malaysian Society for Quality in Health (MSQH) and the Reproductive Technology Accreditation Certification. The objective of these audits is to understand and identify our current gaps and develop methods to improve, such as through training, facility improvements, and user feedback to improve patients satisfaction.

Responsible Medicine Management

Responsible medicine management entails rational use of medicines. The World Health Organisation defines this as "patients receiving medications appropriate to their clinical needs, in doses that meet their own individual requirements, for an adequate period of time, and at the lowest cost to them and their community (WHO, 1985)". To prevent the irrational use of medicines we have established a policy on Medication Management and use that outlines how medicines in our pharmacy and the hospital are to be handled.

Poor medicine management includes the overuse, underuse and misuse of medication. We aim to tackle these problems through strict adherence to our policy on Medication Management and Use that outlines how medicines in our pharmacy and the hospital are to be handled.

Only Medical Practitioners who are in Malaysia under the MOH are legally qualified to prescribe certain medicines, while other medications are only sold to patients by non-registered medical staff with supervision from registered pharmacist. Prescriptions take into consideration all factors of a patient including age, gender, pre-existing medications and conditions, so as to avoid potential negative effects. Once the best option for the patient has been determined, the prescription including the route of dispensing, strength and dosing frequency, and duration and quantity is stated before the prescription is filled. For certain medications such as Dangerous or Psychotropic drugs, it is mandatory that the prescription is cross-checked by at least two medical professionals with one person a pharmacist.

In the event of an adverse drug reaction, a medical consultant or medical officer is required to complete the 'Report on Suspected Drug Reactions Form' and submit to the Pharmacy Department to be reported to National Centre for Adverse Drug Reactions Monitoring, MOH. We take the following measures to minimise incidences of adverse drug reaction:

- Maintain meticulous records to avoid repeated incidents and keep all staff updated and aware;
- Educate our patients on the correct use of the prescribed medication and provide them with channels to contact their consultants should they have any questions or concerns; and
- Advise and regulate improper patient use of self-medication, as there is a rise on the circulation of inaccurate information.

The rise in drug resistant bacteria has forced hospitals and health facilities to take serious action in combatting the overuse of antibiotics. The Antimicrobial Stewardship (AMS) initiative established at our hospital in line with the requirements of the MOH. The AMS is a coordinated systematic approach to improve the appropriate use of antimicrobials by promoting the selection of the optimal antimicrobial drug regimen; right choice of antimicrobial, right route of administration. By adhering to the AMS, we are able to strengthen the daily surveillance on multidrug resistance bacteria, adhere to the antibiotic usage policy and record feedback from the medical consultants.

Patient Privacy & Confidentiality

The healthcare industry predominantly employs information technology for data storage and retrieval to assist healthcare professionals to deliver prompt and quality services.

By setting up our Hospital Information System (HIS), we have established an electronic platform that is more easily accessible for our staff. Through this platform we are able to schedule appointments, manage bill payment, administer medication from our pharmacy and manage inventories. The system is also integrated into our finance, laboratory, and radiology information systems.

We conduct quarterly audits on our customer privacy, and annual audits on our cybersecurity to assess the strength and integrity of our data security system. All customers are informed and made aware of how their personal information will be used and are provided with a channel to voice their concerns regarding their data protection.

Annual risk assessments are carried out to identify most vulnerable sections of our operations, providing continuous confidentiality training to all staff, and close monitoring of all devices and records. We also ensure the encryption of data on any hardware used, and manage identity access stringently throughout our systems. We try and provide wireless subnet networks to avoid breaches from the outside.

Digitisation of information has led to improved efficiency of healthcare services; however, it comes with higher risk of data breaches due to multiple handling of data. As patient privacy and confidentiality is ranked as one of our top most material matters, we aim to build trust by taking multiple measures to ensure that information on our patients are protected from leaks and other security threats.

We are committed to protecting our patient-related information as required under the Personal Data Protection Act (PDPA) 2010. Under the PDPA, when processing personal data, we take steps to protect the personal data from any loss, misuse, modification, unauthorised or accidental access or disclosure, alteration or destruction. We also exercise caution when disclosing sensitive personal data.

For FY2019, we are pleased to report that there have been no complaints reported on issues related to PDPA.



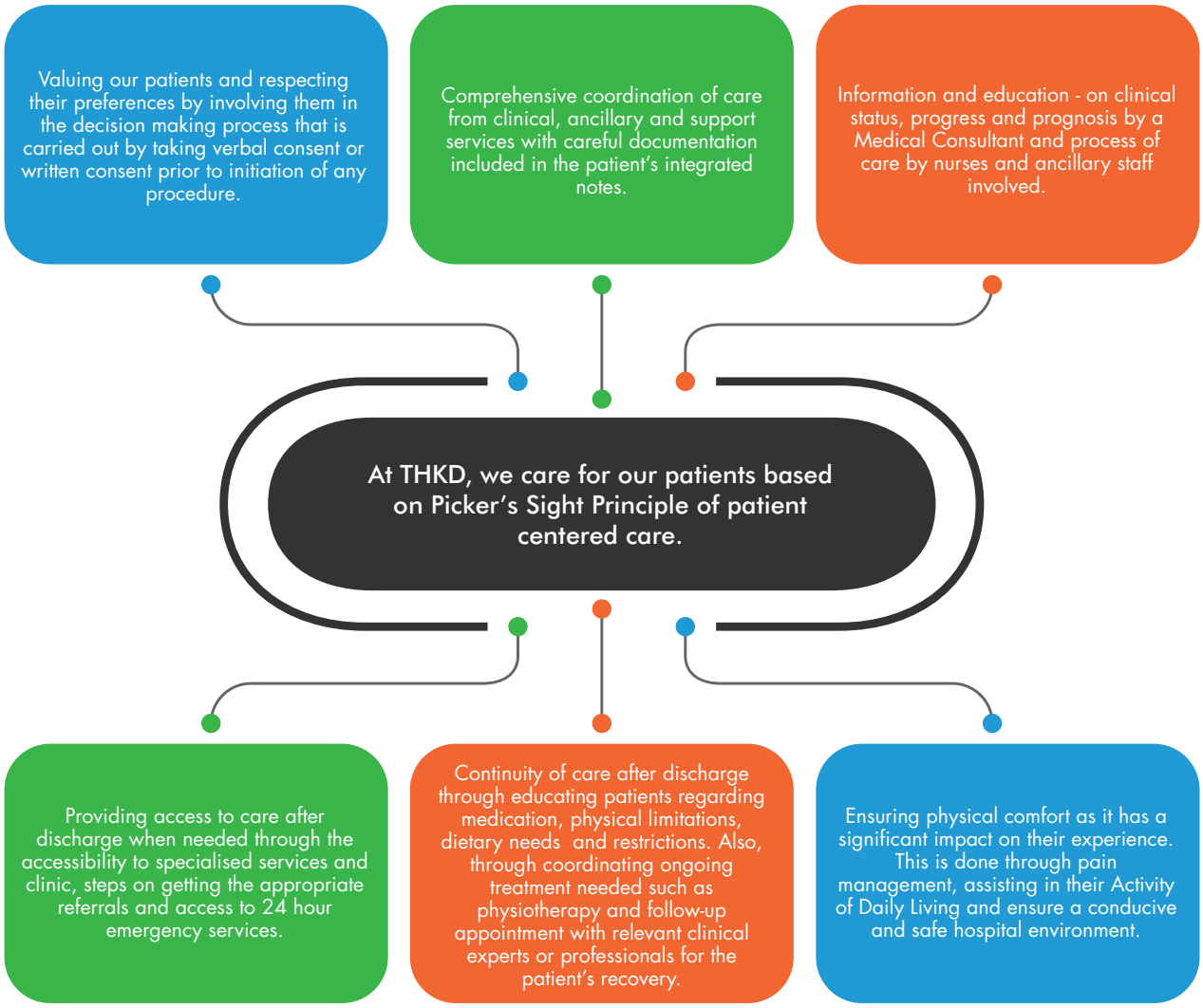
The Antimicrobial Stewardship (AMS) initiative helps combat the overuse of antibiotics, in line with requirements of the MOH.

Sustainability Statement

Patient Satisfaction

Patients are the core of the healthcare industry and to provide the best possible care is our highest responsibility. It is important for us to understand the expectations of our patients and whether they feel that they have had a satisfactory stay while receiving their medical care with us.

To ensure we are meeting the expectations of our patients and customers, we conduct satisfaction surveys so that we are able to understand areas that we can improve and enhance. Keeping our patients content will show that our services are reliable and that we are a dependable healthcare provider.



These principles help guide our approach when catering to patients' needs. Each individual patient deserves to receive care that is best designed specifically for them taking into consideration their particular needs. Through these guiding principles we are dedicated to ensuring that all patients feel they are cared for to the best of the hospital's abilities.

Customer Satisfaction:
88-93%

For this reporting period, the feedback we received from the satisfaction surveys completed by our patients, indicate that our patients are satisfied with the overall service we are providing. Our surveys encompass both inpatient and outpatient services from admission & discharge, nurses, food quality, room or ward quality to emergency services, consultants and doctors, pharmacy, and more. Individual departments are also accorded Net Promoter Scores (NPS) to identify areas of improvement. Overall, we have achieved high ratings of 88-93% which demonstrate that at THKD we provide quality healthcare service.

Safe Healthcare Products & Services

As we have our own pharmaceutical branch for the distribution of medicines, it is important that all our products comply with the applicable regulations. Distribution of medicines and other products undergo strict processes to achieve the highest quality assurance in terms of safety to consumers.

We undertake a series of measures to ensure the pharmaceutical products we receive are of high quality. Our robust vendor registration process ensures we purchase our products from only reputable companies with an established track record in the market. All products go through an established procurement process, supported by a Product Evaluation procedure. This procedure includes evaluating products based on relevant research or investigational studies, for example, efficacy studies, bioequivalent studies, and stability studies, to confirm their safety and efficacy. All products must be registered by the Drugs Control Authority (DCA) in Malaysia and bear the registration number.

For the reporting year, there were no incidences of recall or product defects, as we follow strict measures to reduce the number of risks and hazards.

CARING FOR OUR ENVIRONMENT

Clinical & Other Wastes

We recognise the benefits of an environmentally sustainable healthcare system, and our long standing commitment is reflected in our Safety, Health & Environmental (SHE) Policy and the procedures that we have put in place to manage the environmental impacts.

Of importance is the responsible management of our clinical wastes that contain hazardous and infectious elements. If not disposed properly, these wastes can result in detrimental consequences to public health and the environment. Responsible waste management requires that the proper facilities and processes in disposing of hazardous waste are established and adhered to.

At THKD, we engage with the Healthcare Waste Management Services (HWMS) for licensed collectors, and comply to the following regulations:

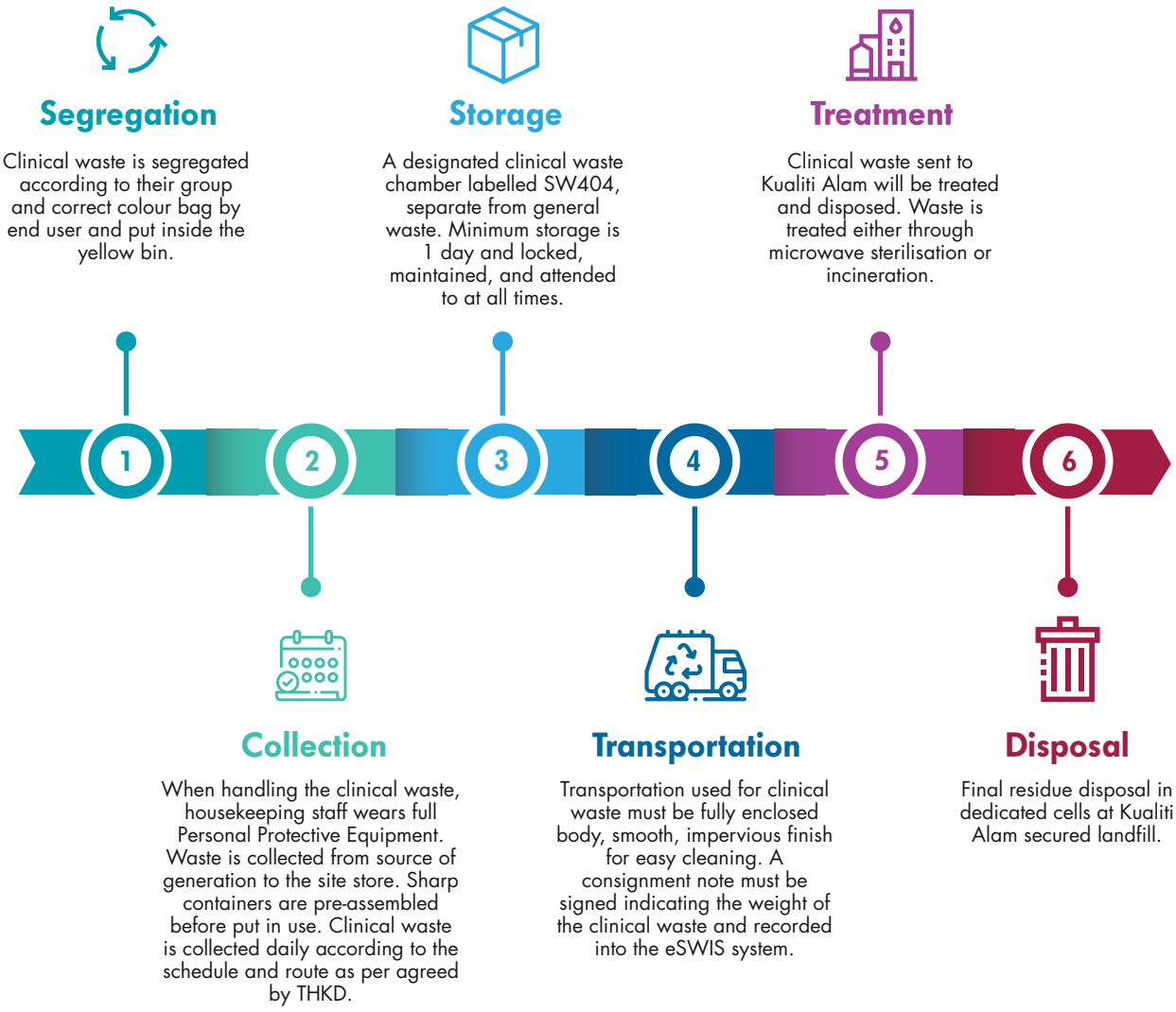
Healthcare Waste Management Services (HWMS)

Types of waste	Regulations
Scheduled Waste	Environmental Quality (Scheduled Waste) Regulations, 2005

Sustainability Statement

The wastes generated are collected and disposed of daily by licensed contractors under the supervision of THKD General Administration Department. The department personnel conduct site inspections and convene on a monthly basis to discuss issues arising.

We have implemented a six-step process for the management of clinical wastes as well as general wastes to prevent any illegal disposal of wastes from our healthcare facilities.



For the reporting period of FY2019, THKD has generated a total of 63.4 tonnes of clinical waste which was disposed at the Integrated Waste Management Centre operated by Kualiti Alam. The amount of clinical waste generated has decreased by 25%, compared to last year which generated 84.7 tonnes of clinical waste. At the facility, the wastes undergo microwave sterilization followed by incineration. The resultant residue (ash) generated is then disposed in a secured landfill.

Total Amount of Clinical Waste Generated

FY2018	FY2019
84.7 tonnes	63.4 tonnes

Percent of Clinical Waste Collected

FY2018	FY2019
100%	100%

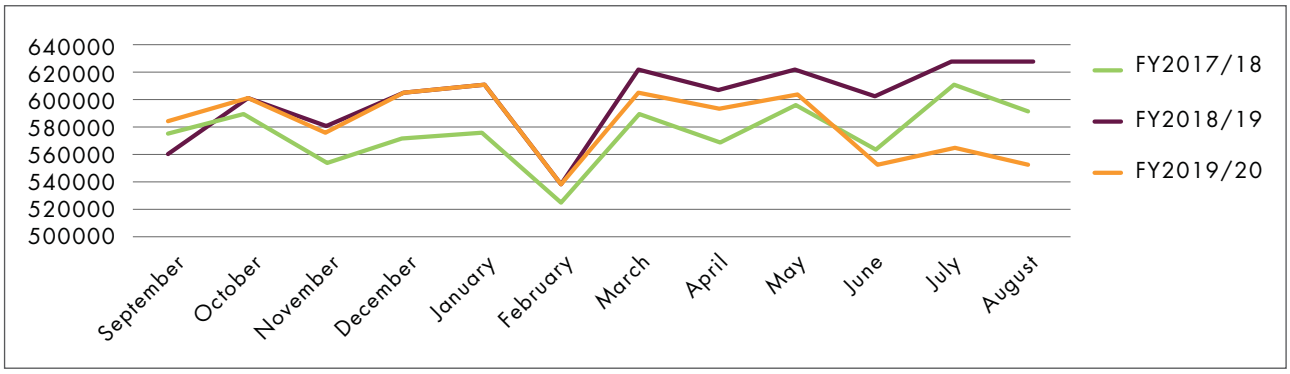
Energy Conservation

As a hospital, our operations are continuous and therefore, our energy demand is high. Electricity is required for the lighting, heating or air conditioning, security systems, monitoring, elevators, cleaning and sterilization and operating rooms to provide the required medical services in maintaining a high level of indoor air quality. Diesel is required for the generators which form the back-up systems when electricity supply is disrupted.

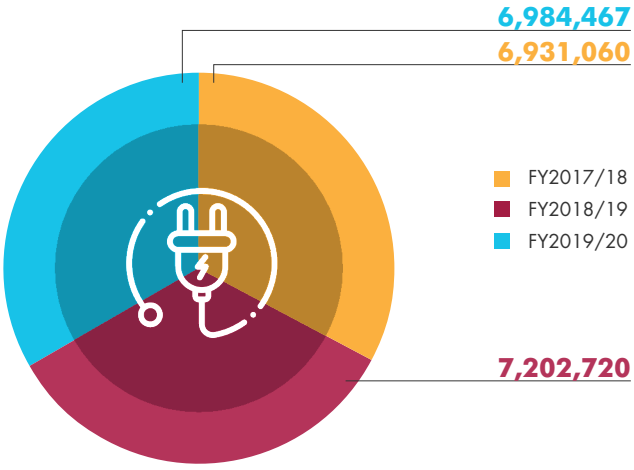
To reduce our carbon footprint, we have embarked on several initiatives that help us manage the amount of energy used as we continue to find innovative ways to reduce consumption without compromising our quality of care.

For FY2019, TMCLS invested RM199,000 in the purchase of 6,000 LED light bulbs to replace the existing conventional fluorescent lightings progressively. The timers for our air handling units (AHU) were changed to models which run only during certain hours, for example from 7am to 7pm daily. The number of these AHUs units with timers were increased by 20% this year. Water pumps for the cold water system have been upgraded to become automated to maintain water pressure and meet only current demand. Our Facilities Management Department monitor and manage energy performance and identify areas for possible reduction. We perform annual energy audits to keep record of our facilities ensuring that all equipment and facilities are running efficiently to avoid energy wastage.

Monthly Electricity Usage (kWh)



Total Energy Consumption (kWh)



For this reporting period, the hospital's total electricity consumption decreased by 3.03% to 6,984.5 MWh compared to FY2017/18 (7,202.7 MWh).

As our commitment towards environmental sustainability, the new building that is currently under construction as part of our expansion project will be designed to meet the GreenRE certification requirements for the green building accreditation. GreenRE was set up by REHDA in 2013 to promote sustainability in the property industry. It is one of the leading green rating tools in Malaysia as it is recognised by KeTTHA (Ministy of Green Technology and Water), MGTC (Malaysian Green Technology Corporation), MIDA (Malaysian Investment Development Authority), IRDA (Iskandar Regional Development Authority), and including local authorities.

Sustainability Statement

CARING FOR OUR PEOPLE

Talent Management

As a healthcare provider, investing in our people is critical to ensuring the long-term sustainability of our business as the shortage of qualified staff will affect the quality of care we provide to our patients.

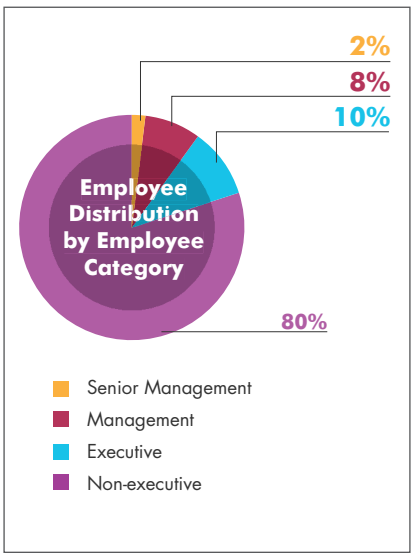
We are committed to providing a safe working environment that is conducive to the personal and professional growth of all our employees. We value our employees' hard work and ensure their well-being is given priority during their tenure at TMCLS.

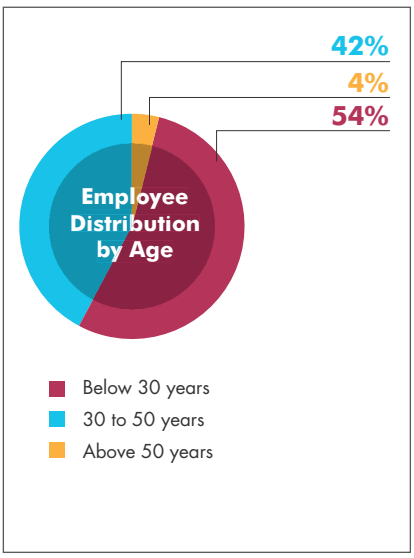
The fundamental principles and goals of our human resource policy framework ensure that all employees are treated with fairness and integrity, ensuring no discrimination regardless of race, gender, age, or nationality. We comply with the Employment Act, 1955 and the Children and Young Persons (Employment) Act 1966. Policies on the following topics are in place:

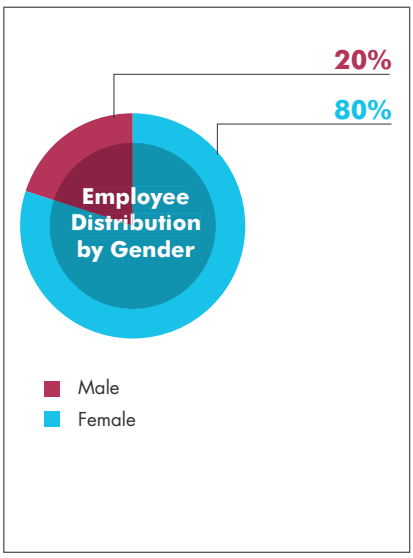
- Conflict of Interest
- Recruitment
- Confidential and Proprietary Information
- Hospitalization and Medical Benefits

Due to the nature of the healthcare industry, our workforce is predominantly women, making up a majority of almost 80% of our employees. Below is the distribution of our workforce by age, gender, and employee category. The majority of our workforce comprises of those in the non-executive category which include our clinical and non-clinical staff, while the highest number of employees belong to a younger age group (below the 35 years category).

> "We are committed to providing a safe working environment that is conducive to the personal and professional growth of all our employees."







As part of our employee benefits, we provide parental leave and the details for FY2019 are provided below. We have been providing maternity leave of 90 days before it had been set as mandatory by the Malaysian government.

Number of employees that took parental leave in FY2019



FEMALE 49



MALE 8

Number of employees that returned to work after parental leave ended



FEMALE 49



MALE 8

Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work



FEMALE 41



MALE 8

Furthermore, we inculcate a friendly work culture through programmes that promote team building and cooperation. The Thomson SHINE employee engagement programme which is an employee-driven initiative boosts staff from all ranks to participate in various social activities to strengthen working relationships. Activities organised for this year include festive celebrations, dinners, and sports events fostering bonds among employees.

THOMSON SHINE

S Self-appreciation

H Harmony through shared values

I Inclusion as one team

N Networking to build relationships

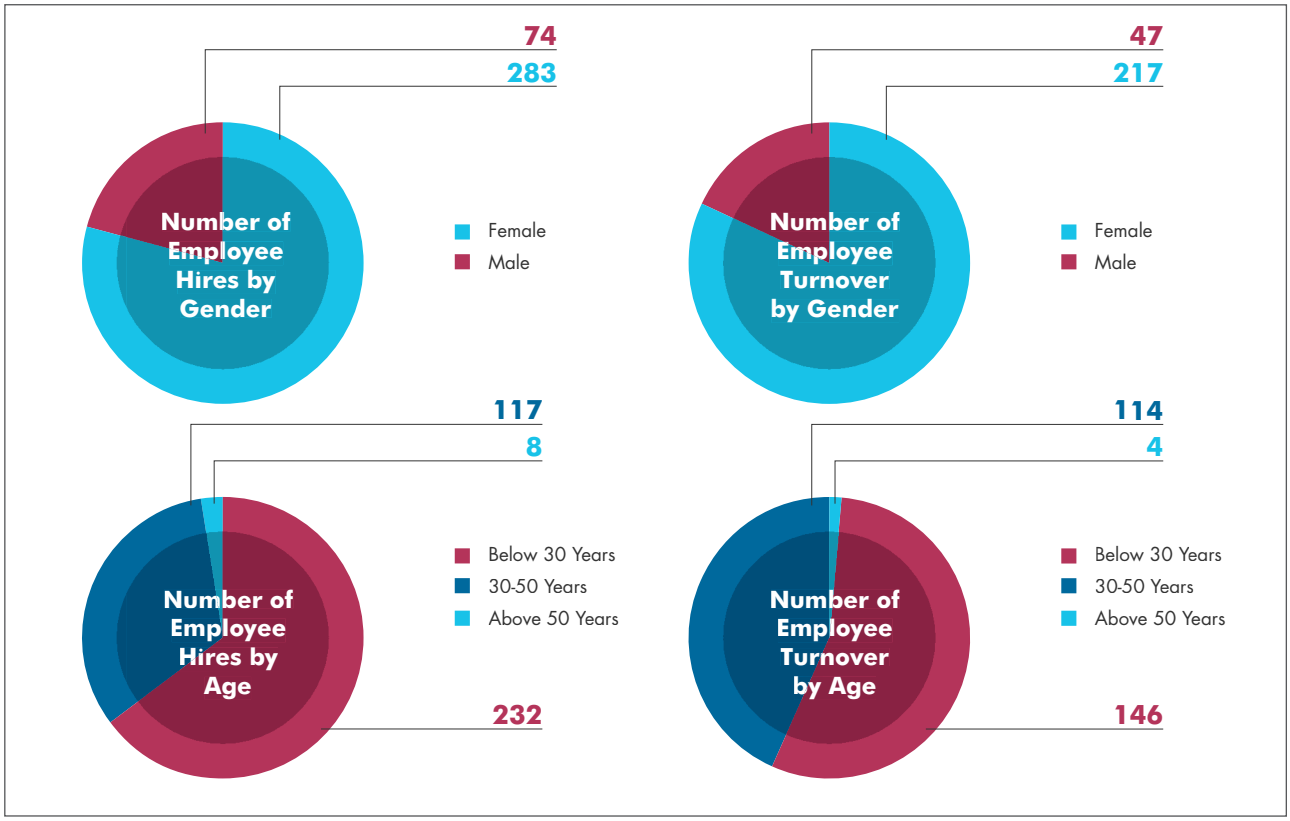
E Environment that creates memorable experiences

> The Thomson SHINE employee engagement programme which is an employee-driven initiative boosts staff from all ranks to participate in various social activities to strengthen working relationships.

Sustainability Statement

To cater for our growth, we continuously recruit employees with the right skillsets and experience. Our rate of hire (3.45%) this year showed an increase of 17% as compared to last year (2.95%). In tandem, our turnover rate also increased from 1.57% last year to 2.56% this year.

TMCLS's New Employee Hires and Employee Turnover (FY2019)



New Employee Hires	FY2017	FY2018	FY2019
Age			
Below 30 years	153	176	232
30 – 50 years	76	99	117
Above 50 years	3	3	8
Gender			
Women	186	217	283
Men	46	61	74
TOTAL EMPLOYEE HIRES	**232**	**278**	**357**

Employee Turnover	FY2017	FY2018	FY2019
Age			
Below 30 years	76	111	146
30 – 50 years	61	86	114
Above 50 years	5	8	4
Gender			
Women	118	158	217
Men	24	47	47
TOTAL EMPLOYEE TURNOVER	**142**	**205**	**264**

Talent Development

The Group HR Department is responsible for analysing the hospital's training needs and then develop a plan coordinate programmes which are aligned with the requirements of the MOH and MSQH. We seek feedback from employees to better understand the effectiveness of the programmes in meeting their personal goals, and to identify areas of improvement for future programmes.

As per our master development plan, managed by our human resources department, it is mandatory for all departments to receive training to keep updated with the latest technological advances in the medical field as well as to be conversant with our comprehensive Standard Operating Procedures (SOPs).

During this reporting period, we utilised 95% of the budget assigned for training. A total of RM532,174 was invested towards a total of 31,108 training hours. The table below list some of the training conducted for this reporting period.

Name of Training Programme	Target Skills
Mandatory Training	
General Orientation	Two-day programme required by new staff to better understand the systems and processes of the organisation.
Basic Life Support	Compulsory training for clinical employees with no more than 12 in attendance to ensure effectiveness.
Managerial/ Leadership Programme	
Management Strategy Planning & Leadership Workshop	Training to better develop strategic 5 years planning and enhancing leadership skills.
Building Cohesive Team & Leading Change	To enhance leadership skills for middle management through workshops and team building.
Specialised/ Supervisory Program	
Microsoft Excel (Basic & Intermediate)	The increase need for detailed data analysis to equip supervisors and relevant staff with excel skills.
Behavioural Interviewing Skills	To build a larger pool of trained interviewers that are equipped with skills to select best suited candidates.
Service Training	
Positive Outlook Programme (POP)	A three-phase modular programme established to strengthen the customer service culture hospital wide. Aims to help employees achieve service excellence in line with THKD's Core Values.



A total of **RM532,174** was invested



A total of **31,108** training hours

Sustainability Statement

On average, we recorded 34 hours of training for each employee. The feedback from participants have been positive with employees responding that the training programmes were effective.

TMCLS' Employee Average Training Hours

Gender	Number of Training Hours FY2019	Average Hours by Gender FY2018	Average Hours by Gender FY2019
Male	6,720	31	37
Female	24,388	33	34
Employee Category	**Number of Training Hours FY2019**	**Average Hours by Category FY2018**	**Average Hours by Category FY2019**
Managerial	4,047	47	48
Executive	3,534	38	38
Non-Executive	23,527	31	32

Safety at the Workplace

In hospitals, our patients, employees, vendors and various other parties are exposed to hazards such as radiation, infectious diseases and hazardous chemicals, amongst others. The healthcare industry experiences some of the highest rates of non-fatal illness or injury, therefore, strict precautions have to be taken to ensure the safety of our healthcare professionals in the workplace as well as those who frequent our healthcare centres.

We have established a Safety, Health and Environment Policy and a comprehensive process to mitigate and prevent incidents harmful to our employees. These measures include:



Risk identification and assessment to recognise those who will be exposed to high risk



Medical Examinations are conducted for workers who are frequently exposed to radiation



Management of blood and bodily fluid spills to prevent contamination



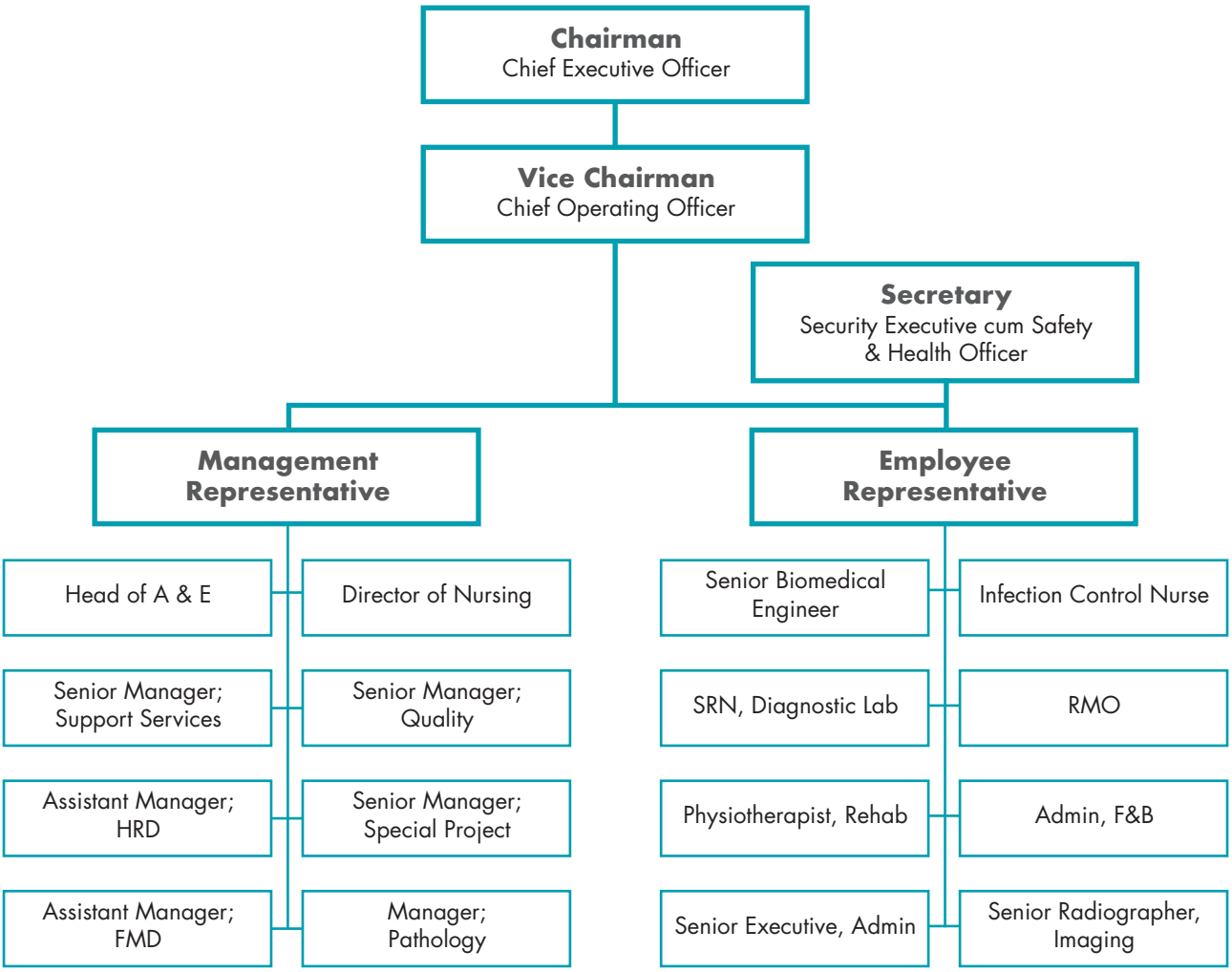
Provide guidelines for screening and post exposure Prophylaxis to Hepatitis B virus for healthcare workers

Sustainability Statement

The THKD's Occupational Safety, Health and Environment (OSHE) committee is responsible to reduce and control hazards and risk, prevent accidents and injuries, and to ensure a safe and secure working environment.

Its primary functions include the establishment and compliance of the Environment of Care Plans which looks into safety and security, hazardous material, emergency management, fire safety, medical equipment, and utility systems. The responsibilities of the committee include reviewing work processes and procedures to support the objectives of the Environment of Care Plans, which entails the maintenance of plant and systems of work so they are safe and without risks to health.

Below is TMCLS OSHE Committee Organisation chart for FY2019.



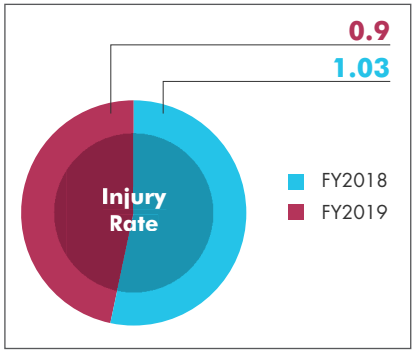
Sustainability Statement

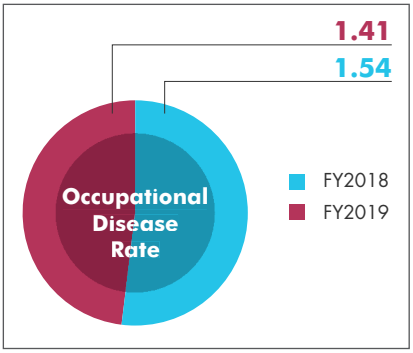
Continuing our efforts from last year, we have successfully conducted annual Hazard Identification Risk Assessment Risk Control ("HIRARC") assessments for all our departments. By undertaking these assessments, the potential harm or danger in the workplace is identified, and its magnitude and risk analysed, so that appropriate controls can be taken.

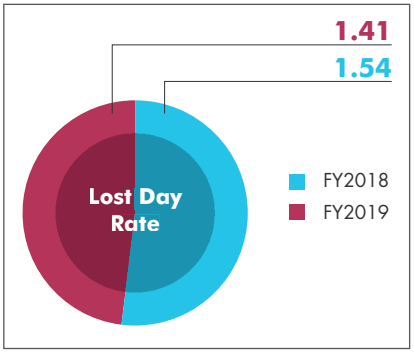
Listed below are examples of some of the hazards identified along with the control measures implemented to address them.

Hazards / Risks	Preventative measures
Chemical hazards can lead to: • Drowsiness • Eye irritation • Skin irritation	• Personal Protective Equipment (PPE) to be worn • Training for management of chemical spills • Guidance for proper use of cleaning and disinfecting agents • Chemical spill kits • Eye wash stations
Electrical power trips can lead to interruptions to hospital services and equipment damage.	All electrical and electronic medical devices undergo preventive maintenance.
Medical records folders can be damaged by water from sprinkler systems.	Utilise a waterless fire suppression system that uses dry chemical agents to suppress fires.
Cracks formed on glass windows can cause splinters injuring staff and patients.	Any cracks reported to maintenance and/or cleaning teams, the glass shall be replaced immediately.

THKD's OSHE Statistics







To prevent occupational related disease, we have put in place a training system that addresses pertinent topics for both new and existing healthcare professionals.

Category of Professionals	Training Topics
New employee	• Injury involving sharps • Personal protective equipment • Exposure to blood and bodily fluids • Hand hygiene
Nurses	Monthly Infection Control Link Nurse (ICLN) training on: • Prevention of injuries involving sharps • Body fluid exposure • Personal protective equipment • Isolation precaution • Hand hygiene • Specific organism related information

CARING FOR OUR COMMUNITY

Emergency Preparedness

Emergency preparedness is a critical aspect of our operations and requires extensive planning, documentation and communication. We have built a strong and ready to serve network with local authorities for cases that require large scale management, especially in the event of a disaster.

The Emergency Response Plan is developed specifically for THKD. This policy can be applied to all emergencies within the hospital premises that may lead to partial or general evacuations due to events such as fire, explosion, tremors, and more. In order to ensure effective management of the various types of emergencies, the following color codes have been established and annual drills are conducted to familiarise staff with the appropriate evacuation and emergency measures. Policies for each of the emergencies outline the roles and responsibilities of staff in such an event. The emergency colour codes are as follows:

Colour Code	Type of Emergency
Code **Blue**	Medical Emergency
Code **Red**	Fire Emergency
Code **Yellow**	Disaster Alert
Code **White**	IT Emergency
Code **Pink**	Baby Abduction
Code **Purple**	Bomb Threat
Code **Grey**	Aggressive or Threatening Behaviour

Types of emergencies listed are incidents that threaten the safety of the hospital, staff, patients, and visitors. These incidents have the potential to reduce the capacity of the hospital to function as usual, and therefore, the appropriate training is provided to all staff so that they are able to perform their duties effectively. We also receive strong support from the local authorities during our annual drills for more informed training.

Community Health & Well-being

As a responsible healthcare provider, TMCLS not only treats and cares for its patients, but also builds resilient communities by equipping them with knowledge that will enable them to take charge of their health and well-being. Our various meaningful modes of engagements are designed to disseminate the right information to educate and protect them.

Pink October Project (POP)

In conjunction with the Breast Cancer Foundation, the Group's flagship hospital, THKD launched one of its largest Pink October Project (POP) in October 2018. The campaign is designed to raise awareness and educate the public about breast cancer. We provided free mammogram screenings for early detection of breast cancer. We also provided breast prosthesis for select cancer patients who have undergone full or partial mastectomies. The project involved five campaigns held at 1 Utama Shopping Mall which included breast self-examination demonstrations and talks by cancer survivors. Exciting activities such as children's art corner, zumba, yoga and body combat class, makeup makeover, and free basic health screenings were also provided.

The highlight of the event was the presentation of two cheques (worth RM20,000 in total) to the Breast Cancer Welfare Association and the Breast Cancer Foundation.

Fun Run and Sihat-thon

Fun Run and Sihat-thon is a collaborative effort between THKD and Sekolah Kebangsaan Seksyen 9 in Kota Damansara. A RM10,000 donation was given to improve the school's infrastructure, including classroom materials and laboratory equipment as well as items for curricular and co-curricular activities. Part of the amount also went to the special welfare fund for underprivileged students and donation for their families in times of need. THKD also provided 650 pieces of jersey for the 3km and 5km fun run and offered basic health screening to the parents and teachers present on that day, along with holding a health talk by our Rehab department.

Sustainability Statement

Nurse Day 2019 at Pusat Jagaan Suci Rohani

In conjunction with Nurse Day 2019, a team of nurses form THKD visited Pusat Jagaan Suci Rohani, an orphanage located at Bandar Utama. THKD donated RM6,000 worth of dry items and our nurses demonstrated good hand hygiene practices. The children from the orphanage received gifts bags and enjoyed a fun colouring session. The visit ended by breaking fast together with the children which brought much cheer to everyone present.

Community Health Programmes & Talks

In our continuous effort to contribute back to our local communities, and support the associations in which we are members, THKD provided free basic health screenings to surrounding communities. Students at nearby schools enjoyed insightful health talks from our nursing and dietetics team.

As a Group, TMCLS donated RM2,800 worth of medication to Mercy Malaysia in support of their outreach programmes. The Group also contributed medicines amounting to RM1,760 to the Orang Asli settlement in Sungai Tiang Belum, Perak.

School	Event	Description
Thean Hou Temple Selangor Hoi Nam Association	Health Screening & Health Talk	The health talk was provided by Dr. Tan Gie Hooi and Dr. Kwan Keat Leong on breast & oncoplastic surgery and abdominal pain. Number of participants: 80
Segi University	Health Talk	The health talk was provided by dietition Ms. Choo Wan Yee and the talk's main focus revolved around the importance of nutrition. Number of participants: 120
Segi University	Health Talk & Health Screening	THKD provided health screening and health talk by Dr. Haizal Haron Kamar who discussed the importance of cardiac health. Number of participants: 120
Sri KDU International School	Prevention of Infection Through Effective Hand Hygiene	The programme was conducted by the Nursing Education department and Quality & Development department to promote awareness on the prevention of infection through proper hand hygiene. Number of Participants: 900

TMCLS donated

RM40,560

worth of medicines and cash



Number of people given **free health screening** in the last financial year totaled approximately

1,600



Furthermore, THKD has provided numerous free health screening programmes as seen below:

No.	Event & Location	Number of Attendees
1.	Malaysia Medical Summit Faculty of Medicine	80
2.	Putra Intelek International	100
3.	Ikano Mutiara Damansara	100
4.	Women Health Campaign Atria Shopping Gallery	150
5.	AIA Share Services Wellness Day Cyberjaya	100
6.	Digital Day DIGI Sunway Hi Tech Industrial Park	80
7.	British American Tobacco	100
8.	PKNS Health Day PKNS HQ	150
9.	Bangunan Bakti Siti Hasmah TTDI	80
10.	Eco Grandeur Puncak Alam	100
11.	Thean Hou Temple	60
12.	15th MMA Primary Care Symposium	100
13.	Selgate Corp S/B Shah Alam	100
14.	Malayan Tiger Run 2019 IOI City Mall	180
15.	BHP Petrol Kuala Lumpur	100
16.	Auto Bavaria S/B Temasya Industrial Park	80
17.	VS TECS KUSH S/B	80
18.	Cycle & Carriage Glenmarie	80
19.	Avani Sepang Goldcoast Resort	80
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Sustainability Statement

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CORPORATE SOCIAL RESPONSIBILITY

For the financial year ended 31 August 2019, the Group engaged in several CSR initiatives as listed below:

Pink October Project (POP)

In October 2018, Thomson Hospital Kota Damansara (THKD) launched one of its biggest Pink October Projects (POP). The POP team designed the campaign to raise awareness and educate the public about breast health and early detection for breast cancer. Throughout the campaign held at 1 Utama Shopping Mall, breast self-examination demonstrations and sharing sessions by cancer survivors were conducted. There were also exciting activities for the public such as kid's art, zumba, yoga, body combat classes, makeup makeover and free basic health screenings.

The highlight of the event was the presentation of two cheques worth RM20,000 in total, during the *Breast Prostheses Giving Away Ceremony* to our beneficiary partners, Breast Cancer Welfare Association and the Breast Cancer Foundation.



YB Jamaliah Binti Jamaluddin, ADUN Bandar Utama together with Mr Wong Yu Chee, Group CFO of TMCLS, and campaign partners at the Pink October Project (POP) 2018 opening event in 1 Utama Shopping Centre.



Free body combat class conducted by the team from Celebrity Fitness.

Corporate Social Responsibility





Fun Run & Sihat-thon

Fun Run & Sihat-thon is a collaborative effort between THKD and Sekolah Kebangsaan Seksyen 9 Kota Damansara. RM10,000 sponsorship was contributed to improve the school's infrastructure, provide students with up-to-date materials for classes and laboratories as well as funding curricular and co-curricular activities. Part of the amount also went to the special welfare fund for needy students and donation for their families in times of need. In addition, THKD provided 650 t-shirts for the 3km and 5km fun run and offered free basic health screening to the parents and teachers present on that day.



Nurse Day 2019 at Pusat Jagaan Suci Rohani

In conjunction with Nurse Day 2019, our nurse team visited the Pusat Jagaan Suci Rohani orphanage at Bandar Utama. THKD donated RM6,000 worth of dry items and our nurses demonstrated good hand hygiene practices. The children also received gift bags and enjoyed a fun colouring session. We ended the day by breaking fast together.



Corporate Social Responsibility





Community Health Programmes & Talks

In our continuous effort to give back to our local communities, associations and societies throughout the financial year, we organised or participated in various programmes and events. One example is the Malayan Tiger Run organised by WWF to save the 200 Malayan tigers left in Malaysia. The Hospital provided free basic health screenings at these events which benefits the participants and surrounding communities. For our school programme, students enjoyed informative health talks from our nursing and dietetics team.





The nursing team educating primary-level students about hand hygiene.

In April 2019, TMCLS donated RM2,800 worth of medication to Mercy Malaysia in support of their outreach programmes. Similarly, in the month of July, the Group contributed medicines amounting to RM1,760 to the Orang Asli settlement in Sungai Tiang, Belum, Perak.

BOARD OF DIRECTORS



from left to right:

- Dato' Sri Mohd Mokhtar Bin Mohd Shariff
- Dr. Lam Lee G
- Wan Nadiah Binti Wan Mohd Abdullah Yaakob
- Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir
- Gary Ho Kuat Foong
- Claire Lee Suk Leng
- Wilson Sam
- Kan Kheong Ng



PROFESSOR EMERITUS DATO' DR. KHALID BIN ABDUL KADIR

- Non-Independent Non-Executive Chairman

Aged 71

Male

Malaysian

Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir was appointed to the Board on 7 October 2004. He graduated with first-class honours in B.Med. Sc. (1973) and a first class honours in MBBS from Monash University, Australia in 1975 and PhD in 1982. He was awarded the FRACP (Australia) and FRCP's from Edinburgh, Glasgow, Ireland and London and the Honorary Fellowship of the American College of Physician in June 2008 and is a Fellow of the Academy of Science Malaysia.

Professor Emeritus Dato' Dr. Khalid started his career as a lecturer at Universiti Kebangsaan Malaysia ("UKM") in 1982, promoted to Associate Professor in 1984, Head of Department of Medicine in 1985 and Dean of the Medical Faculty and Professor in 1990. In 1997 to 2000, he was Director of the new Hospital Universiti Kebangsaan Malaysia ("HUKM") with the task of building up HUKM. Upon his retirement in 2004, he was awarded the title of Professor Emeritus.

He then joined Monash University as Professor of Medicine and started the Tan Sri Jeffery Cheah Clinical School in Johor.

He was one of the pioneers of the Company and Thomson Hospitals and is currently the consultant Endocrinologist.

He was in the Malaysia Medical Council from 1986 to 2001, President of the Persatuan Diabetes Malaysia from 1985 to 1990, President of the Malaysia Endocrine Society from 1995 to 2001, Member of Council, International Diabetes Federation from 2001 to 2002, and Master of The Academy of Medicine of Malaysia from 2006 to 2008.

He is active in research and has published more than 310 papers in international and national peer reviewed journals. Professor Emeritus Dato' Dr. Khalid was conferred The National Science Award in 1997, The Asia Pacific Nutrition Award in 1996 and The Merdeka Award in 2008, and delivered The Tunku Abdul Rahman Oration, Academy Medicine Malaysia in 2010, and the Gold Medal for outstanding services to Malaysian Medical Association in May 2016.

Professor Emeritus Dato' Dr. Khalid has no family relationship with any Director and/or major shareholder of the Company. He has no convictions of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year under review. He has no conflict of interest with the Company. He does not hold any directorship in other public companies and listed issuers in Malaysia.

Details of Directors' interest in shares of the Company as at 22 November 2019 are disclosed on page 158 of this Annual Report.

Details of the number of Board meetings attended in the financial year under review are disclosed on page 68 of this Annual Report.

Directors' Profile



WAN NADIAH BINTI WAN MOHD ABDULLAH YAAKOB

- Executive Director, TMC Life Sciences Berhad
- Group Chief Executive Officer, TMC Life Sciences Berhad
- Chief Executive Officer, Thomson Hospitals Sdn. Bhd.

Aged 35

Female

Malaysian

Ms. Nadiah Wan was appointed to the Board on 25 January 2019 and assumed the role of Group Chief Executive Officer on 1 February 2019. Prior to the current position in 2019, she was appointed as Chief Executive Officer of Thomson Hospitals Sdn. Bhd. and Group Chief Corporate Officer of TMC Life Sciences Berhad on 19 June 2017.

Prior to joining Thomson Hospitals Sdn. Bhd. and the Company, Ms. Nadiah Wan worked in Sunway Medical Centre as Chief Operating Officer (Clinical Services) after being promoted from Director of Business Development and Corporate Communications in October 2016. She started her career at The Boston Consulting Group in 2007 as an Associate Consultant before joining Sunway Group as Manager, Strategy and Corporate Development in 2010.

Ms. Nadiah holds MSc Public Health (Nutrition) degree from the London School of Hygiene and Tropical Medicine, United Kingdom and an AB cum Laude in Biochemical Sciences from Harvard College. She also serves as an Interviewer for Harvard College admissions and is an Exco member of the Harvard Club of Malaysia.

Ms. Nadiah has no family relationship with any Director and/or major shareholder of the Company. She has no convictions of any offences within the past five (5) years and has no public sanctions and or penalties imposed by the relevant regulatory bodies during the financial year under review. She has no conflict of interest with the Company. She does not hold any directorship in other public companies and listed issuers in Malaysia.

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KAN KHEONG NG

- Executive Director

Aged 64

Male

Malaysian

Mr. Barry Kan was appointed to the Board on 2 June 2015. He holds Degree in Business Administration from the Royal Melbourne Institute of Technology. He is a veteran of almost 30 years in the automotive industry with rich and vast experience in managing various illustrious global brands during his career with renowned regional dealership, Wearnes Automotive, headquartered in Singapore. Prior to that, he was with the Port Authority of Singapore for 7 years.

As General Manager at Malayan Motors (a division then of Wearnes Automotive Pte. Ltd.), his portfolio included the Rolls-Royce, Bentley, Jaguar and Volvo Trucks franchises in Singapore. He was also responsible for the introduction of some of the brands into new territories such as Brunei, Indonesia, Taiwan and Thailand. In addition to the strategic management of the business, he took personal interest in Customer Relationship Management and Aftersales operations, which resulted in a high level of clientele retention for the luxury automotive brands.

Promoted to Managing Director of the Prestige Division of Wearnes Automotive, he was instrumental in the acquisition of new brands which included Bugatti, Land Rover and McLaren. He was also the key representative of the company for the high-society clientele which included the Captains of Industry as well as esteemed members of Royal families within the region.

To nurture the passion for driving and motorsports for the entire Corporate Group, he led a team to spearhead the inaugural motorsports division. Activities included track and instructional driving days as well as distance driving weekends in Malaysia where participants had the chance to learn more about their cars and improve their driving skills whilst the company had the chance to showcase their product range and services.

When the exciting opportunity arose to develop the integrated automotive hub in Nusajaya, Iskandar Malaysia, he joined Fastrack Autosports (Iskandar) Pte. Ltd. to conceptualise and execute the project. In partnership with UEM Sunrise Berhad, Mr. Barry Kan manages the joint venture company, Fastrack Iskandar Sdn. Bhd. as Director. He is currently Chief Executive Officer and Executive Director of Secura Group Limited (Singapore Listed).

Mr. Barry Kan has no family relationship with any Director and/or major shareholder of the Company. He has no convictions of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year under review. He has no conflict of interest with the Company. He does not hold any directorship in other public companies and listed issuers in Malaysia.

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Directors' Profile



GARY HO KUAT FOONG

- Independent Non-Executive Director
- Chairman of Audit and Risk Management Committee
- Chairman of Nominating Committee
- Member of Remuneration Committee

Aged 64

Male

Australian

Mr. Gary Ho Kuat Foong was appointed to the Board on 12 January 2011.

Mr. Gary Ho has over 36 years' experience in corporate management and finance. He currently sits on the Board of several private and public listed companies in Australia and Singapore respectively.

Mr. Gary Ho holds Bachelor degrees in Commerce and Science from the University of Western Australia. He is a member of CPA Australia and the Institute of Singapore Chartered Accountants.

Mr. Gary Ho has no family relationship with any Director and/or major shareholder of the Company. He has no convictions of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year under review. He has no conflict of interest with the Company. He does not hold any directorship in other public companies and listed issuers in Malaysia.

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CLAIRE LEE SUK LENG

- Independent Non-Executive Director
- Chairperson of Remuneration Committee
- Member of Nominating Committee
- Member of Audit and Risk Management Committee

Aged 47

Female

Malaysian

Ms. Claire Lee Suk Leng was appointed to the Board on 18 October 2012.

Ms. Claire Lee holds Bachelor of Business Administration (Distinction) in Finance from the University of Hawaii at Manoa. Ms. Claire Lee has over 10 years of experience in the areas of corporate finance and advisory, and private wealth management. She started her career with the merchant banking arm of the Union Bank of Switzerland, UBS (East Asia) Ltd and later joined HSBC Investment Bank PLC and Salomon Smith Barney (Singapore) Pte. Ltd..

Ms. Claire Lee has no family relationship with any Director and/or major shareholder of the Company. She has no conviction of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year under review. She has no conflict of interest with the Company. She does not hold any directorship in other public companies and listed issuers in Malaysia.

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Directors' Profile



DR. LAM LEE G

- Independent Non-Executive Director
- Member of Nominating Committee
- Member of Remuneration Committee
- Member of Audit and Risk Management Committee

Aged 60

Male

Canadian

Dr. Lam Lee G was appointed to the Board on 25 January 2019. He is currently a Non-Executive Chairman – Hong Kong and ASEAN Region and Senior Adviser of Macquarie Infrastructure and Real Assets Asia, and also serves on the board of directors, the investment committee and the advisory committee of a number of publicly - listed companies, investment funds and NGOs in the Asia Pacific region.

Dr. Lam holds a Master of Systems Science and a Master of Business Administration from The University of Ottawa, a Master of Public Administration and a Doctor of Philosophy from The University of Hong Kong and a Master of Laws from The University of Wolverhampton. Dr. Lam is also a Solicitor of the High Court of Hong Kong, an Accredited Mediator of the Centre for Effective Dispute Resolution, a Fellow of Certified Management Accountants (CMA) Australia, the Institute of Public Accountants, the Institute of Financial Accountants, the Hong Kong Institute of Arbitrators, and the Hong Kong Institute of Directors, and an Honorary Fellow of Certified Public Accountants (CPA) Australia, the Hong Kong Institute of Facility Management and the University of Hong Kong School of Professional and Continuing Education. Dr. Lam has over 30 years of international experience in general management, strategy consulting, corporate governance, direct investment, investment banking and fund management.

Dr. Lam has no family relationship with any Director and/or major shareholder of the Company. He has no convictions of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year under review. He has no conflict of interest with the Company. He does not hold any directorship in other public companies and listed issuers in Malaysia.

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DATO' SRI MOHD MOKHTAR BIN MOHD SHARIFF

- Independent Non-Executive Director
- Member of Nominating Committee
- Member of Remuneration Committee

Aged 62

Male

Malaysian

Dato' Sri Mohd Mokhtar bin Mohd Shariff was appointed to the Board on 25 January 2019.

Dato' Sri Mohd Mokhtar holds a degree in Bachelor of Law (Hons), a Masters of Business Administration, Certificate of Legal Practice and was called to the Malaysian Bar in September 2019.

Dato' Sri Mohd Mokhtar had served the Royal Malaysia Police from 3 July 1977 to 22 May 2018. Dato' Sri Mohd Mokhtar held key senior positions in the Royal Malaysian Police namely, Director of Special Branch, Director of Narcotics Crime Investigation Department, Chief Police Officer of Johor, Deputy Chief Police Officer of Pahang and Head of Special Branch Kuala Lumpur. He had also served in the Embassy of Malaysia in Bangkok, Thailand.

Dato' Sri Mohd Mokhtar has no family relationship with any Director and/or major shareholder of the Company. He has no convictions of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year under review. He has no conflict of interest with the Company. He does not hold any directorship in other public companies and listed issuers in Malaysia.

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Directors' Profile



WILSON SAM

- Alternate Director

Aged 43

Male

Singaporean

Mr. Wilson Sam was appointed to the Board on 1 February 2019 as an Alternate Director to Mr. Barry Kan.

Mr. Sam has close to 20 years of experience in investments, advisory and financial analysis. He is currently an Executive Director and Chief Financial Officer of Thomson Medical Group Limited (listed on the Main Board of the Singapore Exchange) and is responsible for providing leadership to its financial and management reporting, corporate finance, treasury, investor relations and corporate and regulatory compliance. Before joining Thomson Medical Group Limited in 2019, he was the Senior Vice President of Kestrel Capital Pte. Ltd., a Singapore headquartered private investment company, where he heads the investments and merger and acquisitions team. Prior to this, Mr. Sam held various positions with regional and international banks, specialising in corporate finance and merger and acquisitions and was involved in numerous initial public offerings, financial advisory and merger and acquisition transactions. He started his career as a senior officer in a Singapore government statutory board in 2000 before joining a United States multinational company in 2001.

Mr. Sam obtained a Bachelor of Business Studies (Honours) degree with a major in financial analysis and a minor in accountancy from Nanyang Technological University. He is also a CFA charterholder, a CAIA charterholder and holds FRM certification.

Mr. Sam has no family relationship with any Director and/or major shareholder of the Company. He has no convictions of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year under review. He has no conflict of interest with the Company. He does not hold any directorship in other public companies and listed issuers in Malaysia.

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Details of the number of Board meetings attended in the financial year under review are disclosed on page 68 of this Annual Report.

PROFILE OF KEY SENIOR **MANAGEMENT TEAM**

WAN NADIAH BINTI WAN MOHD ABDULLAH YAAKOB

- Executive Director, TMC Life Sciences Berhad
- Group Chief Executive Officer, TMC Life Sciences Berhad
- Chief Executive Officer, Thomson Hospitals Sdn. Bhd.

Aged 35

Female

Malaysian

The profile of Ms. Wan Nadiah Binti Wan Mohd Abdullah Yaakob is set out on page 52 of this Annual Report.



WONG YU CHEE

- Group Chief Financial Officer, TMC Life Sciences Berhad

Aged 47

Male

Malaysian

Mr. Wong Yu Chee has over 23 years' experience in finance, audit, accounting and tax compliance services in Malaysia and Shanghai. Mr. Wong started his career in 1996 joining a local audit firm as auditor. He then joined Coopers & Lybrand in 1997, now known as PricewaterhouseCoopers ("PwC"). Mr. Wong spent 8 years in PwC specialised in assurance assignment of large multinational company, public listed companies in various industries, IPO and corporate exercise. Mr. Wong joined GlaxoSmithKline then as Finance Manager before he left Malaysia joining Ernst & Young Shanghai end of 2005. Mr. Wong spent 3 years in Ernst & Young Shanghai focusing on statutory audit assignment, IPO assurance assignment, corporate exercise and US audit assignment until he joined TMF Shanghai end of 2008, leading the accounting and tax compliance services in TMF Shanghai for 2 years.

Mr. Wong relocated back to Malaysia in 2010, as Director of Accounting & Tax Compliance Services in TMF Malaysia where he spent 5 years helping businesses on accounting and tax compliance including GST advisory and compliance services in TMF Malaysia. Mr. Wong then joined PCA Corporate Services Sdn. Bhd. in 2015 as Group Chief Operating Officer before joining TMC Life Sciences Berhad as Group Chief Financial Officer on 3 August 2015.

Mr. Wong is a Fellow Member of Association of Chartered Certified Accountants (FCCA), member of Malaysian Institute of Accountants (MIA)-Chartered Accountant (M) and Associate Member of Chartered Tax Institute of Malaysia (ACTIM).

Mr. Wong does not hold any directorship in other public companies and listed issuers in Malaysia. He has no family relationship with any Director and/or major shareholder of the Company. He has no convictions of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year under review. Also, he has no conflict of interest with the Company.

Profile of Key Senior Management Team



KWAN YEE MAN

- Chief Executive Officer of TMC Women's Specialist Holdings Sdn. Bhd., IVF Technologies Sdn. Bhd., Thomson TCM Sdn. Bhd., TMC Biotech Sdn. Bhd. and TMC Care Sdn. Bhd.

Aged 43

Female

Malaysian

Ms. Kwan Yee Man joined the team as the Chief Executive Officer of TMC Women's Specialist Holdings Sdn. Bhd., IVF Technologies Sdn. Bhd., Thomson TCM Sdn. Bhd., TMC Biotech Sdn. Bhd. and TMC Care Sdn. Bhd. in August 2019.

With 20 years of vast experience in pharmaceutical and medical industries, she has played crucial roles in corporate management, business development and expansion across Malaysia and globally.

In 1999, as the Senior Pharmacist, she managed the Outpatient Pharmacy, Inpatient Pharmacy and Cytotoxic Drug Reconstitution Unit in Subang Jaya Medical Centre. She then moved on to Diethelm Malaysia and managed key principal accounts for supply chain of pharmaceuticals and vaccines. She also managed key accounts in B Braun Medical Supplies.

Subsequently in 2006, she ventured into the beauty and wellness business, building the business and operations. In 2009, she took on an active and critical role as the Pharmacy Manager in Assunta Hospital.

In 2016, she was appointed as Business Development Director of an Information Technology ("IT") healthcare software company. In 2018, she was Chief Operating Officer of an IT project management company in Malaysia handling projects within South East Asia.

Ms. Kwan holds a degree in Pharmacy from Liverpool John Moores University in United Kingdom. She is also a member of Malaysian Pharmacy Board and a Licensed Pharmacist.

Ms. Kwan does not hold any directorship in other public companies and listed issuers in Malaysia. She has no family relationships with any Director and/or major shareholders of the Company. She has no convictions of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year under review. Also, she has no conflicts of interest with the Company.

CORPORATE **DIRECTORY**

Hospital

THOMSON HOSPITALS SDN. BHD.
11, Jalan Teknologi
PJU 5, Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

Tel: 603-6287 1111
Fax: 603-6287 1212

www.thomsonhospitals.com

Retail Pharmacy

TMC CARE SDN. BHD.
Vantage Bay
Lot 6376 & 9236
Jalan Ibrahim Sultan
80300 Johor Bahru
Johor Darul Takzim

Tel: 607-223 0088
Fax: 607-221 0200

www.tmccarepharmacy.com

Wellness Centre

THOMSON TCM SDN. BHD.
Lot No. 1F-3
1st Floor, Tower 5@PFCC
Jalan Puteri 1/2, Bandar Puteri
47100 Puchong
Selangor Darul Ehsan

Tel: 603-8068 9077
Fax: 603-8068 9076

www.thomson-tcm.com

TMC Fertility And Women's Specialist Centres

Headquarter:

TMC Fertility & Women's Specialist Centre
2nd Floor, Thomson Hospital
Kota Damansara
11, Jalan Teknologi
PJU 5, Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

Tel: 603-6287 1000
Fax: 603-6287 1001

www.tmcfertility.com

Branches:

TMC Fertility & Women's Specialist Centre, Johor Bahru
02-03, Medical Suites
Level 4, Menara Landmark
12, Jalan Ngee Heng
80000 Johor Bahru
Johor Darul Takzim

Tel: 607-278 0088
Fax: 607-278 0808

TMC Fertility & Women's Specialist Centre, Penang
3E-1-1, Straits Quay
Jalan Seri Tanjung Pinang
Tanjung Tokong
10470 Pulau Pinang

Tel: 604-890 9118
Fax: 604-890 9448

TMC Fertility & Women's Specialist Centre, Puchong
5, Jalan Merbah 3
Bandar Puchong Jaya
47800 Puchong
Selangor Darul Ehsan

Tel: 603-8076 7111
Fax: 603-8071 7281

TMC Fertility & Women's Specialist Centre, Kepong
8, Jalan Prima
Metro Prima, Kepong
52100 Kuala Lumpur

Tel: 603-6258 0000
Fax: 603-6241 5809

TMC Fertility & Women's Specialist Centre, Ipoh
33, Persiaran Pearl, Fair Park
31400, Ipoh
Perak Darul Ridzuan

Tel: 605-548 8118
Fax: 605-548 7118

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

The Board of Directors ("Board") of TMC Life Sciences Berhad recognises the importance of safeguarding and promoting the interest of its stakeholders. The Board is committed to uphold high standards of corporate governance through transparency, accountability, integrity and corporate performance.

TMC Life Sciences Berhad adopts the following requirements and guidelines on corporate governance best practices:

- Companies Act 2016 ("CA 2016");
- Malaysian Code on Corporate Governance ("MCCG" or "Code");
- Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"); and
- Corporate Governance Guide - 3rd Edition issued by Bursa Malaysia Berhad ("CG Guide").

The Board is pleased to present the following Corporate Governance Overview Statement ("Statement") that describe the extent of how the Group has applied and complied the three (3) principles which are set out in the MCCG throughout the financial year under review:

(a) Principle A: Board leadership and effectiveness;
(b) Principle B: Effective audit and risk management; and
(c) Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders.

This Statement should be read together with the Corporate Governance Report of the Company ("CG Report") which is available on the Company's website www.tmclife.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD RESPONSIBILITIES

Clear Functions of the Board and Management

The Company is helmed by an experienced Board comprising members of calibre and credibility with necessary skills, expertise and experience ranging from medical practitioners, to entrepreneurs and accountants.

The Board is primarily responsible for oversight and the overall governance of the Group. It carries out its mandate by providing strategic guidance, implementing succession planning, effectively monitoring management goals and ensuring overall accountability for the business growth of the Group. In addition, the Board is responsible for ensuring that the Group's internal controls, risk management processes and reporting procedures are in place. In discharging their fiduciary responsibilities, the Board develops the business strategies and the day-to-day management of the Company is further cascaded to the senior management team. The Board is monitoring the performance of the Group based on periodic performance of the Group reported by management in the quarterly financial results and has full access to all operational information and explanation provided by management.

Key matters reserved for the Board's approval include the annual business plan and budget, dividend policy, business continuity plan, new issue of securities, business restructuring, expenditure above a certain pre-determined limit, new business venture, expansion plan, funding plan, acquisition or disposal of companies within the Group and any other strategic matters requiring the Board's decision. Also, the functions of the Board and management are clearly demarcated to ensure the effectiveness of the Company's operations and are guided by the Limit of Authority ("LOA"). The purpose of the LOA is to define the limits of authority designated to specified positions within the Group and to establish the types and maximum amount of obligations that may be approved by individuals or groups of individuals. The LOA will be reviewed from time to time to ensure that it remains relevant to the Company's objectives. The last revision of the LOA was made in April 2018.

The Board is committed to act in the best interest of the Group and its shareholders by exercising due diligence and care in discharging its duties and responsibilities to ensure that high ethical standards are applied at all times.

Corporate Governance Overview Statement

The Board has set up different Board Committees with different functions to assist the Board in discharging its fiduciary duties. These Board Committees do not make decision on behalf of the Board and the Company. It is each Board Committee's duty to review matters under its purview and make the necessary recommendation to the Board for its consideration and decision-making.

Strategies to Promote Sustainability

The Board places great importance on corporate social responsibility ("CSR") and business sustainability and embraces CSR as an integral part of the Group's business philosophy and corporate culture.

The CSR activities of the Group and our sustainability efforts during the financial year are set out on pages 47 to 49 and pages 20 to 46 of this Annual Report.

Chairman and Managing Director

The role of the Chairman and the Executive Director cum Group Chief Executive Officer are separated.

The Chairman provides leadership at Board level and represents the Board to the shareholders and other stakeholders and is responsible for ensuring integrity and effectiveness of the Board and its Board Committees.

The Executive Director cum Group Chief Executive Officer provides executive leadership and is accountable to the Board for implementation of the strategies, objectives and decisions of the Board within the framework of delegated authorities, values and policies of the Company.

Company Secretaries

The Company Secretaries of the Group are experienced, competent and knowledgeable, play an important role in advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as best practices of governance. The Directors have ready and unrestricted access to the advice and services of the Company Secretaries. The Board is regularly kept up-to-date on and apprised of any regulations and guidelines.

The Company Secretaries are responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the Group, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

The Company Secretaries also safeguard all statutory books and records of the Company and maintain the statutory registers of the Company. The Company Secretaries also ensure all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded. In addition, the Company Secretaries also ensure that any change in the Group's statutory information should be duly completed in the relevant prescribed forms and lodged with the Companies Commission of Malaysia within the stipulated timeframe.

Access to Information and Advice

In exercising their duties, the Directors have direct access to the senior management executives. In addition, the Directors may seek advice from the Company Secretaries to assist them in furtherance of their duties. Where necessary, the Board may engage independent advisors at the Group's expense on specialised issues to enable them to discharge their duties proficiently.

The agenda and meeting papers are distributed at least seven (7) days in advance prior to the meetings to allow the Directors to have sufficient time to review and to request for any further information or clarification prior to the meetings and to raise relevant issues during the meetings.

Corporate Governance Overview Statement

Upon conclusion of the meetings, the draft minutes are circulated to the Board to ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including the abstained of Director from voting or deliberating on a particular matter, if any. Thereafter, the final minutes are confirmed and approved by the Chairman of the succeeding meeting.

Demarcation of Responsibilities

Board Charter

The Board Charter, which was adopted by the Board in July 2013 and had been reviewed by the Board on 18 December 2018, sets out the composition, roles and responsibilities and processes of the Board.

The objectives of the Board Charter are to ensure that all Board members are aware of their duties and responsibilities, the various legislations and regulations affecting their conduct and that the highest standards of corporate governance are applied in all dealings by the Board members individually and/or on behalf of the Company. It serves as a strategic guidance and effective oversight of management.

The details of the Board Charter are available for reference at the Company's website www.tmclife.com.

Code of Conduct and Ethics

The Board has made a commitment to create a corporate culture within the Group to operate the businesses in an ethical manner and to uphold the highest standards of professionalism and exemplary corporate conduct in relation to interactions with shareholders, employees, suppliers and customers. The Group has implemented a Code of Conduct and Ethics which dictates the ethics and standard of good conduct expected of every Director. The Code of Conduct and Ethics, which forms part of the Board Charter, is available for reference at the Company's website www.tmclife.com.

Whistleblowing Policy and Procedure

The Board allows employees and associates to report suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse involving resources of the Company. The Whistleblowing Policy and Procedure (adopted by the Company in July 2013 and reviewed by the Board on 18 December 2018) provides and facilitates a mechanism for any employee and associate to report concerns about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse.

The Whistleblowing Policy and Procedure is available at the Company's website www.tmclife.com.

2. BOARD COMPOSITION

Composition of the Board and Board Balance

The Board comprises one (1) Non-Independent Non-Executive Chairman, two (2) Executive Directors, four (4) Independent Non-Executive Directors and one (1) Alternate Executive Director. This is in line with the requirements of Paragraph 15.02 of the MMLR of Bursa Securities and the MCCG.

Our Chairman, Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir is a Non-Independent Non-Executive Chairman of the Company by virtue of his position as Person-in-Charge (License Holder) of Thomson Hospital Kota Damansara. The Board committed to ensure the effective leadership and is satisfied by having Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir as its Non-Independent Non-Executive Chairman due to his vast experience in the medical industry and is able to provide the Board with a clear direction to the strategy decision and contributing significantly to the long-term growth of the Group. Further, he also demonstrates his objectivity in deliberating and making decision aligning with the shareholders' interest at large to ensure balance of power and authority on the Board during his tenure as Chairman of the Company.

The profile of the individual Director are set out on pages 51 to 58 of this Annual Report.

Annual Assessment of Independence of Directors

All the Independent Non-Executive Directors fulfil the criteria of independence as defined in the MMLR of Bursa Securities and act independently of management and do not participate in any business dealings. None of the Independent Non-Executive Directors are involved in any other relationship with the Group that may impair his/her independent judgement and decision-making. The Board performed yearly assessment of its Independent Non-Executive Directors and received confirmation of independence from the respective Independent Non-Executive Directors.

Based on the independent assessment, the Board also concluded that the independence of Mr. Gary Ho Kuat Foong, whose tenure of service will exceed a cumulative term of nine (9) years in January 2020, justifications of which are set out below, is not impaired or affected by the length of his service.

Tenure of Independent Non-Executive Directors

The Board recognises the Code's recommendation on the service tenure of an Independent Non-Executive Director, which should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Non-Executive Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Non-Executive Director or seek shareholders' approval in the event it retains as an Independent Non-Executive Director.

Save for Mr. Gary Ho Kuat Foong, all the Independent Non-Executive Directors' term of service with the Company are less than nine (9) years.

Mr. Gary Ho Kuat Foong, an Independent Non-Executive Director who is a chairman of Nominating Committee ("NC") and Audit and Risk Management Committee ("ARMC") and also a member of Remuneration Committee ("RC"), was appointed to the Board of TMC Life Sciences Berhad on 12 January 2011 and as such his tenure of service will exceed a cumulative term of nine (9) years on 12 January 2020. The Board has reviewed and recommended that Mr. Gary Ho Kuat Foong shall continue to act as an Independent Non-Executive Director.

Mr. Gary Ho Kuat Foong will be re-designated as Non-Independent Non-Executive Director on 12 January 2020 upon reaching the term of service of nine (9) years with the Company.

In order to adhere the Recommendation 4.2 of MCCG, the Board will seek approval from the shareholders of the Company at the forthcoming Seventeenth Annual General Meeting ("AGM") to retain Mr. Gary Ho Kuat Foong as Independent Non-Executive Director based on the following justifications:

- He has fulfilled the criteria under the definition of Independent Non-Executive Director as stated in the MMLR of Bursa Securities and thus, he would be able to bring an element of objectivity to the Board;
- He has been with the Company for almost nine (9) years and is familiar with the Company's business operations;
- He has vast and diverse range of experiences and therefore, would be able to provide constructive opinion, independent judgement and to act in the best interest of the Company and shareholders;
- He has devoted sufficient time and attention to his professional obligations for informed and balanced decision-making;
- He has shown great integrity and independence, and had not entered into any related party transactions with the Group; and
- He has continued to exercise his due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

Board Diversity

With regard to boardroom diversity, the Board is supportive of the diversity in gender, ethnicity and age.

As at the date of the Statement, two (2) out of seven (7) of the Directors are female Directors.

Corporate Governance Overview Statement

NC

NC established by the Board consists of the following members:

Chairman:	Mr. Gary Ho Kuat Foong
Members:	Ms. Claire Lee Suk Leng
	Dato' Sri Mohd Mokhtar Bin Mohd Shariff
	Dr. Lam Lee G

The NC comprises four (4) members who are all Independent Non-Executive Directors. The role of the NC is to assist the Board to evaluate candidates for nomination to the Board and to assess the effectiveness of the Board and each individual Director on an on-going basis in terms of contribution, skills, experience and other qualities. The objectives are to improve the Board's effectiveness, identify gaps, maximise strengths and address weaknesses of the Board.

During the financial year ended 31 August 2019, the NC conducted two (2) meetings. At the said meetings, the NC:

- Reviewed and assessed the performance and effectiveness of the Board as a whole, Board Committees and the performance of each Director for the financial year ended 31 August 2018.
- Reviewed the terms of office and performance of the ARMC and each of its members to determine such ARMC and members have carried out their duties in accordance with their terms of reference.
- Reviewed the independence of the Independent Non-Executive Directors.
- Reviewed and recommended the re-election of Directors at the Sixteenth AGM held on 24 January 2019.
- Assessed the training needs of each Director.
- Considered the continuance of office as an Independent Non-Executive Director for Dato' Dr. Tan Kee Kwong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years.
- Considered the appointment of three (3) new Directors and an Alternate Director.

(a) Appointment to the Board

The NC has been entrusted with the responsibility to identify, evaluate, select and recommend to the Board suitable candidate with the required credentials to be appointed as a Director of the Company, either to fill casual vacancies or as additions to meet the changing needs of the Group. That being said, the potential candidates may be proposed by existing Directors, shareholders or third party referral. On the assessment and selection of Director candidate, consideration would be taken on the need of the mix of skills, experiences, other qualities and diversity in gender, ethnicity and age within Board composition. Also, for appointment of Independent Non-Executive Director, the NC would also assess whether the candidate meets the requirements for independence based on the criteria prescribed in the MMLR of Bursa Securities.

Ms. Wan Nadiah Binti Wan Mohd Abdullah Yaakob, Dr. Lam Lee G, Dato' Sri Mohd Mokhtar Bin Mohd Shariff and Mr. Wilson Sam were appointed as Directors/Alternate Director of the Company on 25 January 2019 and 1 February 2019 respectively which the Board believes their credentials will contribute to the future growth of the Group.

(b) Re-election of Directors

In accordance with the Company's Constitution ("Constitution"), at every AGM, one-third (1/3) of the Directors for the time being or, if the number is not three (3) or a multiple of three (3), the number nearest to one-third (1/3) shall retire from office such that each Director shall retire from office once in every three (3) years and all Directors who retire from office shall be eligible for re-election. Proposals for re-election of Directors are recommended by the NC to the Board prior to the shareholders' approval at the AGM, based on the annual assessment conducted.

Based on the recent annual assessment and evaluation, the NC is satisfied with the performance of the Directors who are standing for re-election and has recommended to the Board their proposed re-election in accordance with the Constitution. The Board supported the NC's recommendations to re-elect the eligible Directors standing for re-election at the forthcoming Seventeenth AGM.

(c) Annual Assessment of the Board and Board Committees

The NC undertakes annual evaluation to review the performance of each individual Director and the effectiveness of the Board and the Board Committees.

The assessment of the Board and Board Committees covers areas such as the Board structure/mix, operation, decision-making and boardroom participation and activities, meeting administration and conducts, skills, knowledge, experience and competencies and role and responsibilities. For the performance of the individual Director, the assessment criteria has included the areas of contribution and interaction with peer, quality of input of the Director, understanding of role and etc.

During the annual assessment, the Directors are given a performance evaluation sheet for individual Director Self/Peer Evaluation and Board Evaluation to complete. In addition, Directors who are members of the Board Committees are given additional performance evaluation sheets for the respective Board Committees to complete. Sufficient time is given to the Directors and/members to complete the forms and upon completion, the forms are submitted to the Company Secretaries for compilation of rating and scores and summary of which would then be presented to the NC for further review and assessment.

The Director who is subject to re-election and/or retention in office as Independent Non-Executive Director at the next AGM is assessed by the NC (with the relevant NC member abstaining on his/her own re-election or retention) before recommendation is made to the Board and shareholders for the re-election and/or retention in office as Independent Non-Executive Director. Outcome of the assessment and recommendation would be reported to the Board for information and decision on areas for improvement.

3. FOSTER COMMITMENT

Time Commitment

The Board requires its members to devote sufficient time to the workings of the Board, to effectively discharge their duties as Directors of the Company and to use their best endeavours to attend meetings.

Board Meetings

The dates of the meetings of the Board, Board Committees and AGM for each financial year were fixed in advance for the whole year to ensure all Directors/Board Committees members' dates are booked and also to facilitate management's planning for the whole financial year.

Corporate Governance Overview Statement

The Board meetings are scheduled to be held regularly with sufficient notice being issued for meetings conducted in accordance with a structured agenda. The Board is supplied with information in a timely manner and appropriate quality to enable them to discharge their duties. The Board has a formal schedule of matters specifically reserved for the Board's discussion and/or approval and has received notice and meeting materials in advance of the meeting. All issues and decisions made during the Board meetings are properly recorded and thereafter, circulated to the Chairman for comments before minutes of proceedings are finalised and tabled to the Board for confirmation. The Company Secretaries organise and attend all Board meetings to ensure proper recording of the proceedings. Ad-hoc meetings may be called as and when significant issues arise which requires the Board's decisions.

During the financial year ended 31 August 2019, five (5) meetings were held in which the Board deliberated upon and considered various issues including the Group's financial results, corporate exercises, business plans and annual budgets, performance of the Group's business operations, material agreements, major capital expenditures, expansion plans and strategic issues affecting the Group's business operations.

Attendance of the Directors at the Board meetings held during the financial year ended 31 August 2019 are as follows:-

Director	Attendance
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	5/5
Wan Nadiah Binti Wan Mohd Abdullah Yaakob (Appointed on 25 January 2019)	2/2#
Kan Kheong Ng	5/5
Roy Quek Hong Sheng (Resigned on 25 January 2019)	3/3*
Dato' Dr. Tan Kee Kwong (Resigned on 25 January 2019)	3/3*
Gary Ho Kuat Foong	5/5
Claire Lee Suk Leng	5/5
Freddie Heng Kim Chuan (Resigned on 25 January 2019)	3/3*
Dr. Lam Lee G (Appointed on 25 January 2019)	2/2#
Dato' Sri Mohd Mokhtar Bin Mohd Shariff (Appointed on 25 January 2019)	2/2#
Wilson Sam (Appointed as Alternate Director to Kan Kheong Ng on 1 February 2019)	2/2#

* Reflects the number of Board meetings attended during the financial year up to the date of resignation.
\# Reflects the number of Board meetings attended during the financial year from the date of appointment.

Directors' Training

The Directors keep themselves abreast with the latest industry developments as well as new statutory and regulatory requirements by attending various training programmes, seminars and/or conferences to enable them to discharge their duties effectively.

The training needs of Directors would be assessed and proposed by the individual Director. Each Director determines the areas of training that he or she may require for personal development as a Director or as a member of a Board Committee. During the financial year under review, the Directors have attended the following training programmes, seminars and/or conferences:-

Director	Name of Seminars/Training programmes attended
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	APHM Conference 2019 - Medico-Legal Conference
Wan Nadiah Binti Wan Mohd Abdullah Yaakob	APHM Conference 2019 - Medico-Legal Conference Mandatory Accreditation Programme for Directors of Public Listed Company 2019 Asia Pacific Healthcare & Medical Tourism Conference

Director	Name of Seminars/Training programmes attended
Kan Kheong Ng	APHM Conference 2019 - Medico-Legal Conference Listed Entity Director Programme - Essentials (Singapore Institute of Directors) Listed Entity Director Programme - Board Dynamics (Singapore Institute of Directors) Listed Entity Director Programme - Board Performance (Singapore Institute of Directors) Listed Entity Director Programme - Stakeholder Engagement (Singapore Institute of Directors)
Gary Ho Kuat Foong	Global Leaders Insights 2018
Claire Lee Suk Leng	Cyber Security in the Boardroom - Accelerating from Acceptance to Action
Wilson Sam	Mandatory Accreditation Programme for Directors of Public Listed Company
Dato' Sri Mohd Mokhtar Bin Mohd Shariff	Mandatory Accreditation Programme for Directors of Public Listed Company APHM Conference 2019 - Medico-Legal Conference
Dr. Lam Lee G	Mandatory Accreditation Programme for Directors of Public Listed Company Directors' Symposium 2018 HKICS HK Institute of Chartered Secretaries CPD Training/Mental and Testamentary Capacity: The Law and Practice CG CPD Training/LexOmnibus - The Role of Hong Kong Notaries Public in Helping Business and Citizens ACCA Annual Conference 2019 - From Vulnerability to Sustainability - Build a Better Future CG CPD Training/LexOmnibus - The Dangerous Client and the Dangerous Solicitor? CG CPD Training/LexOmnibus - A Course for Legal Practitioners On Risk Management Strategies CG CPD Training/LexOmnibus - Rules and Regulations on IPO CG CPD Training/LexOmnibus - Update on Equity and Trusts, Companies, Divorce and Death

4. REMUNERATION

RC

RC established by the Board consists of the following members:

Chairperson:	Ms. Claire Lee Suk Leng
Members:	Mr. Gary Ho Kuat Foong
	Dato' Sri Mohd Mokhtar Bin Mohd Shariff
	Dr. Lam Lee G

The RC comprises four (4) members who are Independent Non-Executive Directors. The role of the RC is to recommend to the Board, the remuneration packages of Executive Directors and senior management personnel of the Group, in addition to any increment/incentive to be awarded.

Corporate Governance Overview Statement

During the financial year ended 31 August 2019, the RC conducted three (3) meetings. At the said meetings, the RC:

(a) Discussed and recommended to the Board for approval, bonus and salary increment/adjustment for senior management and employees upon assessing the performance of the Company and employees.

(b) Discussed and recommended to the Board for approval, the proposed increase of Directors' fees.

(c) Discussed and recommended to the Board for approval, on the remuneration packages for the new Directors.

(d) Discussed and recommended to the Board for approval, on the remuneration packages for Mr. Kan Kheong Ng who will be re-designated as Executive Director.

Remuneration of Directors

The RC is responsible for reviewing and recommending to the Board, the remuneration package for the Executive Directors. It is the ultimate responsibility of the Board to approve the remuneration package of the Executive Directors.

The remuneration of Non-Executive Directors, which made up of Directors' fees, meeting allowance and other benefits, if any, is determined by the Board. The Directors' fees, meeting allowance and other benefits, if any are determined and recommended by the Board and subject to the approval of the shareholders at the AGM.

The Directors' remuneration paid or payable to all the Directors of the Company for the financial year ended 31 August 2019 are as follows:-

i) Received from TMC Life Sciences Berhad

	Salaries and bonus (RM)	Fees (RM)	Other Remuneration (RM)	Total (RM)
Non-Executive Directors				
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	-	90,000	6,000	96,000
Dato' Dr. Tan Kee Kwong	-	19,097	9,500	28,597
Gary Ho Kuat Foong	-	60,000	15,600	75,600
Claire Lee Suk Leng	-	48,000	8,000	56,000
Kan Kheong Ng*	-	20,000	8,000	28,000
Freddie Heng Kim Chuan	-	19,097	11,000	30,097
Dr. Lam Lee G	-	28,903	4,000	32,903
Dato' Sri Mohd Mokhtar Bin Mohd Shariff	-	28,903	2,000	30,903
Total (RM)	-	314,000	64,100	378,100

* Re-designated as an Executive Director on 1 February 2019.

ii) Received on Group Basis

	Salaries and bonus (RM)	Fees (RM)	Other Remuneration (RM)	Total (RM)
Executive Directors				
Roy Quek Hong Sheng	525,000	-	-	525,000
Wan Nadiah Binti Wan Mohd Abdullah Yaakob	848,555	-	157,830	1,006,385
Kan Kheong Ng	185,000	-	7,420	192,420
Non-Executive Directors				
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	-	90,000	126,000	216,000
Dato' Dr. Tan Kee Kwong	-	19,097	9,500	28,597
Gary Ho Kuat Foong	-	60,000	15,600	75,600
Claire Lee Suk Leng	-	48,000	8,000	56,000
Kan Kheong Ng*	-	20,000	8,000	28,000
Freddie Heng Kim Chuan	-	19,097	11,000	30,097
Dr. Lam Lee G	-	28,903	4,000	32,903
Dato' Sri Mohd Mokhtar Bin Mohd Shariff	-	28,903	2,000	30,903
Total (RM)	1,558,555	314,000	349,350	2,221,905

* Re-designated as an Executive Director on 1 February 2019.

Remuneration of Top Five (5) Senior Management Staff

The Board has considered this practice and is of the opinion that the disclosure of the top five (5) senior management's remuneration on a named basis would not be in the best interest of the Group due to confidentiality and security concerns as well as the competitive conditions for talent in the healthcare industry.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

5. ARMC

Composition and Activities of ARMC

The ARMC comprises three (3) members who are Independent Non-Executive Directors and ARMC's responsibilities include reviewing management and financial statements, related party transactions, internal control and risk management processes.

All members of the ARMC have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as and when required.

The Chairman of the ARMC is Mr. Gary Ho Kuat Foong, whilst the Chairman of the Board is Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir.

The summary of activities of the ARMC are set out separately in the ARMC Report on pages 74 to 76 of this Annual Report.

Financial Reporting

The Board is responsible for the quality and completeness of publicly disclosed financial reports. The Board with the assistance of the ARMC has to ensure that the financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the CA 2016 in Malaysia, that the appropriate accounting policies have been used, consistently applied and supported by reasonable judgements and estimates and the financial reports present a balanced, clear and comprehensive assessment of the Group's financial performance.

Cooling Period of a Former Key Audit Partner

In line with recommendation of the MCCG, the terms of reference of the ARMC has been revised in December 2018 to include the cooling-off period of at least two (2) years to be observed before the appointment of a former key audit partner as a member of the ARMC.

None of the members of the Board were former key audit partner and the Board has no intention to appoint any former key audit partner as a member of the Board.

Assessment of Suitability and Independence of External Auditors

The ARMC applies the best practice of ensuring a full assessment to ensure the suitability, objectivity and independence of the external auditors.

Based on the annual assessment conducted for the financial year ended 31 August 2019, the ARMC was satisfied with the performance and independence of the external auditors as well as the fulfilment of criteria based on several factors, including independence of the external auditors, quality of audit review procedures and adequacy of the firm's expertise and its resources to carry out the audit work that they were tasked with.

Messrs. Ernst & Young has also confirmed to the ARMC that they had been independent throughout the audit engagement in respect of the financial year under review.

6. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Sound Framework to Manage Risks

The Board acknowledges its overall responsibility for maintaining an internal control system that provides reasonable assurance of effective and efficient operations, compliance with laws and regulations as well as internal procedures and guidelines. The system, by its nature, can only provide reasonable but not absolute assurance against risk of material errors, fraud or loss.

The Statement of Risk Management and Internal Control which provides an overview of the state of internal controls within the Company and the Group is set out on pages 77 to 79 of this Annual Report.

Internal Audit Function

The Company's internal audit function is outsourced to a professional service firm and the internal auditors are free from relationships or conflicts of interest, which could impair their objectivity and independence and the internal audit function is carried out in accordance with recognised framework.

Information on the Group's internal audit function which reports directly to the ARMC is presented in the ARMC Report in this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

7. COMMUNICATION WITH STAKEHOLDERS

Shareholders' Communication and Investor Relations

The Board acknowledges the need for the Company's shareholders and investors to be informed of all material business and corporate developments concerning the Group in a timely manner.

Shareholders and investors are kept informed of financial performance, major corporate proposals and pertinent issues of the Group via announcements made through Bursa Securities.

The Company maintains a website at www.tmclife.com to facilitate access to pertinent information concerning the Group and its operations, by the shareholders, consumers and general public. Announcements, news and all relevant updates are posted on the Company's website www.tmclife.com regularly.

Corporate Disclosure Policy and Procedures

The Board places importance in ensuring disclosures made to shareholders and investors are accurate, clear, timely and comprehensive as they are critical towards building and maintaining corporate credibility and investor confidence. As such, the Board has adopted a Corporate Disclosure Policy and Procedures in July 2013 setting out the policies and procedures for disclosure of material information of the Group. The said Policy and Procedures applies to all Directors, management, officers and employees of the Group.

8. CONDUCT OF GENERAL MEETINGS

Shareholders' Participation at General Meetings

The AGM is the principal forum for dialogue and interaction with the shareholders and the shareholders are encouraged to raise any questions relating to the proposed resolutions as well as the Group's business operations and affairs. The Notice and agenda of AGM together with the Form of Proxy are given to shareholders at least twenty-eight (28) days before the AGM, which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint a proxy to attend and vote on their behalf. Each item of special business included in the Notice of the AGM is accompanied by an explanatory statement for the proposed resolution to facilitate the full understanding and evaluation of issues involved.

The Chairman and Board will respond to shareholders' questions during the meeting. The external auditors are also present to provide their professional and independent clarification, if required, on issues highlighted by the shareholders.

Corporate and financial information of the Group are also made available to the public through the Company's website www.tmclife.com.

COMPLIANCE WITH MCCG

The Board is satisfied that during the financial year under review, the Company has complied with the Best Practices in MCCG on the application of the principles and best practices in corporate governance, except for those highlighted in the CG Report.

The Statement is made in accordance with a resolution of the Board dated 17 December 2019.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

During the financial year under review, the Audit and Risk Management Committee ("ARMC") of TMC Life Sciences Berhad carried out its duties and responsibilities in accordance with its terms of reference and held discussions with the internal auditors, external auditors, outsourced risk management consultants and relevant members of management. The ARMC is of the view that no material misstatements or losses, contingencies or uncertainties have arisen, based on the reviews made and discussions held.

MEMBERS AND ATTENDANCE

The ARMC comprises the following members and details of attendance of each member at the five (5) meetings held during the financial year ended 31 August 2019 are as follows:

Director	Designation	Attendance
Gary Ho Kuat Foong (Chairman)	Independent Non-Executive Director	5/5
Claire Lee Suk Leng (Member)	Independent Non-Executive Director	5/5
Dr. Lam Lee G (Member) *(Appointed on 25 January 2019)*	Independent Non-Executive Director	2/2#
Dato' Dr. Tan Kee Kwong (Member) *(Resigned on 25 January 2019)*	Independent Non-Executive Director	3/3*
Freddie Heng Kim Chuan (Member) *(Resigned on 25 January 2019)*	Non-Independent Non-Executive Director	3/3*

\# Reflects the number of ARMC meetings attended during the financial year from the date of appointment.
* Reflects the number of ARMC meetings attended during the financial year up to the date of resignation.

Mr. Gary Ho and Ms. Claire Lee fulfilled the requirement of Paragraph 15.09(1)(c) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR").

TERMS OF REFERENCE

The ARMC had discharged its function and carried out its duties as set out in the terms of reference ("TOR") of the ARMC.

The TOR of the ARMC is available for reference on the Company's website www.tmclife.com.

Audit and Risk Management Committee Report

SUMMARY OF THE ACTIVITIES OF ARMC

The main activities carried out by the ARMC during the financial year ended 31 August 2019 were as follows:

Financial reporting

(i) Reviewed the quarterly financial results of the Group including the draft announcements pertaining thereto, and made recommendations to the Board for approval. The reviews, served to ensure that the Group's financial reporting and disclosures are in compliance with Bursa Securities MMLR and applicable accounting standards in Malaysia; and

(ii) Reviewed and made recommendations to the Board in respect of the annual audited financial statements of the Company and the Group for the financial year ended 31 August 2018.

External audit

(i) Reviewed with the External Auditors, the Audit Plan for the financial year ended 31 August 2019 on both the audit strategy and audit approach, the adequacy of existing external audit arrangements, with emphasis on the scope and quality of the audit and proposed fees for the statutory audit;

(ii) Reviewed with the External Auditors, the results of their audit for the financial year ended 31 August 2018 and their audit report;

(iii) Reviewed and recommended to the Board for approval, the fees for the audit and non-audit services for the financial year ended 31 August 2019;

(iv) Reviewed and assessed the suitability and independence of the External Auditors;

(v) Reviewed and recommended to the Board for approval and recommendation on the re-appointment of External Auditors, Messrs Ernst & Young for the financial year ended 31 August 2019; and

(vi) Held one (1) private discussion with the External Auditors during the financial year ended 31 August 2019 without the presence of management and Executive Directors to review on the issues relating to Investment Tax Allowance.

Internal audit

(i) Reviewed with the Internal Auditors, the Internal Audit Plan to ensure the adequacy of the scope and coverage of work;

(ii) Reviewed the internal audit reports presented by the Internal Auditors on their findings and recommendations with respect to system of internal control weaknesses; and

(iii) Reviewed the effectiveness of the internal audit process and the performance of the overall Internal Audit function.

Enterprise risk management

(i) Reviewed the updates and reports from the outsourced risk management consultant on the implementation of the Enterprise Risk Management (ERM) Framework and the development of Enterprise Risk Scorecard, assessed the adequacy and effectiveness of the ERM Framework and the appropriateness of management's responses to key risk areas.

Audit and Risk Management Committee Report

Related party transactions

(i) Reviewed the related party transactions and ensured that they were not more favourable to the related parties than those generally available to the public and complied with Bursa Securities MMLR;

(ii) Monitored the thresholds of the related party transactions to ensure compliance with Bursa Securities MMLR; and

(iii) Reviewed the related party transactions transacted during the financial year ended 31 August 2019 and made statement of its view whether the transactions are in the best interests of the Company, fair, reasonable and on commercial terms and not detrimental to the interests of the non-interested shareholders of the Company.

Other activities

(i) Reviewed and recommended to the Board for approval, the ARMC Report and Statement on Risk Management and Internal Control for inclusion in the 2018 Annual Report;

(ii) Reviewed, approved and/or recommended to the Board for approval, new policies or amendments to the existing policies of the Company within the purview of the ARMC to ensure that the polices adopted are aligned with the developments of the rules, regulations, guidelines, best practices issued and recommended by the relevant regulatory authorities;

(iii) Reviewed the annual evaluation form such as ARMC Members' Peer Performance Evaluation Form; and

(iv) Reviewed the whistle blowing reports received.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to a professional services firm, which was tasked with the aim of assisting the ARMC to discharge its duties and responsibilities. The main role of the Internal Auditors is to provide the ARMC with independent and objective reports on the effectiveness of the system of internal controls within the Group. The ARMC discusses the internal audit reports with the Internal Auditors to ensure recommendations from the reports are duly acted upon by management. There were two (2) internal audit reviews carried out during the financial year ended 31 August 2019. The reviews were on the following areas:

a) Business processes review of TMC Fertility Centre and TMC Care Pharmacy at Johor Bahru Branch; and
b) Human Resources Management, Procurement and Account Payable Management of Thomson Hospitals Sdn. Bhd.

The cost incurred in relation to the internal audit function during the financial year ended 31 August 2019 was RM47,500.

The Statement on Risk Management and Internal Control can be found on pages 77 to 79 of this Annual Report, and this provides an overview of the risk management and internal controls system within the Group.

STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**

Introduction

The Malaysian Code on Corporate Governance requires the Board of Directors of public listed companies to establish a sound risk management framework and system of internal control to safeguard shareholders' investments and the Group's assets.

Pursuant to paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") which requires the Board of Directors of public listed companies to include in the Annual Report a "statement about the state of internal control of the listed issuer as a group", the Board of Directors of TMC Life Sciences Berhad is pleased to provide the following Statement on Risk Management and Internal Control in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Practice Note 9 of the Listing Requirements.

Board Responsibility

The Board of Directors of TMC Life Sciences Berhad acknowledges the importance of maintaining a sound system of risk management and internal control to safeguard the shareholders' investments and the Group's assets. The Board is assisted by the Risk Management Committee and management to implement the policies and procedures on risk and control. These include identifying the risks and assessing the potential impacts of the risks, and to have the necessary internal control to mitigate the risks. The profiles of the risks are reviewed by the Board on annual basis.

The Board also acknowledges that whilst the Group's system of risk management and internal control is designed to identify, manage and attempt to lower the risk threatening the achievement of business objectives, some risks may not be totally eliminated. As such, the system of risk management and internal control can only provide reasonable but not absolute assurance against material misstatement of financial and management information and records, and/or against any financial losses or fraud.

The Group's Risk Management and Internal Control System

Risk Management Framework

The Group recognises that risk is an integral and unavoidable component of its business and is characterised by threats and opportunities. The Group works on fostering a risk-aware corporate culture and is committed to managing the risks in a proactive and effective manner to enhance opportunity, reduce threats and sustain its competitive advantage.

The Board has taken necessary measures to ensure that risk management is embedded in the Group's management system with the assistance of the Management, Audit and Risk Management Committee ("ARMC") and the outsourced Internal Auditors. In addition, the Group has established a Group-wide Strategic Enterprise Risk Management ("ERM") Framework leveraging on the best practices of existing frameworks within the Group and has been updating the risk profiles annually.

The Group recognises the importance of quality and caliber of its employees and a variety of training and development opportunities are actively explored. Relevant training and continuing development programmes are provided for staff to improve their various areas of knowledge, technical skills and personal development. These have directly and indirectly enhanced their level of risk awareness in their operating environment. With this understanding, risks can be identified or detected, and preventive/corrective measures can be applied to mitigate any losses that may occur.

The Group's risk management framework is consistent with the ISO 31000 Risk Management Principles and Guidelines, which is designed to establish the context for an embedded ERM into key departments and business processes of the Group.

The key elements of the Group's Internal Control System

The Group's internal control system consists of the policies, processes, activities and control environment that facilitates an effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks in order to achieve the Group's strategy and objectives.

Statement on Risk Management and Internal Control

The key elements of the Group's internal control system, that are regularly reviewed by the Board, are as follows:

i. the Group has in place an established organisational structure with clearly defined lines of key responsibilities and appropriate levels of delegation and authority.

ii. the Group has in place internal procedures covering significant areas of operations, such as purchasing of assets required for the operations of the Group, recruitment and selection of employees, training and development of employees and has a clear definition of authorisation procedures for purchasing, payment and capital expenditure. A Group Tender Committee has been established during the year to evaluate major expenditures before being formally approved by the appropriate authority levels.

iii. regular Executive Committee (Exco) meetings are held to review and monitor the business developments, to discuss and resolve operational and management issues and to review the financial performance of the Group against the budget and business plans.

iv. the ARMC reviews the quarterly financial reports, annual financial statements and reports to the Board on its review and findings thereon to ensure effectiveness of the internal financial control environment of the Group.

v. the corporate head office coordinates the budgetary process for the Group wherein the budgets are discussed and prepared at the operating unit level, reviewed and recommended by executive committee and finally approved by the Board of Directors.

vi. significant corporate matters and its status discussed at the executive committee meetings are brought to the Board meetings for further deliberation and review by the Board members.

vii. the Board, the ARMC and Management monitor the effectiveness of the Group's risk management and internal control system.

viii. Internal Quality Audits are conducted and a group-wide incident reporting system in place to assess and monitor clinical risks. These risks are discussed and addressed through the organisation's clinical governance structure including the Medical and Dental Advisory Committee and the Board of Management.

Management of Risks

The Group is principally involved in providing healthcare services. The Group undertakes a periodic exercise to identify key external and operational risks faced by all business and functional units. Key risk exposures faced by the Group during the financial year have been identified by all business and functional unit heads and with the appropriate risk mitigation plans being developed accordingly.

The key external risks of the Group include escalating costs resulting in lower operational profits due to inflation, foreign exchange fluctuation impact on the purchase of medical equipment, increasing competition from existing established medical and specialist centres, cyber risks from hacker attack and data breaches. The Group manages the risk through implementing cost control awareness and initiatives, monitoring the market and pricing trends and periodic review of costing and pricing strategy to stay competitive in the market. As for increasing competition from existing established medical and specialist centres, the Group is actively monitoring market development, trends and pricing of competitors. The Group manages cyber risk by enhancing the Group IT policies with continuous education of measures and ways to prevent hacker attack to minimise the possibilities of data breach and network downtime. The Group conducted IT penetration and Vulnerability Assessment on the IT infrastructure during the year where areas of high vulnerability of cyber attack have been identified and rectified.

The key operational risks of the Group include talent retention, default risk in accounts receivables and delay in expansion project execution. The Group manages talent retention risk by introducing a Job-levelling Framework with remuneration levels and clear linkages for career development, a more structured Nursing Career Development Pathway, establishing the Employee SHINE engagement platform for better employee engagement, implementing a Master Development Programme for Leaders and Skills Employees, implementation of KPI-based Performance Management, implementation of flexible work arrangements and a Training Masterplan to support employees in their job functions. The default risk in accounts receivables are being managed by enhancing Deposit and Debt Recovery procedures, Credit Facility Application and Review procedures. Delay in expansion project execution risk is being closely monitored by Senior Management and Exco, and reported to Board of Directors on a quarterly basis.

The execution of risk mitigation plans are being monitored and managed by the respective business and functional unit owners. Significant deviation from the risk mitigation plan will be reported to the Exco accordingly.

Assurance Mechanisms

The ARMC is tasked by the Board to carry out the duty to review and monitor the effectiveness of the Group's internal control system. To discharge its responsibilities, the ARMC relies significantly on the support of independent internal auditors to review the effectiveness of risk identification procedures and control processes implemented by management, and to report directly to the ARMC during the quarterly ARMC meetings. The independent internal auditors provide assurance over the operation and validity of the internal control system in relation to the level of risk involved.

Based on these audits, the internal auditors provide the ARMC with yearly report highlighting observations and management action plans to improve the internal control system within the Group. In addition, the ARMC also reviews and deliberates on any significant matters relating to internal control highlighted by the External Auditors in the course of their statutory audit of the financial statements of the Group.

The Board's Commitment

As the Group operates in a dynamic business environment, a sound risk management and internal control system must be in place in order to be able to support its business objectives. Therefore, the Board remains committed towards maintaining a sound system of risk management and internal control and believes that a balanced achievement of its business objectives and operational efficiency can be attained.

The Board's Conclusion

The Board has received assurance from the Group Chief Executive Officer and the Group Chief Financial Officer that based on the risk management and internal control of the Group as well as inquiry and information provided, the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

The Board is of the view that the risk management and internal control system in place for the financial year under review and up to the date of issuance of the financial statements, is adequate and effective to safeguard the shareholders' investments and the Group's assets.

Moving forward, the Group will continue to improve and enhance the existing systems of risk management and internal controls, taking into consideration the changing business environment.

Review of Statement by External Auditors

As required by paragraph 15.23 of the Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. As set out in their terms of engagement, the said review procedures were performed in accordance with the Audit and Assurance Practice Guide 3: Guidance for Auditors On Engagements To Report On The Statement On Risk Management and Internal Control Included in the Annual Report ("AAPG 3") issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. AAPG 3 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in this Annual Report will, in fact, remedy the problems.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

OTHER CORPORATE DISCLOSURE

(a) Audit and Non-Audit Fees

The audit fees and non-audit fees incurred for services rendered by the external auditors for the financial year ended 31 August 2019 were set out below:

	COMPANY (RM)	GROUP (RM)
Audit Fees	46,000	174,700
Non-Audit Fees	5,300	5,300
Total	**51,300**	**180,000**

(b) Material Contracts

During the financial year ended 31 August 2019, there were no material contracts entered into by the Company and its subsidiaries involving Directors', chief executive's and/or major shareholders' interests.

(c) Utilisation of Proceeds

The Company did not raise funds through any corporate proposal during the financial year under review.

(d) Employees' Share Option Scheme ("ESOS")

The Company implemented an ESOS, which is in force for a period of five (5) years until 28 May 2020 (''the option period'').

The number of ESOS options of the Company during the financial year under review were as follows:

	[–Number of ESOS options over ordinary shares–]				
		Movement during the			
	Balance as at 1.9.2018	[————financial year————] Granted	Exercised	Lapsed	Balance as at 31.8.2019
Directors	17,000,000	2,000,000	-	(5,500,000)	13,500,000*
Senior Management	1,000,000	925,000	-	(925,000)	1,000,000
Employees	6,548,000	-	-	(686,250)	5,861,750
	24,548,000	2,925,000	-	(7,111,250)	20,361,750

* Includes 2,000,000 share options previously granted to the Chief Executive Officer of a subsidiary before her appointment to the Board of Directors on 25 January 2019. It also includes 2,000,000 share options to a former director, Dato' Dr. Tan Kee Kwong who resigned on 25 January 2019. A decision was made to extend the validity on the ESOS to Dato' Dr. Tan Kee Kwong. This decision is to be approved at the upcoming AGM.

ESOS options granted to Directors and Senior Management

	During the financial year ended 31 August 2019	Since commencement of the ESOS on 28 May 2015
Aggregate maximum allocation in percentage	50%	50%
Actual percentage granted	2%	11%

The breakdown of ESOS options offered to Non-Executive Directors pursuant to ESOS is detailed on page 158 of the Annual Report and none of the Directors had exercised the ESOS options during the financial year ended 31 August 2019.

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DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event subsequent to the end of the reporting period are disclosed in Note 32 to the financial statements.

HOLDING COMPANIES

The immediate, penultimate and ultimate holding companies are Sasteria (M) Pte. Ltd., Sasteria Pte. Ltd. and Thomson Medical Group Limited respectively, all of which are incorporated in The Republic of Singapore. The ultimate holding company is listed on the Main Board of Singapore Exchange Securities Trading Limited.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year, attributable to owners of the parent	20,919	3,097

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

Dividend paid by the Company since 31 August 2018 was as follows:

	RM'000
In respect of the financial year ended 31 August 2018 as reported in the Directors' report of that year:	
First and final single-tier dividend of 0.183 sen per ordinary share paid on 27 February 2019	3,177

A first and final single-tier dividend in respect of the financial year ended 31 August 2019, of 0.2013 sen per ordinary share had been declared on 24 October 2019. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the following financial year end.

DIRECTORS

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir*	
Gary Ho Kuat Foong	
Claire Lee Suk Leng	
Kan Kheong Ng*	
Wan Nadiah Binti Wan Mohd Abdullah Yaakob*	(appointed on 25 January 2019)
Dato' Sri Mohd Mokhtar Bin Mohd Shariff	(appointed on 25 January 2019)
Dr. Lam Lee G	(appointed on 25 January 2019)
Wilson Sam (alternate Director to Kan Kheong Ng)	(appointed on 1 February 2019)
Dato' Dr. Tan Kee Kwong	(resigned on 25 January 2019)
Roy Quek Hong Sheng	(resigned on 25 January 2019)
Freddie Heng Kim Chuan	(resigned on 25 January 2019)

* These Directors are also Directors of certain subsidiaries of the Company.

The names of the Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report, not including those Directors listed above are:

Wong Yu Chee	
Woon Ming Ming	(resigned on 23 July 2019)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Company's Employees' Share Options Scheme ("ESOS").

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' benefits are as follows:

	Group RM'000	**Company RM'000**
Salaries, fees and bonuses	1,873	314
Estimated monetary value of benefits-in-kind	520	235
	2,393	549

The Company maintains a liability insurance for the Directors and Officers of the Group. The total amount of sum insured for Directors and Officers of the Group for the financial year amounted to RM15,000,000. The amount of insurance premium paid by the Company for the financial year was RM17,129.

Directors' Report

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in ordinary shares, warrants and options over ordinary shares in the Company during the financial year were as follows:

Interests in the Company

	Number of ordinary shares			
	1.9.2018	Bought	Sold	31.8.2019
Direct interest:				
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	500,000	-	-	500,000
Deemed interest:				
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	200,000	-	-	200,000

	Number of warrants			
	1.9.2018	Bought	Sold/ Lapsed	31.8.2019
Direct interest:				
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	250,000	-	(250,000)	-
Deemed interest:				
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	100,000	-	(100,000)	-

		Number of options over ordinary shares				
	Option price RM	1.9.2018	Granted	Exercised	Lapsed	31.8.2019
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	0.75	3,500,000	-	-	-	3,500,000
Gary Ho Kuat Foong	0.75	2,000,000	-	-	-	2,000,000
Claire Lee Suk Leng	0.75	2,000,000	-	-	-	2,000,000
Kan Kheong Ng	0.94	2,000,000	-	-	-	2,000,000
Wan Nadiah Binti Wan Mohd Abdullah Yaakob	0.94	-	2,000,000	-	-	2,000,000
Dato' Dr. Tan Kee Kwong*	0.75	2,000,000	-	-	-	2,000,000

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

* A decision was made to extend the validity on the ESOS to a former Director, Dato' Dr. Tan Kee Kwong. This decision is to be approved at the upcoming AGM.

ISSUES OF SHARES

During the financial year, the issued and paid-up ordinary share capital of the Company was increased by RM4,074,093 from RM621,912,351 to RM625,986,444 by way of issuance of 5,432,124 new ordinary shares pursuant to the exercise of warrants at the exercise price of RM0.75 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

EMPLOYEES' SHARE OPTIONS SCHEME ("ESOS")

The Company has an ESOS plan for the granting of non-transferable options that are to be settled by physical delivery of the ordinary shares of the Company to eligible Directors and employees.

The salient features and other terms of the ESOS plan are disclosed in Note 23(b) to the financial statements.

During the financial year:

- The Company granted 2,000,000 share options to the Chief Executive Officer of a subsidiary before her appointment to the Board of Directors on 25 January 2019. These options expire on 28 May 2020 and are exercisable over the vesting periods of 1.67 years.

The details of the options over the ordinary shares of the Company are as follows:

		← Number of options over ordinary shares →					Exercisable
	Option price	1.9.2018	Granted	Exercised	Lapsed	31.8.2019	31.8.2019
	RM	'000	'000	'000	'000	'000	'000
Grant date							
11 June 2015	0.75	9,500	-	-	-	9,500	9,500
28 August 2015	0.75	5,858	-	-	(546)	5,312	5,312
25 January 2017	0.94	7,190	-	-	(3,640)	3,550	3,550
19 December 2017	0.94	2,000	-	-	(2,000)	-	-
26 September 2018	0.94	-	2,925	-	(925)	2,000	2,000
		24,548	2,925	-	(7,111)	20,362	20,362

Details of options granted to Directors are disclosed in the section on Directors' interests in this report.

Directors' Report

WARRANTS 2015/2019

The salient features and other terms of the warrants are disclosed in Note 23(c) to the financial statements.

Details of the warrants exercised/lapsed during the financial year are as follow:

	Number of warrants	
	2019 '000	2018 '000
At the beginning of financial year	866,344	866,344
Less: Exercised	(5,432)	-
Less: Lapsed	(860,912)	-
At the end of financial year	-	866,344

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION (contd.)

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM'000	**Company RM'000**
Ernst & Young	175	46

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been paid to indemnify Ernst & Young for the financial year ended 31 August 2019.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 17 December 2019.

Gary Ho Kuat Foong **Wan Nadiah Binti Wan Mohd Abdullah Yaakob**

STATEMENT BY **DIRECTORS**

Pursuant to Section 251(2) of the Companies Act 2016

We, Gary Ho Kuat Foong and Wan Nadiah Binti Wan Mohd Abdullah Yaakob, being two of the Directors of TMC Life Sciences Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 94 to 154 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 17 December 2019.

Gary Ho Kuat Foong **Wan Nadiah Binti Wan Mohd Abdullah Yaakob**

STATUTORY **DECLARATION**

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Wong Yu Chee, being the Officer primarily responsible for the financial management of TMC Life Sciences Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 94 to 154 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Wong Yu Chee
at Petaling Jaya
on 17 December 2019

Wong Yu Chee
MIA 16689

Before me,

Wong Kai Fen (No: B456)
Commissioner for Oath

INDEPENDENT **AUDITORS' REPORT**

to the Members of TMC Life Sciences Berhad

Report on the audit of the financial statements

Opinion

We have audited the financial statements of TMC Life Sciences Berhad, which comprise the statements of financial position as at 31 August 2019 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 94 to 154.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 August 2019, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By- Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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 Group and of the Company for the current financial year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

(A) Revenue

(Refer to Notes 2.18 and 4 to the financial statements)

Revenue in respect of hospital operations and sales of pharmaceutical products for the financial year ended 31 August 2019 which amounted to approximately RM192 million, represented about 99% of total revenue of the Group. The Group relies heavily on information technology system in accounting for its revenue from hospital operations and sales of pharmaceutical products. Such information system processes large volumes of data with combination of different products and services, which consist of individually low value transactions.

Independent Auditors' Report

to the Members of TMC Life Sciences Berhad

Report on the audit of the financial statements (contd.)

Key audit matters (contd.)

(A) Revenue (contd.)

We identified revenue in respect of hospital operations and sales of pharmaceutical products to be an area of focus as we consider the high volume of transactions for numerous types of products and services to be a possible cause of higher risk of material misstatement. Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.

In addressing this area of focus, we performed, amongst others, the following procedures:

- We obtained an understanding of the management's internal controls over the timing and amount of revenue recognised;
- We tested the relevant internal controls in place to address completeness and accuracy of revenue recognised including timely updating of approved billing rate changes in the system. We also involved our information technology specialist to test the operating effectiveness of automated controls over the billing system;
- We tested the data interface between the billing system and the general ledger;
- We inspected samples of documents which evidenced the rendering of services to customers;
- We tested samples of documents to establish whether transactions were recorded in the correct accounting period; and
- Using data analytics, we performed correlation analysis between revenue, trade receivables and cash and bank balances.

(B) Impairment assessment of goodwill

(Refer to Notes 3.2(a) and 14(a) to the financial statements)

As at 31 August 2019, the carrying amount of goodwill recognised by the Group amounted to RM193 million, representing 31% and 23% of the Group's total non-current assets and total assets respectively. This goodwill relates to a subsidiary principally engaged in healthcare services. The Group is required to perform annual impairment assessment of the cash generating units ("CGU") or groups of CGUs to which this goodwill has been allocated.

The Group estimated the recoverable amount of its CGU to which the goodwill is allocated based on value-in-use ("VIU"). Estimating the VIU involves estimating the future cash inflows and outflows to be derived from the CGU and discounting it at an appropriate discount rate.

We identified this as our area of audit focus as the impairment assessment involves determining the recoverable amount of the CGU using a discounted cash flow approach which is complex and highly judgemental. Specifically, we focused on the assumptions in respect of revenue growth rate (including long-term growth rate), gross profit margin and discount rate.

Independent Auditors' Report

to the Members of TMC Life Sciences Berhad

Report on the audit of the financial statements (contd.)

Key audit matters (contd.)

(B) Impairment assessment of goodwill (contd.)

In addressing this area of focus, we performed, amongst others, the following procedures:

- We obtained an understanding of the relevant internal controls over estimating the recoverable amount of the CGUs;

- We evaluated the management's key assumptions on revenue growth rate (including long- term growth rate) and gross profit margin, by taking into consideration the current and expected future economic conditions. We also compared these key assumptions against past actual outcomes of a subsidiary of the Group which operates in similar activity; and

- We assessed whether the discount rate used reflects the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the CGU.

We also evaluated the Group's disclosures of each key assumption on which the Group has based its cash flow projections. Key assumptions are those to which the recoverable amount is most sensitive, as disclosed in Note 14(a) to the financial statements.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company'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 the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report

to the Members of TMC Life Sciences Berhad

Report on the audit of the financial statements (contd.)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company 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 approved standards on auditing in Malaysia and International Standards on Auditing 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 approved standards on auditing in Malaysia and International Standards on Auditing, 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 of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- Conclude on the appropriateness of the Directors' 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 or the Company'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 of the Group and of the Company 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 or the Company to cease to continue as a going concern;

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

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

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

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

Independent Auditors' Report

to the Members of TMC Life Sciences Berhad

Report on the audit of the financial statements (contd.)

Auditors' responsibilities for the audit of the financial statements (contd.)

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 Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 15 to the financial statements.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Ng Kim Ling
No. 03236/04/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
17 December 2019

STATEMENTS OF **COMPREHENSIVE INCOME**

For the financial year ended 31 August 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	4	194,978	169,039	1,500	1,500
Other income	5	866	926	-	-
Inventories and consumables		(57,376)	(51,398)	-	-
Staff costs	8	(62,931)	(52,199)	(76)	(78)
Other operating expenses		(33,487)	(28,316)	(3,232)	(1,910)
Depreciation and amortisation		(11,207)	(12,875)	-	-
Interest income		7,393	8,008	6,113	6,524
Finance costs	6	(85)	(88)	-	-
Profit before tax	7	38,151	33,097	4,305	6,036
Income tax expense	10	(17,232)	(5,301)	(1,208)	(1,331)
Profit for the financial year		20,919	27,796	3,097	4,705
Other comprehensive (loss)/ profit that may reclassify to profit or loss in subsequent periods (net of tax):					
Foreign currency translation		(3)	29	-	-
Total comprehensive income for the financial year		20,916	27,825	3,097	4,705
Profit attributable to owners of the parent		20,919	27,796	3,097	4,705
Total comprehensive income for the financial year attributable to owners of the parent		20,916	27,825	3,097	4,705
Earnings per share unit attributable to owners of the parent (sen):					
Basic	11	1.20	1.60		
Diluted	11	1.20	1.55		

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

STATEMENTS OF **FINANCIAL POSITION**

As at 31 August 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	421,012	355,414	-	-
Intangible assets	14	195,440	195,311	-	-
Investment in subsidiaries	15	-	-	484,199	484,173
		616,452	550,725	484,199	484,173
Current assets					
Inventories	16	10,830	9,939	-	-
Trade and other receivables	17	33,965	30,824	58,751	30,506
Tax recoverable		7,544	7,503	-	68
Cash and bank balances	18	179,725	202,849	138,624	163,741
		232,064	251,115	197,375	194,315
Total assets		848,516	801,840	681,574	678,488
Current liabilities					
Trade and other payables	19	64,790	46,572	985	2,114
Borrowings	20	88	92	-	-
Provision	21	265	81	-	-
Income tax payable		132	65	38	-
		65,275	46,810	1,023	2,114
Net current assets		166,789	204,305	196,352	192,201
Non-current liabilities					
Borrowings	20	1,542	1,626	-	-
Provision	21	55	193	-	-
Deferred tax liabilities	22	19,408	12,971	-	-
		21,005	14,790	-	-
Total liabilities		86,280	61,600	1,023	2,114
Net assets		762,236	740,240	680,551	676,374
Represented by:					
Equity attributable to owners of the parent					
Share capital	23	625,986	621,912	625,986	621,912
Reserves	24	3,383	50,163	3,352	50,129
Retained profits	25	132,867	68,165	51,213	4,333
Total equity		762,236	740,240	680,551	676,374

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 August 2019

	Note	Attributable to owners of the parent					
		Non-distributable				Distributable	
		Share capital RM'000	Warrants reserve RM'000	Share options reserve RM'000	Foreign currency translation reserve RM'000	Retained profits RM'000	Total RM'000
At 1 September 2018		621,912	46,960	3,169	34	68,165	740,240
Profit for the financial year		-	-	-	-	20,919	20,919
Other comprehensive loss		-	-	-	(3)	-	(3)
Total comprehensive income for the financial year		-	-	-	(3)	20,919	20,916
Transactions with owners							
Issue of ordinary shares pursuant to warrants		4,074	-	-	-	-	4,074
Fair value charges on share options granted under ESOS		-	-	183	-	-	183
Warrants expired transfer to retained profits		-	(46,960)	-	-	46,960	-
Dividend on ordinary shares	12	-	-	-	-	(3,177)	(3,177)
Total transactions with owners		4,074	(46,960)	183	-	43,783	1,080
At 31 August 2019		625,986	-	3,352	31	132,867	762,236

Consolidated Statement of Changes in Equity

For the financial year ended 31 August 2019

		Attributable to owners of the parent					
			Non-distributable			Distributable	
	Note	Share capital RM'000	Warrants reserve RM'000	Share options reserve RM'000	Foreign currency translation reserve RM'000	Retained profits RM'000	Total RM'000
At 1 September 2017		621,699	46,960	2,491	5	43,269	714,424
Profit for the financial year		-	-	-	-	27,796	27,796
Other comprehensive income		-	-	-	29	-	29
Total comprehensive income for the financial year		-	-	-	29	27,796	27,825
Transactions with owners							
Issue of ordinary shares pursuant to ESOS		213	-	(30)	-	-	183
Fair value charges on share options granted under ESOS		-	-	708	-	-	708
Dividend on ordinary shares	12	-	-	-	-	(2,900)	(2,900)
Total transactions with owners		213	-	678	-	(2,900)	(2,009)
At 31 August 2018		621,912	46,960	3,169	34	68,165	740,240

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

COMPANY STATEMENT OF **CHANGES IN EQUITY**

For the financial year ended 31 August 2019

	Note	Attributable to owners of the parent				
		Non-distributable			Distributable	
		Share capital RM'000	Warrants reserve RM'000	Share options reserve RM'000	Retained profits RM'000	Total RM'000
At 1 September 2018		621,912	46,960	3,169	4,333	676,374
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	3,097	3,097
Transactions with owners						
Ordinary shares issued pursuant to warrants		4,074	-	-	-	4,074
Fair value charges on share options granted under ESOS		-	-	183	-	183
Warrants expired transfer to retained profits		-	(46,960)	-	46,960	-
Dividend on ordinary shares	12	-	-	-	(3,177)	(3,177)
Total transactions with owners		4,074	(46,960)	183	43,783	1,080
At 31 August 2019		625,986	-	3,352	51,213	680,551

Company Statement of Changes in Equity

For the financial year ended 31 August 2019

	Note	Attributable to owners of the parent				
		Non-distributable			Distributable	
		Share capital RM'000	Warrants reserve RM'000	Share options reserve RM'000	Retained profits RM'000	Total RM'000
At 1 September 2017		621,699	46,960	2,491	2,528	673,678
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	4,705	4,705
Transactions with owners						
Ordinary shares issued pursuant to ESOS		213	-	(30)	-	183
Fair value charges on share options granted under ESOS		-	-	708	-	708
Dividend on ordinary shares	12	-	-	-	(2,900)	(2,900)
Total transactions with owners		213	-	678	(2,900)	(2,009)
At 31 August 2018		621,912	46,960	3,169	4,333	676,374

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

STATEMENTS OF **CASH FLOWS**

For the financial year ended 31 August 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Operating activities				
Profit before tax	38,151	33,097	4,305	6,036
Adjustments for:				
Allowance for expected credit losses:				
- trade receivables	600	-	-	-
- other receivables	-	-	1,565	723
Reversal of allowance for expected credit losses on trade receivables	-	(119)	-	-
Amortisation of intangible assets	739	377	-	-
Depreciation of property, plant and equipment	10,468	12,498	-	-
Property, plant and equipment written off	-	39	-	-
Net loss on disposal of property, plant and equipment	58	14	-	-
Interest expense	85	88	-	-
Interest income	(7,393)	(8,008)	(6,113)	(6,524)
Unrealised gain on foreign exchange	-	(54)	-	-
Dividend income	-	-	(1,500)	(1,500)
Fair value charges on share options granted under ESOS	183	708	157	513
Operating profit/(loss) before changes in working capital	42,891	38,640	(1,586)	(752)
Changes in working capital:				
Inventories	(891)	(1,692)	-	-
Receivables	(3,741)	2,758	(29,810)	(5,049)
Payables	2,786	(3,371)	(1,129)	(236)
Cash flows from/(used in) operation	41,045	36,335	(32,525)	(6,037)
Interest paid	(85)	(88)	-	-
Income taxes paid	(10,769)	(10,409)	(1,102)	(1,397)
Net cash flows from/(used in) operating activities	30,191	25,838	(33,627)	(7,434)
Investing activities				
Uplift of deposits placed with financial institutions with original maturity of more than three months	63,542	6,409	64,032	13,505
Interest received	7,393	8,008	6,113	6,524
Proceeds from disposals of property, plant and equipment	-	5	-	-
Purchase of property, plant and equipment	(61,233)	(34,938)	-	-
Purchase of intangible assets	(281)	(315)	-	-
Dividend from a subsidiary	-	-	1,500	1,500
Net cash flows from/(used in) investing activities	9,421	(20,831)	71,645	21,529

Statements of Cash Flows

For the financial year ended 31 August 2019

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Financing activities				
Dividends paid	(3,177)	(2,900)	(3,177)	(2,900)
Proceeds from ordinary shares issued pursuant to:				
- warrants exercised	4,074	-	4,074	-
- ESOS exercised	-	183	-	183
Repayments of:				
- obligations under finance lease	(23)	(23)	-	-
- term loan	(65)	(61)	-	-
Net cash flows from/(used in) financing activities	809	(2,801)	897	(2,717)
Net increase in cash and cash equivalents	40,421	2,206	38,915	11,378
Effects of exchange rate changes	(3)	63	-	-
Cash and cash equivalents at the beginning of financial year	61,097	58,828	35,215	23,837
Cash and cash equivalents at the end of financial year (Note 18)	101,515	61,097	74,130	35,215

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

NOTES TO THE FINANCIAL STATEMENTS

31 August 2019

1. Corporate information

TMC Life Sciences Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office of the Company is located at 7th Floor, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur. The principal place of business of the Company is located at C-13-09 Sunway Nexis, No.1, Jalan PJU 5/1, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

The immediate, penultimate and ultimate holding companies are Sasteria (M) Pte. Ltd., Sasteria Pte. Ltd. and Thomson Medical Group Limited respectively, all of which are incorporated in The Republic of Singapore. The ultimate holding company is listed on the Main Board of Singapore Exchange Securities Trading Limited.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 17 December 2019.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 (the "Act") in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and amended MFRSs which are mandatory for annual financial periods beginning on or after 1 January 2018 as described fully in Note 2.2.

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

The financial statements are presented in Ringgit Malaysia ("RM"), and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

During the financial year, the Group and the Company have aligned its presentation of statements of comprehensive income with those of its ultimate holding company and therefore changed the presentation from classification based on function to classification based on nature.

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies

On 1 September 2018, the Group and the Company adopted the following new and amended MFRSs which are effective for annual financial periods beginning on or after 1 January 2018.

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 2: *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
• MFRS 9: *Financial Instruments*	1 January 2018
• MFRS 15: *Revenue from Contracts with Customers*	1 January 2018
• Amendments to MFRS 140: *Transfers of Investment Property*	1 January 2018
• Annual Improvements to MFRSs 2014 - 2016 Cycle	1 January 2018
• IC Interpretation 22: *Foreign Currency Transactions and Advance Consideration*	1 January 2018

Adoption of the above standards did not have any material effect on the financial performance or position of the Group and of the Company except as discussed below:

MFRS 9: Financial Instruments

MFRS 9 replaces the guidance in MFRS 139 *Financial Instruments: Recognition and Measurement for* annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group adopted this new standard on the required effective date and did not restate the comparative information. The Group performed assessment on these three aspects of the standard. Overall, the adoption of this standard has no significant impact to the statement of financial position and retained profits of the Group as at 1 September 2018.

(a) Classification and measurement

Under MFRS 9, debt instruments are subsequently measured at fair value through profit or loss ("FVTPL"), amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' ("SPPI") on the principal amount outstanding.

Trade and other receivables previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing SPPI. These are now classified and measured as debt instruments at amortised cost.

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at FVTPL and modified financial liabilities, and the Group does not have any such financial liabilities.

(b) Impairment

The adoption of MFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. MFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at FVTPL.

The Group applied the simplified approach and record lifetime expected losses on all trade and other receivables.

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

Adoption of the above standards did not have any material effect on the financial performance or position of the Group and of the Company except as discussed below (contd.):

MFRS 15: Revenue from Contracts with Customers

MFRS 15 supersedes MFRS 111 *Construction Contracts*, MFRS 118 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

The Group adopted MFRS 15 using the retrospective with cumulative effect method. Based on the analysis of the Group's revenue streams on the basis of facts and circumstances that currently exist, the Directors of the Company have assessed that the impact of MFRS 15 to the Group's financial statements is not significant.

2.3 Standards and interpretation issued but not yet effective

The standards and interpretation that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 9: *Prepayment Features with Negative Compensation*	1 January 2019
• MFRS 16 *Leases*	1 January 2019
• Amendments to MFRS 119: *Plan Amendment, Curtailment or Settlement*	1 January 2019
• Amendments to MFRS 128: *Long-term Interests in Associates and Joint Ventures*	1 January 2019
• Annual Improvements to MFRSs 2015 - 2017 Cycle	1 January 2019
• IC Interpretation 23: *Uncertainty over Income Tax Treatments*	1 January 2019
• Amendments to MFRS 2: *Share-based Payment*	1 January 2020
• Amendments to MFRS 3: *Business Combinations*	1 January 2020
• Amendments to MFRS 6: *Exploration for and Evaluation of Mineral Resources*	1 January 2020
• Amendments to MFRS 14: *Regulatory Deferral Accounts*	1 January 2020
• Amendments to MFRS 101: *Presentation of Financial Statements*	1 January 2020
• Amendments to MFRS 108: *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2020
• Amendments to MFRS 134: *Interim Financial Reporting*	1 January 2020

2. Summary of significant accounting policies (contd.)

2.3 Standards and interpretation issued but not yet effective (contd.)

The standards and interpretation that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective (contd.).

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 137: *Provision, Contingent Liabilities and Contingent Asset*	1 January 2020
• Amendments to MFRS 138: *Intangible Assets*	1 January 2020
• Amendments to IC Interpretation 12: *Service Concession Agreements*	1 January 2020
• Amendments to IC Interpretation 19: *Extinguishing Financial Liabilities with Equity Instruments*	1 January 2020
• Amendments to IC Interpretation 20: *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2020
• Amendments to IC Interpretation 22: *Foreign Currency Transactions and Advance Consideration*	1 January 2020
• Amendments to IC Interpretation 132: *Intangible Assets-Website Costs*	1 January 2020
• MFRS 17 *Insurance Contracts*	1 January 2021
• Amendments to MFRS 10 and MFRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 16: Leases

MFRS 16 will replace MFRS 117: *Leases* , IC Interpretation 4: *Determining whether an Arrangement contains a Lease*, IC Interpretation 115: *Operating Lease-Incentives* and IC Interpretation 127: *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

The overall effects of MFRS 16 is currently being assessed. A reliable estimate of the quantitative effects is not yet available and the Group plans to adopt the new standard on the required effective date.

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

(i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) exposure, or rights, to variable returns from its investment with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation except for unrealised losses which are not eliminated if there are indications of impairment.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date's fair value and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date's fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9: *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of comprehensive income in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the fair value of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the fair value of the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate fair value of the consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss on acquisition date.

2.5 Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the parent of the Group, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the parent.

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

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

2. Summary of significant accounting policies (contd.)

2.6 Subsidiaries

In the Company's separate financial statement, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.7 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group and the Company depreciate them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Freehold land has an unlimited useful life and is not depreciated. Capital work-in- progress ("WIP") are also not depreciated as these assets are not available for use. Depreciation of buildings constructed on leasehold land is provided for on a straight-line basis to write off the cost of the asset to its residual value over the shorter of the estimated useful life of 50 years or the respective remaining lease periods of the leasehold land.

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

Long term leasehold land	99 years
Buildings	2%
Electrical and mechanical equipment	10%
Motor vehicles	20%
Medical equipment	10% - 20%
Furniture and fittings	10% - 20%
Renovation	10% - 15%
Office equipment and computers	10% - 33 1/3%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end, and adjusted prospectively, if appropriate.

2. Summary of significant accounting policies (contd.)

2.8 Intangible assets

(a) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

(b) Other intangible assets

Intangible assets other than goodwill acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is represent fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful life of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the expected useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

2. Summary of significant accounting policies (contd.)

2.8 Intangible assets (contd.)

(b) Other intangible assets (contd.)

Computer software

Computer software is measured initially at cost. Following initial acquisition, computer software is measured at cost less any accumulated amortisation and accumulated impairment losses.

The useful life of computer software is assessed to be finite. Computer software is amortised on a straight-line basis over the estimated useful life at an annual rate of 10% - 25% and assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and the amortisation method for computer software with finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and is treated as changes in accounting estimates. The amortisation expense on computer software with finite life is recognised in profit or loss.

Gains or losses arising from derecognition of computer software are measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

2.9 Inventories

Inventories are stated at the lower of cost, which is determined on the weighted average basis, and net realisable value. Cost includes expenditure incurred in bringing inventories to their present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

2.10 Impairment of non-financial assets

The Group and the Company assess, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group and the Company base their impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's and of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

2. Summary of significant accounting policies (contd.)

2.10 Impairment of non-financial assets (contd.)

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group and the Company estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually or when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment loss relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVOCI or FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

2. Summary of significant accounting policies (contd.)

2.11 Financial instruments (contd.)

(a) Financial assets (contd.)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at FVTPL.

The Group and the Company have no financial assets carried at FVOCI for equity instruments and FVTPL.

(i) Financial assets at amortised cost (debt instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group and the Company's financial assets at amortised cost include cash and bank balances and trade and other receivables.

(ii) Financial assets at fair value through other comprehensive income (debt instruments)

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

2. Summary of significant accounting policies (contd.)

2.11 Financial instruments (contd.)

(a) Financial assets (contd.)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statements of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass- through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Impairment of financial assets

The Group and the Company recognise an allowance for ECLs for all debts instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sales of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables, the Group applies simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance base on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on historical credit experience. The Group considers forward looking factors do not have significant impact to credit risk given the nature of its industry and the amount ECLs is insensitive to changes to forecast economic conditions.

The Group and the Company consider a financial assets to be default when internal and external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. Financial assets is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. Summary of significant accounting policies (contd.)

2.11 Financial instruments (contd.)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables, loans and borrowings including financial guarantee contracts, if any.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at FVTPL; and
- Financial liabilities at amortised cost (loans and borrowings).

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at FVTPL.

(ii) Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of comprehensive income.

This category generally applies to interest-bearing loans and borrowings.

2. Summary of significant accounting policies (contd.)

2.11 Financial instruments (contd.)

(b) Financial liabilities (contd.)

Derecognition

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

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.12 Cash and cash equivalents

Cash and bank balances comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash at banks, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Group's and of the Company's cash management.

2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incur in connection with the borrowing of funds.

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for restoration costs are in respect of management's best estimate of the costs necessary to be incurred to restore rented premises. The initial estimated amount is capitalised as part of the cost for property, plant and equipment.

2. Summary of significant accounting policies (contd.)

2.15 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.16 Warrants

Warrants are classified as equity.

The issue of ordinary shares upon exercise of the warrants are treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

Amount allocated in relation to the issuance of free warrants are credited to a warrants reserve which is non-distributable. Warrants reserve is transferred to the share premium account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to retained profits.

2.17 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(a) As lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of comprehensive income.

A leased asset is depreciated over the expected useful life of the asset. However, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2. Summary of significant accounting policies (contd.)

2.18 Revenue and other income recognition

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

(a) Sale of goods and rendering of services

Revenue from hospital operations comprises inpatient and outpatient hospital charges and sales of pharmaceutical products, medical and consumable supplies. These are recognised at a point in time upon transfer of control of goods and services to the customers net of discounts, rebates and returns.

Other hospital revenue mainly consists of clinic rental from consultants. These are recognised on an accrual basis in accordance with the substance of the relevant agreements.

(b) Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Membership fees

Membership fees are recognised upon customers registration with the Group.

(e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.19 Taxes

(a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Summary of significant accounting policies (contd.)

2.19 Taxes (contd.)

(b) Deferred tax

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associate and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associate and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

2. Summary of significant accounting policies (contd.)

2.19 Taxes (contd.)

(c) Good and services tax ("GST") and sales and services tax ("SST")

Revenue, expenses and assets are recognised net of the amount of GST and SST, except:

(i) when the GST and SST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the GST and SST are recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and

(ii) when receivables and payables are stated with the amount of GST and SST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables and payables respectively in the statements of financial position.

The payable amount of SST to the taxation authority is included as part of payables in the statements of financial position.

2.20 Foreign currencies

The Group's consolidated financial statements are presented in RM, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2. Summary of significant accounting policies (contd.)

2.20 Foreign currencies (contd.)

(b) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.21 Cash dividend and non-cash distribution to equity holders of the parent

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company.

A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of comprehensive income.

2.22 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave, maternity and paternity leave are recognised when the absences occur.

(b) Defined contribution plan

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Share-based payments

Employees' share options scheme ("ESOS")

The Company operates an equity-settled, share-based compensation plan, allowing the employees of the Group to acquire ordinary shares of the Company at predetermined prices. The total fair value of share options granted to employees is recognised as an expense with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the options will be vested.

2. Summary of significant accounting policies (contd.)

2.22 Employee benefits (contd.)

(c) Share-based payments (contd.)

Employees' share options scheme ("ESOS") (contd.)

The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to become exercisable on vesting date. The Company recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity over the remaining vesting period.

2.23 Segment reporting

Operating segments are defined as components of the Group that:

(a) Engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group (i.e. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten per cent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten per cent (10%) or more of the greater, in absolute amount of:

(i) the combined reported profit of all operating segments that did not report a loss; and

(ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten per cent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

2. Summary of significant accounting policies (contd.)

2.24 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

2.25 Current versus non-current classification

The Group and the Company present assets and liabilities in the statements of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within 12 months after the reporting period; or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group and the Company classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. Significant accounting judgements and estimates

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

3.1 Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Company's accounting policies which may have significant effect on the amounts recognised in the financial statements.

3. Significant accounting judgements and estimates (contd.)

3.2 Key sources of estimation uncertainties

The key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of goodwill

Goodwill is tested for impairment annually and other times when such indicators exist. This requires management to estimate the expected future cash flows of the CGU to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from estimation, such difference will impact the carrying value of goodwill. The carrying amount of goodwill as at 31 August 2019 was RM193,045,000 (2018: RM193,045,000). Further details are disclosed in Note 14(a).

(b) Impairment of loans and receivables

The Group assesses at each reporting date impairments on financial assets at amortised cost to be based on a forward-looking ECL model. ECL is the difference between the contractual cash flows due in accordance with the terms of the contract and the cash flows the Group expects to receive. The Group applies the simplified approach, which allows expected lifetime credit losses to be recognised for trade receivables. The ECL is determined based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The carrying amount of the Group's financial assets at amortised cost at reporting date is disclosed in Note 17.

4. Revenue

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Revenue from contracts with customer				
Hospital and ancillary services	172,372	148,115	-	-
Clinic services	17,780	16,455	-	-
Clinic rental income	1,770	1,645	-	-
Hospital administration fee	1,930	1,902	-	-
Membership fees	66	77	-	-
	193,918	168,194	-	-
Revenue from other sources				
Dividend income from a subsidiary	-	-	1,500	1,500
Others	1,060	845	-	-
	1,060	845	1,500	1,500
Total revenue	194,978	169,039	1,500	1,500
Timing of revenue recognition				
Goods and services at a point in time	194,978	169,039	-	-

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5. Other income

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Rental income	581	464	-	-
Gain on disposal of property, plant and equipment	-	5	-	-
Unrealised gain on foreign exchange	-	54	-	-
Reversal of allowance for expected credit losses (Note 17(a))	-	119	-	-
Others	285	284	-	-
	866	926	-	-

6. Finance costs

	Group	
	2019 RM'000	2018 RM'000
Interest expense on:		
- term loan	84	86
- obligations under finance lease	1	2
	85	88

7. Profit before tax

In addition to the other items disclosed elsewhere in the financial statements, the following items have been included in arriving at profit before tax:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Auditors' remuneration:				
- statutory audit (EY Malaysia)	175	154	46	43
- statutory audit (other than EY)	-	6	-	-
- other services (EY Malaysia)	5	11	5	11
Director's remuneration, excluding benefits-in-kind (Note 9):				
- Executive Directors	1,559	1,260	-	-
- Non-Executive Directors	314	342	314	342
Property, plant and equipment (Note 13):				
- Depreciation	10,468	12,498	-	-
- Written off	-	39	-	-
- Loss on disposal	58	19	-	-
Amortisation of intangible assets (Note 14)	739	377	-	-
Rental expense:				
- equipment	85	30	-	-
- premises	1,631	1,073	-	-
Allowance for expected credit losses:				
- trade receivables (Note 17(a))	600	-	-	-
- other receivables (Note 17(c))	-	-	1,565	723
Realised loss on foreign exchange	5	65	-	-

8. Staff costs

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Salaries, wages and bonuses	46,538	39,029	-	-
Social security contributions	626	542	-	-
Contributions to defined contribution plans	5,997	4,832	-	-
Fair value charges on share options granted under ESOS	102	273	76	78
Allowances	5,509	4,516	-	-
Other benefits	4,159	3,007	-	-
	62,931	52,199	76	78

The Directors' remuneration of the Group and of the Company are disclosed in Note 9.

9. Directors' remuneration

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Executive Directors' remuneration:				
Salaries and bonuses (Note 7)	1,559	1,260	-	-
Estimated money value of benefits-in-kind:				
- ESOS expense	76	78	76	78
- other emoluments	165	-	-	-
	1,800	1,338	76	78
Non-Executive Directors' remuneration:				
Director fees (Note 7)	314	342	314	342
Estimated money value of benefits-in-kind:				
- ESOS expense	81	435	81	435
- other emoluments	198	117	78	63
	593	894	473	840
Total Directors' remuneration including benefits-in-kind	2,393	2,232	549	918

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands (excluding the award of ESOS) are analysed below:

	Number of Directors	
	2019	**2018**
Executive Directors:		
RM150,001 - RM200,000	1	-
RM500,001 - RM550,000	1	-
RM1,000,001 - RM1,050,000	1	-
RM1,250,001 - RM1,300,000	-	1

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9. Directors' remuneration (contd.)

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands (excluding the award of ESOS) are analysed below (contd.):

	Number of Directors	
	2019	**2018**
Non-Executive Directors:		
Below RM50,000	5	-
RM50,001 - RM100,000	3	6

For financial year ended 31 August 2019, Kan Kheong Ng has been included as Non- Executive Non-Independent Director from 1 September 2018 to 31 January 2019, and as Executive Director from 1 February 2019 to 31 August 2019.

For financial year ended 31 August 2019, Roy Quek Hong Sheng, Dato' Tan Kee Kwong and Freddie Heng Kim Chuan have been included as Executive Director, Non-Executive Independent Director and Non-Executive Non-Independent Director respectively up to their resignation on 25 January 2019.

For financial year ended 31 August 2019, Wan Nadiah Binti Wan Mohd Abdullah Yaakob was appointed on 25 January 2019 as Executive Director, Dr. Lam Lee G and Dato' Sri Mohd Mokhtar Bin Mohd Shariff were appointed on 25 January 2019 as Non- Executive Directors and Wilson Sam was appointed on 1 February 2019 alternate Director to Kan Kheong Ng respectively.

10. Income tax expense

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Statements of comprehensive income:				
Current income tax:				
Malaysian income tax	9,906	2,946	1,243	1,314
Under/(over)provision in prior financial years	889	20	(35)	17
	10,795	2,966	1,208	1,331
Deferred income tax (Note 22):				
Relating to origination and reversal of temporary differences	(740)	2,771	-	-
Effect of changes in tax rate on real property gains tax	7,177	-	-	-
Overprovision in prior financial year	-	(436)	-	-
	6,437	2,335	-	-
	17,232	5,301	1,208	1,331

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the financial year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

10. Income tax expense (contd.)

A subsidiary of the Company, Thomson Hospitals Sdn. Bhd. ("THSB"), has obtained approval for the Investment Tax Allowance, granted by the Malaysian Investment Development Authority. THSB will enjoy full exemption on the qualifying expenditures spent for a period of 5 years commencing from 2 January 2015 and this can be used to deduct against its statutory income.

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the respective financial year are as follows:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Profit before tax	38,151	33,097	4,305	6,036
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	9,156	7,943	1,033	1,449
Effect of expenses not deductible for tax purposes	452	315	570	279
Income not subject to tax	-	-	(360)	(360)
Effect of utilisation of current financial year investment tax allowance	(733)	(2,509)	-	-
Effect of utilisation of previously unrecognised unabsorbed capital allowances and tax losses	-	(343)	-	-
Effect of utilisation of previously unrecognised deferred tax assets	-	(54)	-	(54)
Effect of changes in tax rate on real property gains tax	7,177	-	-	-
Deferred tax assets not recognised during the financial year	291	365	-	-
Under/(over)provision of income tax in prior financial years	889	20	(35)	17
Overprovision of deferred tax in prior financial year	-	(436)	-	-
	17,232	5,301	1,208	1,331

11. Earnings per ordinary share

(a) Basic

Basic earnings per ordinary share is calculated by dividing the profit for the financial year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2019	**2018**
Profit attributable to owners of the parent (RM'000)	20,919	27,796
Weighted average number of ordinary shares in issue ('000)	1,737,627	1,736,372
Basic earnings per share (sen)	1.20	1.60

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11. Earnings per ordinary share (contd.)

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares.

	Group	
	2019	**2018**
Profit attributable to owners of the parent (RM'000)	20,919	27,796
Weighted average number of ordinary shares in issue ('000)	1,737,627	1,736,372
Effect of dilution on conversion of warrants and ESOS ('000)	-	51,232
Adjusted weighted average number of ordinary share units in issue and issuable ('000)	1,737,627	1,787,604
Diluted earnings per share (sen)	1.20	1.55

12. Dividends

	Group/Company	
	2019	**2018**
	RM'000	**RM'000**
Recognised during the financial year:		
First and final single-tier dividend in respect of financial year ended 31 August 2017 of 0.167 sen ordinary share paid on 28 February 2018	-	2,900
First and final single-tier dividend in respect of financial year ended 31 August 2018 of 0.183 sen ordinary share paid on 27 February 2019	3,177	-

A first and final single-tier dividend in respect of the financial year ended 31 August 2019, of 0.2013 sen per ordinary share had been declared on 24 October 2019. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the following financial year end.

13. Property, plant and equipment

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Electrical and mechanical equipment RM'000	Motor vehicles RM'000	Medical equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Office equipment and computers RM'000	Assets under construction RM'000	Total RM'000
2019											
Cost											
At 1 September 2018	180,000	19,668	65,203	2,505	350	75,940	3,376	18,477	9,067	63,794	438,380
Additions	-	-	37	101	-	3,081	280	710	1,064	71,438	76,711
Disposals	-	-	(35)	(2)	-	(790)	(80)	-	(26)	-	(933)
Transfer to intangible assets	-	-	-	-	-	-	-	-	(12)	(584)	(596)
Reclassification	-	-	-	-	-	387	-	687	-	(1,074)	-
At 31 August 2019	180,000	19,668	65,205	2,604	350	78,618	3,576	19,874	10,093	133,574	513,562
Accumulated depreciation											
At 1 September 2018	-	2,382	12,614	2,033	224	48,654	2,368	6,968	7,723	-	82,966
Depreciation charge for the financial year (Note 7)	-	205	1,316	128	31	5,405	370	2,148	865	-	10,468
Disposals	-	-	(6)	(2)	-	(784)	(60)	-	(23)	-	(875)
Transfer to intangible assets	-	-	-	-	-	-	-	-	(9)	-	(9)
At 31 August 2019	-	2,587	13,924	2,159	255	53,275	2,678	9,116	8,556	-	92,550
Net carrying amount	180,000	17,081	51,281	445	95	25,343	898	10,758	1,537	133,574	421,012

13. Property, plant and equipment (contd.)

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Electrical and mechanical equipment RM'000	Motor vehicles RM'000	Medical equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Office equipment and computers RM'000	Assets under construction RM'000	Total RM'000
2018											
Cost											
At 1 September 2017	180,000	19,668	64,960	2,323	193	65,669	3,234	17,898	10,472	33,884	398,301
Additions	-	-	243	182	157	9,002	268	545	478	31,697	42,572
Disposals	-	-	-	-	-	(55)	(42)	-	(201)	-	(298)
Written off	-	-	-	-	-	(11)	(84)	-	-	-	(95)
Transfer to intangible assets	-	-	-	-	-	-	-	-	(1,682)	(418)	(2,100)
Reclassification	-	-	-	-	-	1,335	-	34	-	(1,369)	-
At 31 August 2018	180,000	19,668	65,203	2,505	350	75,940	3,376	18,477	9,067	63,794	438,380
Accumulated depreciation											
At 1 September 2017	-	2,177	11,299	1,773	193	41,760	2,012	4,712	8,014	-	71,940
Depreciation charge for the financial year (Note 7)	-	205	1,315	260	31	6,945	440	2,256	1,046	-	12,498
Disposals	-	-	-	-	-	(43)	(36)	-	(200)	-	(279)
Written off	-	-	-	-	-	(8)	(48)	-	-	-	(56)
Transfer to intangible assets	-	-	-	-	-	-	-	-	(1,137)	-	(1,137)
At 31 August 2018	-	2,382	12,614	2,033	224	48,654	2,368	6,968	7,723	-	82,966
Net carrying amount	180,000	17,286	52,589	472	126	27,286	1,008	11,509	1,344	63,794	355,414

(a) As at the end of the financial year, a freehold building with a carrying amount of RM2,387,000 (2018: RM2,447,000) has been charged to a bank for credit facility to the Group as disclosed in Note 20 to the financial statements.

(b) As at the end of the current financial year and previous financial year, a motor vehicle held under hire purchase arrangement was fully depreciated.

13. Property, plant and equipment (contd.)

During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2019 RM'000	**2018 RM'000**
Purchase of property, plant and equipment	76,711	42,572
Unsettled and remained as other payables	(15,432)	(7,360)
Provision for restoration costs (Note 21)	(46)	(274)
Cash payments on purchase of property, plant and equipment	61,233	34,938

14. Intangible assets

Intangible assets represent goodwill and computer software arising from acquisition of a subsidiary.

Group	**Goodwill RM'000 (a)**	**Computer software RM'000 (b)**	**Total RM'000**
2019			
Cost			
At 1 September 2018	193,045	4,005	197,050
Additions	-	281	281
Transfer from property, plant and equipment	-	596	596
At 31 August 2019	193,045	4,882	197,927
Accumulated amortisation and impairment			
At 1 September 2018	-	1,739	1,739
Amortisation charge for the financial year (Note 7)	-	739	739
Transfer from property, plant and equipment	-	9	9
At 31 August 2019	-	2,487	2,487
Net carrying amount	193,045	2,395	195,440

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14. Intangible assets (contd.)

Group	Goodwill RM'000 (a)	Computer software RM'000 (b)	Total RM'000
2018			
Cost			
At 1 September 2017	193,045	1,590	194,635
Additions	-	315	315
Transfer from property, plant and equipment	-	2,100	2,100
At 31 August 2018	193,045	4,005	197,050
Accumulated amortisation and impairment			
At 1 September 2017	-	225	225
Amortisation charge for the financial year (Note 7)	-	377	377
Transfer from property, plant and equipment	-	1,137	1,137
At 31 August 2018	-	1,739	1,739
Net carrying amount	193,045	2,266	195,311

(a) Goodwill

Goodwill has been allocated to the operating division of the Group, which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The carrying amount of goodwill allocated to the CGU of the Group is as follow:

	Group	
	2019 RM'000	2018 RM'000
Healthcare services segment	193,045	193,045

Healthcare services segment represents a subsidiary, BB Waterfront Sdn. Bhd., which was acquired by the Company on 23 June 2015.

For the purpose of impairment testing, the recoverable amount of a CGU is determined based on its value-in-use. The value-in-use is determined by discounting the pre-tax cash flows based on financial forecast and financial projections approved by the management covering a twelve-year period based on the following key assumptions:

	2019 %	2018 %
Terminal growth rate	3.5	3.5
Pre-tax discount rate	7.6	8.8

14. Intangible assets (contd.)

(a) Goodwill (contd.)

(i) Terminal growth rate

Rate is based on management expectation of the terminal growth rate used to extrapolate cash flows beyond the budget period.

(ii) Pre-tax discount rate

The pre-tax discount rate reflects the market assessment of the risks specific to the CGU. This reflected the management's best estimate of return on capital employed in the Group.

The management believes that there is no reasonably possible change in the key assumptions on which management has based its determination of the CGU's recoverable amount, which would cause the CGU's carrying amount to materially exceed its recoverable amount.

Based on the annual impairment testing undertaken by the Group, no impairment loss is required for the carrying amount of the goodwill as at 31 August 2019.

(b) Computer software

Computer software represents license, professional services, data migration and integration of PMO software that are not an integral part of property, plant and equipment. Software assets are recorded at cost and have finite useful life based on the term of the license or other contractual basis. The cost is amortised over the asset's expected useful life.

15. Investment in subsidiaries

	Company	
	2019	**2018**
	RM'000	**RM'000**
Unquoted shares at cost		
- ordinary shares	381,564	381,564
- redeemable preference shares	102,000	102,000
Less: Accumulated impairment losses	(301)	(301)
	483,263	483,263
Add: Equity contribution to subsidiaries pursuant to ESOS	936	910
	484,199	484,173

At the reporting date, the Company conducted an impairment review of its investment in certain subsidiary companies, principally based on the Company's share of net assets in these subsidiary companies, which represents the Directors' estimation of fair value less costs to sell of these subsidiary companies.

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15. Investment in subsidiaries (contd.)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
Thomson Hospitals Sdn. Bhd.	Malaysia	Multi-disciplinary tertiary care services	100	100	-	-
IVF Technologies Sdn. Bhd.	Malaysia	Provision of fertility services and operation of women's clinic	100	100	-	-
TMC Biotech Sdn. Bhd.	Malaysia	Provision of fertility consultancy, laboratory and embryology services and research and development	100	100	-	-
TMC Lifestyle Sdn. Bhd.	Malaysia	Development, marketing and management of healthcare programmes	100	100	-	-
TMC Properties Sdn. Bhd.	Malaysia	Property investment	100	100	-	-
Thomson TCM Sdn. Bhd.	Malaysia	Provision of traditional and complementary services	100	100	-	-
BB Waterfront Sdn. Bhd.	Malaysia	Provision of healthcare services	100	100	-	-
TMC Care Sdn. Bhd.	Malaysia	Provision of pharmacy services and products	100	100	-	-
i) Subsidiaries of Thomson Hospitals Sdn. Bhd.						
TMC Women's Specialist Holdings Sdn. Bhd.	Malaysia	Business of operating fertility centres and providing related services	100	100	-	-
PT Tropicana Healthcare Indonesia*#^	Indonesia	In the process of liquidation	96	65	4	35

* Audited by firms of auditors other than Ernst & Young

\# The non-controlling interest of the subsidiary is deemed to be immaterial to the Group. Accordingly, the disclosures required by MFRS 12 are not presented.

^ Amount due to THSB was being converted into share capital and therefore increased the proportion of ownership interest.

16. Inventories

At cost:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Pharmaceutical products	5,435	4,267
Medical and consumable supplies	5,395	5,672
	10,830	9,939

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM57,376,000 (2018: RM51,398,000).

17. Trade and other receivables

		Group		Company	
	Note	**2019**	**2018**	**2019**	**2018**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables					
Third parties		37,631	33,928	-	-
Less: Allowance for expected credit losses		(8,999)	(8,660)	-	-
Trade receivables, net	**(a)**	28,632	25,268	-	-
Other receivables					
Other receivables		1,832	2,213	845	1,099
Amounts due from subsidiaries	**(b)**	-	-	62,299	32,228
Deposits		1,560	1,659	1	1
Prepayments		2,193	1,936	337	344
		5,585	5,808	63,482	33,672
Less: Allowance for expected credit losses					
- Other receivables		(252)	(252)	-	-
- Amounts due from subsidiaries		-	-	(4,731)	(3,166)
		(252)	(252)	(4,731)	(3,166)
Other receivables, net	**(c)**	5,333	5,556	58,751	30,506
Total trade and other receivables		33,965	30,824	58,751	30,506
Less: Prepayments		(2,193)	(1,936)	(337)	(344)
Less: GST receivable		-	(69)	-	-
Add: Cash and bank balances (Note 18)		179,725	202,849	138,624	163,741
Total financial assets carried at amortised cost		211,497	231,668	197,038	193,903

17. Trade and other receivables (contd.)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 (2018: 30 to 60) days terms. Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's total trade receivables is as follows:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Neither past due nor impaired	15,330	14,008
1 to 30 days past due not impaired	6,417	5,200
31 to 60 days past due not impaired	1,143	1,321
61 to 90 days past due not impaired	475	963
91 to 120 days past due not impaired	1,224	1,250
More than 121 days past due not impaired	4,043	2,526
Past due but not impaired	13,302	11,260
Impaired	8,999	8,660
	37,631	33,928

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM13,302,000 (2018: RM11,260,000) that are past due at the reporting date but not impaired.

These receivables are unsecured. Management is confident that these receivables are recoverable as these accounts are still active.

17. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Receivables that are past due and impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the expected credit losses are as follows:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Trade receivables - nominal amount	13,866	13,344
Less: Allowance for expected credit losses	(8,999)	(8,660)
	4,867	4,684

Movement in allowance accounts:

	Group	
	2019	**2018**
	RM'000	**RM'000**
At the beginning of financial year	8,660	9,042
Allowance for expected credit losses (Note 7)	600	-
Reversal of allowance for expected credit losses (Note 5)	-	(119)
Written off	(261)	(263)
At the end of financial year	8,999	8,660

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, non-interest bearing and are repayable upon demand.

17. Trade and other receivables (contd.)

(c) Other receivables

Other receivables that are impaired

The Group's and the Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the expected credit losses are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Other receivables				
- nominal amount	252	252	4,731	3,166
Less: Allowance for expected credit losses	(252)	(252)	(4,731)	(3,166)
	-	-	-	-
Movement in allowance accounts:				
At the beginning of financial year	252	252	3,166	2,443
Allowance for expected credit losses (Note 7)				
- Amounts due from subsidiaries	-	-	1,565	723
At the end of financial year	252	252	4,731	3,166

18. Cash and bank balances

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash at banks and on hand	21,068	16,078	2,761	2,266
Deposits with licensed banks	158,657	186,771	135,863	161,475
	179,725	202,849	138,624	163,741

(a) Included in deposits with licensed banks of the Group is an amount of RM510,000 (2018: RM510,000) which is pledged as securities for facilities granted to the Group.

(b) The weighted average EIR and average maturity of deposits of the Group and of the Company at the reporting date were as follows:

	Group		Company	
	2019	2018	2019	2018
Weighted average effective fixed interest rates (%)	3.79	4.05	3.79	4.08
Range of maturities (months)	1-12	1-12	1-12	1-12

18. Cash and bank balances (contd.)

For the purpose of statements of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Cash at banks and on hand	21,068	16,078	2,761	2,266
Deposits with licensed banks	158,657	186,771	135,863	161,475
	179,725	202,849	138,624	163,741
Less:				
Deposits with licensed banks (for more than 3 months)	(77,700)	(141,242)	(64,494)	(128,526)
Deposit pledged to a licensed bank	(510)	(510)	-	-
Total cash and cash equivalents	101,515	61,097	74,130	35,215

19. Trade and other payables

	Note	Group		Company	
		2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Trade payables					
Third parties	**(a)**	30,813	27,197	-	-
Other payables					
Amounts due to subsidiaries	**(b)**	-	-	731	1,788
Other payables	**(c)**	17,078	9,308	37	37
Deposits received		3,431	2,462	-	-
Accruals		13,468	7,605	217	289
		33,977	19,375	985	2,114
Total trade and other payables		64,790	46,572	985	2,114
Less: GST payable		-	(13)	-	-
Add: Borrowings (Note 20)		1,630	1,718	-	-
Total financial liabilities carried at amortised cost		66,420	48,277	985	2,114

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranged from 30 to 90 (2018: 30 to 90) days.

(b) Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, non-interest bearing and are repayable upon demand.

(c) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of two months (2018: average term of two months).

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20. Borrowings

	Maturity	Group 2019 RM'000	Group 2018 RM'000
Current			
Secured			
Term loan	2020	76	69
Obligations under finance lease	2020	12	23
		88	92
Non-current			
Secured			
Term loan	2030	1,542	1,614
Obligations under finance lease	2020	-	12
		1,542	1,626
Total borrowings			
Secured			
Term loan		1,618	1,683
Obligations under finance lease		12	35
		1,630	1,718

As at reporting date, the weighted average EIR for the borrowings were as follows:

	Group 2019	Group 2018
Floating rate		
Term loan	5.09	5.09
Fixed rate		
Obligations under finance lease	2.65	2.65

The remaining maturities of the borrowings as at 31 August 2019 and 2018 are as follows:

	Group 2019 RM'000	Group 2018 RM'000
On demand or within one year	88	92
More than 1 year and less than 2 years	80	84
More than 2 years and less than 5 years	264	240
5 years or more	1,198	1,302
	1,630	1,718

The term loan is secured by corporate guarantee from the Company as disclosed in Note 28(a) and charges over the freehold building of the Group as disclosed in Note 13.

21. Provision

	Restoration costs of property, plant and equipment RM'000
Group	
At 1 September 2017	-
Additional provision capitalised in property, plant and equipment (Note 13)	274
At 31 August 2018	274
Additional provision capitalised in property, plant and equipment (Note 13)	46
At 31 August 2019	320
At 31 August 2019	
Current	265
Non-current:	
- More than 2 years and less than 5 years	55
	320
At 31 August 2018	
Current	81
Non-current:	
- More than 2 years and less than 5 years	193
	274

Provision for restoration costs are the estimated costs of dismantling, removal or restoration of property, plant and equipment arising from the acquisition or use of such assets.

22. Deferred tax assets/(liabilities)

	Group	
	2019 RM'000	2018 RM'000
At the beginning of financial year	(12,971)	(10,636)
Recognised in profit or loss (Note 10)	(6,437)	(2,335)
At the end of financial year	(19,408)	(12,971)

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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22. Deferred tax assets/(liabilities) (contd.)

The components and movements of deferred tax assets and liabilities during the financial year before and after offsetting are as follows:

Deferred tax assets of the Group

	Unused tax losses RM'000	Investment tax allowance RM'000	Provisions RM'000	Offsetting RM'000	Total RM'000
At 1 September 2017	2,364	451	2,205	(5,020)	-
Recognised in profit or loss	(2,364)	(451)	(76)	2,891	-
At 31 August 2018	-	-	2,129	(2,129)	-
At 1 September 2018	-	-	2,129	(2,129)	-
Recognised in profit or loss	-	-	608	(608)	-
At 31 August 2019	-	-	2,737	(2,737)	-

Deferred tax liabilities of the Group

	Fair value adjustment on business combination RM'000	Property, plant and equipment RM'000	Offsetting RM'000	Total RM'000
At 1 September 2017	(9,396)	(6,260)	5,020	(10,636)
Recognised in profit or loss	-	556	(2,891)	(2,335)
At 31 August 2018	(9,396)	(5,704)	2,129	(12,971)
At 1 September 2018	(9,396)	(5,704)	2,129	(12,971)
Recognised in profit or loss	(7,177)	132	608	(6,437)
At 31 August 2019	(16,573)	(5,572)	2,737	(19,408)

22. Deferred tax assets/(liabilities) (contd.)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Unused tax losses	6,968	5,861
Unabsorbed capital allowances	1,368	1,263
	8,336	7,124
Deferred tax benefit at 24% (2018: 24%), if recognised	2,001	1,710

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries are subject to a 7-year limitation on the carry forward of those losses under the Finance Bill 2018 and guidelines issued by the tax authority. The availability of unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries are also subject to no substantial changes in shareholdings of the respective subsidiaries under Income Tax Act, 1967 and guidelines issued by the tax authority. Deferred tax assets of certain subsidiaries have not been recognised as it is not probable that their future taxable profits will be available against which they may be utilised.

23. Share capital

	Group/Company			
	Number of shares		Amount	
	2019	**2018**	**2019**	**2018**
	'000	**'000**	**RM'000**	**RM'000**
Issued and fully paid:				
At the beginning of the financial year	1,736,450	1,736,205	621,912	621,699
Ordinary shares issued during the financial year, pursuant to:				
- ESOS	-	245	-	213
- conversion of warrants	5,432	-	4,074	-
At the end of the financial year	1,741,882	1,736,450	625,986	621,912

(a) Issue of shares

During the financial year, the issued and paid-up ordinary share capital of the Company was increased by RM4,074,093 from RM621,912,351 to RM625,986,444 by way of issuance of 5,432,124 new ordinary shares pursuant to the exercise of warrants at the exercise price of RM0.75 per ordinary share.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary share units carry one vote per share unit without restrictions and rank equally with regard to the Company's residual assets.

23. Share capital (contd.)

(b) Employees' share options scheme

The Company implemented an ESOS, which is in force for a period of five (5) years until 28 May 2020 ("the option period"). The main features of the ESOS are as follows:

(i) Eligible Directors and employees must be at least eighteen (18) years of age on the Date of Offer, who are confirmed on the Date of Offer (in respect of Employee only) and have served full time for at least a period of one (1) year of continuous services before the date of offer;

(ii) The total number of shares offered under the ESOS shall not, in aggregate, exceed 15% of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company at any time during the existence of the ESOS;

(iii) The option price per ordinary share under ESOS granted in 2015 was RM0.75, 2017 and 2018 were RM0.94 respectively;

(iv) The option granted to an Eligible Person shall be subject to a minimum of one hundred (100) Options and in multiples of one hundred (100) Options and is subject to the following:

- Not more than 10% of the shares available under the ESOS shall be allocated to an eligible person, who either singly or collectively through persons connected with eligible persons, holds 20% or more of the issued and paid-up ordinary share capital (excluding treasury shares of the Company);

(v) An option granted under ESOS in 2015, 2017 and 2018 may be exercised by the grantee upon achieving the vesting conditions set by the ESOS Committee and is subject to the allotment of shares over the vesting periods of 5 years, 3.34 years, 2.44 years and 1.67 years, respectively; and

(vi) The shares shall on issue and allotment rank pari passu in all respect with the then existing issued shares of the Company.

The details of the options over the ordinary shares of the Company are as follows:

		← Number of options over ordinary shares →					Exercisable
	Option price	1.9.2018	Granted	Exercised	Lapsed	31.8.2019	31.8.2019
	RM	'000	'000	'000	'000	'000	'000
Grant date							
11 June 2015	0.75	9,500	-	-	-	9,500	9,500
28 August 2015	0.75	5,858	-	-	(546)	5,312	5,312
25 January 2017	0.94	7,190	-	-	(3,640)	3,550	3,550
19 December 2017	0.94	2,000	-	-	(2,000)	-	-
26 September 2018	0.94	-	2,925	-	(925)	2,000	2,000
		24,548	2,925	-	(7,111)	20,362	20,362

There was no share options exercised during the financial year.

23. Share capital (contd.)

(b) Employees' share options scheme (contd.)

The fair value of share options granted during the financial year were estimated by using a Black-Scholes Model, taking into acccount the terms and conditions upon which the options were granted. The key inputs of the options are as follows:

	Grant dates				
	26.9.2018	**19.12.2017**	**25.1.2017**	**28.8.2015**	**11.6.2015**
ESOS expiry date	28.5.2020	28.5.2020	28.5.2020	28.5.2020	28.5.2020
Share price at grant date (per share)	RM0.735	RM0.940	RM0.940	RM0.520	RM0.635
Potentially dilutive share price (per share)	RM0.735	RM0.940	RM0.940	RM0.512	RM0.625
Exercise price per share at grant date	RM0.940	RM0.940	RM0.940	RM0.750	RM0.750
Historical volatility	20.94%	22.06%	17.79%	36.73%	36.73%
Risk free rate of return at grant date	3.44%	3.19%	3.40%	3.91%	3.63%
Dividend yield	0.21%	0.21%	0.16%	0.57%	0.57%

(c) Warrants 2015/2019

On 25 June 2015, the Company listed and quoted 266,666,666 Consideration Warrants pursuant to the acquisition of BB Waterfront Sdn. Bhd. and 599,760,718 Bonus Warrants on the following basis:

- One Consideration Warrant for every two Consideration Shares issued for the acquisition of BB Waterfront Sdn. Bhd.; and

- One Bonus Warrant for every two existing ordinary shares held.

The warrants are constituted by the Deed Poll dated 28 May 2015 ('Deed Poll').

Salient features of the warrants were as follows:

(i) Each warrant entitled the registered holder thereof ("Warrant holder(s)") to subscribe for one new ordinary share of RM0.10 each in the Company at the exercise price of RM0.75, which may be exercised at any time from the date of issuance to the close of business on the market day immediately preceding the date which was the fourth anniversary from the date of the issuance of warrants ("Exercise Period");

(ii) Any warrants not exercised during the Exercise Period would thereafter lapse and ceased to be valid for any purpose;

(iii) Warrant holders must exercise the warrants in accordance with the procedures set out in the Deed Poll as of 28 May 2015 and shares allotted and issued upon such exercise shall rank pari passu in all respects with the then existing shares of the Company, and shall be entitled for any dividends, rights, allotments and/or other distributions after the issue and allotment thereof;

(iv) The warrant holders were not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such warrant holders exercise their warrants for new shares in the Company; and

(v) The Deed Poll and accordingly the warrants, were governed by and shall be construed in accordance with the laws of Malaysia.

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23. Share capital (contd.)

(c) Warrants 2015/2019 (contd.)

Details of the movements of warrants are as follows:

	Number of warrants	
	2019 '000	2018 '000
At the beginning of financial year	866,344	866,344
Less: Exercised	(5,432)	-
Less: Lapsed	(860,912)	-
At the end of financial year	-	866,344

24. Reserves

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Distributable:					
Retained profits	25	132,867	68,165	51,213	4,333
Non distributable:					
Warrants reserve	(a)	-	46,960	-	46,960
Share options reserve	(b)	3,352	3,169	3,352	3,169
Foreign exchange translation reserve	(c)	31	34	-	-
		3,383	50,163	3,352	50,129

(a) Warrants reserve

The warrants reserve arose from the acquisition of entire equity interest in BB Waterfront Sdn. Bhd. for a purchase consideration of RM366,960,000 to be satisfied via the issuance of 533,333,333 new ordinary shares of RM0.10 each together with 266,666,666 free new detachable warrants during the financial year. The fair value of RM0.1761 per warrant was determined using the Black-Scholes pricing model based on the following key assumptions:

Interest rate	3.99%
Expected volatility of the Company's share price	42.29%

On 24 June 2019, all unexercised warrants have been transferred to retained profits.

(b) Share options reserve

The share options reserve represents the effect of equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on the grant date of share options. When options are exercised, the amount from the share options reserve is transferred to share capital. The share options reserve in relation to the unexercised option at the expiry of the share options scheme will be transferred to retained profits.

24. Reserves (contd.)

(c) Foreign exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currency are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

25. Retained profits

The Company may distribute dividends out of its entire retained profits as of 31 August 2019 and 31 August 2018 under the single-tier system.

26. Related party transactions

(a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company with related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Administration service charges payable to a subsidiary	-	-	695	865
Dividend income from a subsidiary	-	-	1,500	1,500
Procurement of services from: - related companies	199	678	-	-

Related companies are entities, not being a subsidiary or an associate, in which a Director of the Company also holds directorship in the related companies.

The transactions between related parties are set on terms mutually agreed between the parties.

Information regarding outstanding balances arising from related party transactions as at 31 August 2019 and 2018 are disclosed in Notes 17 and 19.

(b) Compensation of key management personnel

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly including any Directors.

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Short term employee benefits	2,837	2,799	-	-
Share options granted under ESOS	113	95	97	95
	2,950	2,894	97	95

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27. Commitments

(a) Capital commitments

Capital expenditure as at 31 August 2019 and 2018 are as follows:

	Group	
	2019 RM'000	2018 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
- approved and contracted for	262,685	277,959
- approved but not contracted for	164	217
	262,849	278,176

(b) Operating lease commitments - the Group as lessee

The Group had entered into commercial leases on business premises and equipment. These leases have a tenure ranging from one to three years, with options to renew for one to three years. Certain contracts include escalation clauses or contingent rental computed based on revenue achieved. There are no restriction placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2019 RM'000	2018 RM'000
Not later than 1 year	1,569	891
Later than 1 year and not later than 5 years	1,849	1,245
	3,418	2,136

(c) Operating lease commitments - the Group as lessor

The Group has entered into commercial property leases on its property. The leases have remaining non-cancellable lease terms of between one to six years. Certain leases include a clause to enable upward revision of the rental charge upon renewal of tenancy based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2019 RM'000	2018 RM'000
Not later than 1 year	439	433
Later than 1 year and not later than 5 years	386	646
	825	1,079

28. Guarantees and contingencies

(a) Financial guarantees

The Directors are of the opinion that provisions are not required in respect of the following guarantees, as it is not probable that a future outflow of economic benefits will be required.

	Company	
	2019	**2018**
	RM'000	**RM'000**
Unsecured		
Corporate guarantee given to licensed bank for banking facility granted to a subsidiary of the Company	1,618	1,683
Letter of guarantee given to suppliers	3,886	3,571
	5,504	5,254

(b) Contingent liabilities

The Group is subject to litigations in the ordinary course of business, mainly arising from its subsidiary's hospital operations. The Directors are of the opinion, based on legal advice, management assessment and sufficiency of medical malpractice insurance, that no significant exposure will arise that requires recognition.

29. Financial instruments

(a) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing their interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's and the Company's interest rate risk arises primarily from loans and receivables and interest-bearing borrowings. Borrowings at floating rates expose the Group and the Company to cash flow interest rate risk. Deposits with licensed banks at fixed rates expose the Group and the Company to fair value interest rate risk. The Group and the Company manage their interest rate exposure by maintaining a mix of fixed and floating rate of interest.

29. Financial instruments (contd.)

(b) Interest rate risk (contd.)

Sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of deposits with licensed banks and borrowing affected. With all other variables held constant, the Group's and the Company's profit before tax are affected through the impact on floating rate borrowings, as follows:

	Increase/(decrease) in basis points	(Decrease)/increase in profit before tax 2019 RM'000	2018 RM'000
Group			
Floating rate borrowing	25	(21)	(21)
	(25)	21	21
Deposits with licensed banks	25	1,503	1,891
	(25)	(1,503)	(1,891)
Company			
Deposits with licensed banks	25	1,287	1,647
	(25)	(1,287)	(1,647)

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Group is not significantly exposed to foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia except for foreign currency risk arising from countries in which a foreign subsidiary operate and amount payable to related company and affiliated company. The currency giving rise to this risk is primarily Indonesian Rupiah Dollar ("IRD").

Included in the following statements of financial position captions of the Group as at the reporting date are balances denominated in the following foreign currency:

	IRD RM'000
Group	
At 31 August 2019	
Trade and other receivables	11
Trade and other payables	(91)

29. Financial instruments (contd.)

(c) Foreign currency risk (contd.)

Included in the following statements of financial position captions of the Group as at the reporting date are balances denominated in the following foreign currency (contd.):

	IRD RM'000
At 31 August 2018	
Trade and other receivables	11
Trade and other payables	(123)

In relation to its investment in foreign subsidiary whose net assets are exposed to currency translation risks and which are held for long term investment purposes, the differences arising from such translation are recorded under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in IRD exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

		Group (Decrease)/increase in profit before tax	
		2019 RM'000	2018 RM'000
IRD/RM	- strengthened 5%	(4)	(6)
	- weakened 5%	4	6

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility by keeping committed credit lines available.

The Group and the Company actively manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash or cash equivalents and credit facilities to meet their working capital requirements as well as the expansion.

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29. Financial instruments (contd.)

(d) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2019				
Group				
Financial liabilities:				
Trade and other payables	64,790	-	-	64,790
Borrowings	166	615	1,454	2,235
Total undiscounted financial liabilities	64,956	615	1,454	67,025
Company				
Financial liabilities:				
Trade and other payables, representing total undiscounted financial liabilities	985	-	-	985
2018				
Group				
Financial liabilities:				
Trade and other payables	46,559	-	-	46,559
Borrowings	178	628	1,643	2,449
Total undiscounted financial liabilities	46,737	628	1,643	49,008
Company				
Financial liabilities:				
Trade and other payables, representing total undiscounted financial liabilities	2,114	-	-	2,114

29. Financial instruments (contd.)

(e) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and other receivables) and from its financing activities, including deposits with banks and financial institutions.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 17.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 8 (2018: 8) customers, which constituted approximately 50% (2018: 51%) of its trade receivables as at the end of the reporting period.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 17. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17.

(f) Fair values

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	17
Trade and other payables	19
Borrowings - with floating rate	20

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date as the impact of discounting is immaterial.

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31 August 2019

30. Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue in operations as a going concern in order to provide fair returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain the optimal capital structure, the Group may, from time to time, adjust the dividend payout to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

The Group considers its capital to comprise its ordinary share capital, retained profits, share premium, share options reserve, warrants reserve and its foreign exchange translation reserve which are classified as equity in the statement of financial position.

Pursuant to the requirements of Practice Note No.17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 31 August 2019.

31. Segment information

No segmental information is provided as the Group is primarily involved in the healthcare industry and the Group's activities are predominantly in Malaysia. The overseas segment does not contribute more than 10% of the consolidated revenue and assets.

Financial information is presented to management in accordance with the measurement policies of MFRS and IFRS. There are no adjustments or eliminations made in preparing the Group's financial statements from the reportable segment revenues, profit or loss, assets and liabilities.

Major customers

The Group does not have significant reliance on a single major customer, with whom the Group transacted ten percent (10%) or more of its revenue during the financial year.

32. Significant event subsequent to the end of the reporting period

On 24 October 2019, the Company announced to Bursa Malaysia Securities Berhad that the Board of Directors of the Company had approved the change in the financial year end ("FYE") of the Company from 31 August to 30 June. The next set of Audited Financial Statements shall be for a period of 10 months from 1 September 2019 to 30 June 2020 and thereafter, the FYE shall be 30 June for each subsequent year. The change in the FYE of the Company from 31 August to 30 June annually is to coincide with the FYE of its holding company.

LIST OF **PROPERTIES**

Location	Description/ Existing use	Approximate age of building (years)	Land area (square feet)	Gross floor area (square feet)	Tenure	Net book value at 31.08.2019 RM'000
Land and building at Lot No. 11, Jalan Teknologi Taman Sains Selangor 1 PJU 5, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Private hospital	11.75	261,369	235,256	Leasehold for 99 years expiring 17 April 2108	74,378
Shoplot at No. 5, Jalan Merbah 3 Bandar Puchong Jaya 47800 Puchong Selangor Darul Ehsan	Ground Floor - Fertility Centre 1st Floor - Vacant 2nd Floor - Vacant 3rd Floor - For staff usage	10.75	1,873	6,625	Freehold	2,387
PTB No. 24436, Title No. H.S (D) 566005 Town District of Johor Bahru State of Johor Darul Takzim (Located along Jalan Stulang Darat, in the vicinity of Stulang Darat, Johor Bahru)	Vacant A parcel of development land approved for development of private medical centre	-	180,292	-	Freehold	180,000

ANALYSIS OF **SHAREHOLDINGS**

As at 22 November 2019

NUMBER OF ISSUED SHARE : 1,741,882,393 ORDINARY SHARES
CLASS OF SHARES : ORDINARY SHARES
VOTING RIGHTS : ONE VOTE PER ORDINARY SHARE
NUMBER OF SHAREHOLDERS : 3,565

DISTRIBUTION OF SHAREHOLDINGS

Size of Holding	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
LESS THAN 100	170	4.77	6,388	0.00
100 TO 1,000	292	8.19	179,911	0.01
1,001 TO 10,000	1,412	39.61	8,758,246	0.50
10,001 TO 100,000	1,385	38.85	50,141,606	2.88
100,001 TO LESS THAN 5% OF ISSUED SHARES	304	8.53	328,158,087	18.84
5% AND ABOVE OF ISSUED SHARES	2	0.05	1,354,638,155	77.77
TOTAL	**3,565**	**100.00**	**1,741,882,393**	**100.00**

THIRTY LARGEST SHAREHOLDERS
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

No.	Name	No. of Shares	% of Issued Share Capital
1.	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. [QUALIFIER: UOB KAY HIAN PTE. LTD. FOR SASTERIA (M) PTE. LTD.]	1,221,638,155	70.13
2.	DYAM TUNKU ISMAIL IBNI SULTAN IBRAHIM	133,000,000	7.64
3.	HSBC NOMINEES (ASING) SDN. BHD. [QUALIFIER: EXEMPT AN FOR CREDIT SUISSE (HK BR-TST-ASING)]	83,641,300	4.80
4.	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. [QUALIFIER: EXEMPT AN FOR UOB KAY HIAN PTE. LTD. (A/C CLIENTS)]	36,712,033	2.11
5.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. [QUALIFIER: CIMB BANK FOR SIOW WONG YEN @ SIOW KWANG HWA (PBCL-0G0320)]	20,000,000	1.15
6.	CGS-CIMB NOMINEES (ASING) SDN. BHD. [QUALIFIER: EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)]	13,612,800	0.78
7.	MERCSEC NOMINEES (TEMPATAN) SDN. BHD. [QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR SIOW WONG YEN @ SIOW KWANG HWA]	10,377,700	0.60
8.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. [QUALIFIER: CIMB BANK FOR SIOW WONG YEN @ SIOW KWANG HWA (PBCL-0G0062)]	10,000,000	0.57
9.	ANASTASIA AMANDA BEH GAIK SIM	9,759,400	0.56
10.	MAYBANK SECURITIES NOMINEES (ASING) SDN. BHD. [QUALIFIER: MAYBANK KIM ENG SECURITIES PTE. LTD. FOR LIM TIEN LOCK CHRISTOPHER]	7,075,000	0.41

Analysis of Shareholdings

As at 22 November 2019

THIRTY LARGEST SHAREHOLDERS
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER) (continued)

No.	Name	No. of Shares	% of Issued Share Capital
11.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN. BHD. [QUALIFIER: EXEMPT AN FOR UOB KAY HIAN PTE. LTD. (A/C CLIENTS)]	4,808,200	0.28
12.	LIM GAIK BWAY @ LIM CHIEW AH	4,602,300	0.26
13.	SURINDER SINGH A/L RANBIR SINGH	4,533,333	0.26
14.	MERCSEC NOMINEES (TEMPATAN) SDN. BHD. [QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR HO LIH MENG]	4,205,000	0.24
15.	MERCSEC NOMINEES (TEMPATAN) SDN. BHD. [QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR WONG FUEI BOON]	4,065,000	0.23
16.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. [QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR YIP TUCK LEONG (E-KLC)]	3,463,000	0.20
17.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. [QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR LIM ZHONG YONG]	3,219,800	0.18
18	JOO & LAM SENDIRIAN BERHAD	2,953,400	0.17
19.	MERCSEC NOMINEES (TEMPATAN) SDN. BHD. [QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR NG AIK SERN]	2,885,000	0.17
20.	BEH ENG PAR	2,620,950	0.15
21.	WONG CHOON KEIT	2,582,500	0.15
22.	LAI WEI CHAI	2,490,000	0.14
23.	CHIEW POH CHENG	2,300,000	0.13
24.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. [QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR LIM HAN WENG]	2,000,000	0.11
25.	LIM ZHONG YONG	2,000,000	0.11
26.	HSBC NOMINEES (ASING) SDN. BHD. [QUALIFIER: EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)]	1,927,000	0.11
27.	HOOI THIEN ENG	1,519,466	0.09
28.	MOHD SALLEH BIN HJ HARUN	1,419,700	0.08
29.	CITIGROUP NOMINEES (ASING) SDN. BHD. [QUALIFIER: CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES]	1,364,600	0.08
30.	PUBLIC INVEST NOMINEES (ASING) SDN. BHD. [QUALIFIER: EXEMPT AN FOR PHILLIP SECURITIES PTE. LTD. (CLIENTS)]	1,307,250	0.08
		1,602,082,887	91.97

Analysis of Shareholdings

As at 22 November 2019

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct		Indirect	
	No. of Shares Held	% of Issued Share Capital	No. of Shares Held	% of Issued Share Capital
SASTERIA (M) PTE. LTD.	1,221,638,155	70.13	-	-
SASTERIA PTE. LTD.	-	-	1,221,638,155[1]	70.13
LIM ENG HOCK	-	-	1,221,638,155[2]	70.13
DYAM TUNKU ISMAIL IBNI SULTAN IBRAHIM	133,000,000	7.64	-	-
THOMSON MEDICAL GROUP LIMITED	-	-	1,221,638,155[3]	70.13

Notes:

(1) *Deemed interested through its 100% shareholdings in Sasteria (M) Pte. Ltd. pursuant to Section 8 of the Companies Act, 2016.*

(2) *Deemed interested by virtue of his ultimate shareholdings in Sasteria (M) Pte. Ltd., Sasteria Pte. Ltd. and Thomson Medical Group Limited pursuant to Section 8 of the Companies Act, 2016.*

(3) *Deemed interested through its 100% shareholdings in Sasteria (M) Pte. Ltd. and Sasteria Pte. Ltd. pursuant to Section 8 of the Companies Act, 2016.*

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

Name	Ordinary Shares				ESOS	
	Direct		Indirect			
	No. of Shares Held	% of Issued Share Capital	No. of Shares Held	% of Issued Share Capital	No. of Option Granted	% of Option Granted#
PROFESSOR EMERITUS DATO' DR. KHALID BIN ABDUL KADIR	500,000	0.03	200,000[1]	0.01	3,500,000	17.25
GARY HO KUAT FOONG	-	-	-	-	2,000,000	9.86
CLAIRE LEE SUK LENG	-	-	-	-	2,000,000	9.86
WAN NADIAH BINTI WAN MOHD ABDULLAH YAAKOB	-	-	-	-	2,000,000	9.86
KAN KHEONG NG	-	-	-	-	2,000,000	9.86
DR. LAM LEE G	-	-	-	-	-	-
DATO' SRI MOHD MOKHTAR BIN MOHD SHARIFF	-	-	-	-	-	-
WILSON SAM	-	-	-	-	-	-

Notes:

(1) *Deemed interested by virtue of his spouse's interest pursuant to Section 59 of the Companies Act, 2016.*

\# *Based on the options granted as at 22 November 2019 under Employees' Share Option Scheme ("ESOS")*

NOTICE OF ANNUAL **GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be held at Ballroom 1, Level 1, Main Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 20 February 2020 at 10:00 a.m. for the following purposes: -

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 August 2019 together with the Reports of the Directors and the Auditors thereon. *(Please refer to Explanatory Note 1)*

2. To approve the declaration and payment of a final single-tier dividend of 0.2013 sen per ordinary share in respect of the financial year ended 31 August 2019. *(Resolution 1)*

3. To approve the payment of Directors' fees amounting to RM429,000 for the financial year ending 30 June 2021. *(Resolution 2)*

4. To approve the payment of Directors' benefits amounting to RM106,500 for the financial year ending 30 June 2021. *(Resolution 3)*

5. To re-elect the following Directors who are due to retire pursuant to Clause 97 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (a) Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir; and *(Resolution 4)*

   (b) Mr. Kan Kheong Ng. *(Resolution 5)*

6. To re-elect the following Directors who are due to retire pursuant to Clause 104 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (a) Dato' Sri Mohd Mokhtar Bin Mohd Shariff; *(Resolution 6)*

   (b) Dr. Lam Lee G; and *(Resolution 7)*

   (c) Ms. Wan Nadiah Binti Wan Mohd Abdullah Yaakob. *(Resolution 8)*

7. To re-appoint Messrs. Ernst & Young as the Company's Auditors until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. *(Resolution 9)*

Notice of Annual General Meeting

AS SPECIAL BUSINESS

To consider and, if thought fit, with or without any modification, to pass the following ordinary resolutions:-

8. **AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016** *(Resolution 10)*

"**THAT** subject to the Companies Act 2016 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

9. **RETENTION OF MR. GARY HO KUAT FOONG AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR** *(Resolution 11)*

"**THAT** Mr. Gary Ho Kuat Foong be and is hereby retain as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance."

10. **EXTENSION OF THE DURATION OF THE EXERCISABLE OF THE BALANCE OF UNEXERCISED EMPLOYEES' SHARE OPTION SCHEME ("ESOS") SHARES OF THE FORMER DIRECTOR, DATO' DR. TAN KEE KWONG** *(Resolution 12)*

"**THAT** the balance of unexercised ESOS shares of 2,000,000 of Dato' Dr. Tan Kee Kwong, former Director of the Company to remain exercisable until the expiry of the ESOS period on 28 May 2020;

AND THAT the Option Committee be and is hereby empowered and authorised to do all acts, deeds and things as the Option Committee may consider necessary, expedient or relevant to give effect to and complete the abovementioned matter with full power to assent to any conditions, modifications, variations and/or amendments in any manner as the Option Committee may deem necessary or expedient in order to implement, finalise and give full effect to the abovementioned matter."

11. To transact any other ordinary business for which due notice has been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that a final single-tier dividend of 0.2013 sen per ordinary share in respect of the financial year ended 31 August 2019, if approved by shareholders, will be payable on 25 March 2020 to shareholders whose names appear in the Record of Depositories on 9 March 2020.

A depositor shall qualify for entitlement to the dividend only in respect of:-

a) Securities transferred into the Depositor's Securities Account before 4:30 p.m. on 9 March 2020 in respect of transfers; and

b) Securities bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

Chua Siew Chuan (SSM PC No. 201908002648) (MAICSA No.: 0777689)
Chin Mun Yee (SSM PC No. 201908002785) (MAICSA No.: 7019243)
Company Secretaries

Kuala Lumpur
27 December 2019

Notes:

1. A member of the Company entitled to attend, participate, speak and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his stead. A proxy may, but need not, be a member of the Company and there shall be no restriction as to the qualification of the proxy.

2. Where a member appoints two (2) proxies, he shall specify the proportions of his holdings to be represented by each proxy, failing which, the appointment shall be invalid.

3. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, such member may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.

6. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the general meeting at which the person named in the appointment proposes to vote:

   i. <u>In hard copy form</u>
   In the case of an appointment made in hard copy form, the proxy form must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan.

   ii. <u>By electronic means via email</u>
   In the case of an appointment made via email transmission, this proxy form must be received via email at is.enquiry@my.tricorglobal.com.

   For option (ii), the Company will require the member to deposit the original executed proxy form as in (i) above no later than Wednesday, 18 February 2020 at 10:00 a.m. for verification purpose.

   iii. <u>Online</u>
   In the case of an appointment made via online lodgement facility, please login to the link website at https://tiih.online and select "e-Services" to login. Please refer to the Annexure to Proxy Form on how to register to TIIH Online and submit your proxy form electronically.

7. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The Directors may, but shall not be bound to require evidence of the authority of any such attorney or officer. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand a poll on behalf of the appointor.

Notice of Annual General Meeting

8. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Clause 62 of the Constitution of the Company, a Record of Depositors as at 13 February 2020 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

Explanatory Notes to Ordinary and Special Business:

1. Audited Financial Statements for the financial year ended 31 August 2019.

   This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence, is not put forward for voting.

2. Resolution 2 - Directors' Fees

   The proposed adoption of Resolution 2 is for the purpose of approving the payment of Directors' fees amounting to RM429,000 for the financial year ending 30 June 2021.

3. Resolution 3 - Directors' Benefits

   The proposed adoption of Resolution 3 is for the purpose of approving the payment of Directors' benefits amounting to RM106,500 for the financial year ending 30 June 2021. The Directors' benefits comprise meeting allowances. The total estimated amount of Directors' benefits payable is calculated based on the size of the Board and Board Committees and the number of meetings estimated to be held during the financial year ending 30 June 2021.

   Payment of the Directors' benefits would be made by the Company on a monthly basis and/or as and when incurred if the proposed Resolution 3 has been passed at the Seventeenth Annual General Meeting. The Board is of the view that it is just and equitable for the Directors to be paid on Directors' benefits on such basis, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries (if any) throughout the period as stated therein.

4. Resolution 10 - Authority to Issue and Allot Shares

   The proposed resolution is primarily to give flexibility to the Board of Directors to issue and allot shares to such persons at any time in their absolute discretion without convening a general meeting. This authorisation will expire at the conclusion of the next Annual General Meeting of the Company.

   This is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares, for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

   The previous mandate was not utilised and accordingly, no proceeds were raised.

5. Resolution 11 - Retention of Mr. Gary Ho Kuat Foong as an Independent Non-Executive Director

   The proposed adoption of Resolution 11 is for the purpose of retaining Mr. Gary Ho Kuat Foong as an Independent Non-Executive Director of the Company when he reaches his cumulative term of nine (9) years in January 2020 and re-designated as a Non-Independent Non-Executive Director.

   As at the date of the Notice of the Annual General Meeting of the Company, Mr. Gary Ho Kuat Foong has served the Company for almost nine (9) years as an Independent Non-Executive Director of the Company. Mr. Gary Ho Kuat Foong has met the independence guidelines as set out in Chapter 1 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board, therefore, considers him to be independent and recommends that he should be retained as an Independent Non-Executive Director of the Company.

6. Resolution 12 - Extension of the duration of the exercisable of the balance of unexercised employees' share option scheme ("ESOS") shares of the former Director, Dato' Dr. Tan Kee Kwong

   Dato' Dr. Tan Kee Kwong resigned from the Board of Directors on 25 January 2019. The Board of Directors intends to extend the exercisable duration of his balance of unexercised ESOS shares of 2,000,000 until the expiry of the ESOS period on 28 May 2020.

TMC LIFE SCIENCES BERHAD

Incorporated in Malaysia [Registration No.: 200301021989 (624409-A)]

FORM OF **PROXY**

*I/We (full name) _____

*NRIC/ Passport/ Company No. _____

of (full address) _____

being a *member/members of **TMC LIFE SCIENCES BERHAD** [Registration No. 200301021989 (624409-A)] hereby appoint:-

Name	**Address**	**NRIC/ Passport No.**	**Proportion of Shareholdings (%)**
***and/or (delete as appropriate)**			

or failing him/her, #THE CHAIRMAN OF THE MEETING, as *my/our *proxy/proxies, to vote for *me/us and on *my/our behalf at the **SEVENTEENTH ANNUAL GENERAL MEETING** of the Company to be held at Ballroom 1, Level 1, Main Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 20 February 2020 at 10:00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the spaces provided, how you wish your vote to be cast in respect of the following resolutions. In the absence of specific directions, your proxy may vote or abstain at his/her discretion. If you appoint two (2) proxies, please specify the proportions of holdings to be represented by each proxy.

My/our proxy/proxies is/are to vote as indicated below:

1.	To receive the Audited Financial Statements for the financial year ended 31 August 2019 together with the Reports of the Directors and the Auditors thereon.			
No	**Resolutions**	**Resolution**	**For**	**Against**
2.	To approve the declaration and payment of a final single-tier dividend of 0.2013 sen per ordinary share in respect of the financial year ended 31 August 2019.	1		
3.	To approve the payment of Directors' fees amounting to RM429,000 for the financial year ending 30 June 2021.	2		
4.	To approve the payment of Directors' benefits amounting to RM106,500 for the financial year ending 30 June 2021.	3		
5(a).	To re-elect Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir who is due to retire as a Director pursuant to Clause 97 of the Company's Constitution.	4		
5(b).	To re-elect Mr. Kan Kheong Ng who is due to retire as a Director pursuant to Clause 97 of the Company's Constitution.	5		
6(a).	To re-elect Dato' Sri Mohd Mokhtar Bin Mohd Shariff who is due to retire as a Director pursuant to Clause 104 of the Company's Constitution.	6		
6(b).	To re-elect Dr. Lam Lee G who is due to retire as a Director pursuant to Clause 104 of the Company's Constitution.	7		
6(c).	To re-elect Ms. Wan Nadiah Binti Wan Mohd Abdullah Yaakob who is due to retire as a Director pursuant to Clause 104 of the Company's Constitution.	8		
7.	To re-appoint Messrs. Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration.	9		
	As Special Business:			
8.	Authority to issue shares pursuant to the Companies Act 2016.	10		
9.	Retention of Mr. Gary Ho Kuat Foong as an Independent Non-Executive Director.	11		
10.	Extension of the duration of the exercisable of the balance of unexercised employees' share option scheme shares of the former Director, Dato' Dr. Tan Kee Kwong.	12		

If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "THE CHAIRMAN OF THE MEETING" and insert the name(s) of the person(s) desired.

* Delete if not applicable

Dated this _____ day of _____ 2019/2020

Number of shares held:-	
CDS account no.:-	
Telephone no.:-	

_____

Signature/Common Seal of Shareholder

Lastly, fold this flap for sealing

Notes:

1. A member of the Company entitled to attend, participate, speak and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his stead. A proxy may, but need not, be a member of the Company and there shall be no restriction as to the qualification of the proxy.

2. Where a member appoints two (2) proxies, he shall specify the proportions of his holdings to be represented by each proxy, failing which, the appointment shall be invalid.

3. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, such member may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.

6. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the general meeting at which the person named in the appointment proposes to vote:

   i. <u>In hard copy form</u>
   In the case of an appointment made in hard copy form, the proxy form must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan.

   ii. <u>By electronic means via email</u>
   In the case of an appointment made via email transmission, this proxy form must be received via email at is.enquiry@my.tricorglobal.com

   For option (ii), the Company will require the member to deposit the original executed proxy form as in (i) above no later than Wednesday, 18 February 2020 at 10:00 a.m. for verification purpose.

   iii. <u>Online</u>
   In the case of an appointment made via online lodgement facility, please login to the link website at https://tiih.online and select "e-Services" to login. Please refer to the Annexure to Proxy Form on how to register to TIIH Online and submit your proxy form electronically.

7. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The Directors may, but shall not be bound to require evidence of the authority of any such attorney or officer. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand a poll on behalf of the appointor.

8. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Clause 62 of the Constitution of the Company, a Record of Depositors as at 13 February 2020 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

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The Share Registrar
Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur,
Wilayah Persekutuan.

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ANNEXURE TO
PROXY FORM

Dear Security Holders,

ELECTRONIC LODGEMENT OF PROXY FORM FOR GENERAL MEETING

We are pleased to inform that security holders can have the option to lodge their proxy forms by electronic means through our system, TIIH Online ("**e-proxy form**").

TIIH Online is an application that provides an online platform for security holders (individuals only) to perform lodgement of document / form electronically which includes proxy form in paperless form ("**e-lodgement**"). Once you have successfully lodged your e-proxy form, you are no longer required to complete and lodge the physical proxy form to the Company or Tricor office.

To assist you on how to engage with e-lodgement of proxy form, kindly read and follow the guidance notes which are detailed below:

1. **Sign up as user of TIIH Online**

 Using your computer, access our website at https://tiih.online.

 Sign up as a user by completing the registration form. Registration is free.

 Upload a softcopy of your MyKad (front and back) or your passport.

 Administrator will approve your registration within one working day and notify you via email.

 Activate your account by re-setting your password.

Notes: (i) If you are already a user of TIIH Online, you are not required to sign up again.
(ii) An email address is allowed to be used once to register as a new user account, and the same email cannot be used to register another user account.
(iii) At this juncture, only individual security holders are offered to register as user and participate in e-lodgement.

2. **Proceed with e-lodgement of proxy form**

 After the release of the Notice of EGM by the Company, login with your user name (i.e. e-mail address) and password.

 Select the corporate event: **"Lodgement of Proxy Form"**.

 Read and agree to the Terms & Conditions and confirm the Declaration.

 Insert the CDS account number and indicate the number of securities for your proxy(s) to vote on your behalf.

 Appoint your proxy(s) or chairman and insert the required details of your proxy(s).

 Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.

 Review & confirm your proxy(s) appointment.

 Print e-proxy form for your record.

Our Contact

Should you need further clarification on the e-lodgement of proxy form, you can contact us at the following. Thank you.

Tricor Investor & Issuing House Services Sdn. Bhd. Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia	Telephone No: 03-27839299 Fax No: 03-27839222 E-mail: is.enquiry@my.tricorglobal.com

www.tmclife.com