



Transforming into Asia's Preferred Health System of Choice

ANNUAL REPORT 2018

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OUR VISION

To be the provider of choice
for integrated healthcare solutions across Asia.

OUR MISSION

We aim to create better lives for people through innovative,
unique and sustainable integrated solutions –
delivering exceptional healthcare services solutions of the highest quality.

CORE VALUES

Integrity

We serve with the
highest standards
of ethical
conduct.

Commitment

We pursue
business
and service
excellence to
deliver the best
outcomes for
our patrons and
stakeholders.

Accountability

We take
ownership and
responsibility for
our actions.

Respect

We treat our
patrons and
stakeholders
with dignity.

Empathy

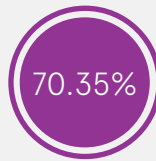
We care for the
well-being of
our patrons and
stakeholders.

CORPORATE STRUCTURE



THOMSON MEDICAL

Incorporated in 1979, Thomson Medical is Singapore's leading provider of private healthcare services for women and children. It owns and operates Thomson Medical Centre. Over the years, Thomson Medical has expanded its operations beyond its core women's and children's health services to include new areas of specialties and services such as Aesthetics, Cardiology, Sports Medicine, Dermatology, Cancer Treatment, Dental, Traditional Chinese Medicine, Health Screening, Laboratory and Radiology centres.



TMC LIFE SCIENCES

TMC Life Sciences Berhad (TMCLS) is one of the fastest growing healthcare groups in Malaysia. It has been listed on the Main Market of Bursa Malaysia Securities Berhad since 2005. Its flagship 205-bed hospital Thomson Hospital Kota Damansara (THKD) is strategically located in the golden triangle of Petaling Jaya, and houses more than 100 consultant specialists. THKD handles over 18,000 admissions a year. TMCLS has embarked on a major expansion programme, with significant additional capacity and capabilities. The plans include expanding THKD onsite to a 605-bed hospital with additional critical care units and specialist centres.

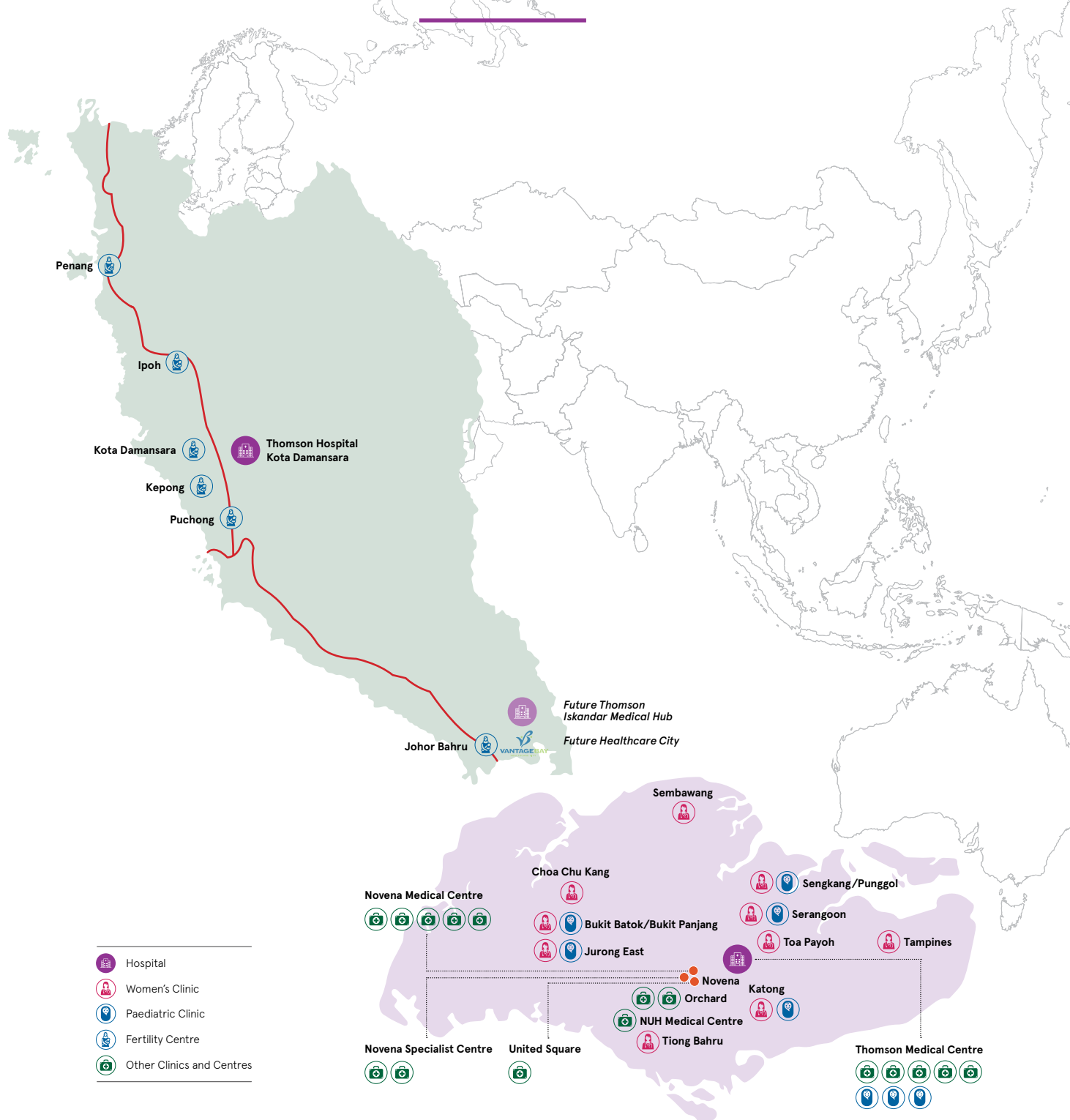


VANTAGE BAY HEALTHCARE CITY

Sited on freehold waterfront land in Johor Bahru's City Centre, Vantage Bay Healthcare City (VBHC) is a purpose-designed first-of-its-kind integrated medical, education and wellness hub. VBHC comprises a 500-bed tertiary hospital with an adjoining commercial tower that will be developed by TMCLS; a wellness hub providing therapeutic care and lifestyle-related services, including age-friendly assisted-living residences; and an education and training hub. This is the first fully-integrated health sciences platform to be developed in the region.



CORPORATE PROFILE



Listed on the Mainboard of the Singapore Exchange, Thomson Medical Group Limited (the “Group” or “TMG”) is one of Asia’s largest healthcare players. The Group’s healthcare business includes Thomson Medical Pte Ltd and TMC Life Sciences Berhad.

The Group is constantly on the lookout for the best talents, partners and opportunities to expand its regional footprint. The Group continues to build on the strong foundation of its healthcare businesses in Singapore and Malaysia and is working towards its vision of transforming into the preferred Pan-Asian health system of choice.

EXPANDING IN ASIA

COMMITTED TO EXCELLENCE

As we transform into the preferred health system of choice, we are excited to expand Thomson's gold standard of care across Asia.

FUTURE CENTRES OF EXCELLENCE



Women's & Children's
Health



Wellness



Assisted
Reproductive
Technology



Oncology





LETTER TO SHAREHOLDERS



Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Group's inaugural annual report under its new identity Thomson Medical Group Limited for the financial year ended 31 December 2018.

2018 has been a transformative year for the Company and the Group. In April 2018, the Company acquired the two major healthcare companies Thomson Medical Pte Ltd ("TMPL") in Singapore and TMC Life Sciences Berhad ("TMCLS") in Malaysia. TMPL owns the hospital Thomson Medical Centre in Singapore and TMCLS owns the hospital Thomson Hospital Kota Damansara in Kuala Lumpur. In consideration of the acquisition of TMPL and TMCLS, the Group issued 1.6 billion shares to the controlling shareholder and 9,476,834,822 bonus warrants and an equal number of piggyback warrants to all shareholders.

With the divestment of the Real Estate business on 31 January 2019, the Group is now focused on building its healthcare platform, taking the first step towards achieving the Group's vision of developing the Pan-Asian Health

System of choice to provide the highest quality of health and medical services in the region.

The Group's Healthcare business has performed well over the years with steady revenue and profit growth. Our acquisition of the Healthcare business contributed to a 121% surge in net profit to \$4.1 million in 2018, compared to a loss of \$19.3 million in the previous year. The Group's healthcare revenue grew by 7.5% from \$200.6 million to \$215.6 million, driven by an increase in overall patient volume, opening of new clinics, introduction of new services and higher average bill sizes at the Group's two hospitals in Singapore and Kota Damansara in Malaysia. EBITDA from the Healthcare business came in at \$51.7 million while operating profit grew 7.3% to \$37.2 million.

The Board has recommended a special final dividend of 0.025 cents per share to mark the completion of the Group's transformation into a pure healthcare platform and its return to profitability.

LEADERSHIP CHANGES

As the Group has made significant strategic changes to focus on healthcare and to become one of the largest quality healthcare players in the region, we have made key changes to the Board to meet the challenges ahead.

In addition to his appointment as Executive Director, Mr Roy Quek has been appointed the Chief Executive Officer of the Group on 25 April 2018. Before joining TMPL in 2015 as Executive Chairman, Roy served the government in senior roles across various ministries including Defence, Education, Community, Youth & Sports, and Home Affairs. He was also Deputy Secretary at the Ministry of Health and the founding director of the National Population Secretariat in the Prime Minister's Office.

On 31 January 2019, Ms Chan Lay Hoon, Deputy Chairman and Non-Executive Director, Mr Tan Wee Tuck, Executive Director and Chief Executive Officer of the Group's Real Estate business and Mr Lai Huen Poh, Executive Director and Senior Managing Director of RSP, stepped down from their respective positions on the Board, in conjunction with the completion of the divestment of our Real Estate business. On behalf of the Board, I would like to thank them for their strong support and invaluable contributions to the Group over the years.

“The Board has recommended a special final dividend of 0.025 cents per share to mark the completion of the Group's transformation into a pure healthcare platform and its return to profitability.”

As part of the Board's renewal process, I would like to extend a warm welcome to Mr Wilson Sam, who was appointed Executive Director and Chief Financial Officer of the Group, and Mr Lim Wee Kiat, who was appointed Non-Executive, Non-Independent Director on 15 March 2019.

GROWING IN SCOPE AND SCALE

From humble beginnings as a private obstetrics and gynaecology practice in 1979, Thomson Medical today is Singapore's largest private women and children's healthcare provider. Over the past 40 years, our services have expanded to include preventive healthcare, wellness services and products, and specialist clinics to support the needs of the whole family. Aside from our hospital operations at Thomson Medical Centre, we have a network of 35 specialist clinics across Singapore comprising Thomson Wellth (preventive healthcare and wellness services and products), Thomson Women Cancer Centre, Thomson Fertility Centre, Thomson Specialist Skin Clinic, Thomson Chinese Medicine ("TCM") and Singapore's largest stand-alone specialist dental service at Thomson Dental Centre. In 2019, Thomson Medical announced plans to develop its first integrated service platform or nodal centre at Paragon Medical Centre. The concept of the nodal centre is to co-locate Thomson Medical's complementary services together in a single location to enable us to provide one-stop services for greater convenience to our patrons. When ready, this new platform will house the flagship centres for Thomson Wellth, Thomson Fertility Centre, Thomson Obstetrics and Gynaecology and

LETTER TO SHAREHOLDERS

Thomson TCM, all in one convenient location in the heart of Orchard Road.

In Malaysia, Thomson Hospital Kota Damansara is in the midst of a major expansion project that would see the 205-bed tertiary hospital add an additional 400 beds by the end of 2020. When completed, the 605-bed tertiary hospital will be one of the largest private hospitals in the Klang Valley, serving the population in one of the fastest growing middle-class enclaves in the area. The expanded Thomson Hospital will have 10 operating theatres, 154 outpatient clinics, 11 delivery suites, two catheterisation labs and a cancer centre. Closer to home at Vantage Bay, Johor Bahru, piling works have begun at the site of our Thomson Iskandar Medical Hub. Located just minutes from the Woodlands Causeway and the proposed Rapid Transit System Station at Bukit Chagar (connected to the Thomson-East Coast MRT line), the Thomson Iskandar Medical Hub will be well placed to provide high quality medical care and services to both the local Johor population and patients from Singapore with its 500-bed tertiary hospital with an adjoining commercial tower. Besides hospital expansion plans, the Group is also working on developing its foothold on the preventive health and wellness space. We established the first Thomson TCM centre in Kuala Lumpur offering traditional complementary medicine services to treat a wide range of health conditions. In addition, we have also initiated plans to

expand two TMC Fertility Centres in the Klang Valley to meet the growing demand for our specialist fertility services.

A PAN-ASIAN FOOTPRINT

To achieve our vision to be the Pan-Asian Health System of Choice, the Group is constantly on the look-out for growth opportunities. We unveiled a series of exciting partnerships and initiatives to drive continued growth and diversify our range of specialty services. The Group has charted a strategic direction to develop regional Centres of Excellence in the areas of Women and Children's health, Fertility, Oncology and Wellness. To support this direction and growth, we endeavour to collaborate with partners across the globe, tapping on their knowledge, experience and expertise to elevate the quality of care the Group can deliver.

In identifying women's health and oncology as the first strategic area of development, we announced our proposed partnership with Brigham Health International and Dana-Farber Cancer Institute on 12 March 2019. The partnership will bring together the expertise and technology of very established healthcare institutions in their respective fields to spearhead the expansion of our hospital services into a major regional platform. The first phase of our collaboration will focus on the development of our Thomson Women Cancer Centre, with new clinics and centres in Singapore, Malaysia, Indonesia, Vietnam and China.

Today, technological innovation is rapidly changing the way we interact with our stakeholders. Healthcare is at the centre of this transformation and we have to evolve or risk being left behind. Supporting our strategic transformation into a modern integrated health, medical and lifestyle platform, the Group acquired the SmartParents.sg digital platform – a household name that is focused on all things parenting. Ownership of the SmartParents platform will inject 40 years of medical experience into the digital world, enhancing the relevance of the Thomson Medical brand among parents who are digital natives. We also plan to improve the platform and turn it into an online marketplace for the parenting community to share ideas, information, goods and services.

As the Group goes further into the digital space with electronic records, digitalised administration and services,

“ Supporting our strategic transformation into a modern integrated health, medical and lifestyle platform, the Group acquired the SmartParents.sg digital platform – a household name that is focused on all things parenting.”

“ 2018 has been an exciting and eventful year for the Group. Besides celebrating the Group’s strong return to profitability, we also celebrate the 40th Anniversary of the founding of TMPL and the 25th Anniversary of the founding of TMCLS.”

and e-health programmes, we are also taking steps to ensure that we securely manage the vast amounts of data entrusted to us. We have just completed a successful pilot programme with a dedicated healthcare cyber-security platform to reinforce the Group’s digital security capabilities. We look forward to more and better use of technology to deliver safer and more optimal outcomes across our medical and healthcare platform as we grow.

BEYOND THE FIRST 40 YEARS

2018 has been an exciting and eventful year for the Group. Besides celebrating the Group’s strong return to profitability, we also look forward to celebrating the 40th Anniversary of the founding of TMPL and the 25th Anniversary of the founding of TMCLS in 2019. Looking back over the years, we are pleased to see that the Group’s Healthcare business has grown from strength to strength and is poised to continue growing as we consolidate our market leading position across the region.

Amidst the backdrop of global political and economic uncertainties, demand for Healthcare and related services continues to be high. The Group as a medical platform aims to be a one-stop service provider to help the whole family stay healthy and well from pre-conception all the way into the silver years. Building on the strong foundation of the Group in Singapore and Malaysia, we have assembled a strong team of clinical and non-clinical partners and

staff, and are constantly on the lookout for the best talents, the best partners and the best opportunities to expand our regional footprint.

APPRECIATION

On behalf of the Board, I would like to convey my sincere appreciation to our shareholders, patrons and business partners for their unwavering support and confidence in the Group’s vision. I also wish to acknowledge the contributions of fellow directors providing invaluable guidance on strategic and business matters. Above all, a successful healthcare group is defined by being people-centric – we aim to help the whole family and we treat our patrons and staff as we would our own family. In this regard, I would like to thank our doctors, management and staff for their selfless dedication and passion in delivering Thomson Medical’s values to provide the highest level of care to our patrons.

These are certainly exciting times for the Group as we grow and define tomorrow’s healthcare and realise our vision of becoming a Pan-Asian Health System of Choice. As one family, I look forward to steering the Group into the next phase of growth in the year ahead. Together, we shall Celebrate Life and Live Well Longer!

Ng Ser Miang

Chairman

Thomson Medical Group Limited

29 March 2019

CORPORATE MILESTONES



Launch of Thomson Wellth
26 January 2017

Thomson Wellth is a health and wellness concept that offers services and products to manage and improve our patients' health at any stage of their lives. From preventive care through early health screenings, sports and musculoskeletal treatments and medical aesthetics tailored to one's needs, our two clinics at Novena and Scotts are committed to helping one stay healthy and live beautifully.



Launch of Singapore's first healthcare loyalty programme, Thomson Celebrating Life
3 December 2017

A lifetime digital membership programme designed exclusively to empower Thomson Medical's patrons to take charge of their own health by incentivising healthy behaviour. Members can track their medical appointments, health records and receive the latest health and wellness tips written by Thomson Medical experts. They also have access to offers and eVouchers and can also accumulate points on selected purchases to redeem rewards through an online portal.



The Group inks partnership with Singapore Olympic Foundation
17 January 2018

With the partnership, 1,000 athletes from the 2017–2019 batches of the Singapore Olympic Foundation (SOF)–Peter Lim Scholarship will benefit from sports medical services provided by Thomson Wellth's Musculoskeletal Clinic. Personally treated by Consultant Sports Medicine Physician, Dr Chiam Tut Fu, scholarship recipients only need to pay a nominal consultation fee for various non-invasive treatments.



Relisting of Healthcare Assets on SGX Mainboard
30 April 2018

The Group celebrated the relisting of its Healthcare assets on the Mainboard of the Singapore Exchange (SGX: A50), affirming Thomson Medical's position as one of the largest healthcare players by market capitalisation. The official SGX Gong Striking Ceremony took place on 27 July 2018. The Group's current Healthcare business includes Thomson Medical Pte Ltd in Singapore and TMC Life Sciences Berhad in Malaysia.



JANUARY
2017

DECEMBER
2017

JANUARY
2018

APRIL
2018



**Thomson Hospital
Kota Damansara
Rebranding and Pile-
Capping Ceremony
18 July 2018**

Tropicana Medical Centre was officially re-branded to Thomson Hospital Kota Damansara at a pile-capping ceremony, where the new hospital logo and identity were unveiled. The 3-year expansion project is projected to be completed by end-2020, where the hospital will house 605 beds, 10 operating theatres, 154 outpatient clinics, 11 delivery suites, two catheterisation labs, a cancer centre and over 1,000 parking bays.



**Fetal Assessment Unit
20th Anniversary Celebration
5 September 2018**

2018 marked the 20th Anniversary of Thomson Medical's Fetal Assessment Unit (FAU). Helmed by Dr Chang Tou Choong, FAU has performed more than half a million examinations to date, and has established itself as the centre of choice for obstetrics scans in Singapore.



**TMC Fertility Centre
Celebrates 5,388 IVF
Babies
14 October 2018**

Since its inception, TMC Fertility Centre (Malaysia) has successfully helped couples to conceive more than 5,000 IVF babies through various assisted reproductive techniques. On 14 October 2018, it broke the Malaysia Book of Records for the Highest Number of IVF Babies Produced by A Single IVF Practice – 5,388 IVF babies. To mark this milestone, the centre brought together more than 300 parents and children from across the world to celebrate the lives and families it has helped to create since 1994.

**The Group spins off Real Estate Business to
become a Pure Healthcare Platform
31 January 2019**

On 31 January 2019, the Group successfully spun off its Real Estate business to its existing shareholders via a distribution in specie by way of capital reduction. The move allows the Group to become a pure healthcare company focusing on capturing the growing demand for quality healthcare in the region.



**The Group takes
ownership of
SmartParents.sg
14 February 2019**

With the acquisition of SmartParents.sg, the Group aims to provide a one-stop resource, fortified by the medical expertise and experience of a well-regarded healthcare facility, so as to stay relevant and better engage today's young parents within the platform's 100,000 strong community.

**JULY
2018**

**SEPTEMBER
2018**

**OCTOBER
2018**

**JANUARY
2019**

**FEBRUARY
2019**

BOARD OF DIRECTORS



	1	2
3	4	5
6	7	

1. NG SER MIANG

Non-Executive Independent Chairman

Mr Ng was appointed Non-Executive Independent Chairman on 1 December 2015. He was re-appointed on 24 April 2018. He currently chairs the Nominating Committee and sits on the Corporate Disclosure Committee and the Remuneration Committee.

Mr Ng holds directorships in various companies and is also Singapore's non-resident Ambassador to Norway. He is a Chairman of Dunman High School Advisory Committee, Chairman of the Singapore Olympic Foundation and Fundacion Valencia Club de Futbol De La Comunidad Valenciana, and an Executive member of the International Olympic Committee and chairs its Finance Commission. Mr Ng was also a Nominated Member of Parliament from 2002 to 2005.

Mr Ng has received multiple honours and awards in recognition of his contributions to public service, including SG50 Outstanding Chinese Business Pioneers Award, the National Trades Union Congress Distinguished Service (Star) Award, Meritorious Service Medal by the Singapore Government, and the Commander's Cross – Order of Merit (Civil Division) from the Hungarian President.

Mr Ng holds a Bachelor of Business Administration (Honours) degree from the University of Singapore and is a Chartered Fellow of the Chartered Institute of Transport.

2. QUEK HONG SHENG ROY

Executive Director and Chief Executive Officer

Mr Quek was appointed to the Board on 25 April 2018. He is currently an Executive Director and Chief Executive Officer of the Group. He leads and manages the Group and works actively with the Board and Management to set the focus and strategic direction to grow the business. He currently sits on the Corporate Disclosure Committee.

Mr Quek joined the Civil Service in 1994 and was a member of the elite Administrative Services. Prior to joining the private sector, he had served in various Ministries including Defence, Education, Community Development, Youth and Sports, Health, Home Affairs and the Prime Minister's Office.

Among his key achievements during his distinguished career in the public sector was the pivotal role he played as Founding Director of the National Population Secretariat in the Prime Minister's Office. While in the Ministry of Education, he spearheaded efforts to develop a more holistic education system. In the Ministry of Health, he played a key role in rolling out the Singapore Healthcare 2020 Masterplan.

In 2008, Mr Quek was awarded the Public Administration Medal (Silver) in recognition of his outstanding contributions.

Mr Quek holds a Master in Public Administration degree from Peking University and a Bachelor of Science in Economics degree from the London School of Economics and Political Science.

BOARD OF DIRECTORS

3. WILSON SAM

Executive Director and
Chief Financial Officer

Mr Wilson Sam was appointed to the Board on 15 March 2019 as Executive Director and Chief Financial Officer of the Group. Mr Sam is responsible for providing leadership to the Group's financial and management reporting, corporate finance, treasury, investor relations and corporate and regulatory compliance. Mr Sam holds directorship in various companies and is currently an Alternate Director of TMC Life Sciences Berhad.

Mr Sam has close to 20 years of experience in finance, private equity and investment banking in Singapore. Prior to joining the Group, he was with Kestrel Capital Pte Ltd as Senior Vice President (Investments) where he was responsible for merger and acquisition activities and investment execution and management.

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.

4. HENG KIM CHUAN FREDDIE

Non-Executive Director and
Non-Independent Director

Mr Heng was appointed to the Board on 25 April 2018. He sits on the Audit and Risk Management Committee, Investment Committee and the Nominating Committee. He is currently an Independent Director of Synertec Corporation Limited.

Mr Heng graduated from the London School of Economics and Political Science with a Bachelor of Science (Economics) degree. He joined Arthur Andersen & Co (London) in 1977 and was transferred to the Singapore Office in 1981, where he remained till 1985.

Mr Heng had previously served as a member of the board of directors in a number of Singapore public listed companies, including several years as Executive Director in Van Der Horst Limited. He is also an independent financial and management consultant, covering mainly areas of general business and financial consulting, mergers and acquisitions.

5. LIM WEE KIAT

Non-Executive Director and
Non-Independent Director

Mr Lim was appointed to the Board on 15 March 2019 as Non-Executive and Non-Independent Director.

After graduating from the University of New South Wales Australia with a degree in Bachelor of Science in Psychology, Mr Lim started his career with Kestrel Capital Pte Ltd as Vice President (Investments). He was involved in various investments and corporate finance transactions, including a very substantial acquisition, and a distribution in-specie.

Mr Lim has an extensive network of business contacts and was involved in business development activities for the RSP Group where he brought in regional business opportunities. He was also involved in starting new companies together with like-minded entrepreneurs to invest in emerging sectors such as healthcare technology, technology-related platforms and Esports. Mr Lim holds directorships in various companies that he has co-founded or invested in.

6. ONG PANG LIANG

Independent Director

Mr Ong was appointed to the Board on 1 January 2016 and was last re-appointed on 24 April 2018. He currently chairs the Audit and Risk Management Committee and the Corporate Disclosure Committee and sits on the Remuneration Committee and Investment Committee.

Mr Ong has over 25 years of experience in banking and finance. He was formerly the Chief Financial Officer of Rowsley Ltd (now known as Thomson Medical Group Limited) in 2008-2010 and the Finance Director of Avarga Ltd in 2010-2012.

Mr Ong was previously the Managing Director and head of foreign exchange at Bank of America, Singapore and Shanghai Branches and a management committee member of Bangkok Bank Singapore, with responsibilities for business groups and risk management functions in liquidity, balance sheet, and market risks of the banks. He is currently an Independent Director of Secura Group Limited.

Mr Ong holds a Bachelor of Business Administration degree from the University of Singapore.

7. GARY HO KUAT FOONG

Independent Director

Mr Ho was appointed Independent Director on 1 March 2015 and was re-appointed on 26 April 2017. He currently chairs the Remuneration Committee and sits on the Audit and Risk Management Committee, Nominating Committee and the Investment Committee.

Mr Ho has over 36 years' experience in corporate management and finance, having been a director of both public listed and private companies in Singapore, Malaysia and Australia. He is the Lead Independent Director of Avarga Limited, an Independent Director of TMC Life Sciences Berhad and an Independent Director of Secura Group Limited.

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

FURTHER INFORMATION ON BOARD OF DIRECTORS

NG SER MIANG

Non-Executive Independent Chairman

Academic and Professional

Qualifications:

- Bachelor, Business Administration (Honours), University of Singapore
- Chartered Fellow, The Chartered Institute of Transport, Singapore

Date of First Appointment as Director:

1 December 2015

Date of Last Re-appointment as Director:

24 April 2018

Board Committee(s) served on:

1. Nominating Committee (Chairman)
2. Remuneration Committee (Member)
3. Corporate Disclosure Committee (Member)

Current Directorships in Other Listed Companies:

Nil

Other Directorships / Principal Commitments:

1. Dunman High School Advisory Committee (Chairman)
2. Magic Dragon Media Pte Ltd (Director)
3. NCI Golf Pte Ltd (Chairman)
4. OMS Distripark Pte Ltd (Director)
5. Orchid Marine Services Private Limited (Director)
6. Singapore Olympic Foundation (Chairman)
7. TIBS International Pte Ltd (Chairman)
8. Valencia Club de Futbol, S.A.D.(Director)

Past Directorships held over the preceding 3 years in Other Listed Companies:

1. Singapore Press Holdings Limited (Director)
2. Yanlord Land Group Limited (Director)

QUEK HONG SHENG ROY

Executive Director and Chief Executive Officer

Academic and Professional

Qualifications:

- Master, Public Administration, Peking University
- Bachelor of Science (Economics), London School of Economics and Political Science

Date of First Appointment as Director:

25 April 2018

Board Committee(s) served on:

1. Corporate Disclosure Committee (Member)

Current Directorships in Other Listed Companies:

Nil

Other Directorships / Principal Commitments:

1. Mediacorp Pte Ltd (Director)
2. PT Thomson Medical (Commissionaire)
3. PT Tropicana Healthcare Indonesia (Director)
4. Sasteria (M) Pte Ltd (Director)
5. Sasteria Pte Ltd (Director)
6. Skies VB Sdn. Bhd. (Director)
7. St Joseph's Institution International Elementary School Ltd (Chairman)
8. St. Joseph's Institution International Pte Ltd (Chairman)
9. Thomson Dental Centre Pte Ltd (Director)
10. Thomson Fertility Centre Pte Ltd (Director)
11. Thomson International Health Services Pte Ltd (Director)

12. Thomson Medical Pte Ltd (Director)

13. Thomson Paediatric Centre Pte Ltd (Director)

14. Thomson Pre-Natal Diagnostic Laboratory Pte Ltd (Director)

15. Thomson Women Cancer Centre Pte Ltd (Director)

16. Thomson Women's Clinic Holdings Pte Ltd (Director)

17. Vantage Bay JB Sdn. Bhd. (Director)

Past Directorships held over the preceding 3 years in Other Listed Companies:

1. TMC Life Sciences Berhad (Director)

WILSON SAM

Executive Director and
Chief Financial Officer

Academic and Professional Qualifications:

- Bachelor of Business Studies (Honours), Nanyang Technological University
- Chartered Financial Analyst
- Chartered Alternative Investment Analyst Charterholder
- Financial Risk Management Certification

Date of First Appointment as Director:

15 March 2019

Board Committee (s) served on:

Nil

Current Directorships in Other Listed Companies:

1. TMC Life Sciences Berhad (Alternate Director)

Other Directorships / Principal Commitments:

1. Adifore Finance Ltd (Director)
2. Arnel Services S.A (Director)
3. Catpital Private Limited (Director)
4. Mint Media Sports Limited (Director)
5. Sasteria Pte Ltd (Director)

Past Directorships held over the preceding 3 years in Other Listed Companies:

Nil

HENG KIM CHUAN FREDDIE

Non-Executive
Non-Independent Director

Academic and Professional Qualifications:

- Bachelor of Science (Economics), London School of Economics and Political Science

Date of First Appointment as Director:

25 April 2018

Board Committee(s) served on:

1. Audit and Risk Management Committee (Member)
2. Nominating Committee (Member)
3. Investment Committee (Member)

Current Directorships in Other Listed Companies:

1. Synertec Corporation Limited (Director)

Other Directorships / Principal Commitments:

1. Amstel Management Consultants Pte Ltd (Director)
2. Kestrel Capital Pte Ltd (Director)
3. Mint Media Sports Limited (Director)
4. Sasteria Holdings Pte Ltd (Director)
5. Sasteria (M) Pte Ltd (Director)
6. Sasteria Pte Ltd (Director)
7. Thomson International Health Services Pte Ltd (Director)
8. Thomson Medical Pte Ltd (Director)
9. Thomson Women Cancer Centre Pte Ltd (Director)

Past Directorships held over the preceding 3 years in Other Listed Companies:

1. Noel Gifts International Ltd (Director)
2. TMC Life Sciences Berhad (Director)

LIM WEE KIAT

Non-Executive
Non-Independent Director

Academic and Professional Qualifications:

- Bachelor of Science in Psychology University of New South Wales Australia

Date of First Appointment as Director:

15 March 2019

Date of Last Re-appointment as Director:

Nil

Board Committee (s) served on:

Nil

Current Directorships in Other Listed Companies:

Nil

Other Directorships / Principal Commitments:

1. Catpital Private Limited (Director)
2. Towerhill Pte Ltd (Director)
3. SelectStart Pte Ltd (Director)
4. SL8 Pte Ltd (Director)

Past Directorships held over the preceding 3 years in Other Listed Companies:

Nil

FURTHER INFORMATION ON BOARD OF DIRECTORS

ONG PANG LIANG

Independent Director

Academic and Professional Qualifications:

- Bachelor of Business Administration, University of Singapore

Date of First Appointment as Director:

1 January 2016

Date of Last Re-appointment as Director:

24 April 2018

Board Committee(s) served on:

1. Audit and Risk Management Committee (Chairman)
2. Corporate Disclosure Committee (Chairman)
3. Remuneration Committee (Member)
4. Investment Committee (Member)

Current Directorships in Other Listed Companies:

1. Secura Group Limited (Director)

Other Directorships / Principal Commitments:

1. Bluewater Investments Pte Ltd (Director)
2. RSP Holdings Pte Ltd (Director)

Past Directorships held over the preceding 3 years in Other Listed Companies:

Avarga Limited (Director)

GARY HO KUAT FOONG

Independent Director

Academic and Professional Qualifications:

- Bachelor of Commerce, University of Western Australia
- Bachelor of Science, University of Western Australia
- Member, CPA Australia
- Member, The Institute of Singapore Chartered Accountants

Date of First Appointment as Director:

1 March 2015

Date of Last Re-appointment as Director:

26 April 2017

Board Committee(s) served on:

1. Remuneration Committee (Chairman)
2. Audit and Risk Management Committee (Member)
3. Nominating Committee (Member)
4. Investment Committee (Member)

Current Directorships in Other Listed Companies:

1. Avarga Limited (Lead Director)
2. Secura Group Limited (Director)
3. TMC Life Sciences Berhad (Director)

Other Directorships / Principal Commitments:

1. Elnora Pty Ltd (Director)
2. RSP Holdings Pte Ltd (Director)
3. Thailoy Investments Pty Ltd (Director)

Past Directorships held over the preceding 3 years in Other Listed Companies:

Nil

EXECUTIVE MANAGEMENT



1	2	3
4	5	6

1. QUEK HONG SHENG ROY

Executive Director and
Chief Executive Officer

*Please refer to the
Board of Directors section*

2. WILSON SAM

Executive Director and
Chief Financial Officer

*Please refer to the
Board of Directors section*

EXECUTIVE MANAGEMENT

3. MEGA SHUEN

Chief Executive Officer,
Thomson Medical Pte Ltd

Ms Shuen is the Chief Executive Officer of TMPL. She joined Thomson Medical as Chief Operating Officer in October 2008 and was promoted to General Manager in 2011 and Chief Executive Officer in December 2017. Prior to joining Thomson Medical, Ms Shuen was with National University Hospital (NUH) from 2001 to 2008 where her last held position was Director of Operations. During her tenure in NUH, she was instrumental in NUH achieving several quality awards including triple ISO certification and the Joint Commission International (JCI) accreditation, the first hospital in Singapore to do so.

From 1994 to 2000, Ms Shuen was the Operations Manager of HMI Balestier Hospital, where she was involved in the company's regional projects in Malaysia. She started her career as a Pharmacist with Guardian (SEA) in 1987 and over the 8 years there she held numerous positions including Pharmacy Manager, Training Manager and Area Manager.

Ms Shuen holds a Bachelor (Hons) degree in Pharmacy from University of Bradford, England and Post Graduate Diplomas in Business Administration and Personnel Management from Singapore Institute of Management and a Post Graduate Diploma in Marketing from the Marketing Institute of Singapore. She also holds a LEAN Healthcare Certificate from the College of Engineering, University of Michigan, USA.

4. TAN ZING YUEN

Chief Risk Officer and
Director of Group Finance

Mr Tan is the Chief Risk Officer, Director of Group Finance and Chief Financial Officer of TMPL. Mr Tan joined Thomson Medical in September 2009 as Chief Financial Officer. From 2006 to 2009, Mr Tan was the Group Financial Controller in the Mediacorp Group. From 2002 to 2006, Mr Tan was the Chief Financial Officer of Energy Market Company Pte Ltd. Prior to this, Mr Tan has held key financial positions in several public listed companies namely, as Finance Director in Courts Singapore Limited and as Chief Financial Officer of Nippecraft Limited Group and Flairis Technology Corporation Limited Group. Mr Tan began his career in 1980 as an Audit Assistant with the then Price Waterhouse, now known as PricewaterhouseCoopers.

Mr Tan holds a Bachelor of Accountancy degree from University of Singapore and is a Fellow Member of the Institute of Singapore Chartered Accountants.

5. WAN NADIAH BINTI WAN MOHD ABDULLAH YAAKOB

Group Chief Executive Officer, TMC Life Sciences Berhad and Chief Executive Officer, Thomson Hospital Kota Damansara

Ms Nadiah is the Group Chief Executive Officer of TMC Life Sciences (TMCLS) and was appointed Executive Director of TMCLS in February 2019. She is also the Chief Executive Officer of Thomson Hospital Kota Damansara since June 2017.

Prior to joining TMCLS and Thomson Hospital Kota Damansara, Ms Nadiah was the Chief Operating Officer at Sunway Medical Centre 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 a Master of Science in Public Health (Nutrition) degree from the London School of Hygiene and Tropical Medicine, UK 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.

6. WONG YU CHEE

Group Chief Financial Officer,
TMC Life Sciences Berhad

Mr Wong has over 22 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 almost eight years in PwC and specialised in assurance assignment of large multinational company, public listed companies in various industries, initial public offer and corporate exercise. Mr Wong joined GlaxoSmithKline then as Finance Manager before he left Malaysia to join Ernst & Young Shanghai in 2005. Mr Wong spent three years in Ernst & Young Shanghai focusing on statutory audit assignment, initial public offer assurance assignment, corporate exercise and US audit assignment until he joined TMF Shanghai in 2008, leading the accounting and tax compliance services in TMF Shanghai for two years.

Mr Wong relocated back to Malaysia in 2010, as Director of Accounting & Tax Compliance Services in TMF Malaysia where he spent five 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 TMCLS as Group Chief Financial Officer on 3 August 2015.

Mr Wong is a Fellow Member of the Association of Chartered Certified Accountants, member of Malaysian Institute of Accountants and Associate Member of Chartered Tax Institute of Malaysia.

STEEPED IN TRADITION VESTED IN THE FUTURE

At **Thomson Medical Centre**, we have four decades of experience to lean on and relationships to count on. While meeting your expectations, we will continue to advance in expertise, care and scope.



Operating since
1979



Proven track record
in operational and
financial improvement



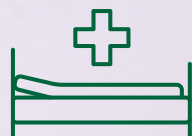
~35
Clinics and centres
across Singapore



>20%
of total
annual deliveries
in Singapore



14
Types of services
offered



187
Licensed beds





OPERATIONS REVIEW

“ The Group reported a 121% increase in net profit after tax of \$4.1 million in 2018 compared to a net loss of \$19.3 million in 2017. The turnaround was driven by the Group’s acquisition of the healthcare business during the year.”

OVERVIEW

Forty years ago, Dr Cheng Wei Chen envisioned every woman enjoying childbirth in a home-like environment surrounded by family. Through the support of dedicated doctors, nurses and staff, the Group continues to build on this heritage to grow from a house to a community, caring for generations and beyond.

Now a leading healthcare provider headquartered in Singapore, the Group owns and operates Thomson Medical Centre (“TMC”) in Singapore and Thomson Hospital Kota Damansara (“THKD”) in Kuala Lumpur in Malaysia.





SINGAPORE OPERATIONS

Leveraging on our core expertise and comparative advantage in obstetrics, gynaecology and paediatrics, Thomson Medical Centre ("TMC") has expanded from being an operator of healthcare facilities into an integrated healthcare system providing for the whole family. This comprises upstream preventive care and health promotion, providing consistently high standard of care and wellness services through their entire life journey.

Hospital Services

With 187 licensed beds, TMC is the first private hospital in Singapore focused on women and children. With over 300 clinical staff, more than 30 tenant doctors and over 1,000 accredited doctors, it serves over 23,000 in-patients and over 240,000 out-patients each year and delivers a fifth of Singapore's total births annually.

The hospital continues to strengthen its core infrastructure and facilities by continually upgrading and improving them and introducing new technology wherever practicable and feasible.

TMC has been using RFID (radio frequency identification) technology since February 2013 in the hospital to ensure that a baby is always matched with the right mother at all times during their stay at the hospital after childbirth. We have also introduced MDConnect, an application that gives our doctors convenient access to information for their day-to-day needs such as operating theatre schedules, hospital room availability, patient financing, continuing medical education sessions and most recently, a platform to help our doctors connect with anaesthetists in urgent situations.

Through the years, although the definition of comfort and style has evolved, TMC continues to hold true to its values. To keep abreast of the changing needs of our patients, TMC constantly upgrades and updates its rooms to provide patients with a modern and up-to-date environment to rest and recover during their stay with us. We have a programme to continually refurbish and enhance all the rooms in the hospital with redesigned interiors, new layouts and brighter colours. Our Premier Single and Suite rooms are also equipped with gourmet coffee machines.

Specialist Clinics

At TMC, we want a relationship – a partnership for life.

Our Group continues to expand its operations, evolving from a niche hospital into a healthcare group with an expansive network of 35 specialists and specialised centres across Singapore, to an integrated preventive healthcare system providing services from pre-conception to the silver years. New areas of specialities that have been added over the years include aesthetics, cardiology, dental, dermatology, fertility, health screening, Traditional Chinese Medicine, women cancer, sports medicine and wellness.

In 2018, we opened the 10th Thomson Women's Clinic in Toa Payoh and a fourth Thomson Chinese Medicine ("TCM") clinic in Punggol Waterway Point to meet the needs of the increasing population in the new estate. So as to better serve families in the western region of Singapore, the first Thomson Specialist Centre was opened at JEM mall in Jurong to provide a one-stop solution for obstetrics, gynaecology and paediatric services.

OPERATIONS REVIEW



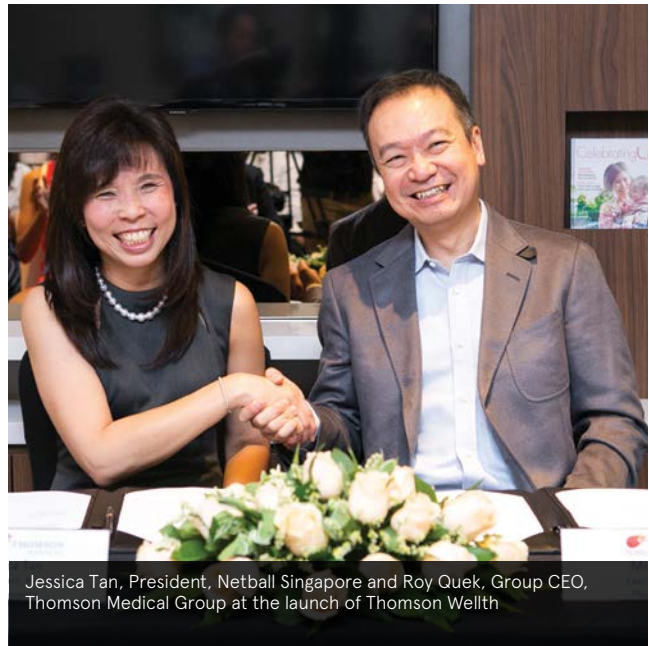
Thomson Medical's famous fish head and green papaya soup is a nutritious and nourishing meal that helps mothers to improve milk flow and breastfeeding

Consumer Products and Services

In line with the Group's vision to build a platform-based integrated health system, TMC has developed a series of consumer products and provides a continuum of services that caters to all patrons at every stage of their lives. In support of the mothers' parenthood journey, we introduced confinement nanny services as well as home delivery confinement food, specially crafted by our team of TCM physicians and dietitians. In addition, our Group continually strengthens our core competencies in Confinement Nanny Services, Childbirth Education Classes, Confinement Nanny Training and Confinement Food Home Delivery – the value-added services the Group provides to parents throughout their parenting journey.

Thomson Wellth, a subsidiary of the Group, is a health and wellness concept that provides a suite of upstream preventive care services including health screenings, sports medicine and medical aesthetics tailored to suit individual needs. It was launched in January 2017 and has developed its own range of health supplements and skin care products. At Thomson Wellth, our doctors and specialists are committed to helping our patients look good, feel good and live well longer.

PCC Products Pte Ltd, another subsidiary of the Group, has developed its own range of mother and baby products



Jessica Tan, President, Netball Singapore and Roy Quek, Group CEO, Thomson Medical Group at the launch of Thomson Wellth

– Essentials by Thomson Medical. From lotions to washes and wipes, these products have been carefully curated with naturally derived ingredients to ensure comfort and safety for consumers.

Initiatives

BFHI

As one of Singapore's leading healthcare providers for women, Thomson Medical Centre has always advocated breastfeeding. The hospital is working to obtain the Baby Friendly Hospital Initiative (BFHI) certification supported by the Health Promotion Board (HPB) and part of a global effort founded by UNICEF and the World Health Organization (WHO) to ensure maternity hospitals meet best practice standards in supporting mothers to breastfeed successfully.

Celebrating Life

Launched in 2017, the Thomson Celebrating Life loyalty programme ("Programme") was conceptualised as a key platform that consolidates the Group's services for all patrons at the touch of a fingertip. The Programme promotes an awareness of holistic care, healthy living and empowers members to take charge of their own health on a daily basis. The programme is fully digital, allowing members to access health information and benefits at their convenience.



Senior Minister of State Chee Hong Tat (third from left) gracing the launch of the Thomson Celebrating Life loyalty programme

Community Engagement

On a larger scale, the Group continually seeks to give back to the community. During the launch of Thomson Wellth, our Group entered into a three-year partnership with Netball Singapore to offer health and wellness services to all our national netballers, affirming our commitment to help our national athletes stay healthy and achieve greater heights in sports and life. In 2018, our Group extended support to the young recipients of the Singapore Olympic Foundation-Peter Lim scholarship, providing them sports medicine services to aid their quest towards sporting excellence. All recipients will also receive lifetime membership to our Celebrating Life Loyalty Programme, allowing them to enjoy access to the Group's range of health and wellness services even beyond their competitive sporting years.

Recognising nursing as a noble profession which requires a high level of dedication and expertise, the Group also sponsored the award for the top student from the Class of 2018, Bachelor of Science with Honours in Nursing at Singapore Institute of Technology (SIT). The Thomson Medical Final Year Nursing Award not only aims to nurture student excellence but also encourage even more students to choose nursing as a profession.



Dr Chiam Tut Fu, Consultant Sports Medicine Physician, Thomson Wellth Musculoskeletal Clinic with Singapore Olympic Foundation-Peter Lim scholarship recipients

OPERATIONS REVIEW

MALAYSIA OPERATIONS

Rebranding/Expansion

The Group's hospital in Malaysia was rebranded Thomson Hospital Kota Damansara ("THKD"), in line with the corporate transformation exercise to consolidate the Group's healthcare assets on 18 July 2018. At the same time, THKD also celebrated the Pile Capping Ceremony for the construction of the hospital's expansion wing. Upon completion, the hospital will have a capacity of 605 beds and house more than 100 specialist outpatient clinics, 10 operating theatres, 11 delivery suites, two catheterisation labs, a cancer centre, a new one-stop Health & Wellness Centre, and over 1,000 parking bays.

Development of the Thomson Iskandar Medical Hub in Vantage Bay, Johor Bahru, is also in progress. Piling works commenced end 2018 and is targeted to complete by end 2019. The tender process for the main building's construction is underway and is expected to be awarded



On 1 July 2018, the Group's hospital in Kota Damansara was rebranded as Thomson Hospital Kota Damansara



Progression of the construction works for Thomson Hospital Kota Damansara's expansion wing

by end 2019. Upon completion by early 2024, Thomson Iskandar Medical Hub will boast a 500-bed tertiary hospital with an adjoining commercial tower, just minutes from the Woodlands Causeway and proposed Rapid Transit System at Bukit Chagar.

New Services

Providing more healthcare solutions and additional tertiary-level services with patients in mind, the hospital has successfully obtained the licence to operate its own Cytotoxic Drug Reconstitution Laboratory and Yellow Fever Vaccination Centre. By bringing the drug reconstitution service under our roof, our patients and doctors will now have better access to chemotherapy drugs. As one of the 40 registered Yellow Fever Vaccination Centres in Malaysia, THKD provides one-stop solutions for vaccination and travel medicine for local and international patients.

The hospital also set up a one-stop dedicated International Patient Centre catering to the needs of international patients by coordinating appointments, transport logistics, accommodation arrangement and interpretation services.

In line with our commitment to provide quality, value-based care to our patients, the hospital implemented several Quality and Service initiatives throughout the year. New patient-centric services were introduced such as the Appointment Call Centre, Advanced Discharge service and Pre-Admission Counselling services. Additional insurance counters were implemented for a smoother process and to shorten patient waiting time. Recognising the importance of service, a comprehensive on-the-job training programme was implemented to equip frontline staff with relevant soft skills, including English and Mandarin proficiency classes and Customer Service Behaviour classes.

The year saw a continued emphasis on clinical governance and patient safety. A new e-Incident reporting system was implemented to ensure continuous monitoring and quality improvement efforts. To raise employee awareness on quality, multiple initiatives were implemented throughout the year including International Patient Safety Goals (IPSG) Day, World Hand Hygiene Day and World Nutrition Day. Programmes were also held on key issues such as Personal Data Privacy and Protection, Root Cause Analysis (RCA) and Chemical Hazard and Risk Assessment amongst others.

TMC Fertility recently introduced time-lapse imaging technology as part of its value-added services to patients. This technology is used to monitor the development of

the embryo at regular intervals, and the information is then digitally analysed by computers to determine which embryos stand a better chance of developing into a baby. Specially designed incubators with built-in cameras and microscopes capture images of embryos every 10 minutes, enabling embryologists to monitor embryos without removing them from the safe environment of the incubator. This technology is also associated with higher clinical pregnancy and live birth rates and lower early pregnancy loss. To meet increasing demand for fertility services, TMC Fertility has also initiated plans to expand two TMC Fertility Centres at The Curve, Mutiara Damansara and Puchong Financial Corporate Centre by 2019.

TMC Care Pharmacy ("TMC Care"), located at Vantage Bay Healthcare City, offers a comprehensive range of healthcare products, medical support products and personal care products. TMC Care launched its very own independent e-commerce web portal (www.tmccarepharmacy.com) to cater to the Malaysia and Singapore market.

Further expanding its range of services, Thomson TCM Puchong opened in November 2018, making it the first centre to offer traditional and complementary medicine services within the TMC Life Sciences group. The clinic practises a complementary approach to allopathic medicine and provides patients with a fully holistic experience. Thomson TCM's certified and experienced team of physicians practise Traditional Chinese Medicine philosophies combined with the latest technology.

FY2018 also saw nine new consultants recruited in Malaysia. The new consultants boast globally recognised qualifications covering six new specialty areas including Cardiovascular and Thoracic Surgery, Haematology, Intensive Care, Clinical Microbiology, Rheumatology, Bariatric Surgery, Rehabilitation Medicine and Radiology (Breast Imaging). With the addition of these specialists, the total number of consultants in practice rose to 109, covering over 38 areas of medical specialties and sub-specialties.

Accolades

Throughout the financial year, THKD has also achieved significant milestones in improving safety, efficiency and service standards. The hospital is the first to receive full accreditation by the Malaysian Society for Quality in Health (MSQH) for the 5th Edition Hospital Accreditation Standards, intended to stimulate continuous and systematic improvement in the quality and safety of its healthcare services.



To celebrate the record breaking achievement of 5,388 IVF babies, TMC Fertility Centre brought together more than 300 parents and children from across the world who have benefited from our service

TMC Fertility ("TMCFC") also broke its previous Malaysia Book of Records of 3,210 IVF babies as they celebrated the success of the Highest Number of IVF Babies Produced by A Single Practice with 5,388 IVF babies as at 2018. All the efforts put forth have resulted in TMCFC being awarded numerous accolades over the years, making it a multi award-winning and internationally-renowned Centre of Excellence.

HUMAN RESOURCES

The quality and expertise of our staff is key to us providing services that meet our patrons' discerning demand for quality services and products. These same characteristics of our staff are also critical to the success of the transformation of our Group into a Pan-Asian Health System of Choice.

Staff Strength 2018

The Group employs a competent team across its operating regions. Singapore's 659 employees is comprised of 306 clinicians and nursing employees, 61 allied health employees and 292 support service staff. The Malaysian workforce of 819 employees is comprised of 461 clinicians and nursing staff, 122 allied health employees and 236 support service staff.

People Development

The success of any organisation is tied to the strength and abilities of its people. As the Group grows and expands, we remain equally committed to nurturing the strength and abilities of our staff and retaining them. Training is an essential element of people development in today's fast moving environment. Equipping staff with new skills and technology allows them to further contribute in a significant way to the Group's growth.

OPERATIONS REVIEW

In 2018, 80% of our Singapore employees have attended a total of more than 1,500 training courses and developmental programmes specific to their roles, equipping themselves with new skills and knowledge to not only take on larger roles in the organisation, but more importantly to better serve our ever growing patient base.

In a medical landscape where change is the only constant, the Group also focuses on the continuous professional development of our doctors and nurses, through conferences, seminars and training workshops, so that they are at the forefront of medical excellence. Similarly, the Group invests resources to train and upgrade the skills of our allied health professionals and TCM physicians to further enhance their medical acumen.

All front line staff attend our renowned Thomson Angels Service program to ensure that Thomson Medical's ethos and values are carried throughout the organisation in service to all our patients.

Likewise in Malaysia, the Group has invested heavily in the development and training of its staff. In 2018, 99% of Malaysian employees clocked more than 27,000 training hours in total. Training provided to employees are regardless of their area of discipline and focuses on improving quality outcomes, teamwork, customer experience, communications and interpersonal skills.

TECHNOLOGY

The Group continues to invest in technology to improve efficiencies, enhance accuracies and increase throughput.

In 2019, the Group will invest in electronic medical record systems in both our operations in Singapore and Malaysia. In addition, THKD will invest in a new hospital information system. These investments will improve the efficiencies, increase accuracies in medical, accounting and patients' records. This is expected to further reduce costs through use of less paper and space savings and enhance security and processing speed.

The Group will also invest in systems to enhance cyber security to ensure patients' records and the Group's data are secure and inaccessible by unauthorised parties.

FINANCIALS

The Group reported a 121% increase in net profit after tax of \$4.1 million in 2018, compared to a net loss of \$19.3 million in 2017. The turnaround was driven by the Group's acquisition of the Healthcare business during the year.

In 2018, the Group's revenue grew by 7.5% from \$200.6 million to \$215.6 million in 2018. The growth was driven by an increase in overall patient volume, opening of new clinics and higher average bill sizes at the Group's two hospitals, TMC in Singapore and THKD in Malaysia.

Revenue across all business segments registered a healthy growth in 2018, notably from the Hospital operations and Specialised services segments where revenue grew by 4.0% and 13.6% respectively.

EBITDA, after adjusting for one-off transactions, came in at \$51.7 million while operating profit grew 7.3% to \$37.2 million in 2018.

The business operations from the Healthcare business continued to generate positive net operating cash flows amounting to \$44.0 million in 2018. The cash and short-term deposits remained stable at \$121.7 million.

GROWTH STRATEGY

Our growth strategy to transform the Group into an integrated healthcare system for the whole family and across Asia involves a two-pronged approach:

- a) We will leverage on and deepen core specialties and comparative advantages in women's and children's health by:-
 - i) expanding into key adjacencies such as oncology, lifestyle and wellness to diversify our revenue and profit streams;
 - ii) forging strategic partnerships with world-renowned institutions and groups such as Brigham Health International LLC and Dana-Farber Cancer Institute, Inc to bring experts and world-class expertise to our organisation; and
 - iii) developing education, training and research capabilities, which will give us the capacity to improve our expertise and quality of clinical services, thereby enhancing our knowledge and increasing the pool of high quality clinicians.
- b) We will focus on our Pan-Asian platform as a market leader in chosen specialties by:-
 - i) developing integrated healthcare value chain replicating the efforts in Singapore to provide a continuum of healthcare services from pre-conception to healthcare in the silver years, together with supplements and products;



Team Thomson Medical at the Singapore Health Quality Service Awards 2018

- ii) expanding existing hospital capacities and clinics to provide needed capacities to serve the expanding demand for high quality healthcare services and products; and
- iii) expanding geographically into key Asian markets to capture burgeoning demands for high quality healthcare services as these countries grow stronger economically with a fast expanding middle- to high-income population with a discerning appetite for quality healthcare.

AWARDS

The Group has clinched numerous awards over the years. The awards are testament to the hard work, high quality of clinical care, commitment and passion of all our staff. Here are some of the highlights:

APAC Healthcare & Medical Tourism Awards 2018

The Global Health and Travel Awards recognises companies that have maintained consistently high standards in delivering quality care and pushed the boundaries of delighting their customers at every stage and in every interaction. Our Group received the following Global Health and Travel awards in 2018:

- Women's Health and Wellness Service Provider of the Year, in Singapore and Malaysia
- Paediatric Service Provider of the Year, in Singapore
- Best Integrated Healthcare Clinics, in Singapore
- Fertility Service Provider of the Year, in Malaysia
- ENT Service Provider of the Year, in Malaysia
- Diabetes Service Provider of the Year, in Malaysia

Singapore Health Quality Service Awards 2018

The Singapore Health Quality Service Awards honours healthcare professionals who have demonstrated remarkable commitment, and delivered quality care and excellent service. In 2018, TMC received seven gold and 52 silver awards.

Loyalty and Engagement Awards 2018

Thomson Celebrating Life Loyalty Programme clinched bronze for the Best Card-Based Loyalty Programme at the Marketing Interactive's Loyalty & Engagement Awards 2018.

Parentsworld 2018

TMC clinched the award for 'Best Private Hospital for Maternity Care' and our confinement food home delivery service was awarded 'Most Nutritious Confinement Food Delivery Service' in Parentsworld's Best of the Best 2018.

Healthcare Asia Awards 2018

THKD bagged the Service Delivery Innovation Initiative of the Year in Malaysia for its MedEx@Pharmacy initiative at the inaugural Healthcare Asia Awards 2018. MedEx@Pharmacy is a value-added service that allows existing patients to request repeat medications through an SMS text.

International Medical Travel Journal 2018

TMC Fertility is a multi award-winning and internationally-renowned Centre of Excellence. TMC Fertility was named the "International Fertility Clinic of the Year" and awarded "Best Quality Initiative" by the International Medical Travel Journal.

A BOND OF TRUST

A CELEBRATION OF LIFE

Built on the pillars of trust and integrity, **Thomson Hospital Kota Damansara** continues to value and respect our patients, our people and our partners. Together, we will build a journey of good health and wellness for the whole family.



Fertility Centre
operating since

1994



Hospital
operating since

2008



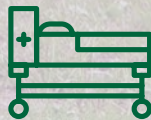
>100
Consultants



>20
Specialties



6
Fertility Centres



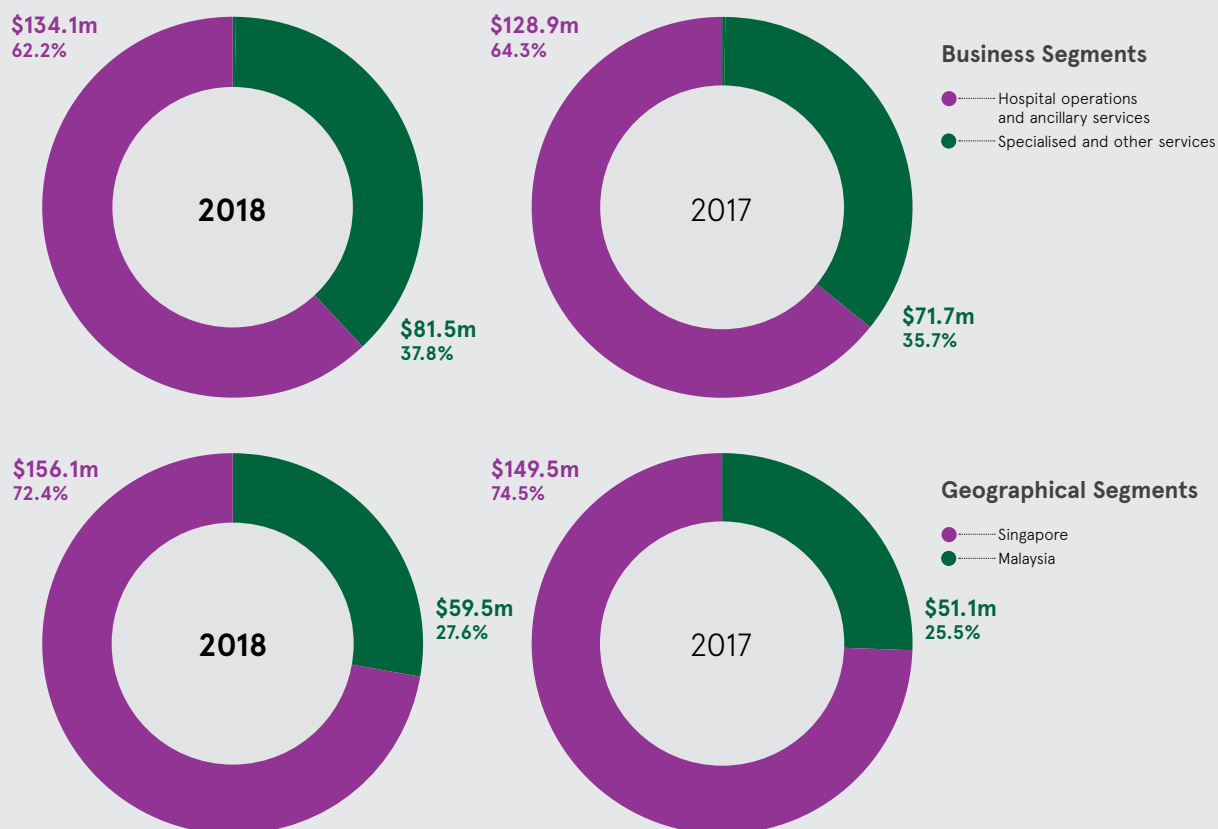
205
Licensed beds





FINANCIAL HIGHLIGHTS

REVENUE CONTRIBUTED BY SEGMENTS



Revenue

FY2017 — 200.6m
FY2018 — 215.6m

\$215.6m
▲ 7.5%



EBITDA

FY2017 — 51.7m
FY2018 — 51.7m

\$51.7m
▲ 0.1%



Operating Profit

FY2017 — 34.7m
FY2018 — 37.2m

\$37.2m
▲ 7.2%



EBITDA Margin

FY2017 — 25.8%
FY2018 — 24.0%

24.0%
▼ 1.8%



Net Assets Value per share

FY2017 — 2.40¢
FY2018 — 2.74¢

2.74¢
▲ 0.34¢

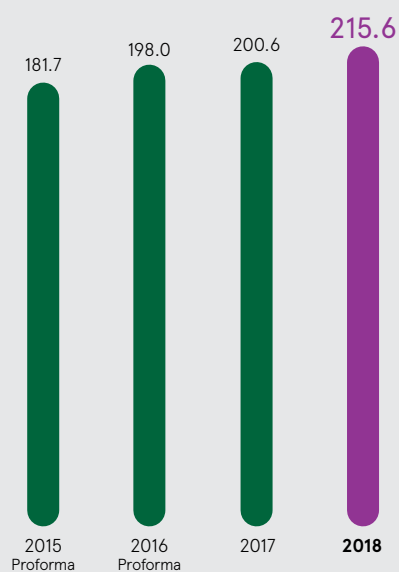
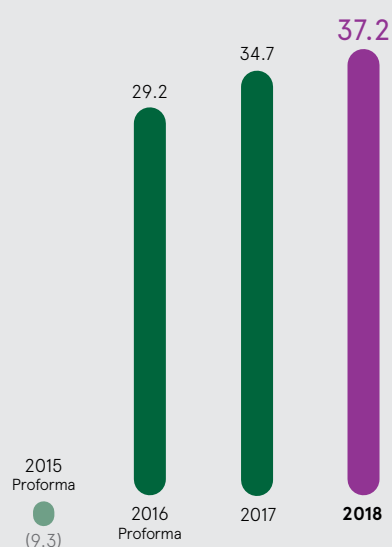


Equity Attributable to Owners

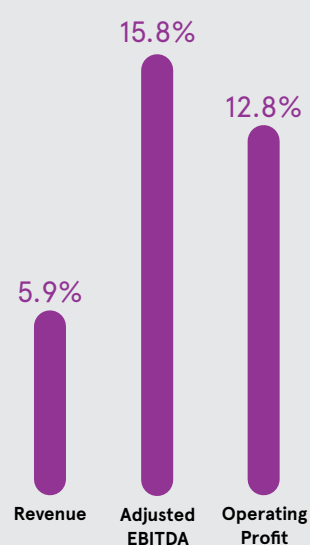
FY2017 — 621.1m
FY2018 — 714.0m

\$714.0m
▲ 15.0%

FINANCIAL SUMMARY

Revenue
(million)Adjusted EBITDA
(million)Operating Profit
(million)

Growth Rates



CONTINUING OPERATIONS	2015 million (Proforma)	2016 million (Proforma)	2017 million (Unaudited)	2018 million (Audited)
Revenue	181.7	198.0	200.6	215.6
Adjusted EBITDA ¹	33.3	39.2	51.7	51.7
Operating profit	(9.3)	29.2	34.7	37.2
Profit before tax	(14.6)	22.3	27.5	22.0
Profit after tax	(19.9)	14.8	21.1	14.7

¹ Adjusted for one-off transactions and non-recurring costs

CORPORATE INFORMATION

BOARD OF DIRECTORS

NG SER MIANG

Non-Executive Independent Chairman

QUEK HONG SHENG ROY

Executive Director and Chief Executive Officer

WILSON SAM

Executive Director and Chief Financial Officer

HENG KIM CHUAN FREDDIE

Non-Executive Non-Independent Director

LIM WEE KIAT

Non-Executive Non-Independent Director

ONG PANG LIANG

Independent Director

GARY HO KUAT FOONG

Independent Director

AUDIT AND RISK MANAGEMENT COMMITTEE

ONG PANG LIANG

Chairman

HENG KIM CHUAN FREDDIE

GARY HO KUAT FOONG

NOMINATING COMMITTEE

NG SER MIANG

Chairman

HENG KIM CHUAN FREDDIE

GARY HO KUAT FOONG

REMUNERATION COMMITTEE

GARY HO KUAT FOONG

Chairman

NG SER MIANG

ONG PANG LIANG

INVESTMENT COMMITTEE

HENG KIM CHUAN FREDDIE

GARY HO KUAT FOONG

ONG PANG LIANG

CORPORATE DISCLOSURE COMMITTEE

ONG PANG LIANG

Chairman

NG SER MIANG

QUEK HONG SHENG ROY

COMPANY SECRETARIES

FOO SOON SOO

LIM HOI LEONG

HASAN MALIK

SHARE REGISTRAR

M & C SERVICES PRIVATE LIMITED

112 Robinson Road
#05-01
Singapore 068902

INDEPENDENT AUDITOR

ERNST & YOUNG LLP

One Raffles Quay
North Tower Level 18
Singapore 048583

MAX LOH KHUM WHAI

Partner-in-charge
(Appointed in FY2018)

PRINCIPAL BANKERS

MALAYAN BANKING BERHAD

STANDARD CHARTERED BANK

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

OVERSEA-CHINESE BANKING CORPORATION LIMITED

REGISTERED OFFICE

101 Thomson Road #20-04/05
United Square Singapore 307591

Tel : (65) 6331 0188
Fax : (65) 6331 0180

Email :
contactus@thomsonmedicalgroup.com
Website :
www.thomsonmedicalgroup.com

CORPORATE GOVERNANCE REPORT

The Directors and Management of Thomson Medical Group Limited (the "**Company**" or "**TMG**") are committed to achieving high standards of corporate governance, to promote corporate transparency and to enhance shareholder value. It firmly believes that a good corporate governance is essential to the sustainability of the Company's business and performance.

We confirm that the Company has adhered to the principles and guidelines set out in the Code of Corporate Governance 2012 (the "**Code**") where applicable, and has identified and explained areas of non-compliance in this report.

The Annual Report should be read in totality for the Company's full compliance.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Board's Leadership and Control

The Board is collectively responsible for providing overall strategy and direction to the Management and the Group. Through the Board's leadership, the Group's businesses are able to achieve sustainable and successful performance.

The principal functions of the Board are as follows:

- (a) decide on matters in relation to the Group's activities which are of a significant nature, including decisions on strategic directions and guidelines and the approval of periodic plans and major investments and divestments;
- (b) oversee the business and affairs of the Company, establish, with Management, the strategies and financial objectives to be implemented by Management and monitor the performance of Management;
- (c) oversee process for evaluating the adequacy and effectiveness of internal controls and risk management systems;
- (d) set the Company's values and standards (including ethical standards); and
- (e) consider sustainability issues such as environmental and social factors as part of its strategic formulation.

Matters requiring the Board's decision and approval include:

- (a) major funding proposals, investments, acquisitions and divestments including the Group's commitment in terms of capital and other resources;
- (b) the annual budgets and financial plans of the Group;
- (c) annual and quarterly financial reports;
- (d) internal controls and risk management strategies and execution;
- (e) approval of transactions involving conflict of interest for a substantial shareholder or a Director or interested person transactions; and
- (f) appointment of directors and key management staff, including review of their performance and remuneration packages.

The Group has in place, financial authorisation limits for matters such as operating and capital expenditure, credit lines and acquisition and disposal of assets and investments, which require the approval of the Board.

CORPORATE GOVERNANCE REPORT

Codes of Conduct and Practices

All Directors are expected to objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Group. The Board has adopted a Code of Conduct and Ethics (including Conflicts of Interest) for Directors. This guides Directors in the discharge of their duties, requiring them to adhere to the highest standards of integrity and accountability. This Code covers key areas such as conflicts of interest, duty of confidentiality, loans to directors, directors' declaration of interest under the Companies Act, external appointments and dealings in shares. The Group also has an existing Code of Business Ethics and Employee Conduct Policy (Ethics Code), which is posted on the Company's intranet website, to regulate the ethical conduct of its employees. Codes of conduct and practices covering data protection and workplace health and safety are also posted on the Company's intranet website.

However, to ensure that specific issues are subject to in-depth and timely review, certain functions have been delegated to various Board Committees, which would submit its recommendations or decisions to the Board. The Board Committees constituted by the Board are the Audit and Risk Management Committee ("ARMC"), Remuneration Committee ("RC"), Nominating Committee ("NC"), Investment Committee ("IC") and Corporate Disclosure Committee ("CDC"). Each of these Board Committees has its own terms of reference setting out its duties and responsibilities which have been approved by the Board and reviewed on a regular basis.

The Board also sets the Group's values and standards and ensures that obligations to shareholders and other stakeholders are understood and met. Each member of the Board abstains from voting on any resolutions and making any recommendations and/or participating in respect of matters in which he/she is interested.

Board Attendance

The Board meets at least on a quarterly basis and as warranted by particular circumstances. The Board met six times in the financial year ended 31 December 2018 ("FY2018"), of which four were regular quarterly meetings and two were meetings to discuss other important and strategic matters.

Apart from board meetings, important or urgent matters concerning the Group are also presented for the Board's information or decision by way of written resolutions, fax, electronic mail or telephone conferencing.

If a director were unable to attend a board or board committee meeting, he or she would still receive all the papers and materials for discussion at that meeting. He or she would review them and advise the Chairman or board committee of his or her views and comments on the matters to be discussed, so that they may be conveyed to other members at the meeting.

A Director who is unable to attend any meeting in person may participate via tele-conference.

The table below sets out the attendance at meetings convened during the course of the financial year.

Name of Director	Board	ARMC	NC	RC	IC
Number of Meetings	6	4	2	3	-
Number of Meetings Attended					
Ng Ser Miang	6	-	2	3	-
Chan Lay Hoon ⁽²⁾	6	-	-	-	-
Quek Hong Sheng Roy ⁽¹⁾	4	-	-	-	-
Tan Wee Tuck ⁽²⁾	6	-	-	-	-
Lai Huen Poh ⁽²⁾	5	-	-	-	-
Heng Kim Chuan Freddie ⁽¹⁾	4	3	1	-	-
Ong Pang Liang	6	4	-	2	-
Gary Ho Kuat Foong	6	4	1	3	-
Dr. Lam Lee G ⁽²⁾	2	1	1	1	-

Note:

- Mr. Quek Hong Sheng Roy was appointed as Executive Director and Chief Executive Officer, Healthcare with effect from 25 April 2018.
Mr. Heng Kim Chuan Freddie was appointed as Non-Executive Non-Independent Director with effect from 25 April 2018.
- Dr. Lam Lee G resigned as Independent Director with effect from 25 April 2018.
Ms. Chan Lay Hoon resigned as Deputy Chairman and Non-Executive Non-Independent Director with effect from 31 January 2019.
Mr. Tan Wee Tuck resigned as Executive Director and Chief Executive Officer, Real Estate with effect from 31 January 2019.
Mr. Lai Huen Poh resigned as Executive Director and Senior Managing Director, RSP with effect from 31 January 2019.

CORPORATE GOVERNANCE REPORT

Training for Directors

Upon the appointment of a Director, the New Director will be provided with a formal letter setting out the key duties and responsibilities. New Director will receive comprehensive and tailored induction on joining the Board. This includes an orientation programme by Management which covers the key information, corporate structure, businesses and financials. The orientation programme will ensure that New Director is familiar with the duties as a director, as well as the business and governance practices of the Group. In addition, New Director will be introduced to the senior management during the orientation, thereby facilitating interaction and independent access to the senior management. Training will also be provided for first-time director in areas such as accounting, legal and industry-specific knowledge where appropriate.

Directors are updated regularly on changes in relevant laws and regulations, industry developments, business initiatives and challenges and analyst and media commentaries on matters related to the Company and its businesses. Apart from the Directors' ongoing training, Directors are informed and encouraged to attend, at the Company's expense, relevant training programmes conducted by Singapore Institute of Directors, Stock Exchange, and other business and financial institutions and consultants.

Directors may, at any time, request for further explanation, briefings or informal discussions on any aspect of the Group's operations or business issues from Management. They are also informed about matters such as the Code of Dealings in the Company's shares as they are privy to price sensitive information.

Board Composition and Guidance

Principle 2: Strong and Independent Board

For FY2018, the Board comprises eight members, three Independent Directors, two Non-Executive and Non-Independent Directors and three Executive Directors. The Independent Directors make up more than one-third of the Board. Each Director has been appointed on the strength of his/her calibre and experience.

The Board and NC are of the view, given the nature and scope of the Group's operations, that the composition of the Board encompasses an appropriate balance and diversity of skills, experience, knowledge and competencies. The Board consists of high calibre members with a wealth of knowledge, expertise and experience. The Board has contributed valuable direction and insight, drawing from their vast experiences in matters relating to business/management, accounting/finance, legal, industry knowledge, strategic planning, customer relations and general corporate matters. At board meetings, the Directors discussed corporate strategy, budgets and financial objectives as well as challenges arising from changes in the evolving competitive landscape, openly debate and exercise objective judgement, while always acting in the best interests of all shareholders.

The Non-Executive Directors, who make up more than half of the Board constructively challenge, and help develop proposals on strategy and review Management's performance in meeting performance targets and objectives and monitor the reporting of performance.

Review of Directors' Independence

The NC reviews annually whether a Director or potential candidate for the Board is considered an independent director bearing in mind the Code's definition of an 'independent director' and guidance as to the relationship, the existence of which would deem a Director not to be independent (Guideline 2.3).

Each Independent Director is required to declare on an annual basis whether he/she considers himself/herself to be independent and whether he/she has any relationships which would interfere, or be reasonably perceived to interfere with the exercise of his/her independent business judgement. All Independent Directors have confirmed their independence as defined in the Code. All Directors are also required to disclose their interests to the Board whenever there is a change in their interests. Taking into account the views of the NC, the Board also assesses whether each Independent Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement.

The NC has reviewed the independence of Mr. Ng Ser Miang, Mr. Ong Pang Liang and Mr. Gary Ho Kiat Foong and is satisfied that there are no relationships which would deem any of them not to be independent. As at the date of this report, there is no Independent Director who has been appointed for more than nine years from the date of his first appointment.

Key information regarding the Directors, including directorship and chairmanship both present and those held over the preceding three years in other listed companies, and other principal commitments, are set out in the Board of Directors' section and on pages 12 to 18 which provide further information on them.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Director

Principle 3: Clear division of responsibilities between Chairman and Chief Executive Officer ("CEO") to ensure a balance of power and authority

The Chairman and CEO of the Company are separate persons. The Chairman is a Non-Executive and Independent Director and also chairs the NC. He sets the agenda for Board meetings, ensures that adequate time is available for discussions of all agenda items, in particular, strategic issues, and that complete, adequate and timely information is made available to the Board. He encourages constructive relations within the Board and between the Board and Management, facilitates the effective contributions of non-executive Directors, and ensures effective communications with shareholders. He takes a lead role in promoting high standards of corporate governance, with the full support of the Directors, the Company Secretary and Management.

The Chairman and the CEO are not related. The CEO bears executive responsibility for the Group's business and implements the Board's decisions. The roles of the Chairman and the CEO are kept separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The Company does not have any lead Independent Director given that the Chairman and CEO are not the same person and are not immediate family members, and that the Chairman is not part of the Management team and is an Independent Director.

Board Membership

Principle 4: Formal and transparent process for appointment and re-appointment of directors.

The Board reviews the composition of the Board and Board Committee periodically, taking into account the need for progressive renewal of the Board and each Director's competencies, commitment, contribution and performance.

To ensure that the governance and business needs of the Group are adequately addressed, the NC regularly reviews the capabilities of the Directors collectively by taking into account their skills, experience, diversity, and company and industry knowledge.

The NC currently comprises three members, the majority of whom (including the NC Chairman) are Independent Directors.

Two NC meetings were held during the financial year ended 31 December 2018.

The functions of the NC include the following:

- (a) to identify candidates for nomination and make recommendations to the Board on all board appointments;
- (b) to re-nominate directors, having regard to the director's contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent director;
- (c) to determine annually whether a director is independent;
- (d) to review the balance and diversity of skills, experience, knowledge and competencies of the Board, and its size and composition;
- (e) to develop and recommend to the Board as a process for evaluation of the performance of the Board, Board Committee and directors;
- (f) to assess the effectiveness of the Board, the Board Committees and the contribution by each individual director to the effectiveness of the Board;
- (g) to review and recommend to the Board the succession plans for directors, in particular, the Chairman and the CEO;
- (h) to review and recommend the training and professional development programmes for the Board; and
- (i) to review the succession plans and the development programme for key executives.

CORPORATE GOVERNANCE REPORT

The NC regularly reviews the balance and mix of expertise, skills and attributes of the Directors in order to meet the business and governance needs of the Group.

Process for selection of new directors

The NC shortlists candidates with the appropriate profile for nomination or re-nomination and recommends them to the Board for approval. It looks out for suitable candidates to ensure continuity of Board talent. Some of the selection criteria used are integrity, independent-mindedness, diversity, ability to commit time and effort to the Board, track record of good decision-making, experience in high-performing companies and financial literacy. The Committee may seek advice from external search consultants where necessary.

During the meeting in February 2019, the NC has endorsed the appointment of Mr. Lim Wee Kiat as Non-Executive and Non-Independent Director and Mr. Wilson Sam as Executive Director and Chief Financial Officer of the Group ("**CFO**"). The NC took into consideration the directors' academic qualifications, experience and expertise and has made a recommendation to the Board for the approval of the appointments. Mr. Lim and Mr. Sam were appointed by the Board on 15 March 2019.

The Board does not have alternate directors as recommended by Guideline 4.5 of the Code.

Directors' time commitment

Where a Director has multiple Board representations, the NC will evaluate whether or not the Director is able to and has been adequately carrying out his or her duties as a Director of the Company. The Board is of the view that a limit on the number of listed company directorships that an individual may hold should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors such as whether they are in full-time employment and their other responsibilities. A Director with multiple directorships is expected to ensure that sufficient attention is given to the affairs of the Company.

The NC takes into account, among other things, in its annual review of each Director's ability to commit time to the affairs of the Company, the attendance records of the Directors at meetings of the Board and Board Committee, the competing time commitments faced by any such individual with multiple board memberships as well as their principal commitments.

The NC is satisfied that in FY2018, despite their other listed company board representations and other principal commitments, each of the Directors was able to give sufficient time and attention to the affairs of the Company, and was able to adequately carry out his/her duties as a Director of the Company.

Re-nomination of directors

Article 105 of the Company's Constitution ("**Constitution**") requires at least one-third of the Board to retire by rotation and subject themselves to re-election by shareholders at every AGM. This means that no Director stays in office for more than three years without being re-elected by shareholders.

Mr. Heng Kim Chuan Freddie and Mr. Gary Ho Kiat Foong will retire at the conclusion of the forthcoming AGM pursuant to Article 105 of the Constitution. Mr. Gary Ho will not seek for re-election. Mr. Heng has consented to re-election. The NC has recommended to the Board, the re-election of Mr. Heng. In making its recommendation the NC has taken into consideration the contribution and performance of Mr. Heng. The Board has accepted the NC's recommendation. Mr. Heng has abstained from the deliberation of the NC and the Board in respect of this nomination for re-election as Director.

The Constitution of the Company requires a Director appointed by the Board to hold office only until the next AGM and shall be eligible for re-election. Accordingly, Mr. Lim Wee Kiat and Mr. Wilson Sam who were appointed by the Board on 15 March 2019 will retire at the forthcoming AGM. Mr. Lim and Mr. Sam have consented to stand for re-election at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

Succession planning

The NC regards succession planning as an important part of corporate governance and has an internal process of succession planning for the Chairman, Directors, the CEO and senior Management, to ensure the progressive and orderly renewal of the Board and key executives.

The composition of the Board and Board Committees are set out below:

Name of Director	Date of first appointed/last re-appointment as Director	Board	ARMC	NC	RC	IC	CDC
Executive Directors							
Quek Hong Sheng Roy	25 April 2018/ NA	Member	-	-	-	-	Member
Wilson Sam	15 March 2019/ NA	Member	-	-	-	-	-
Tan Wee Tuck ⁽¹⁾	25 September 2013/ 26 April 2017	Member	-	-	-	-	Member
Lai Huen Poh ⁽¹⁾	25 September 2013/ 26 April 2017	Member	-	-	-	-	-
Non-Executive Non-Independent Director							
Heng Kim Chuan Freddie	25 April 2018/ NA	Member	Member	Member	-	Member	-
Lim Wee Kiat	15 March 2019/ NA	Member	-	-	-	-	-
Chan Lay Hoon ⁽¹⁾	1 December 2015/ 24 April 2018	Deputy Chairman	-	-	-	Chairman	-
Independent Directors							
Ng Ser Miang	1 December 2015/ 24 April 2018	Chairman	-	Chairman	Member	-	Member
Ong Pang Liang	1 January 2016/ 24 April 2018	Member	Chairman	-	Member	Member	Chairman
Gary Ho Kuat Foong	1 March 2015/ 26 April 2017	Member	Member	Member	Chairman	Member	-

Note:

1. Resigned on 31 January 2019

CORPORATE GOVERNANCE REPORT

Board Performance

Principle 5: Formal assessment of the effectiveness of the Board, Board Committees and contribution of each Director

The NC reviews the performance of the Board, Board Committees and individual Directors on an annual basis, based on performance criteria as agreed by the Board, and decides how this may be evaluated.

The Board has a process for assessing the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by the Chairman and individual Directors to the effectiveness of the Board.

The Board evaluation process involves having Directors complete a Questionnaire seeking their views on various aspects of the performance of the Board and Board Committees, such as Board composition, information, process and accountability. The Company Secretary compiles Directors' responses to the Questionnaire into a consolidated report. The report is discussed at the NC meeting and also shared with the Board. The NC assessed the performance of the Board as a whole, based on performance criteria (determined by the NC and approved by the Board), such as the Board's composition and size, the Board's access to information, Board processes, Board accountability, standard of conduct and performance of the Board's principal functions and fiduciary duties, and guidance to and communication with Management. The performance criteria do not change from year to year, unless the NC is of the view that it is necessary to change the performance criteria, for example, in order to align with any changes to the Code.

The Company also conducted a peer and self-evaluation to assess the performance of individual Directors. Performance criteria include factors such as the Director's attendance, preparedness, candour, participation and contribution at Board meetings, industry and business knowledge, functional expertise, and commitment and dedication. The results of the peer and self-evaluation are compiled by the Company Secretary and reviewed by the NC. The assessment will then be discussed with the Chairman.

Based on the results of the review, the NC is satisfied that the Board and its Board Committees are able to carry out and execute their duties and responsibilities effectively.

Access to Information

Principle 6: Provision of complete, adequate and timely information prior to board meetings and on an on-going basis

Complete, adequate and timely information

The Board is provided with quarterly financial accounts, and other financial statements and progress reports of the Group's business operations and performance reports by Management. The quarterly financial results and annual budget are presented to the Board for approval. The monthly internal financial statements are made available to members of the Board. The financial results are also compared against the budgets, together with explanations given for significant variances for the reporting period. The Board also receives regular updates on the industry and technological developments. Such reports enable Directors to keep abreast of key issues and developments in the industry, as well as challenges and opportunities for the Group.

As a general rule, board papers are sent to Directors one week in advance in order for Directors to be adequately prepared for the meeting. Senior Management attends Board meetings to answer any query from the Directors. The Directors also have unrestricted access to the Company Secretary and Management at all times. Directors are entitled to request from Management and be provided with such additional information as needed to make informed and timely decisions.

Company Secretary

The Company Secretary works closely with the Chairman in setting the agenda for board meeting. She attends all Board meetings and ensures that board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary's responsibilities include keeping the minutes of all board meetings, ensuring good information flow within the Board and its Board Committee, and between Management and non-executive Directors. The Company Secretary also organises orientation and training for new Directors, as well as provides updates and advises Directors on all governance matters. The Constitution provides that the appointment and removal of the Company Secretary is subject to the approval of the Board.

The Board is encouraged to take independent professional advice as and when necessary to enable it to discharge its responsibilities effectively. Subject to the approval of the Chairman, the Directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties at the Company's expense.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: Formal and transparent procedures for fixing remuneration packages of directors

The RC currently comprises three members, all of whom (including the RC Chairman) are Independent Directors. Three RC meetings were held in FY2018.

The functions of the RC include the following:

- (a) review and recommend to the Board of Directors a framework of remuneration for the Board, and key executives;
- (b) review and recommend to the Board the specific remuneration packages for each director, the CEO and key executives;
- (c) review all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits in kind;
- (d) review and administer the share and other incentive scheme(s) adopted by the Company and to decide on the allocation to eligible participants under the said scheme(s); and
- (e) review the Company's obligations arising in the event of termination of the executive directors' and key executives' contracts of service, where required, so as to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC has access to expert advice from independent consultants on remuneration policies.

Level and Mix of Remuneration

Principle 8: Appropriate remuneration to attract, retain and motivate directors and key management

The Company takes into account its long term interests and risk policies and has structured remuneration packages on measured performance indicators, taking into account financial and non-financial factors. The details are set out under Principle 9.

Disclosure on Remuneration

Principle 9: Clear disclosure on remuneration policy, level and mix

Directors' remuneration

Each Non-Executive Director's remuneration comprises a basic fee and an attendance fee. The Chairman of each Board Committee is also paid a higher fee compared with the members of the respective committees in view of the greater responsibility carried by that office.

The RC reviews the framework for Non-Executive Directors' remuneration taking into consideration the demands and responsibilities of the Non-Executive Directors, prevailing market conditions and referencing directors' fees against comparable benchmarks, while bearing in mind the overall performance of the Group. The total fees payable to Directors is subject to approval by the shareholders at the Annual General Meeting ("AGM").

The remuneration policy for the Executive Directors consists of two key components, that is, fixed cash and annual variable. The fixed component includes salary, provident fund contributions and other allowances. The variable component comprises a performance-based bonus which is payable on the achievement of individual and corporate performance targets and takes into account the risk policies. Executive Directors are not paid directors' fees. The remuneration policy has been endorsed by the RC and the Board.

No Director is involved in deciding his own remuneration.

CORPORATE GOVERNANCE REPORT

Details of Directors' remuneration for FY2018 are set out below: -

Remuneration band	Number of Directors	
	2018	2017
\$500,000 and above	1	-
\$250,000 and below \$500,000	2	3
Below \$250,000	6	5

Whilst the Code recommends that the Company fully disclose the remuneration of each individual Director and the CEO on a named basis, the Company has, given the sensitivity of remuneration matters, opted not to disclose the total remuneration of each individual Director in dollar terms to maintain confidentiality of the remuneration packages of these Directors. For the same reasons, the Company also does not provide an upper limit to the remuneration band of "\$500,000 and above".

A summary of the compensation for each individual Director for FY2018 is as follows:

	Directors' Fees (%)	Base/Fixed Salary (%)	Bonus and Benefits-in-kind ⁽¹⁾ (%)	Total (%)
Ng Ser Miang	100	-	-	100
Chan Lay Hoon	100	-	-	100
Quek Hong Sheng Roy	-	94	6	100
Tan Wee Tuck	-	96	4	100
Lai Huen Poh	-	92	8	100
Heng Kim Chuan Freddie	100	-	-	100
Ong Pang Liang	100	-	-	100
Gary Ho Kuat Foong	100	-	-	100
Dr. Lam Lee G ⁽²⁾	100	-	-	100

Note:

1. No options were granted in FY2018
2. Resigned on 25 April 2018

Remuneration of Key Management Personnel

The Company adopts a remuneration system that is responsive to the market element and performance of the Company and business divisions respectively.

The Code requires the remuneration of at least the top five key executives, who are not in the capacity of a Director or the CEO within bands of \$250,000, to be disclosed. However, due to commercial sensitivities, the Company believes that the disclosure of the remuneration of individual executives is disadvantageous to the business interest and long-term performance of the Group, especially in a highly competitive industry.

The Company had also not disclosed the total remuneration paid to its top five key executives (who are not Directors or the CEO) on a named basis or in aggregate, having regard to the sensitive and confidential nature of key executives' remuneration matters and to ensure the Company's competitive advantage in the retention of its key executives.

The Company adopts a remuneration policy for staff comprising a fixed component, a variable component, and benefits in kind. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the Company's and individual performance. The RC approves the bonus for distribution to staff based on the Company's and individual's performance.

CORPORATE GOVERNANCE REPORT

During the financial year under review, there are no employees in the Group who are immediate family members of a Director or the CEO, except as disclosed below.

A summary of the remuneration of employees who are immediate family members of a controlling shareholder or director for FY2018 is as follows:

Remuneration in the band from \$450,000 to \$500,000	
Tan Wee Tuck ⁽¹⁾	Executive Director and Chief Executive Officer, Real Estate is the nephew of the controlling shareholder, Mr. Lim Eng Hock
Remuneration in the band below \$250,000	
Vivien Heng Cheng Sim ⁽²⁾	An employee of the Group is the spouse of the Executive Director and Managing Director, RSP, Mr. Lai Huen Poh ⁽¹⁾

Notes:

(1) Resigned on 31 January 2019

(2) Retired on 30 November 2018

No termination, retirement and/or post-employment benefit was granted to any Director, the Chairman or the key executives for FY2018.

We have a share option scheme known as the "TMG (formerly known as Rowsley) Group Share Option Scheme 2012" which was approved by shareholders at the extraordinary general meeting held on 26 June 2012. The key terms of the share option scheme are set out in the circular dated 11 June 2012. No options have been granted under the scheme.

In addition, we have a share incentive scheme known as the "Share Grant Plan 2015" which was approved by shareholders at our extraordinary general meeting held on 29 April 2015. The key terms of the share incentive scheme are set out in the circular dated 14 April 2015. No shares have been awarded under the scheme.

ACCOUNTABILITY AND AUDIT

Principle 10: Board presents the company's performance, position and prospects

The Board announces its quarterly and full-year financial results which present a balanced and informed assessment of the Company's performance, position and prospects, via public announcements and through SGXNET.

The Board takes adequate steps through the establishment of appropriate internal policies to ensure compliance with legislative and regulatory requirements, including requirements under the SGX Listing Manual.

The Company recognises the importance of providing the Board with accurate and relevant information on a timely basis. Hence, Management provides the Board with management accounts and such explanation and information on a regular basis and as the Board may require from time to time, to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects. The Company also provides the Board with monthly reports on its financial performance.

Risk Management and Internal Controls

Audit and Risk Management Committee

Principle 11: Sound system of risk governance and internal controls

The Board, supported by the ARMC, oversees the Group's system of internal controls and risk management. The ARMC is in turn advised by the internal auditors who review the adequacy and effectiveness of material internal controls, including financial, operational, compliance and information technology controls. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the ARMC.

CORPORATE GOVERNANCE REPORT

During the financial year under review, the ARMC had reviewed the reports submitted by the internal auditors relating to the audits conducted to assess the adequacy and effectiveness of the Company's internal control systems put in place. A copy of the report is also issued to the relevant department for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored. In addition, major control weaknesses in financial reporting identified in the course of the statutory audit, if any, are highlighted by the external auditors to the ARMC.

Based on the work performed by the internal auditors, the statutory audit by the external auditors and reviews performed by Management, the ARMC is of the opinion that the Group has adequate and effective risk management systems and internal controls in place to mitigate critical and significant risks in the following areas: Financial, Operational, Compliance, and Information Technology Risks. The Board concurred with the ARMC.

While no system can provide absolute assurance against material loss or financial misstatement, the Group's internal financial controls are designed to provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained, and that the financial information used within the business and for publication is reliable. In reviewing these controls, the Directors have had regard to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them.

In addition, the ARMC and the Board has received assurance from the CEO and the CFO that (a) the financial records have been properly maintained and the financial statements for FY2018 give a true and fair view of the operations and finances; and (b) the risk management and internal control systems are effective.

Principle 12: Establishment of an Audit Committee with written terms of reference

The ARMC currently comprises three members, majority of whom, are Independent Directors, including the ARMC Chairman. All members of the ARMC are Non-Executive Directors. None of the ARMC members is a former partner or director of the existing auditing firm or auditing corporation. The Board is of the view that the members of the ARMC are appropriately qualified and have recent and relevant accounting/financial management expertise or experience to discharge the functions of the ARMC. The ARMC serves as a channel of communication between the Board and the internal and external auditors. Four ARMC meetings were held in FY2018.

The ARMC meets the Company's internal and external auditors without the presence of Management, once a year to review accounting, auditing and financial reporting matters. This is to ensure that an effective control environment is maintained in the Group. The ARMC also reviews proposed changes in accounting policies and discusses the accounting implications of major transactions. In addition, the ARMC also advises the Board regarding the adequacy of the Group's internal controls and the content and presentation of its quarterly and annual financial statements.

Specifically, the key responsibilities of the ARMC include:

- (i) review the annual audit plans and audit reports of external and internal auditors;
- (ii) review the quarterly, half-yearly and full-year financial statements of the Group prior to their submission to the Board;
- (iii) review the significant financial reporting issues and judgements made by Management so as to ensure the integrity of the financial statements and any formal announcements relating to financial performance of the Group;
- (iv) review the assurance provided by the CEO and CFO regarding the financial records being properly maintained and the financial statements giving a true and fair view of the Group's operations and finances;
- (v) review and report to the Board at least annually the adequacy and effectiveness of the risk management and internal control systems, including financial, operational and compliance and information technology controls;
- (vi) review and make recommendations to the Board on the appointment, re-appointment and removal of the external and internal auditors, and approving the remuneration and terms of engagement of the external auditors;
- (vii) review the scope, results and effectiveness of the external and internal audits, and the independence and objectivity of the external and internal auditors annually, and the nature and extent of non-audit services supplied by the external auditors so as to maintain objectivity;

CORPORATE GOVERNANCE REPORT

- (viii) review interested person transactions (“IPT”) to consider whether they are on normal commercial terms and are not prejudicial to the interests of the Group or its minority shareholders; and
- (ix) review the Company’s whistleblowing policy, and to ensure that arrangements are in place for concerns about possible improprieties in matters of financial reporting or other matters to be raised and independently investigated, and for appropriate follow-up action to be taken.

The ARMC is authorised to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any Director or Management to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

External Auditors

The ARMC has conducted an annual review of the performance of the external auditor and the volume of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, before confirming their re-nomination. Details of the aggregate amount of fees paid to the external auditors for FY2018, and a breakdown of the fees in total for audit and non-audit services respectively, can be found on page 99.

Code of Dealings in Securities

The Group has in place a Code of Dealings in TMG’s securities, which prohibits dealings in TMG securities by all Directors of the Company and its subsidiaries, and certain employees, within certain trading periods. The “black-out” periods are two weeks prior to the announcement of the Company’s financial statements for each of the first three quarters of its financial year and one month prior to the announcement of the Company’s full year financial statements. Directors and employees are also reminded to observe insider trading laws at all times, and not to deal in TMG securities when in possession of any unpublished price-sensitive information regarding the Group, or on short-term considerations. The Company issues quarterly reminders to its Directors, relevant officers and employees on the restrictions in dealings in listed securities of the Group as set out above, in compliance with Rule 1207(19) of the SGX Listing Manual.

Whistleblowing Policy

The Group also has a Whistleblowing Policy which is posted on the Company’s corporate website, to allow staff and external parties such as suppliers, customers, contractors and other stakeholders, to raise concerns or observations in confidence to the Company, about possible irregularities for independent investigation and appropriate follow up action to be taken. Such concerns include dishonesty, fraudulent act, corruption, legal breaches and other serious improper misconduct, unsafe work practices and any other conduct that may cause financial or non-financial loss to the Group or damage to the Group’s reputation.

Internal Audit

Principle 13: Establishment of an internal audit function that is independent of the functions it audits

The Board believes it is crucial to put in place a system of internal controls of procedures and processes to safeguard the assets and shareholders’ interests, and to manage risks.

The ARMC has appointed BDO LLP as the internal auditors. The internal auditors report directly to the Chairman of the ARMC and report administratively to the CFO. The internal auditors have unfettered access to all of the documents, records, properties and personnel, including access to the ARMC.

The internal auditors are guided by the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The ARMC reviews the adequacy of the internal audit function annually to ensure that the internal audits are performed effectively. The findings and recommendations of the internal auditors, the management’s responses, and the management’s implementation of the recommendations have been reviewed and approved by the ARMC. The ARMC is of the view that the internal audit function is independent, effective and adequately resourced.

Investment Committee

The Board, supported by the IC, oversees the Company’s investment evaluations and making assessments as to the suitability and profitability of the Company’s participation in business projects. The key responsibilities of the IC, as set out in its terms of reference, include reviewing the Group’s investment management and activities, assessing and evaluating investment, development and divestment opportunities, overseeing strategies and issues impacting the Group’s overall risk profile, reviewing analysis of risks and assumptions associated with existing and new investments, and evaluating all investment, development and divestment opportunities which require the Board’s approval and making recommendations to the Board.

CORPORATE GOVERNANCE REPORT

Corporate Disclosure Committee

The Board, supported by the CDC, oversees the Company's corporate disclosure matters. The key responsibilities of the CDC, as set out in its terms of reference, include reviewing and approving certain SGXNet announcements and/or press release and pursuing best practices in terms of transparency disclosure.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Fair and equitable treatment of shareholders

The Group encourages shareholder participation, and ensures that shareholders have the opportunity to participate effectively at general meetings.

All TMG shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights.

To facilitate the exercise of shareholders' rights, the Company ensures that all material information relating to the Company and its financial performance is disclosed in an accurate and timely manner via SGXNET. Shareholders are also informed of rules, including voting procedures that govern the general meeting.

Any notice of a general meeting of shareholders is issued at least 14 days before the scheduled date of such meeting. Under the Constitution, ordinary shareholders are entitled to attend and vote at the general meeting by person or proxy.

To facilitate voting, the Constitution allows all shareholders (who are not relevant intermediaries as defined under the Companies Act, Chapter 50) who are unable to attend and vote, to appoint up to two proxies to attend general meetings and vote on their behalf.

The Group respects the equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure. All price-sensitive information is publicly released prior to any sessions with individual investors or analyst.

Communication with Shareholders

Principle 15: Regular, effective and fair communication with shareholders

We have put in place an investor relations policy. The Board is mindful of the obligation to provide regular, effective and fair communication to shareholders. In line with the continuous disclosure obligations pursuant to the rules of the SGX-ST Listing Manual and the provisions of the Companies Act, the Board endeavours to keep shareholders informed of all of the major developments on a timely basis. Where there is an inadvertent disclosure made to a select group, we will make the same disclosure via SGXNet and where relevant, followed by a news release. We disclose major events and pertinent information through SGXNet and press releases in various print media.

All results, corporate announcements and shareholder reports are issued promptly and within prescribed periods.

In addition, we have appointed an investor relations firm to promote effective communication with shareholders. Any questions from shareholders could either be raised to the investor relations firm or us. These will be addressed by Management and/or the relevant person-in-charge.

Analyst and/or media briefings will also be held, where necessary.

Following the amendments to the Listing Manual to allow listed companies to send documents to shareholders, including circulars and annual reports, using electronic communications, the Company also makes available a digital format of the Annual Report for FY2018 ("**Annual Report**"). The Annual Report, as well as the Company's Letter to Shareholders, are published on the Company's corporate website, www.thomsonmedicalgroup.com. All shareholders of the Company will receive the notice of AGM, proxy form and request form to request for hard copies of the Annual Report and/or Letter to Shareholders.

Any pay outs of dividends declared being interim or final will be clearly communicated to shareholders in public announcements and via announcements on SGXNET when the Company discloses its financial results.

CORPORATE GOVERNANCE REPORT

Conduct of Shareholder Meetings

Principle 16: Greater shareholder participation at general meetings.

The Company is in full support of shareholder participation at general meetings. The general meeting procedures allow shareholders to raise questions relating to each resolution tabled for approval, and to participate, engage and openly communicate their views on matters relating to the Group.

The Company does not allow a shareholder to vote in absentia at general meetings, except through the appointment of a proxy, attorney or in the case of a corporation, a corporate representative, to cast their vote in their stead.

At general meetings, each distinct issue is proposed as a separate resolution. All resolutions are put to the vote by electronic poll voting. Independent scrutineers are appointed to conduct the voting process and verify votes after each resolution. The results of electronic poll voting are announced instantaneously at the meeting. The outcome of the general meeting is promptly announced on SGXNET after the general meeting.

The Company prepares minutes of general meetings and makes these minutes available to shareholders upon their request.

All Directors, including the chairman of the ARMC, NC, RC, IC, and CDC, and Senior Management, are in attendance at the AGMs and Extraordinary General Meetings to allow shareholders the opportunity to air their views and ask Directors or Management questions regarding the Company. The external auditors also attend the AGMs to assist the Directors in answering any queries relating to the conduct of the audit and the preparation and content of the auditors' report. The AGM is held within four months after the close of the financial year.

Other information

Interested person transactions

All transactions with interested persons are reviewed and reported to the ARMC for approval. The transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company or its minority shareholders. The Company's disclosures in respect of interested person transactions (IPT) for the financial year ended 31 December 2018 are as follows:

Name of Interested Person	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all Interested Person Transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	\$'000	\$'000
Lim Eng Hock (controlling shareholder)	849	Nil

Save for the interested person transactions disclosed above, there were no other material contracts entered into by the Company and its subsidiaries involving the interests of its chief executive officer, directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

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DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Thomson Medical Group Limited (the Company) and its subsidiaries (collectively, the Group) and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018.

Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Ng Ser Miang	
Quek Hong Sheng Roy	(Appointed on 25 April 2018)
Wilson Sam	(Appointed on 15 March 2019)
Heng Kim Chuan Freddie	(Appointed on 25 April 2018)
Lim Wee Kiat	(Appointed on 15 March 2019)
Ong Pang Liang	
Gary Ho Kuat Foong	

Arrangements to enable directors to acquire shares and debentures

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

DIRECTORS' STATEMENT

Directors' interests in shares or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares, warrants and debentures of the Company and related corporations as stated below:

Name of director	Direct interest held in the name of the director or nominee		Deemed interest	
	At the beginning of financial year or date of appointment	At the end of financial year	At the beginning of financial year or date of appointment	At the end of financial year
Thomson Medical Group Limited				
<i>Ordinary shares</i>				
Ng Ser Miang	3,000,000	3,000,000	2,200,000	2,200,000
Lai Huen Poh	146,777,400	146,777,400	–	–
Ong Pang Liang	5,000,000	5,000,000	–	–
<i>Bonus warrants issued at an exercise price of \$0.08 for each share¹</i>				
Ng Ser Miang	–	6,000,000	–	4,400,000
Lai Huen Poh	–	293,554,800	–	–
Ong Pang Liang	–	10,000,000	–	–
<i>Note Programme²</i>				
Tan Wee Tuck	2	–	–	–
Subsidiary of the Company				
<u>TMC Life Sciences Berhad</u>				
<i>Employees' share option scheme³</i>				
Quek Hong Sheng Roy	3,500,000	3,500,000	–	–
Heng Kim Chuan Freddie	2,000,000	2,000,000	–	–

(1) On 25 April 2018, the Company issued and allotted 9,476,834,822 bonus warrants (Bonus Warrant) to the shareholders pursuant to the very substantial acquisition of Sasteria Pte Ltd. Each Bonus Warrant entitles the warrant holder to subscribe for one new ordinary share in the share capital of the Company at an original exercise price of \$0.09 for each new share. These warrants are exercisable from 25 April 2018 to 24 April 2019. Under the terms and conditions of the Bonus Warrants, the exercise price of the Bonus Warrants may be adjusted as a result of certain events. On 23 January 2019, the exercise price of the Bonus Warrants has been adjusted to \$0.08. At the end of the financial year, a total of 9,475,704,822 Bonus Warrants were outstanding.

(2) This refers to the \$100 million Notes issued under the \$500 million Medium Term Notes (MTN) established by the Company on 17 November 2014. The Notes held by the director has an aggregate principal amount of \$500,000. The Company has fully redeemed the Notes during the year.

(3) This refers to the employees' share option scheme (as described below) in which options were granted by the subsidiary to the directors have lapsed following the resignation of the directors on 25 January 2019.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2019.

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

DIRECTORS' STATEMENT

Share options

TMG Group Share Option Scheme 2012 (the Scheme)

The Scheme (formerly known as Rowsley Group Share Option Scheme 2012) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 26 June 2012. The Scheme is administered by a committee which consists of directors of the Company.

During the financial year, there were:

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

As at the end of the financial year, there were no unissued shares of the Company under the Scheme.

TMCLS Employees' Share Option Scheme (ESOS)

The Company's subsidiary, TMC Life Sciences Berhad (TMCLS) implemented an ESOS scheme in 2015 for a period of five (5) years till 28 May 2020. The ESOS which is administered by the Option Committee (OC) of the subsidiary, is granted to eligible directors and employees (Eligible Persons) of TMCLS to subscribe for shares in TMCLS.

The main features of the ESOS are as follows:

- (a) The Eligible Persons 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;
- (b) 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 TMCLS at any time during the existence of the ESOS;
- (c) The option granted to the Eligible Persons 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:
 - (i) 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, hold 20% or more of the issued and paid-up ordinary share capital (excluding treasury shares) of TMCLS.
- (d) An option granted under ESOS may be exercised by the grantee upon achieving the vesting conditions set by the OC and is subject to the allotment of shares of 20% per year over the vesting period of five (5) years; and
- (e) The shares shall on issue and allotment rank pari passu in all respects with the then existing issued shares of TMCLS.

Details of the options to subscribe for ordinary shares of TMCLS pursuant to the ESOS as at 31 December 2018 are as follows:

Expiry date	Exercise Price (MYR)	Number of options
28 May 2020	0.75	15,093,000
28 May 2020	0.94	12,035,000
		<u>27,128,000</u>

Since the commencement of the ESOS till the end of the financial year, the options granted by TMCLS do not entitle the holder of the options to participate, by virtue of the options, in any share issue of any other corporation, other than the TMG Group Share Option Scheme 2012 and Share Grant Plan 2015.

DIRECTORS' STATEMENT

Share incentive

The Share Grant Plan 2015 (the Plan) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 29 April 2015. The Plan is administered by a committee which consists of directors of the Company.

During the financial year, there were no shares awarded by the Company to any person pursuant to the release of awards granted under the Plan.

Warrants

- (a) On 25 April 2018, the Company issued and allotted 9,476,834,822 bonus warrants to existing shareholders on the basis of two bonus warrants for every one existing ordinary share pursuant to the very substantial acquisition of Sasteria Pte Ltd. Each bonus warrant carried the right to subscribe for one ordinary share in the share capital of the Company at an original exercise price of \$0.09 which has been adjusted to \$0.08 with effect from 23 January 2019 in cash during the exercise period. The bonus warrants will expire on 24 April 2019. At the end of the financial year, 9,475,704,822 bonus warrants were outstanding.

During the financial year, 1,130,000 bonus warrants have been exercised and 1,130,000 new ordinary shares were issued.

Additionally, pursuant to the bonus warrants, 9,476,834,822 piggyback warrants will be issued and allotted to the bonus warrant holders on the basis of one piggyback warrant for every one bonus warrant exercised. Each piggyback warrant entitles the piggyback warrant holder to subscribe for one new ordinary share in the share capital of the Company at the original exercise price of \$0.12, which has been adjusted to \$0.11 with effect from 23 January 2019, in cash. The piggyback warrant will expire on 24 April 2022. At the end of the financial year, 1,130,000 piggyback warrants have been issued and allotted to the bonus warrant holders.

- (b) TMCLS has a total of 866,344,784 outstanding warrants, issued on 25 June 2015 and expiring on 21 June 2019. These warrants can be exercised into an aggregate of up to 866,344,784 ordinary shares of TMCLS, at an exercise price of MYR0.75 per share during the exercise period.

DIRECTORS' STATEMENT

Audit and Risk Management Committee

The Audit and Risk Management Committee (ARMC) carried out the functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, and in accordance with the Singapore Exchange Securities Trading Limited's Listing Manual, including the Code of Corporate Governance. The functions performed are detailed in the Corporate Governance Report.

Auditor

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

On behalf of the board of directors:

Quek Hong Sheng Roy
Director

Heng Kim Chuan Freddie
Director

Singapore
29 March 2019

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2018
To the members of Thomson Medical Group Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Thomson Medical Group Limited (the Company) and its subsidiaries (collectively, the Group), which comprise the statements of financial position of the Group and Company as at 31 December 2018, the statements of changes in equity of the Group and Company, and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Basis for opinion

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

Key audit matters

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

We have fulfilled our responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to 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 for our audit opinion on the accompanying financial statements.

Impairment of goodwill and property and equipment attributable to BB Waterfront Sdn Bhd

As at 31 December 2018, the carrying amount of the Group's goodwill arising from the acquisition of BB Waterfront Sdn Bhd (BBWF) is \$63,667,000. The carrying value of BBWF's property and equipment, which comprises mainly freehold land located in Johor Bahru, Malaysia, amounted to \$68,818,000. The aggregate value of goodwill and property and equipment attributable to BBWF represents 8.9% of the Group's total assets.

Cash-generating units (CGUs) to which goodwill and property and equipment have been allocated is tested for impairment annually and whenever there is an indication that the carrying value of the CGU may be impaired. Impairment is determined for goodwill and property and equipment by assessing the recoverable amount of each CGU (or group of CGUs) to which the assets relate. For the purpose of the impairment assessment, management has identified BBWF as a CGU.

Management has assessed the recoverable amount of BBWF based on value-in-use (VIU) calculations using cash flow projections from financial budgets approved by management. This assessment requires management to make judgements over certain key inputs for the projections in relation to growth rates, pre-tax discount rates and market share assumptions.

Given the significance of the goodwill and property and equipment attributable to BBWF, and significant judgement and estimation involved in assessing the recoverable amount of BBWF, we have identified this as a key audit matter.

INDEPENDENT AUDITOR'S REPORT

Key audit matters (cont'd)

Impairment of goodwill and property and equipment attributable to BB Waterfront Sdn Bhd (cont'd)

Our audit procedures included, amongst others, reviewing management's assessment of the recoverable amount of BBWF. This includes assessing the reasonableness of the key assumptions used in the VIU calculations in relation to growth rates and market share, and comparing these assumptions against historical trends and available industry data. We also assessed the reasonableness of the pre-tax discount rates used to determine the present value of the recoverable amount of BBWF by comparing to external observable data, with the assistance of our internal valuation specialists. We further reviewed management's analysis of the sensitivity of the recoverable amount to changes in the key assumptions.

In addition, we assessed the adequacy of the disclosures related to goodwill and property and equipment in Note 2.4(b) Business combinations and goodwill, Note 2.7 Property and equipment, Note 2.8 Intangible assets, Note 2.11 Impairment of non-financial assets, Note 3.2(b) Impairment of goodwill, Note 3.2(c) Impairment of property and equipment attributable to BBWF, Note 13 Property and equipment and Note 14 Intangible assets to the financial statements.

Impairment of investment property and development property located in Johor Bahru, Malaysia

As at 31 December 2018, the Group's investment property and development property located in Johor Bahru, Malaysia amounted to \$150,606,000 and \$142,916,000 respectively, which in aggregate represented 19.7% of the Group's total assets. Investment property is carried at cost less impairment losses, whilst development property is carried at the lower of cost and net realisable value (NRV). These assets are held through a wholly-owned subsidiary, Vantage Bay JB Sdn. Bhd. (VBJB).

Management performs an impairment review on the investment property and development property when there are indicators of impairment. Management assessed the recoverable amount of the investment property and the NRV of the development property based on valuations obtained from an independent valuer. These valuations involve various underlying assumptions and techniques used by the independent valuer.

Given the magnitude of these assets and significant judgement and estimation involved in assessing the recoverable amount of the investment property and in assessing the NRV of the development property, we have identified this as a key audit matter.

Our audit procedures included, amongst others, reviewing management's assessment of the recoverable amount of the investment property and the NRV of the development property. This includes evaluating the objectivity, competence and capability of the independent valuer. We also involved our internal valuation specialists in assessing the appropriateness of the valuation method and key assumptions used in the valuations, such as the size and location of the investment property and development property, by comparing to available industry data and taking into consideration current market factors.

We also assessed the adequacy of the disclosures related to investment property and development property in Note 2.9 Investment property, Note 2.10 Development property, Note 2.11 Impairment of non-financial assets, Note 3.2(d) Impairment of investment property and development property, Note 17 Investment property and Note 19 Development property to the financial statements.

Revenue from architectural and engineering services

On 1 January 2018, the Group adopted SFRS(I) 15 *Revenue from Contracts with Customers*. The Group's revenue from architectural and engineering services amounted to \$79,876,000 for the financial year ended 31 December 2018. The revenue from these services are generated from the Group's subsidiaries included in discontinued operation and disposal group classified as held for distribution as at 31 December 2018 (the Real Estate Business). The revenue from these services continues to be recognised over time in profit or loss, measured by reference to the percentage of contract costs incurred to-date to the total budgeted costs for each project. On recognition of revenue over time, the amount of revenue and resultant profit or loss recognised in a year, and the identification of loss-making projects, is dependent, amongst others, on the total budgeted costs to be incurred for each project. The estimation of budgeted costs for each project is subject to uncertainty as a result of the extent of estimation involved in assessing the total costs to complete each project and amounts of variation claims from service providers. Further, if specific circumstances arise, such as contract prepayments or contract modifications, this may result in a risk of incorrect recognition of revenue. As such, we have identified revenue from architectural and engineering services as a key audit matter.

INDEPENDENT AUDITOR'S REPORT

Key audit matters (cont'd)

Revenue from architectural and engineering services (cont'd)

To address the risk of material misstatement relating to revenue from architectural and engineering services, our audit procedures included, amongst others, obtaining an understanding of the internal controls with respect to project budgeting and monitoring process, inquiring management on the status of on-going and significant projects, and assessing the adequacy of provision for onerous contracts through comparison of total contract revenue against actual costs incurred to date and costs to complete each project. We also evaluated the appropriateness of the budgeted costs by testing the reasonableness of the key inputs such as total manpower resources and sub-contractor costs, and considered the implications of changes in budget estimates. The progress of material projects were discussed with management, including the identification of potential delays or cost overruns that may require revision in budgeted costs.

In addition to the above procedures, we assessed the adequacy of the disclosures related to revenue in Note 2.24 Revenue, Note 3.2(e) Revenue from architectural and engineering services, Note 4 Revenue and Note 11 Discontinued operation and disposal group classified as held for distribution to the financial statements.

Other information

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITOR'S REPORT

Other matter*Unaudited comparative figures*

The consolidated financial statements of the Group for the financial year ended 31 December 2017 and the consolidated statement of financial position of the Group as at 1 January 2017 were not audited and our opinion does not relate to the consolidated financial statements of the Group for the financial year ended 31 December 2017 and the consolidated statement of financial position of the Group as at 1 January 2017.

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Max Loh Khum Whai.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore
29 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the financial year ended 31 December 2018

		2018 \$'000	2017 \$'000
			Unaudited
<u>Continuing operations</u>			
Revenue	4	215,610	200,579
Other income	5	6,126	7,643
Inventories and consumables used		(44,657)	(40,425)
Staff costs	8	(60,330)	(57,522)
Depreciation and amortisation expenses		(11,528)	(10,379)
Other operating expenses		(68,038)	(65,242)
Profit from operating activities		37,183	34,654
Finance income		3,031	2,691
Finance costs	6	(18,173)	(9,890)
Net finance costs		(15,142)	(7,199)
Profit before tax from continuing operations	7	22,041	27,455
Income tax expense	10	(7,341)	(6,331)
Profit from continuing operations, net of tax		14,700	21,124
<u>Discontinued operation</u>			
Loss from discontinued operation, net of tax	11	(10,640)	(40,421)
Profit/(loss) for the year		4,060	(19,297)
Attributable to:			
Owners of the Company, net of tax			
Profit from continuing operations		10,843	16,269
Loss from discontinued operation		(8,682)	(38,602)
Profit/(loss) for the year attributable to owners of the Company		2,161	(22,333)
Non-controlling interests, net of tax			
Profit from continuing operations		3,857	4,854
Loss from discontinued operation		(1,958)	(1,818)
Profit for the year attributable to non-controlling interests		1,899	3,036
Earnings per share from continuing operations attributable to owners of the Company (cents per share)			
Basic	12(a)	0.042	0.062
Diluted	12(a)	0.041	0.062
Earnings/(loss) per share (cents per share)			
Basic	12(b)	0.008	(0.086)
Diluted	12(b)	0.008	(0.086)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	2018 \$'000	2017 \$'000
		Unaudited
Profit/(loss) for the year	4,060	(19,297)
Other comprehensive income:		
<i>Item that will not be reclassified to profit or loss</i>		
Net change in fair value of equity instruments at fair value through other comprehensive income (FVOCI)	(878)	–
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net change in fair value of available-for-sale financial assets	–	(101)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	–	143
Foreign currency translation	(308)	12,949
Other comprehensive income for the year, net of tax	(1,186)	12,991
Total comprehensive income for the year	2,874	(6,306)
Attributable to:		
Owners of the Company	806	(12,224)
Non-controlling interests	2,068	5,918
Total comprehensive income for the year	2,874	(6,306)
Attributable to:		
Owners of the Company		
Total comprehensive income from continuing operations, net of tax	7,991	27,085
Total comprehensive income from discontinued operation, net of tax	(7,185)	(39,309)
Total comprehensive income for the year attributable to owners of the Company	806	(12,224)

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

		Group			Company		
	Note	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
			Unaudited				
ASSETS							
Non-current assets							
Property and equipment	13	345,784	400,743	388,393	399	123	161
Intangible assets	14	489,130	547,688	568,910	–	–	–
Investment in subsidiaries	15	–	–	–	2,294,803	463,781	507,416
Investment in associates	16	–	27,321	26,866	–	–	–
Investment property	17	150,606	151,612	148,444	–	–	–
Other investments	18	–	1,940	2,041	–	–	–
Deferred tax assets	25	–	532	548	–	–	–
		985,520	1,129,836	1,135,202	2,295,202	463,904	507,577
Current assets							
Development property	19	142,916	143,152	140,163	–	–	–
Contract assets	4	–	32,422	35,863	–	–	–
Inventories	20	5,540	5,175	4,462	–	–	–
Trade and other receivables	21	22,939	57,301	55,992	175,843	4,543	10,007
Cash and short-term deposits	22	121,745	140,991	148,462	6,141	5,881	6,644
		293,140	379,041	384,942	181,984	10,424	16,651
Assets of disposal group classified as held for distribution	11	210,406	–	–	154,041	–	–
		503,546	379,041	384,942	336,025	10,424	16,651
Total assets		1,489,066	1,508,877	1,520,144	2,631,227	474,328	524,228

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

	Note	Group			Company		
		2018 \$'000	2017 \$'000	1 Jan 2017 \$'000	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
			Unaudited				
Current liabilities							
Contract liabilities	4	3,410	9,374	6,416	–	–	–
Trade and other payables	23	40,235	70,159	61,110	1,839	5,707	2,563
Amounts due to the ultimate controlling shareholder		9,811	437,391	467,142	9,811	–	–
Income tax payable		8,316	8,622	8,887	–	–	–
Interest-bearing loans and borrowings	24	236,636	100,120	1,024	129,569	99,906	–
Purchase consideration payable	26	–	800	–	–	–	–
		298,408	626,466	544,579	141,219	105,613	2,563
Liabilities directly associated with disposal group classified as held for distribution	11	57,603	–	–	–	–	–
		356,011	626,466	544,579	141,219	105,613	2,563
Net current assets/ (liabilities)		147,535	(247,425)	(159,637)	194,806	(95,189)	14,088
Non-current liabilities							
Deferred tax liabilities	25	6,960	11,510	10,185	–	20	20
Interest-bearing loans and borrowings	24	341,665	121,102	215,914	–	–	99,526
Purchase consideration payable	26	–	12,842	11,513	–	–	–
Provision	27	297	194	189	–	–	–
		348,922	145,648	237,801	–	20	99,546
Total liabilities		704,933	772,114	782,380	141,219	105,633	102,109
Net assets		784,133	736,763	737,764	2,490,008	368,695	422,119

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

	Note	Group			Company		
		2018 \$'000	2017 \$'000	1 Jan 2017 \$'000	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
		Unaudited					
Equity attributable to owners of the Company							
Share capital	28	2,772,209	788,267	782,967	2,772,209	788,267	782,967
Accumulated losses		(97,499)	(99,660)	(77,327)	(282,201)	(419,572)	(360,848)
Other reserves	29	(1,959,396)	(67,471)	(77,400)	–	–	–
Reserve of disposal group classified as held for distribution	11	(1,276)	–	–	–	–	–
		714,038	621,136	628,240	2,490,008	368,695	422,119
Non-controlling interests		70,095	115,627	109,524	–	–	–
Total equity		784,133	736,763	737,764	2,490,008	368,695	422,119
Total equity and liabilities		1,489,066	1,508,877	1,520,144	2,631,227	474,328	524,228

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

Group	Equity, total \$'000	Equity attributable to owners of the Company \$'000	Share capital (Note 28) \$'000	Attributable to owners of the Company							Reserve of disposal group classified as held for distribution (Note 11) \$'000	Non- controlling interests \$'000
				Merger reserve \$'000	Foreign currency translation reserve \$'000	Capital reserve \$'000	Warrant reserve \$'000	Fair value reserve \$'000	Statutory reserve \$'000	Assets revaluation reserve \$'000	Accumulated losses \$'000	
2018												
Opening balance at 1 January 2018 (FRS framework)	740,688	625,061	788,267	100	(86,390)	2,791	15,426	405	197	89,462	(185,197)	-
Cumulative effects of adopting SFRS(I) framework	(3,925)	(3,925)	-	-	-	-	-	-	-	(89,462)	85,537	-
Opening balance at 1 January 2018 (SFRS(I) framework)	736,763	621,136	788,267	100	(86,390)	2,791	15,426	405	197	-	(99,660)	-
Profit for the year	4,060	2,161	-	-	-	-	-	-	-	-	2,161	1,899
Other comprehensive income												
Net change in fair value of equity instruments at FVOCI	(878)	(878)	-	-	-	-	-	(878)	-	-	-	-
Foreign currency translation	(308)	(477)	-	-	(477)	-	-	-	-	-	-	169
Other comprehensive income for the year, net of tax	(1,186)	(1,355)	-	-	(477)	-	-	(878)	-	-	-	169
Total comprehensive income for the year	2,874	806	-	-	(477)	-	-	(878)	-	-	2,161	2,068
Contributions by and distributions to owners												
Shares issued for acquisition of a subsidiary	1,984,000	1,984,000	1,984,000	-	-	-	-	-	-	-	-	-
Shares issued on conversion of warrants	102	102	102	-	-	-	-	-	-	-	-	-
Shares issuance expenses	(160)	(160)	(160)	-	-	-	-	-	-	-	-	-
Grant of equity-settled share options to employees	219	-	-	-	-	-	-	-	-	-	-	219
Acquisition of subsidiary under common control	(1,842,469)	(1,842,469)	-	(1,842,469)	-	-	-	-	-	-	-	-
Dividends paid to non-controlling interests of subsidiaries	(1,177)	-	-	-	-	-	-	-	-	-	-	(1,177)
Total contributions by and distributions to owners	140,515	141,473	1,983,942	(1,842,469)	-	-	-	-	-	-	-	(958)

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

	Attributable to owners of the Company												
	Equity, total \$'000	Equity attributable to owners of the Company \$'000	Share capital (Note 28) \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Capital reserve \$'000	Warrant reserve \$'000	Fair value reserve \$'000	Statutory reserve \$'000	Assets revaluation reserve \$'000	Accumulated losses \$'000	Reserve of disposal group classified as held for distribution (Note 11) \$'000	Non- controlling interests \$'000
Group													
2018													
Changes in ownership interests in subsidiaries													
Acquisition of non-controlling interests without a change in control	(94,201)	(49,377)	-	-	-	(49,377)	-	-	-	-	-	-	(44,824)
Dilution of equity interests in a subsidiary due to the exercise of employee share options	29	-	-	-	-	-	-	-	-	-	-	-	29
Disposal of subsidiaries	(1,847)	-	-	-	-	-	-	-	-	-	-	-	(1,847)
Total transactions with owners in their capacity as owners	(96,019)	(49,377)	-	-	-	(49,377)	-	-	-	-	-	-	(46,642)
Others													
Reversal attributable to disposal group classified as held for distribution	-	-	-	-	1,000	-	-	473	(197)	-	-	(1,276)	-
Total others	-	-	-	-	1,000	-	-	473	(197)	-	-	(1,276)	-
Closing balance at 31 December 2018	784,133	714,038	2,772,209	(1,842,369)	(85,867)	(46,586)	15,426	-	-	-	(97,499)	(1,276)	70,095

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

Group	Attributable to owners of the Company											Non-controlling interests \$'000
	Equity, total \$'000	Equity attributable to owners of the Company \$'000	Share capital (Note 28) \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Capital reserve \$'000	Warrant reserve \$'000	Fair value reserve \$'000	Statutory reserve \$'000	Assets revaluation reserve \$'000	Accumulated losses \$'000	
Unaudited												
2017												
Opening balance at 1 January 2017 (FRS framework)	407,400	405,260	782,967	-	(72,159)	-	-	363	197	-	(306,108)	2,140
Acquisition of subsidiary under common control	329,058	221,674	-	100	(24,298)	2,971	15,426	-	-	84,231	143,244	107,384
Cumulative effects of adopting SFRS(I) framework	1,306	1,306	-	-	-	-	-	-	-	(84,231)	85,537	-
Opening balance at 1 January 2017 (SFRS(I) framework)	737,764	628,240	782,967	100	(96,457)	2,971	15,426	363	197	-	(77,327)	109,524
Loss for the year	(19,297)	(22,333)	-	-	-	-	-	-	-	-	(22,333)	3,036
Other comprehensive income												
Net change in fair value of available-for-sale financial assets	(101)	(101)	-	-	-	-	-	(101)	-	-	-	-
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	143	143	-	-	-	-	-	143	-	-	-	-
Foreign currency translation	12,949	10,067	-	-	10,067	-	-	-	-	-	-	2,882
Other comprehensive income for the year, net of tax	12,991	10,109	-	-	10,067	-	-	42	-	-	-	2,882
Total comprehensive income for the year	(6,306)	(12,224)	-	-	10,067	-	-	42	-	-	(22,333)	5,918

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

Group	Attributable to owners of the Company											Non-controlling interests \$'000
	Equity attributable to owners of the Company \$'000	Share capital (Note 28) \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Capital reserve \$'000	Warrant reserve \$'000	Fair value reserve \$'000	Statutory reserve \$'000	Assets revaluation reserve \$'000	Accumulated losses \$'000		
Unaudited												
2017												
Contributions by and distributions to owners												
Shares issued for acquisition of a subsidiary	5,360 (60)	5,360 (60)	-	-	-	-	-	-	-	-	-	
Shares issuance expenses		(60)	-	-	-	-	-	-	-	-	-	
Grant of equity-settled share options to employees	409	-	-	-	-	-	-	-	-	-	409	
Exercise of warrants in a subsidiary	12	-	-	-	-	-	-	-	-	-	12	
Dividends paid to non-controlling interests of subsidiaries	(1,034)	-	-	-	-	-	-	-	-	-	(1,034)	
Total contributions by and distributions to owners	4,687	5,300	5,300	-	-	-	-	-	-	-	(613)	
Changes in ownership interests in subsidiaries												
Acquisition of non-controlling interests without a change in control	(20)	-	-	-	-	-	-	-	-	-	(20)	
Dilution of equity interests in a subsidiary due to the exercise of employee share options	638	(180)	-	-	(180)	-	-	-	-	-	818	
Total transactions with owners in their capacity as owners	618	(180)	-	-	(180)	-	-	-	-	-	798	
Closing balance at 31 December 2017	736,763	621,136	788,267	100	(86,390)	2,791	15,426	405	197	(99,660)	115,627	

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

Company	Equity, total \$'000	Share capital (Note 28) \$'000	Accumulated losses \$'000
2018			
Opening balance at 1 January 2018	368,695	788,267	(419,572)
Loss for the year, representing total comprehensive income for the year	(38,970)	–	(38,970)
<u>Contributions by and distributions to owners</u>			
Shares issued for acquisition of a subsidiary	1,984,000	1,984,000	–
Shares issued on conversion of warrants	102	102	–
Share issuance expense	(160)	(160)	–
Gain from novation of shareholder's loans	176,341	–	176,341
Total transactions with owners in their capacity as owners	2,160,283	1,983,942	176,341
Closing balance at 31 December 2018	2,490,008	2,772,209	(282,201)
2017			
Opening balance at 1 January 2017	422,119	782,967	(360,848)
Loss for the year, representing total comprehensive income for the year	(58,724)	–	(58,724)
<u>Contributions by and distributions to owners</u>			
Shares issued for acquisition of a subsidiary	5,360	5,360	–
Share issuance expense	(60)	(60)	–
Total transactions with owners in their capacity as owners	5,300	5,300	–
Closing balance at 31 December 2017	368,695	788,267	(419,572)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

	Note	2018 \$'000	2017 \$'000
			Unaudited
Operating activities			
Profit before tax from continuing operations		22,041	27,455
Loss before tax from discontinued operation	11	(10,220)	(39,927)
Profit/(loss) before tax, total		11,821	(12,472)
<u>Adjustments for:</u>			
Allowance for expected credit losses on trade debts, net		598	2,580
Amortisation of financing fees on bank loan		1,188	129
Bad debts written off		52	35
Depreciation of property and equipment	13	14,836	13,739
Amortisation of intangible assets	14	2,662	5,085
Fair value changes on purchase consideration payable		(7,878)	(8,511)
Loss on disposal of other investments		144	–
Gain on disposal of subsidiaries	15(d)	(2,505)	–
Loss/(gain) on disposal of property and equipment		166	(27)
Property and equipment written off		592	1,399
Provision for/(reversal of) allowance for onerous contracts/foreseeable losses		545	(436)
Impairment loss on development and investment properties		1,984	–
Impairment loss on intangible assets		8,267	34,343
Impairment loss on available-for-sale financial assets		–	143
Transaction costs on corporate exercise		1,494	6,640
Share of results of associates from discontinued operation		(1,002)	(2,252)
Finance income		(3,127)	(2,781)
Finance costs		17,762	10,332
Unrealised exchange loss/(gain)		24	(83)
Grant of equity-settled share options to employees		219	409
Total adjustments		36,021	60,744
Operating cash flows before changes in working capital		47,842	48,272
<u>Changes in working capital:</u>			
Increase in inventories		(537)	(720)
(Increase)/decrease in trade and other receivables and contract assets		(3,881)	1,630
Decrease in trade and other payables and contract liabilities		4,869	7,939
Total changes in working capital		451	8,849
Cash flows from operations		48,293	57,121
Interest income received		3,285	2,781
Income taxes paid		(11,074)	(7,734)
Net cash flows from operating activities		40,504	52,168

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

	Note	2018 \$'000	2017 \$'000
			Unaudited
Investing activities			
Acquisition of warrants		(25,000)	–
Purchase of other investments		(405)	–
Dividend received from associate		2,200	2,873
Expenditure on investment property	17	(41)	(3)
Investment in associate		–	(70)
Expenses paid in relation to the acquisition of Sasteria Pte. Ltd.		(3,178)	(3,404)
Proceeds from disposal of other investments		275	–
Purchase of property and equipment	A	(24,139)	(24,205)
Purchase of intangible assets		(193)	(472)
Proceeds from disposal of property and equipment		10	276
Net cash inflow on acquisition of subsidiary	15(e)	–	1,954
Net cash inflow/(outflow) on disposal of subsidiaries	15(d)	3,187	(907)
Net cash flows used in investing activities		(47,284)	(23,958)
Financing activities			
Proceeds from exercise of employee share options		29	638
Proceeds from exercise of warrants		102	12
Share issuance expense		(160)	(60)
Repayment of interest-bearing loans and borrowings		(105,501)	(27)
Decrease in amount due to the ultimate controlling shareholder		(355,250)	(29,751)
Proceeds from interest-bearing loans and borrowings		492,486	3,707
Changes in pledged deposits		(1,130)	(758)
Dividends paid to non-controlling interests of subsidiaries		(1,177)	(1,034)
Interest paid		(19,211)	(10,332)
Net cash flows generated from/(used in) financing activities		10,188	(37,605)
Net increase/(decrease) in cash and cash equivalents		3,408	(9,395)
Effect of exchange rate changes on cash and cash equivalents		(38)	1,166
Cash and cash equivalents at 1 January		135,541	143,770
Cash and cash equivalents at 31 December	22	138,911	135,541

A. *Purchase of property and equipment*

During the year, the Group acquired property and equipment with an aggregate cost of \$26,716,000 (2017: \$24,456,000). The additions were by way of cash payments of \$24,139,000 (2017: \$24,205,000), increase in provision for restoration costs of \$103,000 (2017: \$5,000) and other payables of \$2,474,000 (2017: \$246,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

1. Corporate information

Thomson Medical Group Limited (the Company) is a limited liability Company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 101 Thomson Road, #20-04/05, United Square, Singapore 307591.

The principal activities of the Company are those of investments, investment holding and strategic investments and other related activities. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

With effect from 27 March 2018, the Company changed its name from Rowsley Ltd. to Thomson Medical Group Limited.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

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

The financial statements are presented in Singapore Dollars (SGD or \$) and all values in the tables are rounded to the nearest thousand (\$'000), except when otherwise indicated.

During the financial year ended 31 December 2018, the Company completed the very substantial acquisition of Sasteria Pte. Ltd. (Sasteria). The consolidated financial statements of the Group for the financial year ended 31 December 2018 have been prepared based on the pooling of interest method as described in Note 2.4(c) as the Company and Sasteria are under common control. Accordingly, the comparatives are unaudited, and have been restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the Group's consolidated financial statements.

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative financial information for the year ended 31 December 2017, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's and the Company's opening statements of financial position were prepared as at 1 January 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Summary of significant accounting policies (cont'd)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.
- SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.
- The Group has elected to regard the fair values of certain property and equipment as their deemed cost at the date of transition to SFRS(I) on 1 January 2017. As a result, fair value adjustment and asset revaluation reserve of \$1,306,000 and \$84,231,000 respectively have been reclassified to accumulated losses as at 1 January 2017 and \$5,100,000 and \$89,462,000 respectively have been reclassified to accumulated losses as at 31 December 2017.
- The comparative information do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 *Financial Instruments*

On 1 January 2018, the Group adopted SFRS(I) 9 *Financial instruments*, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. There was no significant impact arising from the Group's adoption of SFRS(I) 9.

SFRS(I) 15 *Revenue from Contracts with Customers*

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group applied SFRS(I) 15 retrospectively and has elected to apply the exemption in SFRS(I) 1 to apply the following practical expedients in accordance with the transition provisions in SFRS(I) 15:

- For completed contracts, the Group has not restated contracts that begin and end within the same year or are completed contracts at 1 January 2017. Had the Group elected not to apply this practical expedient, the amount of revenue recorded for the prior year would have been lower;
- For the comparative year ended 31 December 2017, the Group has not disclosed the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the corresponding revenue is expected to be recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Summary of significant accounting policies (cont'd)

2.2 *First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)*

The Group is in the business of rendering healthcare related package services and provision of architectural and engineering services. The key impact of adopting SFRS(I) 15 is detailed as follows:

(a) *Rendering of healthcare related package services*

The Group provides healthcare related package services to its customers. Revenue from rendering of these package services is recognised based on the stage of completion of the transaction at the end of the reporting period. Management has assessed that the stage of completion, which determined by the number of sessions utilised as a percentage of the total sessions sold in a package, is an appropriate measure of progress towards completion satisfaction of these performance obligations under SFRS(I) 15.

Upon adoption of SFRS(I) 15, the Group reclassified deferred revenue of \$2,702,000, \$3,757,000 and \$3,410,000 to contract liabilities as at 1 January 2017, 31 December 2017 and 2018 respectively.

(b) *Provision of architectural and engineering services*

The Group provides architectural, civil and structural engineering, master planning and mechanical and engineering services. Revenue from providing these services is recognised based on the stage of completion of the transaction at the end of the reporting period. Management has assessed that the stage of completion, which is measured by reference to the percentage of contract costs incurred to date to the estimated total cost of the contract, is an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

Upon adoption of SFRS(I) 15, the group reclassified work-in-progress of \$35,863,000 and \$32,422,000 to contract assets and excess of progress billing over work-in-progress of \$3,714,000 and \$5,617,000 to contract liabilities as at 1 January 2017 and 31 December 2017 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Summary of significant accounting policies (cont'd)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)

The following is the reconciliation of the impact arising from the first-time adoption of SFRS(I) including application of the new accounting standards on 1 January 2017 to the statement of financial position of the Group.

Group	1 Jan 2017 (FRS) \$'000	← Adjustments → SFRS(I) 1 SFRS(I) 15 \$'000 \$'000		1 Jan 2017 (SFRS(I)) \$'000
Assets				
Non-current assets				
Other non-current assets	746,809	–	–	746,809
Property and equipment	387,087	1,306	–	388,393
	1,133,896	1,306	–	1,135,202
Current assets				
Other current assets	349,079	–	–	349,079
Work-in-progress	35,863	–	(35,863)	–
Contract assets	–	–	35,863	35,863
	384,942	–	–	384,942
Total assets	1,518,838	1,306	–	1,520,144
Equity and liabilities				
Current liabilities				
Excess of progress billings over work-in-progress	3,714	–	(3,714)	–
Contract liabilities	–	–	6,416	6,416
Deferred revenue	2,702	–	(2,702)	–
Other current liabilities	538,163	–	–	538,163
	544,579	–	–	544,579
Non-current liabilities	237,801	–	–	237,801
Total liabilities	782,380	–	–	782,380

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Summary of significant accounting policies (cont'd)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)

Group	1 Jan 2017 (FRS) \$'000	← Adjustments → SFRS(I) 1 SFRS(I) 15 \$'000 \$'000		1 Jan 2017 (SFRS(I)) \$'000
Equity attributable to owners of the Company				
Share capital	782,967	–	–	782,967
Accumulated losses	(162,864)	85,537	–	(77,327)
Other reserves	6,831	(84,231)	–	(77,400)
	626,934	1,306	–	628,240
Non-controlling interests	109,524	–	–	109,524
Total equity	736,458	1,306	–	737,764
Total equity and liabilities	1,518,838	1,306	–	1,520,144

The following is the reconciliation of the impact arising from the first-time adoption of SFRS(I) including application of the new accounting standards on 31 December 2017 to the statement of financial position of the Group.

Group	31 Dec 2017 (FRS) \$'000	← Adjustments → SFRS(I) 1 SFRS(I) 15 \$'000 \$'000		31 Dec 2017 (SFRS(I)) \$'000
Assets				
Non-current assets				
Other non-current assets	729,093	–	–	729,093
Property and equipment	405,843	(5,100)	–	400,743
	1,134,936	(5,100)	–	1,129,836
Current assets				
Work-in-progress	32,422	–	(32,422)	–
Contract assets	–	–	32,422	32,422
Other current assets	346,619			346,619
	379,041	–	–	379,041
Total assets	1,513,977	(5,100)	–	1,508,877

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Summary of significant accounting policies (cont'd)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)

Group	31 Dec 2017 (FRS) \$'000	Adjustments SFRS(I) 1 SFRS(I) 15 \$'000 \$'000		31 Dec 2017 (SFRS(I)) \$'000
Equity and liabilities				
Current liabilities				
Excess of progress billings over work-in-progress	5,617	–	(5,617)	–
Contract liabilities	–	–	9,374	9,374
Deferred revenue	3,757	–	(3,757)	–
Other current liabilities	617,092	–	–	617,092
	626,466	–	–	626,466
Non-current liabilities				
Deferred tax liabilities	12,685	(1,175)	–	11,510
Other non-current liabilities	134,138	–	–	134,138
	146,823	(1,175)	–	145,648
Total liabilities	773,289	(1,175)	–	772,114
Equity attributable to owners of the Company				
Share capital	788,267	–	–	788,267
Accumulated losses	(185,197)	85,537	–	(99,660)
Other reserves	21,991	(89,462)	–	(67,471)
	625,061	(3,925)	–	621,136
Non-controlling interests	115,627	–	–	115,627
Total equity	740,688	(3,925)	–	736,763
Total equity and liabilities	1,513,977	(5,100)	–	1,508,877

The adoption of SFRS(I) does not have any impact to the statement of financial position of the Company as at 1 January 2017 and 31 December 2017.

The first-time adoption of SFRS(I) and application of the new accounting standards does not have any impact on the total comprehensive income of the Group for the financial year ended 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
SFRS(I) 16 <i>Leases</i>	1 January 2019
Amendments to SFRS(I) 1-28 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 is described below.

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on statements of financial position. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

- (i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or
- (ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019; and
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Summary of significant accounting policies (cont'd)

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

SFRS(I) 16 Leases (cont'd)

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets of \$13,965,000 and lease liabilities of \$13,965,000 for its leases previously classified as operating leases as of 1 January 2019.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

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

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

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

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

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated are tested for impairment annually and whenever there is an indication that the cash-generating units may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Summary of significant accounting policies (cont'd)

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

(c) Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements or from the date the entities had come under common control, if later.

2.5 Transactions with non-controlling interests

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

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

2.6 Functional and foreign currency

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

(a) Transactions and balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Summary of significant accounting policies (cont'd)

2.6 Functional and foreign currency (cont'd)

(b) Consolidated financial statements

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

2.7 Property and equipment

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

Freehold land has an unlimited useful life and therefore is not depreciated.

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

	Years
Long term leasehold land	99
Building and improvements	10 – 50
Renovations	5 – 13
Furniture and fittings	5 – 10
Medical, electrical equipment and appliances	3 – 13
Office equipment and computers	3 – 10
Motor vehicles	5 – 10

Construction-in-progress are not depreciated as these assets are not yet available for use.

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

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are 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 are treated as changes in accounting estimates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Summary of significant accounting policies (cont'd)

2.8 *Intangible assets (cont'd)*

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

(a) Customer relationship

Customer relationship recognised in a business combination is amortised on a straight line basis over its finite useful life of 2.8 years.

(b) Hospital management

Hospital management recognised in a business combination is amortised on a straight line basis over its finite useful life of 4.8 years.

(c) Computer software

Computer software have a finite useful life and are amortised over the period of estimated useful life of 3 to 10 years on a straight-line basis.

(d) Order backlog

Order backlog, which was acquired by the Group, comprises remaining architectural contract revenues that have yet to be invoiced to customers. It has a finite useful life and is measured at cost less accumulated amortisation and accumulated impairment losses.

(e) Customer contract

Customer contract, which was acquired by the Group, comprises contracts pertaining to the Group's right of certain entities' revenue in relation to the services provided under these agreements. It has a finite useful life and is measured at cost less accumulated amortisation and accumulated impairment losses.

2.9 *Investment property*

Investment property is property that is owned by the Group that are held either to earn rental income or for capital appreciation or for both, rather than for use in the production or supply of goods or services or for administrative purposes, or in the ordinary course of business.

Investment property is stated at cost and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation

No depreciation is provided on freehold land included in the investment property.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Summary of significant accounting policies (cont'd)

2.10 *Development property*

Development property is a property acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development property is measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities. Cost includes an appropriate share of development overheads allocated based on normal capacity.

Borrowing costs that are directly attributable to the acquisition and development of the property under development are capitalised as part of property under development during the period of development.

Net realisable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.11 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

2.12 *Subsidiaries*

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

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment losses.

2.13 *Associates*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Summary of significant accounting policies (cont'd)

2.13 Associates (cont'd)

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

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

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

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

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

2.14 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

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

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

Subsequent measurement

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Summary of significant accounting policies (cont'd)

2.14 Financial instruments (cont'd)

(a) Financial assets (cont'd)

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

De-recognition

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

2.15 Impairment of financial assets

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

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

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

The Group considers a financial asset in default when contractual payments are 150 to 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Summary of significant accounting policies (cont'd)

2.16 *Cash and cash equivalents*

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

2.17 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a weighted average basis.

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

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

2.18 *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 the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.19 *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the government grant is presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset.

Where the grant relates to income, the government grant is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented under other income.

2.20 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Summary of significant accounting policies (cont'd)

2.21 *Employee benefits*

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee share option plans*

Certain employees of the subsidiary receive remuneration in the form of share options as consideration for services rendered. These share options are denominated in Malaysian Ringgit. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The employee share option reserve is transferred to retained earnings upon expiry of the share option.

(c) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.22 *Leases*

As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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. The accounting policy for rental income is set out in Note 2.24(f). Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Summary of significant accounting policies (cont'd)

2.23 *Non-current assets held for distribution and discontinued operations*

Non-current assets and disposal groups classified as held for distribution are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for distribution if their carrying amounts will be recovered principally through a sale or distribution rather than through continuing use. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for distribution have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property and equipment and intangible assets once classified as held for distribution are not depreciated or amortised.

2.24 *Revenue*

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

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

(a) *Rendering of services*

Revenue from the provision of consultations, clinical treatments, medical tests and operations are recognised upon the completion of the services rendered. Revenue from rendering of package services are recognised by reference to the stage of completion of the transaction at the end of the reporting period, determined by the number of sessions utilised as a percentage of the total sessions sold in a package.

(b) *Sale of goods*

Revenue from the sale of goods is recognised upon the transfer of control of the goods to the customer, usually on delivery of the goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(c) *Sale of development property - overseas*

Revenue from sales of development property is only recognised upon the transfer of control and significant risks and rewards of ownership of the property to the buyer. This generally coincides with the point in time when the development unit is delivered to the buyer. No revenue is recognised when there is significant uncertainty as to the collectability of consideration due or the possible return of units sold.

(d) *Contract revenue from architectural, civil and structural engineering, master planning, and mechanical and engineering services*

Revenue is recognised in profit or loss when the relevant services are rendered. Revenue is recognised in profit or loss using the stage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total cost for the contract.

Estimated foreseeable losses on uncompleted contracts are made on a contract by contract basis. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately in the profit or loss.

When the outcome of a contract cannot be estimated reliably, revenue is recognised in profit or loss only to the extent of contract costs incurred that is expected to be recoverable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Summary of significant accounting policies (cont'd)

2.24 Revenue (cont'd)

(e) Hospitality services

Revenue from the rental of hotel rooms and other hotel facilities is recognised when the services are rendered. Revenue from the sale of food and beverage is recognised when the goods are delivered.

(f) 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.

(g) Interest income

Interest income is recognised using the effective interest method.

(h) Dividends

Dividend income from subsidiaries and associates are recognised in profit or loss when the right to receive payment is established. Dividend income from quoted and unquoted financial assets are recognised in profit or loss as and when it is received.

(i) Management consultancy fee

Management consultancy fee income is recognised when the services are rendered.

2.25 Taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Summary of significant accounting policies (cont'd)

2.25 Taxes (cont'd)

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

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

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

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

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

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

(c) *Sales tax*

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Summary of significant accounting policies (cont'd)

2.26 *Share capital and share issuance expenses*

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

2.27 *Contingencies*

A contingent liability is:

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

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgements and estimates

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

3.1 *Judgments made in applying accounting policies*

Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) *Income tax*

The Group has exposure to income taxes in Singapore and Malaysia. Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable and deferred tax liabilities as at 31 December 2018 are \$8,316,000 (31 December 2017: \$8,622,000; 1 January 2017: \$8,887,000) and \$6,960,000 (31 December 2017: \$11,510,000; 1 January 2017: \$10,185,000) respectively.

(b) *Impairment of goodwill*

As disclosed in Note 14 to the financial statements, the recoverable amounts of the cash generating units (CGUs) to which the goodwill has been allocated to are determined based on their value in use calculations. The value in use calculations are based on discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 14 to the financial statements.

The carrying amount of goodwill as at 31 December 2018 is \$488,077,000 (31 December 2017: \$537,742,000, 1 January 2017: \$564,467,000).

(c) *Impairment of property and equipment attributable to BB Waterfront Sdn Bhd (BBWF)*

The property and equipment attributable to BBWF comprises mainly freehold land located in Johor Bahru, Malaysia, and is carried at cost less accumulated depreciation and any accumulated impairment loss. The recoverable amount of the CGU to which these assets are attributable to, i.e. BBWF, is determined based on BBWF's value in use calculation. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 14 to the financial statements in conjunction with the impairment of goodwill allocated to BBWF.

As at 31 December 2018, the carrying value of BBWF's property and equipment amounted to \$68,818,000 (31 December 2017: \$67,752,000, 1 January 2017: \$65,648,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(d) *Impairment of investment property and development property*

The Group's investment property and development property are located in Johor Bahru, Malaysia. Investment property is carried at cost less impairment losses, whilst development property is carried at net realisable value. For the purposes of impairment assessment, the Group engaged real estate valuation experts to assess the fair value of these assets as at 31 December 2018. The fair values of the investment property and development property are determined by independent real estate valuation experts using the Market Comparison Method. This means that the fair values are based on active market prices, adjusted for any difference in the nature, location or condition of the specific asset.

As at 31 December 2018, the Group's investment property and development property amounted to \$150,606,000 (31 December 2017: \$151,612,000, 1 January 2017: \$148,444,000) and \$142,916,000 (31 December 2017: \$143,152,000, 1 January 2017: \$140,163,000) respectively.

(e) *Revenue from architectural and engineering services*

The Group recognises revenue from architectural and engineering services over time. The amount of revenue recognised over time is measured by reference to the percentage of contract costs incurred to-date to the total budgeted costs for each project. Significant judgement and estimation is required in determining the total budgeted costs for each project as a result of the extent of estimation involved in assessing the total costs to complete each project and amounts of variation claims from service providers.

The Group conducts regular reviews of all of its projects. The Group constantly monitors and reviews the progress of all projects taking into consideration all inputs from both internal project managers and external customers' project managers in order to determine the total estimated costs. The reviews include evaluating any potential risks and factors which may affect the timely completion of the projects. The review also encompasses a cost analysis process whereby both actual cost incurred and future costs-to-complete are examined. The estimated future cost-to-complete takes into consideration potential manpower resources needed to complete the project and external services required. Based on these reviews, provisions are made for contracts that are determined to be onerous.

For the financial year ended 31 December 2018, the Group's revenue from architectural and engineering services amounted to \$79,876,000 (2017: \$76,379,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

4. Revenue

(a) Disaggregation of revenue

	Hospital operations and ancillary services		Specialised and other services		Investment holdings		Total revenue	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
		Unaudited		Unaudited		Unaudited		Unaudited
<u>Primary geographical markets</u>								
Singapore	84,265	86,088	71,878	63,357	–	–	156,143	149,445
Malaysia	49,808	42,786	9,518	8,266	141	82	59,467	51,134
	134,073	128,874	81,396	71,623	141	82	215,610	200,579
<u>Major product or service lines</u>								
Rendering of services, including sale of goods	131,345	126,274	81,365	71,610	–	–	212,710	197,884
Rental income	2,728	2,600	31	13	141	82	2,900	2,695
	134,073	128,874	81,396	71,623	141	82	215,610	200,579
<u>Timing of transfer of goods or services</u>								
At a point in time	128,773	124,910	74,424	64,785	–	–	203,197	189,695
Over time	5,300	3,964	6,972	6,838	141	82	12,413	10,884
	134,073	128,874	81,396	71,623	141	82	215,610	200,579

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

4. Revenue (cont'd)

(b) *Judgement and methods used in estimating revenue*

Recognition of revenue from rendering of healthcare related package services over time

For the rendering of healthcare related package services where the Group satisfies its performance obligations over time, management has determined that an output method provides a faithful depiction of the Group's performance in transferring control of the goods or services to the customers, as it reflects the direct measurements of the value to the customer of goods or services transferred to date relative to the remaining goods or services promised under the contract. The measure of progress is based on the number of sessions utilised as a percentage of the total sessions sold in a package.

Determining transaction price and amounts allocated to the services of healthcare related packages

For the sale of bundled health screening packages, the Group allocates the transaction price to the sale of each distinct service based on their relative stand-alone selling prices. For the sale of bundled vaccination packages, the Group continues to uniformly allocate transaction price based on the pre-determined number of vaccinations within a bundled package as it has assessed the difference of allocating transaction price to the sale of each distinct service based on their relative stand-alone selling prices to be not material. The standalone selling prices are determined based on an adjusted market assessment approach.

(c) *Contract assets and contract liabilities*

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group		
	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
		Unaudited	
Receivables from contracts with customers (Note 21)	14,657	40,771	44,605
Contract assets	–	32,422	35,863
Contract liabilities	3,410	9,374	6,416

The Group has recognised impairment losses on receivables arising from contracts with customers amounting to \$53,000 (2017: \$2,746,000).

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for provision of architectural and engineering services. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for rendering of healthcare related package services and provision of architectural and engineering services.

Contract liabilities are recognised as revenue as the Group performs under the contract.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

4. Revenue (cont'd)

(c) Contract assets and contract liabilities

- (i) Significant changes in contract liabilities for healthcare services during the year are explained as follows:

	Group	
	2018 \$'000	2017 \$'000
		Unaudited
Revenue recognised that was included in the contract liability balance at the beginning of the year	1,500	1,442
Revenue recognised during the year	7,903	7,027

- (ii) Significant changes in contract assets/(liabilities) for architectural and engineering services during the year are explained as follows:

	Group	
	2018 \$'000	2017 \$'000
		Unaudited
Revenue recognised during the year	32,645	55,354
Progress billings issued	(37,142)	(61,137)
(Impairment losses recognised)/reversal of impairment losses	(544)	436

5. Other income

	Group	
	2018 \$'000	2017 \$'000
		Unaudited
Sponsorship income	4,110	5,035
Administrative and membership income	1,021	1,158
Employment credits	493	597
Consultancy fees	–	524
Insurance claim	244	128
Recovery of credit-impaired/doubtful receivables	51	17
Net foreign exchange (loss)/gain	(8)	25
Others	215	159
	6,126	7,643

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

5. Other income (cont'd)

Employment credits include the Special Employment Credit, the Wage Credit Scheme and the Temporary Employment Credit. The Special Employment Credit was introduced by the Singapore Government to support employers as well as to raise the employability of older low-wage Singaporeans. On the other hand, the Wage Credit Scheme and the Temporary Employment Credit were introduced to help businesses in Singapore to adjust the rising wage costs in a tight labour market with the objective to allow businesses to free up resources to make investments in productivity and to share the productivity gains with their employees.

6. Finance costs

	Group	
	2018 \$'000	2017 \$'000
		Unaudited
Interest expense on interest-bearing loans and borrowings	17,079	9,761
Amortisation of financing fees on bank loans	1,094	129
	18,173	9,890

7. Profit before tax from continuing operations

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

	Note	Group	
		2018 \$'000	2017 \$'000
			Unaudited
Audit fees:			
- Auditor of the Company		479	128
- Other auditors		20	283
Non-audit fees:			
- Auditor of the Company		171	-
- Other auditors		4	302
Allowance for expected credit losses on trade debts		53	35
Depreciation of property and equipment	13	11,240	10,225
Amortisation of intangible assets	14	288	154
Impairment loss on development and investment properties		1,984	-
Staff costs	8	60,330	57,522
Inventories recognised as an expense in profit or loss	20	31,640	28,588
Legal and other professional fees		1,199	599
Net loss/(gain) on disposal of property and equipment		153	(16)
Operating lease expense	30(b)	6,052	5,031
Professional fees paid to doctors		36,838	33,478
Transaction costs incurred on corporate exercise		328	6,640

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

8. Staff costs

	Group	
	2018 \$'000	2017 \$'000
		Unaudited
Salaries and bonuses	45,795	43,734
Defined contribution plans	6,566	6,162
Share-based payments (Employee share option plans)	223	404
Other short-term benefits	7,746	7,222
	60,330	57,522

TMCLS Employees' Share Option Scheme (ESOS)

The Group's subsidiary, TMCLS implemented the ESOS scheme in 2015 for a period of five (5) years till 28 May 2020. The ESOS which is administered by the Option Committee (OC), is granted to eligible directors and employees (Eligible Persons) of TMCLS to subscribe for shares in TMCLS.

There are no cash settlement alternatives in respect of the share options issued under the ESOS scheme.

Details of all the options to subscribe for ordinary shares of TMCLS pursuant to the ESOS outstanding as at 31 December 2018 are as follows:

Date of issue	No. of share options outstanding	Exercise Price (MYR)	Vesting period
11 June 2015	9,500,000	0.75	5 years
28 August 2015	5,593,000	0.75	5 years
24 January 2017	7,110,000	0.94	3.34 years
19 December 2017	2,000,000	0.94	2.44 years
26 September 2018	2,925,000	0.94	1.67 years
	27,128,000		

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

8. Staff costs (cont'd)

TMCLS Employees' Share Option Scheme (ESOS) (cont'd)

Movement of share options during the financial year

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the financial year:

	2018		2017	
	No.	WAEP (MYR)	No.	WAEP (MYR)
			Unaudited	
Outstanding at 1 January	25,450,500	0.82	22,057,750	0.75
- Granted	2,925,000	0.94	9,400,000	0.94
- Forfeited	(1,132,500)	0.79	(3,421,350)	0.75
- Exercised	(115,000)	0.75	(2,585,900)	0.75
Outstanding at 31 December	27,128,000	0.83	25,450,500	0.82
Exercisable at 31 December	17,036,621	0.81	10,859,567	0.79

- The weighted average fair value of options granted during the financial year was MYR0.03 (2017: MYR0.13).
- The weighted average share price at the date of exercise of the options exercised during the financial year was MYR0.82 (2017: MYR0.93).
- The weighted average remaining contractual life for options outstanding at the end of the year is 1.4 (2017: 2.4) years.

Fair values of share options granted

The fair values of the share options as at the date of grant are estimated at the respective grant dates using the Black Scholes Model, taking into account the terms and conditions upon which the share options were granted. The range of inputs to the models used to fair value the share options are shown below:

	26 Sept 2018	19 Dec 2017	24 Jan 2017	28 Aug 2015	11 Jun 2015
Dividend yield (%)	0.21	0.21	0.16	0.57	0.57
Expected volatility (%)	20.94	22.06	17.79	36.73	36.73
Risk-free interest rate (% p.a.)	3.44	3.19	3.40	3.91	3.63
Expected life of option (years)	1.41	2.44	3.34	5.00	5.00
Weighted average share price (MYR)	0.94	0.94	0.94	0.51	0.63

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

9. Related party transactions

In addition to those related party information disclosed elsewhere in the financial statements, the following are the significant related party transactions entered into by the Group in the ordinary course of business on terms agreed between the parties during the financial year:

	Group	
	2018 \$'000	2017 \$'000
		Unaudited
<u>With director related companies</u>		
Sales of services	–	524
<u>With affiliates</u>		
Rental expenses	(2,955)	(3,891)
Rental deposits	–	(1,378)
<u>With associates</u>		
Dividend income	2,200	2,873
Management consultancy fees	295	1,057
<u>With ultimate controlling shareholder</u>		
Hotel apartment fee	849	881

During the financial year ended 31 December 2017, the Group disposed of two subsidiaries to a director related company as disclosed in Note 15(d) to the financial statements.

During the financial year ended 31 December 2018, the Group acquired a subsidiary from a director related company as disclosed in Note 15(e) to the financial statements.

Compensation of directors and key management personnel

	Group	
	2018 \$'000	2017 \$'000
		Unaudited
Directors' fees	382	341
Short-term employee benefits	1,142	1,486
Share-based payments	12	23
	1,536	1,850
<i>Comprise amounts paid to:</i>		
Directors of the Company	382	341
Other key management personnel	1,154	1,509
	1,536	1,850

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

10. Income tax expense

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2018 and 2017 are:

	Note	Group	
		2018 \$'000	2017 \$'000
			Unaudited
<i>Consolidated statement of profit or loss:</i>			
Current income tax – continuing operations			
- current income taxation		8,075	7,148
- over provision in respect of previous years		(525)	(807)
		7,550	6,341
Deferred income tax – continuing operations			
- origination and reversal of temporary differences		9	(50)
- (over)/under provision in respect of previous years		(218)	40
	25	(209)	(10)
Income tax attributable to continuing operations		7,341	6,331
Income tax attributable to discontinued operation	11	420	494
Income tax expense recognised in profit or loss		7,761	6,825

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2018 and 2017 is as follows:

	Group	
	2018 \$'000	2017 \$'000
		Unaudited
Profit before tax from continuing operations	22,041	27,455
Loss before tax from discontinued operation (Note 11)	(10,220)	(39,927)
Accounting profit/(loss) before tax	11,821	(12,472)
Tax at the domestic rates applicable to profits in the countries where the Group operates	2,712	(4,241)
Adjustments:		
Non-deductible expenses	7,933	14,722
Income not subject to taxation	(2,614)	(2,053)
Deferred tax assets not recognised	1,472	1,986
Effect of partial tax exemption and tax relief	(1,436)	(2,771)
Share of results of associates from discontinued operation	(170)	(383)
Over provision in respect of previous years	(321)	(430)
Others	185	(5)
	7,761	6,825

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

10. Income tax expense (cont'd)

The Group's subsidiary, TMC Biotech Sdn. Bhd. (TMC Biotech), was not subject to tax as it had been granted the BioNexus Status by the Malaysian Biotechnology Corporation Sdn. Bhd., which qualified TMC Biotech for the BioNexus incentive in the previous financial year. TMC Biotech had enjoyed full exemption from income tax on its statutory income for a period of 10 years from year of assessment 2008 to 2017. For the year of assessment 2018, the tax exempt status has lapsed, thereafter TMC Biotech's domestic current income tax is calculated based on the prevailing tax rate of 24% in Malaysia.

The Group's subsidiary, Thomson Hospitals Sdn Bhd (THSB), has obtained approval for the Investment Tax Allowance granted by the Malaysian Investment Development Authority. THSB will enjoy full tax exemption on its qualifying expenditures for a period of five years commencing from 2 January 2015, which can be used to deduct against its statutory income.

11. Discontinued operation and disposal group classified as held for distribution

On 12 November 2018, the Company announced the decision of its board of directors to distribute all its shares in its Real Estate Businesses which will be restructured under RSP Holdings Pte Ltd, a wholly-owned subsidiary, to the Company's shareholders. The decision is consistent with the Group's strategy to focus on its core healthcare business and to divest its Real Estate Business following the completion of the very substantial acquisition of Sasteria. As at 31 December 2018, the assets and liabilities related to the Real Estate Business have been presented in the statement of financial position as "Assets of disposal group classified as held for distribution" and "Liabilities directly associated with disposal group classified as held for distribution", and its results are presented separately in profit or loss as "Loss from discontinued operation, net of tax". The distribution of RSPH was completed on 31 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

11. Discontinued operation and disposal group classified as held for distribution (cont'd)

Statement of financial position disclosures

The major classes of assets and liabilities of the Real Estate Business classified as held for distribution and the related reserves as at 31 December are as follows:

	\$'000
Assets:	
Property and equipment	44,163
Intangible assets	42,644
Investment in associates	24,916
Other investments	1,048
Deferred tax assets	554
Contract assets	26,854
Inventories	170
Trade and other receivables	46,311
Cash and short-term deposits	23,746
Assets of disposal group classified as held for distribution	210,406
Liabilities:	
Contract liabilities	(5,121)
Trade and other payables	(27,055)
Income tax payable	(246)
Purchase consideration payable	(628)
Interest-bearing loans and borrowings	(22,406)
Deferred tax liabilities	(2,147)
Liabilities directly associated with disposal group classified as held for distribution	(57,603)
Net assets directly associated with disposal group classified as held for distribution	152,803
Reserves:	
Fair value reserve	474
Foreign currency translation reserve	999
Statutory reserve	(197)
	1,276

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

11. Discontinued operation and disposal group classified as held for distribution (cont'd)

Statement of comprehensive income disclosures

The results of the Real Estate Business for the years ended 31 December are as follows:

	Group	
	2018 \$'000	2017 \$'000
		Unaudited
Revenue	95,960	93,775
Other income	18,946	9,232
Staff costs	(73,102)	(70,318)
Depreciation and amortisation expenses	(5,970)	(8,445)
Other operating expenses	(46,375)	(65,942)
Share of results of associates, net of tax	1,002	2,252
Results from operating activities	(9,539)	(39,446)
Finance income	96	90
Finance costs	(777)	(571)
Loss before tax from discontinued operation	(10,220)	(39,927)
Income tax expense	(420)	(494)
Loss from discontinued operation, net of tax	(10,640)	(40,421)

Statement of cash flows disclosures

The cash flows attributable to the Real Estate Business are as follows:

	Group	
	2018 \$'000	2017 \$'000
		Unaudited
Operating	(3,496)	4,037
Investing	219	(7,258)
Financing	7,094	(8,911)
Net cash inflows/(outflows)	3,817	(12,132)

Loss per share disclosures

	Group	
	2018 \$'000	2017 \$'000
		Unaudited
Loss per share from discontinued operation attributable to owners of the Company (cents per share)		
Basic	(0.033)	(0.148)
Diluted	(0.033)	(0.148)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

11. Discontinued operation and disposal group classified as held for distribution (cont'd)

Loss per share disclosures (cont'd)

The basic and diluted loss per share from discontinued operation are calculated by dividing the loss from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively. These losses and share data are presented in the tables in Note 12(a).

12. Earnings per share

(a) *Continuing operations*

Basic earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2018 \$'000	2017 \$'000
		Unaudited
Profit/(loss) for the year attributable to owners of the Company	2,161	(22,333)
Add back: Loss from discontinued operation, net of tax, attributable to owners of the Company	8,682	38,602
Profit from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic and diluted earnings per share from continuing operations	10,843	16,269

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

12. Earnings per share (cont'd)

(a) Continuing operations (cont'd)

	Group	
	2018 No. of shares '000	2017 No. of shares '000
		Unaudited
Weighted average number of ordinary shares for basic earnings per share computation	26,072,423	26,040,509
<i>Effects of dilution</i>		
- Warrants	190,118	-
Weighted average number of ordinary shares for diluted earnings per share computation	26,262,541	26,040,509

(b) Earnings per share computation

The basic and diluted earnings per share are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and by the weighted average number of ordinary shares for diluted earnings per share computation respectively. These profit and share data are presented in the tables in Note 12(a) above.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

13. Property and equipment

	Freehold land \$'000	Long term leasehold land \$'000	Building and improvements \$'000	Renovations \$'000	Furniture and fittings \$'000	Medical, electrical equipment and appliances \$'000	Office equipment and computers \$'000	Motor vehicles \$'000	Construction - in-progress \$'000	Total \$'000
Group										
Unaudited										
Cost or deemed cost:										
At 1 January 2017	212,301	21,933	147,644	19,608	6,018	50,414	8,483	911	8,097	475,409
Additions	-	-	9,667	4,450	948	5,554	811	139	2,887	24,456
Disposals/write off	-	-	-	(1,907)	(445)	(1,019)	(228)	(338)	-	(3,937)
Acquisition of subsidiaries (Note 15(e))	-	-	-	722	18	922	2	-	-	1,664
Disposal of subsidiaries (Note 15(d))	-	-	-	(1,329)	(29)	(1,910)	-	-	-	(3,268)
Reclassifications to intangible assets (Note 14)	-	-	-	-	-	-	-	-	(470)	(470)
Reclassifications	-	-	(642)	619	713	228	(54)	-	(864)	-
Exchange differences	1,228	464	1,868	85	(1)	490	25	(3)	245	4,401
At 31 December 2017	213,529	22,397	158,537	22,248	7,222	54,679	9,039	709	9,895	498,255
Accumulated depreciation:										
At 1 January 2017	-	1,045	37,216	7,411	3,624	32,310	5,003	407	-	87,016
Depreciation charge for the year										
- Continuing operations	-	231	3,209	1,790	335	4,106	498	56	-	10,225
- Discontinued operation	-	-	2,118	326	210	-	837	23	-	3,514
Disposals/write off	-	-	-	(892)	(67)	(923)	(159)	(248)	-	(2,289)
Disposal of subsidiaries (Note 15(d))	-	-	-	(523)	(11)	(877)	-	-	-	(1,411)
Reclassifications	-	-	(271)	-	301	-	(30)	-	-	-
Exchange differences	-	28	110	5	(8)	307	16	(1)	-	457
At 31 December 2017	-	1,304	42,382	8,117	4,384	34,923	6,165	237	-	97,512
Net carrying amount:										
At 1 January 2017	212,301	20,888	110,428	12,197	2,394	18,104	3,480	504	8,097	388,393
At 31 December 2017	213,529	21,093	116,155	14,131	2,838	19,756	2,874	472	9,895	400,743

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

13. Property and equipment (cont'd)

Group	Freehold land \$'000	Long term leasehold land \$'000	Building and improvements \$'000	Renovations \$'000	Furniture and fittings \$'000	Medical, electrical equipment and appliances \$'000	Office equipment and computers \$'000	Motor vehicles \$'000	Construction -in-progress \$'000	Total \$'000
Cost or deemed cost:										
At 1 January 2018	213,529	22,397	158,537	22,248	7,222	54,679	9,039	709	9,895	498,255
Additions	-	-	3,692	4,469	642	4,771	977	2	12,163	26,716
Disposals/write off	-	-	(12)	(196)	(671)	(909)	(489)	(1)	-	(2,278)
Disposal of subsidiaries (Note 15(d))	-	-	(18,899)	-	(121)	-	(88)	-	-	(19,108)
Reclassification to intangible assets (Note 14)	-	-	-	(667)	-	-	(62)	-	-	(729)
Reclassifications	-	-	-	(1,236)	2,053	338	(488)	-	(667)	-
Attributable to discontinued operation (Note 11)	-	-	(74,566)	(3,041)	(3,757)	-	(4,847)	(39)	-	(86,250)
Exchange differences	135	51	(2,688)	5	(60)	18	26	1	(105)	(2,617)
At 31 December 2018	213,664	22,448	66,064	21,582	5,308	58,897	4,068	672	21,286	413,989
Accumulated depreciation:										
At 1 January 2018	-	1,304	42,382	8,117	4,384	34,923	6,165	237	-	97,512
Depreciation charge for the year										
- Continuing operations	-	240	3,285	2,156	351	4,714	429	65	-	11,240
- Discontinued operation	-	-	2,049	445	94	-	992	16	-	3,596
Disposals/write off	-	-	(2)	(85)	(76)	(880)	(466)	(1)	-	(1,510)
Disposal of subsidiaries (Note 15(d))	-	-	-	-	-	-	(3)	-	-	(3)
Reclassification to intangible assets (Note 14)	-	-	-	-	-	-	(380)	-	-	(380)
Reclassifications	-	-	-	(152)	168	-	(16)	-	-	-
Attributable to discontinued operation (Note 11)	-	-	(36,930)	(878)	(1,054)	-	(3,266)	41	-	(42,087)
Exchange differences	-	-	(140)	(8)	(20)	1	4	-	-	(163)
At 31 December 2018	-	1,544	10,644	9,595	3,847	38,758	3,459	358	-	68,205
Net carrying amount:										
At 31 December 2018	213,664	20,904	55,420	11,987	1,461	20,139	609	314	21,286	345,784

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

13. Property and equipment (cont'd)

Company	Furniture and fittings \$'000	Office equipment and computers \$'000	Renovation \$'000	Motor vehicles \$'000	Total \$'000
Cost					
At 1 January 2017	9	172	–	136	317
Additions	–	13	–	–	13
Disposals/write off	(6)	(10)	–	–	(16)
At 31 December 2017 and 1 January 2018	3	175	–	136	314
Additions	128	48	195	–	371
Disposals/write off	(3)	(182)	–	–	(185)
At 31 December 2018	128	41	195	136	500
Accumulated depreciation					
At 1 January 2017	4	133	–	19	156
Depreciation for the year	2	29	–	18	49
Disposals/Write off	(5)	(9)	–	–	(14)
At 31 December 2017 and 1 January 2018	1	153	–	37	191
Depreciation for the year	8	11	33	18	70
Disposals/Write off	(1)	(159)	–	–	(160)
At 31 December 2018	8	5	33	55	101
Net carrying amount					
At 1 January 2017	5	39	–	117	161
At 31 December 2017	2	22	–	99	123
At 31 December 2018	120	36	162	81	399

Restoration costs

Included in the Group's carrying amount of renovation is \$91,000 (31 December 2017: \$48,000, 1 January 2017: \$69,000) of provision for restoration costs.

Assets held under finance leases

As at 31 December 2018, 31 December 2017 and 1 January 2017, assets held under finance leases were fully depreciated.

Leased assets are pledged as security for the related finance lease liabilities.

Assets pledged as security

In addition to assets held under finance leases, the Group's building and improvements with a carrying amount of \$800,000 (31 December 2017: \$818,000, 1 January 2017: \$820,000) are pledged as security for interest-bearing loans and borrowings as disclosed in Note 24.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

14. Intangible assets

Group	Customer relationship \$'000	Hospital management \$'000	Computer software \$'000	Order backlog \$'000	Customer contract \$'000	Goodwill \$'000	Total \$'000
Unaudited							
Cost:							
At 1 January 2017	2,812	698	–	25,524	–	838,213	867,247
Additions	–	–	472	–	–	–	472
Acquisition of subsidiaries	–	–	–	–	9,634	5,322	14,956
Reclassification from property and equipment (Note 13)	–	–	470	–	–	–	470
Exchange differences	–	–	15	–	–	2,296	2,311
At 31 December 2017	2,812	698	957	25,524	9,634	845,831	885,456
Accumulated amortisation and impairment:							
At 1 January	2,812	698	–	21,081	–	273,746	298,337
Amortisation							
– Continuing operations	–	–	154	–	–	–	154
– Discontinued operation	–	–	–	1,697	3,234	–	4,931
Impairment loss	–	–	–	–	–	34,343	34,343
Exchange differences	–	–	3	–	–	–	3
At 31 December 2017	2,812	698	157	22,778	3,234	308,089	337,768
Net carrying amount:							
At 1 January 2017	–	–	–	4,443	–	564,467	568,910
At 31 December 2017	–	–	800	2,746	6,400	537,742	547,688

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

14. Intangible assets (cont'd)

Group	Customer relationship \$'000	Hospital management \$'000	Computer software \$'000	Order backlog \$'000	Customer contract \$'000	Goodwill \$'000	Total \$'000
Cost:							
At 1 January 2018	2,812	698	957	25,524	9,634	845,831	885,456
Additions	-	-	193	-	-	-	193
Disposal of subsidiaries (Note 15(d))	-	-	-	-	(9,634)	-	(9,634)
Reclassification from property and equipment (Note 13)	-	-	729	-	-	-	729
Reclassifications upon completion of purchase price allocation	-	-	-	524	-	(428)	96
Attributable to discontinued operation (Note 11)	-	-	-	(26,048)	-	(357,572)	(383,620)
Exchange differences	-	-	(11)	-	-	246	235
At 31 December 2018	2,812	698	1,868	-	-	488,077	493,455
Accumulated amortisation and impairment:							
At 1 January 2018	2,812	698	157	22,778	3,234	308,089	337,768
Amortisation							
- Continuing operations	-	-	288	-	-	-	288
- Discontinued operation	-	-	-	1,841	533	-	2,374
Impairment loss	-	-	-	381	-	7,886	8,267
Disposal of subsidiaries (Note 15(d))	-	-	-	-	(3,767)	-	(3,767)
Reclassification from property and equipment (Note 13)	-	-	380	-	-	-	380
Attributable to discontinued operation (Note 11)	-	-	-	(25,000)	-	(315,976)	(340,976)
Exchange differences	-	-	(10)	-	-	1	(9)
At 31 December 2018	2,812	698	815	-	-	-	4,325
Net carrying amount:							
At 31 December 2018	-	-	1,053	-	-	488,077	489,130

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

14. Intangible assets (cont'd)

Impairment testing of goodwill

Goodwill is derived from the excess of purchase consideration over the fair value of the identifiable net assets acquired. Goodwill arising from business combinations has been allocated to the following cash-generating units (CGUs) for impairment testing:

	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
		Unaudited	
Thomson Medical Pte Ltd (TMPL)	379,788	379,788	379,788
Clinic	146	146	146
TMC Life Sciences Berhad (TMCLS)	44,476	44,375	43,455
BB Waterfront Sdn Bhd (BBWF)	63,667	63,522	62,205
RSP sub-group	–	39,456	59,456
GGC sub-group	–	–	4,648
Squire Mech sub-group	–	5,133	14,769
AC Consortium Pte Ltd	–	5,322	–
	488,077	537,742	564,467

The recoverable amounts of the CGUs have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a three to five-year period, except for BBWF. BBWF owns Thomson Iskandar, a medical hub project under construction and development in Malaysia. The cash flow projections used in the value-in-use calculations for BBWF were based on financial budgets approved by management covering a twelve-year period which comprises an initial three-year period of construction and development, followed by a nine-year period of medical hub operations and an imputed terminal growth thereafter.

The discount rates applied to the cash flow projections and the forecast growth rates used to extrapolate cash flow projections beyond the forecast period are as follows:

	Terminal growth rates (%)			Discount rates (%)		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	Unaudited			Unaudited		
TMPL	3.0	2.0	2.0	5.5	4.9	5.6
Clinic	5.0	5.0	2.0	7.5	7.8	8.0
TMCLS	4.0	4.0	5.0	9.0	9.0	9.0
BBWF	3.5	3.5	3.7	8.8	8.8	10.2
RSP sub-group	–	2.4	2.0	–	11.9	12.0
GGC sub-group	–	2.0	2.0	–	10.6	10.5
Squire Mech sub-group	–	2.0	2.3	–	11.7	11.6
AC Consortium Pte Ltd	–	2.0	–	–	11.7	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

14. Intangible assets (cont'd)

Impairment testing of goodwill (cont'd)

Key assumptions used in the value-in-use calculations

The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:

Growth rates – The forecast growth rates are based on published industry research and are comparable to the average growth rate for the industries relevant to the CGUs.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC).

Market share assumptions – These assumptions are important because, as well as using industry data for growth rates (as noted above), management assesses how the CGU's position, relative to its competitors, might change over the forecast period. Management expects the Group's share of the market to be stable over the forecast period.

The above estimates are particularly sensitive to the following areas:

- Changes in percentage points in the discount rate used; and
- Future planned revenue may not materialise.

Impairment loss recognised

During the financial year, an impairment loss was recognised to write-down the carrying amount of order backlog and goodwill attributable to the Real Estate Business segment that has been classified as discontinued operation (Note 11). The impairment loss of \$381,000 (2017: \$Nil) for order backlog and \$7,886,000 (2017: \$34,343,000) for goodwill has been recognised in profit or loss under the line item "Loss on discontinued operation, net of tax".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

15. Investment in subsidiaries

	Company		
	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
Shares, at cost	2,854,094	443,617	443,617
Loans to subsidiaries	–	443,698	443,211
Less: Impairment	(471,995)	(423,534)	(379,412)
Less: Reclassification to assets of disposal group classified as held for distribution	(87,296)	–	–
	2,294,803	463,781	507,416

The loans to subsidiaries are interest-free and unsecured. The settlement of the loans is neither planned nor likely to occur in the foreseeable future. As these loans, in substance, form part of the Company's net investment in the subsidiaries, they are stated at cost. The loans to subsidiaries have been capitalised as of 1 January 2018.

(a) Composition of the Group

The Group has the following significant investments in subsidiaries:

Name of Company	Country of incorporation	Principal activities	Proportion (%) of ownership interest		
			2018	2017	1 Jan 2017
Held by the Company:					
Sasteria Pte Ltd ⁽¹⁾	Singapore	Investment holding	100	100	100
RSP Architects Planners & Engineers (Pte) Ltd ^{(3) (9)}	Singapore	Architects, planners and engineers	100	100	100
Rowsley Hospitality Holdings Pte. Ltd. ^{(3) (9)}	Singapore	Investment holding	100	100	100
Vantage Bay JB Sdn. Bhd. ⁽³⁾	Malaysia	Property development	100	100	100
Held through Sasteria Pte Ltd:					
Sasteria (M) Pte Ltd ⁽¹⁾	Singapore	Investment holding	100	100	100
Thomson Medical Pte Ltd ⁽¹⁾	Singapore	Operates a hospital	100	100	100
Held through Thomson Medical Pte Ltd:					
Thomson Paediatric Centre Pte Ltd ⁽¹⁾	Singapore	Operates a specialist paediatric medical clinic	80	80	80
Held through Sasteria (M) Pte Ltd:					
TMC Life Sciences Berhad ⁽²⁾	Malaysia	Investment holding	70.35	51.93	52.03

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

15. Investment in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

Name of Company	Country of incorporation	Principal activities	Proportion (%) of ownership interest		
			2018	2017	1 Jan 2017
Held through TMC Life Sciences Berhad:					
Thomson Hospitals Sdn Bhd ^{(2) (7)}	Malaysia	Multi-disciplinary tertiary care services	100	100	100
BB Waterfront Sdn Bhd ⁽⁴⁾	Malaysia	Provision of healthcare services	100	100	100
TMC Biotech Sdn Bhd ⁽²⁾	Malaysia	Provision of fertility consultancy, laboratory and embryology services and research and development	100	100	100
Held through Thomson Hospitals Sdn Bhd:					
TMC Women’s Specialist Holdings Sdn Bhd ^{(2) (8)}	Malaysia	Business of operating fertility centres and providing related services	100	100	100
Held through RSP Architects Planners & Engineers (Pte) Ltd:					
RSP Architects Planners & Engineers (Vietnam) Co., Ltd ^{(5) (9)}	Socialist Republic of Vietnam	Architects and planners	100	100	100
Squire Mech Private Limited ^{(6) (9)}	Singapore	Consulting engineering	100	100	100

⁽¹⁾ Audited by Ernst & Young LLP, Singapore

⁽²⁾ Audited by member firms of EY Global in the respective countries

⁽³⁾ Audited by member firms of KPMG International in the respective countries

⁽⁴⁾ Audited by Baker Tilly Malaysia

⁽⁵⁾ Audited by Pham Dinh Duong, Crowe Vietnam Co., Ltd

⁽⁶⁾ Audited by Deloitte & Touche LLP, Singapore

⁽⁷⁾ Formerly known as Tropicana Medical Centre (M) Sdn Bhd

⁽⁸⁾ Formerly known as TMC Women's Specialist (Kuantan) Sdn Bhd

⁽⁹⁾ Subsidiaries included in disposal group classified as held for distribution

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

15. Investment in subsidiaries (cont'd)

(b) *Interest in subsidiary with material non-controlling interest (NCI)*

The following subsidiary has NCI that is material to the Group.

	TMC Life Sciences Berhad and its subsidiaries		
	2018	2017	1 Jan 2017
		Unaudited	
Proportion of ownership interest held by NCI (%)	29.65	48.07	47.97
Profit allocated to NCI during the reporting period (\$'000)	3,076	4,200	2,248
Accumulated NCI at the end of reporting period (\$'000)	72,718	114,600	107,308
Dividends paid to NCI (\$'000)	460	423	449

(c) *Summarised financial information about subsidiary with material NCI*

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

Summarised consolidated statement of financial position

	TMC Life Sciences Berhad and its subsidiaries		
	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
		Unaudited	
Current			
Assets	84,128	83,878	75,673
Liabilities	(13,492)	(13,587)	(12,931)
Net current assets	70,636	70,291	62,742
Non-current			
Assets	181,490	172,300	165,798
Liabilities	(4,788)	(4,731)	(4,722)
Net non-current assets	176,702	167,569	161,076
Net assets	247,338	237,860	223,818

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

15. Investment in subsidiaries (cont'd)

(c) Summarised financial information about subsidiary with material NCI (cont'd)

Summarised consolidated statement of comprehensive income

	TMC Life Sciences Berhad and its subsidiaries	
	2018 \$'000	2017 \$'000
		Unaudited
Revenue	59,326	51,052
Profit before tax	11,699	9,356
Income tax expense	(1,928)	(456)
Profit after tax, representing total comprehensive income	9,771	8,900

Other summarised information

	TMC Life Sciences Berhad and its subsidiaries	
	2018 \$'000	2017 \$'000
		Unaudited
Net cash flows from operations	10,529	8,164

(d) Disposal of subsidiaries

Thomson International Health Services Pte Ltd

On 1 March 2017, a wholly-owned subsidiary of the Group entered into a sale agreement to dispose of 100% of its equity interest in its wholly-owned subsidiary, Thomson International Health Services Pte Ltd (TIHS), at its carrying value, for a consideration of \$114,000. There is no gain or loss arising from the disposal as the subsidiary was disposed of at its carrying value.

Thomson Dental Centre Pte Ltd

On 1 April 2017, a wholly-owned subsidiary of the Group entered into a sale agreement to dispose of 100% of its equity interest in its wholly-owned subsidiary, Thomson Dental Centre Pte Ltd (TDC), at its carrying value. There is no gain or loss arising from the disposal as the subsidiary was disposed of at its carrying value.

Ariva Pte. Ltd.

On 28 September 2018, a wholly-owned subsidiary of the Group entered into a sale agreement to dispose of 100% of its equity interest in its wholly-owned subsidiary, Ariva Pte. Ltd. (Ariva), at a consideration of \$3,380,000. A gain on disposal of \$2,088,000 has been included in profit or loss in the "Loss from discontinued operation, net of tax".

Finestday Limited

On 9 November 2018, a wholly-owned subsidiary of the Group entered into a sale agreement to dispose of its 50% equity interest in its subsidiary, Finestday Limited (Finestday), at a consideration of \$2,114,000. A gain on disposal of \$417,000 has been included in profit or loss in the "Loss from discontinued operation, net of tax".

The disposals were completed on the respective dates of the sale agreements, on which date control of the entities were passed to the acquirers.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

15. Investment in subsidiaries (cont'd)

(d) *Disposal of subsidiaries (cont'd)*

The value of assets and liabilities of these subsidiaries recorded in the consolidated financial statements as at the date of disposal, and the effects of the disposals were:

	2018 \$'000	2017 \$'000
Property and equipment	19,105	1,857
Intangible assets	5,867	–
Investment in associates	1,208	–
Inventories	–	179
Trade and other receivables	757	893
Cash and cash equivalents	193	1,021
	27,130	3,950
Trade and other payables	(7,625)	(3,711)
Interest-bearing loans and borrowings	(7,719)	–
Income tax payable	(9)	(69)
Provision	–	(56)
Purchase consideration payable	(4,756)	–
Deferred tax liabilities	(1,427)	–
	5,594	114
Net assets de-recognised	5,594	114
Less: Non-controlling interest	(1,847)	–
Reclassification of other reserves	(758)	–
Gain on disposal of subsidiaries	2,505	–
Consideration	5,494	114
	3,380	114
Consideration received, satisfied in cash	3,380	114
Cash and cash equivalents of subsidiaries	(193)	(1,021)
Net cash inflow/(outflow) on disposal of subsidiaries	3,187	(907)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

15. Investment in subsidiaries (cont'd)

(e) *Acquisition of subsidiaries*

Thomson Dental Centre Pte Ltd

On 8 December 2017, a wholly-owned subsidiary of the Group re-acquired a 100% equity interest in Thomson Dental Centre Pte Ltd (TDC), at its carrying value, in cash.

The value of the identifiable assets and liabilities of TDC as at the acquisition date were:

	2017 \$'000
Property and equipment	1,658
Inventories	174
Trade and other receivables	571
Cash and cash equivalents	1,077
	<hr/> 3,840
Trade and other payables	(3,385)
Deferred tax liability	(39)
Provisions	(56)
Carrying value of net assets	<hr/> –
Cash consideration	*
Cash and cash equivalents of subsidiary	1,077
Net cash inflow on acquisition of subsidiary	<hr/> 1,077
Gain on acquisition:	
Cash received	*
Net assets derecognised	–
Gain on acquisition	<hr/> –

* Amount less than \$1,000

Ariva Pte. Ltd. and AC Consortium Pte. Ltd.

During the financial year ended 31 December 2017, the Group completed the following acquisitions:

- (i) Acquisition of the entire issued and paid up capital of Ariva Pte. Ltd. (Ariva) pursuant to the terms and conditions of the sale and purchase agreement entered into between Rowsley Hospitality Holdings Pte Ltd (RHH) and Ong Ah Luan Cameron, Lee Sok Fang Phyllis, and Jean-Claude Erne (collectively, Ariva Vendors) for a total consideration of \$9,000,000, to be satisfied by way of cash payments of up to \$2,600,000 and allotment and issuance of up to 53,333,333 ordinary shares of the Company (Consideration Shares).
- (ii) Acquisition of the entire issued and paid up capital of AC Consortium Pte. Ltd. (AC Consortium) pursuant to the terms and conditions of the sale and purchase agreement entered into between RSP Architects Planners & Engineers (Pte) Ltd and Grace Young Kok Inn and Tan Meow Hwa (collectively, AC Consortium Vendors) for a total consideration of \$8,000,000, to be satisfied by way of allotment and issuance of equivalent number of ordinary shares of the Company based on the market price of the settlement date.

((i) and (ii) collectively known as the Acquisitions).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

15. Investment in subsidiaries (cont'd)

(e) *Acquisition of subsidiaries (cont'd)*

Ariva Pte. Ltd. and AC Consortium Pte. Ltd. (cont'd)

The acquisition of Ariva was in line with Group's strategy to develop or acquire good hospitality real estate in choice locations, and to allow shareholders to participate in long-term capital appreciation and recurrent income through hotel earnings.

The acquisition of AC Consortium was expected to further enhance the strengths of the RSP group of business and enable access to new growth opportunities.

In conjunction with the acquisition of Ariva and AC Consortium, the payment of the purchase considerations to AC Consortium Vendors and Ariva Vendors are subject to AC Consortium and the Ariva Sub-Group achieving certain earn-out targets based on their respective cumulative net operating profit after tax for certain periods.

The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of the net identifiable assets of one of Ariva's subsidiaries.

The fair values of the identifiable assets and liabilities of Ariva and AC Consortium at the acquisition date were:

	Fair value recognised on acquisitions \$'000
Property, plant and equipment	6
Intangible assets	9,634
Investment in associates	1,011
Trade and other receivables	1,649
Cash and cash equivalents	1,877
Trade and other payables	(818)
Income tax payable	(4)
Deferred tax liabilities	(1,697)
Total identifiable net assets at fair value	11,658
Non-controlling interest measured at the non-controlling interest's proportionate share of the net identifiable assets of one of Ariva's subsidiaries	20
Goodwill arising from the Acquisitions	5,322
	17,000
<u>Consideration transferred for the Acquisitions</u>	
Cash paid	1,000
Equity instruments issued (68,773,480 ordinary shares of the Company)	5,360
Purchase consideration payable recognised as at acquisition date	10,640
Total consideration transferred	17,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

15. Investment in subsidiaries (cont'd)

(e) **Acquisition of subsidiaries (cont'd)**

Ariva Pte. Ltd. and AC Consortium Pte. Ltd. (cont'd)

	Fair value recognised on acquisitions \$'000
<u>Effect of the Acquisitions on cash flows</u>	
Total consideration for the Acquisitions	(17,000)
Less: Non-cash consideration	14,400
Consideration settled in cash	(2,600)
Less: Cash consideration included in purchase consideration payable	1,600
Less: Cash and cash equivalents acquired	1,877
Net cash inflow on acquisitions	877

Equity instruments issued as part of consideration transferred

In connection with the Acquisitions, the Company issued 60,773,480 ordinary shares at a fair value of \$0.07 per share, and 8,000,000 ordinary shares at a fair value of \$0.12 per share. The fair values of these shares were the published prices of the shares as at the date of completion of the Acquisitions.

Impact of the Acquisitions on profit or loss

From the respective acquisition dates, Ariva and AC Consortium have contributed revenue of \$3,262,000 and net attributable loss of \$393,000 to the Group. There was no significant impact on the Group's consolidated revenue and loss for the year had the Acquisitions taken place on 1 January 2017.

(f) **Acquisition of ownership interest in subsidiary, without loss of control**

On 13 April 2018, pursuant to the very substantial acquisition of Sasteria, the Group's subsidiary acquired 320,000,000 ordinary shares and 186,666,666 warrants in TMCLS from two companies related to the controlling shareholder. The aggregate consideration for the acquisitions amounted to \$94,201,000. This resulted in an increase in the Group's equity interest in TMCLS by 18.42%, from 51.93% to 70.35%. The carrying value of the net assets of TMCLS at 13 April 2018 was \$242,986,000 and the carrying value of the additional interest acquired was \$44,824,000. The difference of \$49,377,000 between the consideration and the carrying value of the additional interest acquired has been recognised as "Capital reserve" within equity.

	\$'000
Consideration paid for acquisition of non-controlling interests	94,201
Decrease in equity attributable to non-controlling interests	(44,824)
Decrease in equity attributable to owners of the Company	49,377

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

16. Investment in associates

The Group's material investments in associates are summarised below:

	2017 \$'000	1 Jan 2017 \$'000
	Unaudited	
RSP Design Consultants (India) Private Ltd	20,258	21,360
Other associates	7,063	5,506
	27,321	26,866

As at 31 December 2018, the Group's investment in associates have been included in the statement of financial position in the "Assets of disposal group classified as held for distribution" line item.

Name of Company	Country of incorporation	Principal activities	Proportion (%) of ownership interest		
			2018	2017	1 Jan 2017
Held through subsidiaries					
RSP Design Consultants (India) Private Ltd ⁽¹⁾ (RSP India)	India	Design consultancy	34.72	34.72	34.72

⁽¹⁾ Audited by a member firm of KPMG International

Aggregate information about the Group's investments in associates that are not individually material are as follows:

	2017 \$'000
	Unaudited
Profit or loss after tax, representing total comprehensive income	481

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

16. Investment in associates (cont'd)

The summarised financial information in respect of RSP India, based on its IFRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised statement of financial position

	RSP India	
	2017	1 Jan 2017
	\$'000	\$'000
	Unaudited	
Current assets	29,757	27,991
Non-current assets	4,443	8,082
Total assets	34,200	36,073
Current liabilities	(3,693)	(5,414)
Non-current liabilities	(45)	(9)
Total liabilities	(3,738)	(5,423)
Net assets	30,462	30,650
Group's share of net assets	10,576	10,642
Intangible assets recognised on acquisition	9,682	10,718
Carrying amount of the investment	20,258	21,360

Summarised statement of comprehensive income

	RSP India
	2017
	\$'000
	Unaudited
Revenue	25,328
Profit after tax, representing total comprehensive income	2,808

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

17. Investment property

	Group	
	2018 \$'000	2017 \$'000
		Unaudited
Cost		
At 1 January	163,299	159,882
Additions	41	3
Reversal	–	(62)
Translation difference	395	3,476
At 31 December	163,735	163,299
Accumulated impairment losses		
At 1 January	11,687	11,438
Impairment loss	1,405	–
Translation difference	37	249
At 31 December	13,129	11,687
Carrying amount	150,606	151,612
Fair value	150,606	151,612

As at 1 January 2017, the carrying amount and fair value of the investment property amounted to \$148,444,000 and \$148,444,000 respectively.

The investment property relates to a piece of freehold land, measuring 9.23 hectares located within the Iskandar Development Region, Johor Bahru, Malaysia. The investment property portion accounts for 51.31% of the total land area. The property is pledged as security for interest-bearing loans and borrowings as disclosed in Note 24.

Impairment loss

During the financial year, the Group carried out a review of the recoverable amount of the investment property, and recognised an impairment loss of \$1,405,000, representing the write-down of the investment property to its recoverable amount.

Management estimated the recoverable amount of the investment property based on fair value using the Direct Comparison Method. The fair value measurement was categorised as Level 3 fair value based on the inputs in the valuation technique used (Note 32(d)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

18. Other investments

	Group	
	2017 \$'000	1 Jan 2017 \$'000
	Unaudited	
<i>Non-current:</i>		
<i>Available-for-sale financial assets</i>		
- Equity instruments (quoted)	1,940	2,041

Impairment losses

During the financial year ended 31 December 2017, the Group recognised an impairment loss of \$143,000 in respect of its quoted equity instruments, as there was a significant and prolonged decline in the fair values.

As at 31 December 2018, the quoted equity instruments have been included in the statement of financial position in the "Assets of disposal group classified as held for distribution" line item.

19. Development property

	Group	
	2018 \$'000	2017 \$'000
	Unaudited	
Cost		
At 1 January	154,241	151,016
Reversal	-	(58)
Translation difference	375	3,283
At 31 December	154,616	154,241
Accumulated impairment losses		
At 1 January	11,089	10,853
Impairment loss	579	-
Translation difference	32	236
At 31 December	11,700	11,089
Carrying amount	142,916	143,152

As at 1 January 2017, the carrying amount of the development property amounted to \$140,163,000.

The property is pledged as security for interest-bearing loans and borrowings as disclosed in Note 24.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

19. Development property (cont'd)

Impairment loss

During the financial year, the Group has recognised an impairment loss in respect of the development property of \$579,000, representing the write-down of the development property to its net realisable value.

Measurement of net realisable value of development property

The Group makes allowance for onerous contracts/foreseeable losses by reference to comparable properties, timing of sale launches, location of property, expected net selling prices and development expenditure. Market conditions, however, may change which might affect the future selling prices of the residential units of the development property, and accordingly, the carrying value of development property may have to be further adjusted in future periods.

The development property held by the Group as at 31 December is as follows:

Description and location	Existing use	Tenure	Gross floor area	Interest %
Land under development in Malaysia's Iskandar Development Region	Residential	Freehold	494,426 sqm	100

20. Inventories

	Group		
	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
		Unaudited	
Drugs and pharmaceutical products	5,540	4,941	4,157
Food and beverage consumables	–	234	305
	5,540	5,175	4,462

During the financial years ended 31 December 2018 and 2017, there has been no inventory written off or allowance for inventory obsolescence.

Inventories amounting to \$31,640,000 (2017: \$28,588,000) were recognised as an expense in profit or loss during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

21. Trade and other receivables

	Group			Company		
	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
	Unaudited					
Trade receivables	14,657	40,771	44,605	–	–	–
Other receivables	4,718	8,063	5,783	148	75	19
Deposits	2,161	4,253	3,185	74	689	57
Prepaid operating expenses	1,403	4,214	2,419	307	1,047	304
Amounts due from subsidiaries (non-trade)	–	–	–	175,314	2,732	9,627
Total trade and other receivables	22,939	57,301	55,992	175,843	4,543	10,007
Less: Prepaid operating expenses	(1,403)	(4,214)	(2,419)	(307)	(1,047)	(304)
Add: Cash and short-term deposits (Note 22)	121,745	140,991	148,462	6,141	5,881	6,444
Total financial assets carried at amortised cost	143,281	194,078	202,035	181,677	9,377	16,147

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Related party balances

Amounts due from subsidiaries are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

21. Trade and other receivables (cont'd)

Trade and other receivables denominated in foreign currencies at the end of the reporting period are as follows:

	Group		
	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
		Unaudited	
United States Dollar	–	886	3,142
Renminbi	–	5,074	4,781
Malaysian Ringgit	–	2,137	2,916
Emirates Dirham	–	7,800	6,445

Receivables that are past due but not impaired

The Group has trade receivables amounting to \$26,986,000 as at 31 December 2017 and \$25,808,000 as at 1 January 2017 that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2017 \$'000	1 Jan 2017 \$'000
	Unaudited	
Trade receivables past due but not impaired:		
Lesser than 30 days	9,393	10,723
30 to 90 days	4,393	4,487
More than 90 days	13,200	10,598
	26,986	25,808

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

21. Trade and other receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2017 \$'000	1 Jan 2017 \$'000
	Unaudited	
Trade receivables - nominal amounts	4,587	2,022
Less: Allowance for impairment	(4,587)	(2,022)
	-	-
<u>Movement in allowance accounts:</u>		
At 1 January	2,022	1,149
Charge for the year	2,746	1,436
Write back	(166)	(376)
Written off	(34)	(615)
Acquisition of a subsidiary	36	406
Disposal of a subsidiary	(13)	-
Exchange difference	(4)	22
At 31 December	4,587	2,022

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

21. Trade and other receivables (cont'd)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group 2018 \$
<u>Movement in allowance accounts:</u>	
At 1 January	1,804
Charge for the year	53
Written back	(77)
Written off	(114)
Exchange differences	4
At 31 December	<u>1,670</u>

22. Cash and short-term deposits

	Group			Company		
	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
	Unaudited					
Cash at banks and on hand	31,687	46,002	56,291	339	2,520	3,329
Short-term deposits	90,058	94,989	92,171	5,802	3,361	3,315
Cash and short-term deposits	<u>121,745</u>	<u>140,991</u>	<u>148,462</u>	<u>6,141</u>	<u>5,881</u>	<u>6,644</u>

Cash at banks are non-interest bearing. Short-term deposits are made for varying periods of between three months to six months depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2018 for the Group and the Company are 3.37% and 0.37% (31 December 2017: 2.93% and 1.76%, 1 January 2017: 3.61% and 2.17%) per annum respectively.

Pledged deposits of \$6,580,000 (31 December 2017: \$5,450,000, 1 January 2017: \$4,692,000) are pledged as security for the interest-bearing loans and borrowings as disclosed in Note 24.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

22. Cash and short-term deposits (cont'd)

Cash and short-term deposits denominated in foreign currencies at the end of the reporting period are as follows:

	Group		
	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
	Unaudited		
United States Dollar	24	79	217
Malaysian Ringgit	1,527	1,088	670
Renminbi	–	3,296	3,999
Emirates Dirham	–	1,335	4,500
Sterling Pound	36	144	186

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

		Group		
	Note	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
		Unaudited		
Cash and short-term deposits:				
- Continuing operations		121,745	140,991	148,462
- Discontinued operation	11	23,746	–	–
		145,491	140,991	148,462
Less: Pledged deposits		(6,580)	(5,450)	(4,692)
Cash and cash equivalents		138,911	135,541	143,770

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

23. Trade and other payables

	Group			Company		
	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
	Unaudited					
Trade payables	14,587	24,504	15,963	–	–	–
Other payables	6,515	9,338	10,280	114	63	50
Amount due to directors	–	896	650	–	–	–
Amounts due to non-controlling shareholders of a subsidiary	–	2,163	3,904	–	–	–
Accrued operating expenses	15,418	29,166	26,864	1,725	5,644	2,513
GST payable	2,147	2,306	2,304	–	–	–
Deposits received	1,568	1,786	1,145	–	–	–
Total trade and other payables	40,235	70,159	61,110	1,839	5,707	2,563
Add: Amounts due to the ultimate controlling shareholder	9,811	437,391	467,142	9,811	–	–
Add: Interest-bearing loans and borrowings (Note 24)	578,301	221,222	216,938	129,569	99,906	99,526
Add: Purchase consideration payable (Note 26)	–	13,642	11,513	–	–	–
Less: GST payable	(2,147)	(2,306)	(2,304)	–	–	–
Total financial liabilities carried at amortised cost	626,200	740,108	754,399	141,219	105,613	102,089

Trade and other payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days' terms.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

23. Trade and other payables (cont'd)

Trade and other payables denominated in foreign currencies at the end of the reporting period are as follows:

	Group		
	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
	Unaudited		
United States Dollar	23	511	569
Renminbi	–	896	787
Malaysian Ringgit	5	588	335
Emirates Dirham	–	4,585	4,667

Related party balances

Amounts due to directors, non-controlling shareholders of a subsidiary and the ultimate controlling shareholder are unsecured, non-interest bearing, repayable on demand and to be settled in cash.

24. Interest-bearing loans and borrowings

	Group			Company		
	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
	Unaudited					
Current:						
Secured bank loans	236,628	207	1,017	129,569	–	–
Unsecured notes	–	99,906	–	–	99,906	–
Obligations under finance leases (Note 30(d))	8	7	7	–	–	–
	236,636	100,120	1,024	129,569	99,906	–
Non-current:						
Secured bank loans	341,664	121,093	116,372	–	–	–
Unsecured notes	–	–	99,526	–	–	99,526
Obligations under finance leases (Note 30(d))	1	9	16	–	–	–
	341,665	121,102	215,914	–	–	99,526
Total interest-bearing loans and borrowings	578,301	221,222	216,938	129,569	99,906	99,526

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

24. Interest-bearing loans and borrowings (cont'd)

Secured bank loans

Bank loan of the Company is denominated in SGD, and bears interest at floating interest rates ranging from 4.05% to 4.31% per annum. The loan is secured on the Group's investment and development properties as disclosed in Note 17 and 19 respectively.

As at 31 December 2018, the Group's subsidiaries had bank loans amounting to \$448,723,000 (31 December 2017: \$121,300,000, 1 January 2017: \$117,389,000), which are secured by a charge over certain shares and warrants of the subsidiaries, certain assets of the subsidiaries and corporate guarantees provided by the Company and a subsidiary of the Company. The effective interest rates of the loans ranging from 3.26% to 5.11% (31 December 2017: 2.80% to 4.91%, 1 January 2017: 2.67% to 4.98%) per annum. These loans are denominated in SGD, except for bank loans amounting to \$548,000 (31 December 2017: \$566,000, 1 January 2017: \$574,000) and \$Nil (31 December 2017: \$21,359,000, 1 January 2017: \$17,569,000) which are denominated in Malaysian Ringgit and Sterling Pound respectively. These loans have maturity dates ranging from 2019 to 2030.

Unsecured note

Unsecured note comprises \$100,000,000 Medium Term Notes (MTN) issued by the Company at fixed rate of 6.50% as part of an unsecured Multicurrency Medium Term Note Programme established on 17 November 2014 with programme limit of \$500,000,000. The MTN have been fully redeemed during the financial year ended 31 December 2018.

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 13). The average discount rate implicit in the leases is 4.53% p.a. (31 December 2017: 4.58% p.a.; 1 January 2017: 4.66% p.a.).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

24. Interest-bearing loans and borrowings (cont'd)

A reconciliation of liabilities arising from the Group's financing activities is as follows:

	Non-cash changes							2018 \$'000
	2017 \$'000	Cash flows \$'000	Amortisation of financing fees on bank loan \$'000	Foreign exchange movement \$'000	Disposal of subsidiaries \$'000	Reclassified as part of disposal group \$'000	Other \$'000	
Interest-bearing loans								
- current	207	131,005	705	1	-	(2,184)	106,894	236,628
- non-current	121,093	355,987	389	(970)	(7,719)	(20,222)	(106,894)	341,664
Obligations under finance leases								
- current	7	(7)	-	-	-	-	8	8
- non-current	9	-	-	-	-	-	(8)	1
Unsecured notes								
- current	99,906	(100,000)	94	-	-	-	-	-
	221,222	386,985	1,188	(969)	(7,719)	(22,406)	-	578,301

	Non-cash changes						2017 \$'000
	1 Jan 2017 \$'000	Cash flows \$'000	Amortisation of financing fees on bank loan \$'000	Foreign exchange movement \$'000	Other \$'000		
Unaudited							
Interest-bearing loans							
- current	1,017	(20)	-	(2)	(788)		207
- non-current	116,372	3,327	129	477	788		121,093
Obligations under finance leases							
- current	7	(7)	-	-	7		7
- non-current	16	-	-	-	(7)		9
Unsecured notes							
- current	-	-	-	-	-		-
- non-current	99,526	380	-	-	-		99,906
	216,938	3,680	129	475	-		221,222

The 'other' column relates to reclassification of non-current portion of loans and obligations under finance leases due to the passage of time.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

25. Deferred tax

Deferred tax as at 31 December relates to the following:

	Group			Company		
	Consolidated statement of financial position			Statement of financial position		
	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
	Unaudited					
Deferred tax liabilities:						
Differences in depreciation for tax purposes	(4,375)	(7,151)	(7,712)	–	(20)	(20)
Differences in amortisation of intangible assets	–	(2,064)	(831)	–	–	–
Fair value adjustments on acquisition of subsidiaries	(3,099)	(3,092)	(3,028)	–	–	–
Provisions	545	688	624	–	–	–
Other items	(31)	109	762	–	–	–
	(6,960)	(11,510)	(10,185)	–	(20)	(20)
Deferred tax assets:						
Unutilised tax losses	–	532	548	–	–	–
	–	532	548	–	–	–
Net deferred tax liabilities	(6,960)	(10,978)	(9,637)	–	(20)	(20)

	Group	
	Consolidated statement of profit or loss	
	2018 \$'000	2017 \$'000
	Unaudited	
Deferred tax liabilities:		
Differences in depreciation for tax purposes	(403)	(140)
Fair value adjustments on acquisition of subsidiaries	(9)	(9)
Deferred tax assets:		
Unabsorbed capital allowances	–	(430)
Unutilised tax losses	122	623
Provisions	81	(54)
Deferred tax credit (Note 10)	(209)	(10)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

25. Deferred tax (cont'd)

Unrecognised capital allowances and tax losses

At the end of the reporting period, the Group had unutilised capital allowances and unabsorbed tax losses amounting to approximately \$504,000 (31 December 2017: \$614,000, 1 January 2017: \$776,000) and \$2,067,000 (31 December 2017: \$21,407,000, 1 January 2017: \$15,584,000) respectively that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these unutilised capital allowances and unabsorbed tax losses is subject to agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the companies operate.

Tax consequences of proposed dividends

There are no income tax consequences (2017: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 36).

26. Purchase consideration payable

	Group	
	2017 \$'000	1 Jan 2017 \$'000
	Unaudited	
Non-current liabilities		
AC Consortium Vendors	3,600	–
Ariva Vendors	6,648	–
Squire Mech Vendors	2,594	11,513
	12,842	11,513
Current liabilities		
Ariva Vendors	800	–
	13,642	11,513

AC Consortium Vendors

The contingent consideration liability arose from the acquisition of AC Consortium, through RSP Architects Planners & Engineers (Pte) Ltd for a total consideration of \$8,000,000, to be satisfied by way of allotment and issuance of an equivalent number of ordinary shares based on the market price of the settlement date. An initial consideration of 60,773,480 ordinary shares was issued to AC Consortium Vendors upon completion of the acquisition of AC Consortium on 30 June 2017. The remaining consideration shall be payable subject to the terms and conditions set out in the sale and purchase agreement, which include the achievement of earn-out targets.

Ariva Vendors

The contingent consideration liability arose from the acquisition of Ariva Pte Ltd (Ariva), through Rowsley Hospitality Holdings Pte. Ltd. for a total consideration of \$9,000,000, to be satisfied by way of cash payments of \$2,600,000 and allotment and issuance of 53,333,333 ordinary shares. An initial consideration, which comprised cash payments of \$1,000,000 together with 8,000,000 ordinary shares were issued to Ariva Vendors upon completion of the acquisition of Ariva on 28 February 2017. The remaining consideration shall be payable subject to the terms and conditions set out in the sale and purchase agreement, which include the achievement of earn-out targets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

26. Purchase consideration payable (cont'd)

Squire Mech Vendors

The contingent consideration liability arose from the acquisition of the remaining 65% of the existing issued and paid up share capital of Squire Mech Private Limited (Squire Mech) through RSP for a total consideration of \$15,340,000, to be satisfied by way of allotment and issuance of up to 130,000,000 ordinary shares. An initial consideration of 36,400,000 ordinary shares was issued to Squire Mech Vendors upon completion of the acquisition of Squire Mech on 4 August 2016. The remaining consideration shall be payable subject to the terms and conditions set out in the sale and purchase agreement, which include the achievement of earn-out targets.

As at 31 December 2018, purchase consideration payable to AC Consortium Vendors and Squire Mech Vendors have been included in the statement of financial position in the "Liabilities directly associated with disposal group classified as held for distribution" line item. The purchase consideration payable to Ariva Vendors was derecognised as part of the disposal consideration upon the Group's disposal of Ariva during the financial year ended 31 December 2018.

27. Provision

	Group	
	2018 \$'000	2017 \$'000
		Unaudited
At 1 January	194	189
- Arose during the financial year	103	5
- Disposal of subsidiaries (Note 15(d))	-	(56)
- Acquisition of subsidiary (Note 15(e))	-	56
At 31 December	297	194

This relates to restoration costs estimated to dismantle or remove plant and equipment or restore rented operating premises to their original condition arising from the return of the leases of rented operating premises to the landlords pursuant to lease agreements.

28. Share capital

	Group and Company			
	2018		2017	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Issued and fully paid ordinary shares:				
At 1 January	4,738,417	788,267	4,669,644	782,967
Issued for acquisition of a subsidiary	21,333,334	1,984,000	68,773	5,360
Exercise of warrants	1,130	102	-	-
Share issuance expenses	-	(160)	-	(60)
At 31 December	26,072,881	2,772,209	4,738,417	788,267

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

29. Other reserves

Merger reserve

This represents the difference between the consideration paid and the share capital of the subsidiaries when entities under common control are accounted for by applying the pooling of interest method, as described in Note 2.4(c) of the financial statements.

Foreign currency translation reserve

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

Capital reserve

Capital reserve represents the premium paid or discounts on acquisition of non-controlling interests.

Warrant reserve

The warrant reserve represents the 266,666,666 detachable warrants issued by the Company's subsidiary, TMCLS pursuant to the acquisition of BBWF. The expiry date of warrants is 21 June 2019.

30. Commitments

(a) **Capital commitments**

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group		
	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
		Unaudited	
Capital commitment in respect of property and equipment	110,187	17,282	14,792

(b) **Operating lease commitments - as lessee**

The Group entered into commercial leases relating to the rental of medical clinics, warehouse, office premises and equipment. These leases have an average tenure of between three and six years.

Minimum lease payments recognised as an expense in profit or loss at the end of the reporting period amounted to \$6,052,000 (2017: \$5,031,000).

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

	Group		
	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
		Unaudited	
Not later than one year	5,154	9,188	9,961
Later than one year but not later than five years	4,901	18,596	5,140
Later than five years	–	15,396	3,869
	10,055	43,180	18,970

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

30. Commitments (cont'd)

(c) *Operating lease commitments - as lessor*

The Group entered into commercial property leases relating to clinic premises. These non-cancellable leases have remaining lease terms of between one and three years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

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

	Group		
	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
		Unaudited	
Not later than one year	1,822	1,317	1,750
Later than one year but not later than five years	2,092	847	1,154
	3,914	2,164	2,904

(d) *Finance lease commitments*

The Group has finance leases for certain items of motor vehicles (Note 13).

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group					
	2018		2017		1 Jan 2017	
	Minimum lease payment \$'000	Present value of payments \$'000	Minimum lease payment \$'000	Present value of payments \$'000	Minimum lease payment \$'000	Present value of payments \$'000
			Unaudited			
Not later than one year	9	8	8	7	8	7
Later than one year but not later than five years	1	1	9	9	17	16
Total minimum lease payments	10	9	17	16	25	23
Less: Amounts representing finance charges	(1)	–	(1)	–	(2)	–
Present value of minimum lease payments	9	9	16	16	23	23

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

31. Contingent liabilities

A claim was made in September 2007 involving a patient who passed away during childbirth in one of the Group's hospitals and the child was delivered with certain medical conditions. The claim was filed by the deceased's family against the deceased's obstetrician, with the subsidiary, as the second defendant. The Group has filed its defence refuting the claim. The claimants have not yet quantified their claims. As at the date of this report, the case is ongoing and except as disclosed above, the directors are not aware of further action being taken against the Group by any party in relation to this matter. The claim is not expected to have a material impact on the Group's financial statements.

32. Fair value of assets and liabilities

(a) Fair value hierarchy

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

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can assess at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

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

(b) Assets and liabilities measured at fair value

As at 31 December 2018, assets and liabilities measured at fair value have been included in the statement of financial position in the "Assets of disposal group classified as held for distribution" and "Liabilities directly associated with disposal group classified as held for distribution" line items respectively.

The following tables show an analysis of the assets and liabilities measured at fair value as at 31 December 2017 and 1 January 2017:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2017				
Unaudited				
Financial assets:				
<u>Available-for-sale financial assets</u>				
(Note 18)				
Equity instruments (quoted)	1,940	–	–	1,940
Financial assets as at				
31 December 2017	1,940	–	–	1,940
Financial liabilities:				
Purchase consideration payable (Note 26)	–	–	(13,642)	(13,642)
Financial liabilities as at				
31 December 2017	–	–	(13,642)	(13,642)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

32. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value (cont'd)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
1 Jan 2017				
Unaudited				
Financial assets:				
Available-for-sale financial assets (Note 18)				
Equity instruments (quoted)	2,041	–	–	2,041
Financial assets as at 1 January 2017	2,041	–	–	2,041
Financial liabilities:				
Purchase consideration payable (Note 26)	–	–	(11,513)	(11,513)
Financial liabilities as at 1 January 2017	–	–	(11,513)	(11,513)

(c) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3).

Description	Fair value at 31 December \$'000	Valuation techniques	Significant unobservable inputs	Range (weighted average)
2017				
Unaudited				
Recurring fair value measurements				
Purchase consideration payable	(13,642)	Probability of subsidiaries meeting the specified earn-out targets and the share price of the Company on the date the earn-out targets are met	Closing share price Actual revenue Actual net operating profit after tax	\$0.129

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

32. Fair value of assets and liabilities (cont'd)

(c) Level 3 fair value measurements (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

Description	Fair value at 31 December \$'000	Valuation techniques	Significant unobservable inputs	Range (weighted average)
1 Jan 2017				
Unaudited				
Recurring fair value measurements				
Purchase consideration payable	(11,513)	Probability of subsidiaries meeting the specified earn-out targets and the share price of the Company on the date the earn-out targets are met	Closing share price Actual revenue Actual net operating profit after tax	\$0.123

For purchase consideration payable, a significant increase/(decrease) in the share price would result in a significant higher/(lower) fair value measurement.

The following table shows the impact on the Level 3 fair value measurement of assets and liabilities that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

Description	Carrying amount \$'000	Effect of reasonably possible alternative assumptions on profit or loss \$'000
2017		
Unaudited		
Purchase consideration payable	(13,642)	(84)

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the share price by increasing and decreasing the assumptions by 1%.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

32. Fair value of assets and liabilities (cont'd)

(c) **Level 3 fair value measurements (cont'd)**

(ii) *Movements in Level 3 assets and liabilities measured at fair value*

The following table presents the reconciliation for purchase consideration payable measured at fair value based on significant unobservable inputs (Level 3):

Group	Purchase consideration payable \$'000
2017	
Opening balance	(11,513)
Arising from acquisition of subsidiaries	(17,000)
Settlement of purchase consideration payable	6,360
Total unrealised gains recognised in profit or loss	8,511
Closing balance	<u>(13,642)</u>

(iii) *Valuation policies and procedures*

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information is reasonably available.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

32. Fair value of assets and liabilities (cont'd)

(d) *Assets and liabilities not measured at fair value, for which fair value is disclosed*

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Fair value Total \$'000	Carrying amount \$'000
2018					
Assets					
Investment property	–	–	150,606	150,606	150,606
Disposal group classified as held for distribution	–	–	155,973	155,973	152,803
Liabilities					
Obligations under finance leases	–	–	9	9	10
2017					
Unaudited					
Assets					
Investment property	–	–	151,612	151,612	151,612
Liabilities					
Obligations under finance leases	–	–	16	16	17
1 January 2017					
Unaudited					
Assets					
Investment property	–	–	148,444	148,444	148,444
Liabilities					
Obligations under finance leases	–	–	23	23	25

The fair value of investment property as at 31 December 2018 is based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction. The valuation is determined by an independent professional valuer, using the Direct Comparison Method. The Direct Comparison Method involves the analysis and study of recent sales evidence of similar properties in comparable developments in the subject/comparable vicinities.

There was no write-down of the disposal group classified as held for distribution to its fair value as the fair value of the disposal group approximates the cost of the disposal group. The fair value measurement of the disposal group was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

32. Fair value of assets and liabilities (cont'd)

(d) *Assets and liabilities not measured at fair value, for which fair value is disclosed (cont'd)*

The following table shows the Group's valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Direct Comparison Method: The Direct Comparison approach involves the analysis of comparable sales of similar properties and adjusting the sale prices to those reflective of the investment properties.	Price per square foot: MYR896 (31 December 2017: MYR900, 1 January 2017: MYR900)	Significant increases in price per square foot would result in a significantly higher fair value measurement.

33. Financial risk management objectives and policies

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

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

(a) **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arise primarily from trade and other receivables. For other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. It is the Group's policy that all customers who wish to obtain services on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

33. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 150 to 180 days when they fall due, which are derived based on the Group's historical information.

To assess the risk of a default occurring on the asset, the Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Significant changes in the expected behaviour of the debtor, including changes in payment status; and
- Projected industry default rates.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payments.

The Group determined that its financial assets are credit-impaired when the debtor fails to make contractual payments more than 150 to 180 days past due.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 150 to 180 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity where applicable to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

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

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The loss allowance provision also incorporates forward looking information such as the projected industry default rates over the next year.

Summarised below is the information about the credit risk exposure on the Group's trade receivables:

2018	< 30 days past due \$'000	> 30 days past due \$'000	> 60 days past due \$'000	> 90 days past due \$'000	Total \$'000
Gross carrying amount	3,543	879	467	3,490	8,379
Loss allowance provision	–	–	–	1,670	1,670

Information regarding loss allowance movement of trade receivables are disclosed in Note 21.

During the financial year, the Group wrote-off \$114,000 of trade receivables as the Group does not expect to receive future cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

33. Financial risk management objectives and policies (cont'd)

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

Exposure to credit risk

At the end of the reporting period, the Group's and the Company'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.

Credit risk concentration profile

There is no significant credit risk concentration in respect of the Group's Real Estate Business and Healthcare Business in Singapore. In respect of the Group's Healthcare Business in Malaysia, credit concentration risk arose from eight (31 December 2017: eight, 1 January 2017: six) debtors, which represents 31% (31 December 2017: 12%, 1 January 2017: 8%) of the Group's gross trade receivables as at the end of the reporting period.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

(b) **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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

33. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	1 year or less \$'000	Over 1 year \$'000	Total \$'000
Group			
2018			
Financial assets			
Trade and other receivables	21,536	–	21,536
Cash and short-term deposits	121,745	–	121,745
Total undiscounted financial assets	143,281	–	143,281
Financial liabilities			
Trade and other payables	38,088	–	38,088
Amount due to the ultimate controlling shareholder	9,811	–	9,811
Interest-bearing loans and borrowings	256,178	358,504	614,682
Total undiscounted financial liabilities	304,077	358,504	662,581
Total net undiscounted financial liabilities	(160,796)	(358,504)	(519,300)
2017			
Unaudited			
Financial assets			
Trade and other receivables	53,087	–	53,087
Cash and short-term deposits	140,991	–	140,991
Total undiscounted financial assets	194,078	–	194,078
Financial liabilities			
Trade and other payables	67,853	–	67,853
Amount due to the ultimate controlling shareholder	437,391	–	437,391
Purchase consideration payable	800	12,842	13,642
Interest-bearing loans and borrowings	105,543	125,598	231,141
Total undiscounted financial liabilities	611,587	138,440	750,027
Total net undiscounted financial liabilities	(417,509)	(138,440)	(555,949)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

33. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

	1 year or less \$'000	Over 1 year \$'000	Total \$'000
Group			
1 Jan 2017			
Unaudited			
Financial assets			
Trade and other receivables	53,573	–	53,573
Cash and short-term deposits	148,462	–	148,462
Total undiscounted financial assets	202,035	–	202,035
Financial liabilities			
Trade and other payables	58,806	–	58,806
Amount due to the ultimate controlling shareholder	467,142	–	467,142
Purchase consideration payable	–	11,513	11,513
Interest-bearing loans and borrowings	109,688	125,253	234,941
Total undiscounted financial liabilities	635,636	136,766	772,402
Total net undiscounted financial liabilities	(433,601)	(136,766)	(570,367)
Company			
2018			
Financial assets			
Trade and other receivables	175,536	–	175,536
Cash and short-term deposits	6,141	–	6,141
Total undiscounted financial assets	181,677	–	181,677
Financial liabilities			
Trade and other payables	1,839	–	1,839
Amount due to the ultimate controlling shareholder	9,811	–	9,811
Interest-bearing loans and borrowings	133,919	–	133,919
Total undiscounted financial liabilities	145,569	–	145,569
Total net undiscounted financial assets	36,108	–	36,108

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

33. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

	1 year or less \$'000	Over 1 year \$'000	Total \$'000
Company			
2017			
Unaudited			
Financial assets			
Trade and other receivables	3,496	–	3,496
Cash and short-term deposits	5,881	–	5,881
Total undiscounted financial assets	9,377	–	9,377
Financial liabilities			
Trade and other payables	5,707	–	5,707
Interest-bearing loans and borrowings	101,478	–	101,478
Total undiscounted financial liabilities	107,185	–	107,185
Total net undiscounted financial liabilities	(97,808)	–	(97,808)
1 Jan 2017			
Unaudited			
Financial assets			
Trade and other receivables	9,703	–	9,703
Cash and short-term deposits	6,444	–	6,444
Total undiscounted financial assets	16,147	–	16,147
Financial liabilities			
Trade and other payables	2,563	–	2,563
Interest-bearing loans and borrowings	5,948	101,532	107,480
Total undiscounted financial liabilities	8,511	101,532	110,043
Total net undiscounted financial assets/(liabilities)	7,636	(101,532)	(93,896)

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from its interest-bearing loans and borrowings.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 100 (2017: 100) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been \$5,802,000 (2017: \$2,002,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

33. Financial risk management objectives and policies (cont'd)

(d) *Foreign currency risk*

The Group incurs foreign currency risk mainly on sales, purchases, receivables and payables that are denominated in currencies other than the respective functional currencies of the Group entities. The currencies in which these transactions are denominated are mainly Malaysian Ringgit (MYR), Renminbi (RMB) and Emirates Dirham (AED).

The Group also holds cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in MYR.

There is no formal hedging policy with respect to foreign exchange exposures. Exposures to currency risk are monitored on an ongoing basis and the Group endeavours to keep the net exposures at an acceptable level.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(loss) before tax to a reasonably possible change i.e. 10% strengthening of the foreign currency exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Profit/(loss) before tax	
		2018 \$'000	2017 \$'000
			Unaudited
Group			
MYR/SGD		206	264
RMB/SGD		309	418
AED/SGD		194	321

A 10% weakening of foreign currencies against the respective functional currencies of the Group entities would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

34. Capital management

The Group manages the capital structure by a balanced mix of debt and equity. Necessary adjustments are made in the capital structure considering the factors vis-à-vis the changes in the general economic conditions, available options of financing and the impact of the same on the liquidity position. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2017 and 2018.

The Group calculates the level of debt capital required to finance the working capital requirements using leverage/gearing ratio.

At the end of the reporting period, leverage ratios are as follows:

	2018	2017
Gross debt to equity	0.82 times	1.06 times
Net debt to equity	0.65 times	0.83 times

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

34. Capital management (cont'd)

The Group assesses the level of debt capital used to finance capital investment in respect of the projected risk and returns of these investments using a number of traditional and modified investment and analytical models including discounted cash flows. It also assesses the use of debt capital to fund such investments relative to the impact on the Group's overall debt capital position and capital structure.

In order to manage its capital structure, the Group may issue debt of either a fixed or floating nature, arrange credit facilities, issue medium-term notes, issue new shares or convertible bonds and adjust dividend payments.

35. Segment information

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

(a) Hospital operations and ancillary services

Hospital operations and ancillary services comprise the provision of integrated medical healthcare facilities and services for primary, secondary and tertiary healthcare with focus on the areas of obstetrics and gynaecology and paediatric services, diagnostic imaging services, pharmacy, 24-hour outpatient services, laboratory and services provided by outpatient clinics at the hospital.

(b) Specialised and other services

The specialised and other services segment includes services provided by the fertility clinics, paediatric centres, cancer centre, cardiology centre, Chinese medicine, specialist skin centre and a pre-natal and clinical diagnostic laboratory. It also includes a consumer business segment, comprising products and services.

(c) Investments

The holding of investments in equity instruments, investment properties and investment holding company.

(d) Real Estate Business

Real Estate Business comprises the provision of architectural, engineering and town-planning services, hotel operation and management, property development and investment. This segment has been classified as a discontinued operation during the financial year.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

35. Segment information (cont'd)

	Hospital operations and ancillary services \$'000	Specialised and other services \$'000	Investment holdings \$'000	Real estate business (Discontinued operation) \$'000	Elimination \$'000	Note	Consolidated \$'000
2018							
Revenue:							
External customers	134,073	81,396	141	95,960	(95,960)	A	215,610
Inter-segment revenue	19	2,356	26	-	(2,401)	B	-
Total revenue	134,092	83,752	167	95,960	(98,361)		215,610
Results:							
Finance income	314	220	2,497	96	(96)	A	3,031
Finance costs	1	29	18,143	777	(777)	A	18,173
Depreciation and amortisation	9,467	1,626	435	5,970	(5,970)	A	11,528
Impairment loss on non-financial assets	-	-	1,984	8,267	(8,267)	A	1,984
Share of result of associates	-	-	-	1,002	(1,002)	A	-
Segment profit/(loss) before tax	33,761	9,952	(21,672)	(10,220)	10,220	A	22,041
Assets:							
Investment in associates	-	-	-	24,916	(24,916)		-
Additions to non-current assets	18,770	1,760	407	6,013	-	C	26,950
Segment assets	880,619	29,325	368,698	210,406	18	B	1,489,066
Segment liabilities	40,701	16,248	590,381	57,603	-		704,933

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

35. Segment information (cont'd)

	Hospital operations and ancillary services \$'000	Specialised and other services \$'000	Investment holdings \$'000	Real estate business (Discontinued operation) \$'000	Elimination \$'000	Note	Consolidated \$'000
2017							
Unaudited							
Revenue:							
External customers	128,874	71,623	82	93,454	(93,454)	A	200,579
Inter-segment revenue	24	2,128	24	321	(2,497)	B	-
Total revenue	128,898	73,751	106	93,775	(95,951)		200,579
Results:							
Finance income	219	187	2,285	90	(90)	A	2,691
Finance costs	1	28	9,861	571	(571)	A	9,890
Depreciation and amortisation	8,660	1,291	428	8,445	(8,445)	A	10,379
Impairment loss on non-financial assets	-	-	-	34,343	(34,343)	A	-
Share of result of associates	-	-	-	2,252	(2,252)	A	-
Segment profit/(loss) before tax	37,510	8,992	(19,047)	(39,927)	39,927	A	27,455
Assets:							
Investment in associates	-	-	-	27,321	-		27,321
Additions to non-current assets	8,709	2,020	19	14,139	44	C	24,931
Segment assets	860,506	27,507	386,451	234,396	17	B	1,508,877
Segment liabilities	38,556	15,771	643,698	74,089	-		772,114

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

35. Segment information (cont'd)

	Hospital operations and ancillary services \$'000	Specialised and other services \$'000	Investment holdings \$'000	Real estate business (Discontinued operation) \$'000	Elimination \$'000	Note	Consolidated \$'000
1 Jan 2017							
Unaudited							
Assets:							
Investment in associates	–	–	–	26,866	–	A	26,866
Segment assets	847,525	28,005	376,997	267,616	1	B	1,520,144
Segment liabilities	37,058	17,036	669,793	58,493	–		782,380

Notes

- A The amounts relating to the real estate segment has been excluded to arrive at amounts shown in profit or loss as they presented separately in the statement of comprehensive income within one line item, "Loss from discontinued operation, net of tax".
- B Inter-segment revenues are eliminated on consolidation.
- C Additions to non-current assets consist of additions of property and equipment, intangible assets and investment property.

Geographical information

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

	Revenue		Non-current assets		
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
	Unaudited		Unaudited		
Singapore	196,536	188,148	664,639	674,380	706,887
Malaysia	61,221	52,540	394,023	386,248	375,805
United Kingdom	16,084	17,396	38,088	66,197	49,180
China	13,726	10,414	286	289	362
Middle East	20,681	19,105	120	197	334
Others	3,322	6,857	71	53	45
Discontinued operation	(95,960)	(93,881)	(111,707)	–	–
	215,610	200,579	985,520	1,127,364	1,132,613

Non-current assets information presented above consist of property and equipment, intangible assets, investment property and investment in associates as presented in the consolidated statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

36. Dividends

	Group and Company	
	2018 \$'000	2017 \$'000
		Unaudited
<i>Proposed but not recognised as a liability as at 31 December:</i>		
<i>Dividends on ordinary shares, subject to shareholders' approval at the AGM:</i>		
- Final exempt (one-tier) dividend for 2018: 0.025 cents (2017: Nil) per share	6,518	-

37. Events occurring after the reporting period

On 31 January 2019, the Company completed the distribution of all its shares in its wholly-owned subsidiary, RSP Holdings Pte Ltd (RSPH) by way of capital reduction amounting to \$155,973,000, which has been classified as discontinued operation as at 31 December 2018. On the same date, the Company has completed its further capital reduction to write-off the accumulated losses amounting to \$281,194,000.

On 1 March 2019, a subsidiary of the Group secured a Term Loan Facility of up to MYR300,000,000 with Malayan Banking Berhad. The purpose of the facility is to partially finance the construction of hospital-related expansions undertaken by the subsidiary.

38. Comparative figures

Unaudited comparative figures

The financial statements of the Group for the financial year ended 31 December 2018 have been prepared based on the pooling of interest method as described in Note 2.4(c) as a result of the very substantial acquisition of Sasteria. Accordingly, the comparatives are unaudited, and have been restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements.

39. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 29 March 2019.

STATISTICS OF SHAREHOLDINGS

As at 15 March 2019

No. of Issued shares	- 26,176,507,745 shares
No. of Treasury Shares Held	- Nil
No. of Subsidiary Holdings Held	- Nil
Class of shares	- Fully paid ordinary shares
Voting rights	- 1 vote per ordinary share

Shareholdings Held in Hands of Public

Based on information available to the Company as at 15 March 2019, 11.43% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	143	1.46	1,398	0.00
100 - 1,000	239	2.43	187,517	0.00
1,001 - 10,000	1,828	18.61	13,911,884	0.05
10,001 - 1,000,000	7,404	75.37	861,254,959	3.29
1,000,001 and above	209	2.13	25,301,151,987	96.66
TOTAL	9,823	100.00	26,176,507,745	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	LIM ENG HOCK	21,333,333,334	81.50
2	UOB KAY HIAN PTE LTD	2,447,840,460	9.35
3	DB NOMINEES (SINGAPORE) PTE LTD	235,685,200	0.90
4	CITIBANK NOMINEES SINGAPORE PTE LTD	199,430,066	0.76
5	GARVILLE PTE LTD	111,930,588	0.43
6	DBS NOMINEES PTE LTD	88,941,600	0.34
7	PAVILION CAPITAL FUND HOLDINGS PTE LTD	60,000,000	0.23
8	RAFFLES NOMINEES (PTE) LIMITED	46,613,400	0.18
9	PHILLIP SECURITIES PTE LTD	39,298,405	0.15
10	OCBC SECURITIES PRIVATE LTD	37,487,100	0.14
11	MERRILL LYNCH (SINGAPORE) PTE LTD	37,393,100	0.14
12	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	34,876,300	0.13
13	MAYBANK KIM ENG SECURITIES PTE. LTD.	28,788,614	0.11
14	UNITED OVERSEAS BANK NOMINEES PTE LTD	21,828,300	0.08
15	LAI HUEN POH	21,777,400	0.08
16	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	19,053,000	0.07
17	RHB SECURITIES SINGAPORE PTE LTD	17,980,900	0.07
18	DIANA SNG SIEW KHIM	16,119,800	0.06
19	TANG CHONG SIM	14,000,000	0.05
20	LEE KUT CHEUNG	13,247,700	0.05
TOTAL		24,825,625,267	94.82

STATISTICS OF SHAREHOLDINGS

As at 15 March 2019

SUBSTANTIAL SHAREHOLDERS

Name of substantial shareholders	Direct interest	%	Deemed interest	%
Bellton International Limited	-	-	586,347,894	2.24 ^(a)
Garville Pte Ltd	111,930,588	0.43	183,848,294	0.70 ^(b)
Jovina Investments Limited	-	-	967,311,317	3.70 ^(a)
Lim Eng Hock	21,333,333,334	81.50	23,182,771,427	88.57 ^(c)

Notes

(a) These shares are held through nominees

(b) Garville Pte Ltd is deemed interested in the shares registered in the name of Garville (Hong Kong) Limited by virtue of Section 4 of the Securities and Futures Act, Cap. 289

(c) Lim Eng Hock is deemed interested in the shares registered in the name of Jovina Investments Limited, Bellton International Limited, Garville Pte Ltd and Garville (Hong Kong) Limited by virtue of Section 4 of the Securities and Futures Act, Cap. 289

STATISTICS OF BONUS WARRANTHOLDINGS

As at 15 March 2019

DISTRIBUTION OF BONUS WARRANTHOLDINGS

Size Of Bonus Warrantholdings	No. of Bonus Warrantholders	%	No. of Bonus Warrants	%
1 - 99	143	1.82	2,593	0.00
100 - 1,000	61	0.78	34,302	0.00
1,001 - 10,000	751	9.59	4,902,100	0.05
10,001 - 1,000,000	6,513	83.16	939,823,080	10.03
1,000,001 and above	364	4.65	8,427,315,747	89.92
TOTAL	7,832	100.00	9,372,077,822	100.00

TWENTY LARGEST BONUS WARRANTHOLDERS

No.	Name	No. of Bonus Warrants	%
1	UOB KAY HIAN PTE LTD	4,854,463,420	51.80
2	DB NOMINEES (SINGAPORE) PTE LTD	464,028,400	4.95
3	LAI HUEN POH	293,554,800	3.13
4	GARVILLE PTE LTD	223,861,176	2.39
5	TANG CHONG SIM	222,792,000	2.38
6	DBS NOMINEES PTE LTD	183,361,637	1.96
7	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	136,737,600	1.46
8	MAYBANK KIM ENG SECURITIES PTE.LTD.	124,655,020	1.33
9	OCBC SECURITIES PRIVATE LTD	104,336,600	1.11
10	CITIBANK NOMINEES SINGAPORE PTE LTD	93,155,932	0.99
11	PHILLIP SECURITIES PTE LTD	91,230,210	0.97
12	TAN SIEW LIN	85,000,000	0.91
13	WONG YEN KONG	41,000,000	0.44
14	LYNSEY LIM LIFEN	40,000,000	0.43
15	RHB SECURITIES SINGAPORE PTE LTD	36,437,500	0.39
16	TANG YUMEI	34,000,000	0.36
17	RAFFLES NOMINEES(PTE) LIMITED	28,933,288	0.31
18	UNITED OVERSEAS BANK NOMINEES PTE LTD	27,982,600	0.30
19	HO KET HIOON LAWRENCE	26,491,800	0.28
20	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	25,532,800	0.27
TOTAL		7,137,554,783	76.16

Exercise Price \$0.08⁽¹⁾ in cash for each converted share on the exercise of a bonus warrant

Exercise Period The bonus warrant will expire on 24 April 2019 at 5.00 p.m.

Warrant Agent M & C Services Private Limited
112 Robinson Road #05-01, Singapore 068902

(1) The bonus warrant exercise price has been adjusted from \$0.09 to \$0.08 per share with effect from 23 January 2019.

STATISTICS OF PIGGYBACK WARRANTHOLDINGS

As at 15 March 2019

DISTRIBUTION OF PIGGYBACK WARRANTHOLDINGS

Size of Piggyback Warrantholdings	No. of Warrantholders	%	No. of Piggyback Warrants	%
1 – 99	0	0.00	0	0.00
100 – 1,000	0	0.00	0	0.00
1,001 – 10,000	3	6.82	8,000	0.01
10,001 – 1,000,000	24	54.54	10,996,000	10.50
1,000,001 and above	17	38.64	93,753,000	89.49
TOTAL	44	100.00	104,757,000	100.00

TOP TWENTY-ONE PIGGYBACK WARRANTHOLDERS

No.	Name	No. of Piggyback Warrants	%
1	DIANA SNG SIEW KHIM	24,500,000	23.39
2	TANG CHONG SIM	18,500,000	17.66
3	SNG THIAM HOCK	12,528,000	11.96
4	LIM CHER KHIANG	6,600,000	6.30
5	TAN CHAI SENG	6,000,000	5.73
6	LEE AI NI	3,500,000	3.34
7	WEE HUI HIAN	3,500,000	3.34
8	LIM SER HENG	2,500,000	2.39
9	WAN YEW KWAN @ WOON AH KOW	2,250,000	2.15
10	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,200,000	2.10
11	SNG SIEW LUAN	2,090,000	2.00
12	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,000,000	1.91
13	WONG YUET ENG	2,000,000	1.91
14	SEAH KHENG LUN	1,600,000	1.53
15	FOO HONG WEE	1,500,000	1.43
16	MAYBANK KIM ENG SECURITIES PTE LTD	1,285,000	1.23
17	TAN ENG ANN	1,200,000	1.15
18	CHUA CHEE HAOW	1,000,000	0.95
19	LAU WENG YEW	1,000,000	0.95
20	NG KIA JIN	1,000,000	0.95
21	WONG WOON WAI	1,000,000	0.95
TOTAL		97,753,000	93.32

Exercise Price \$0.11⁽¹⁾ in cash for each new share on the exercise of a piggyback warrant

Exercise Period Commencing on and including the date of issue of the piggyback warrant and expiring at 5.00p.m. on the market date immediately preceding the 4th anniversary of the date of issue of the bonus warrants on 25 April 2018, unless such date is a date on which the Register of Members is closed or is not a market day, the Exercise Date shall be the earlier of the next Business Day on which the Register of Members is open and Expiration Date.

Warrant Agent M & C Services Private Limited
112 Robinson Road #05-01, Singapore 068902

(1) The piggyback warrant exercise price has been adjusted from \$0.12 to \$0.11 per share with effect from 23 January 2019.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of Thomson Medical Group Limited will be held at Ramada by Wyndham Singapore at Zhongshan Park (Level 2), 16 Ah Hood Road, Singapore 329982 on **Thursday, 25 April 2019 at 2.00 p.m.** to transact the following businesses: –

ORDINARY BUSINESS

- | | |
|---|---------------------|
| 1. To receive and adopt the Directors' Statement and Audited Consolidated Financial Statements of the Company for the financial year ended 31 December 2018 together with the Auditors' Report thereon. | Resolution 1 |
| 2. To declare final dividend of 0.025 cents per share, tax exempt (one-tier), for the financial year ended 31 December 2018. | Resolution 2 |
| 3. To re-elect Mr Heng Kim Chuan Freddie as Director who is retiring pursuant to Article 105(2) of the Constitution of the Company.
<i>(Refer to explanatory note (ii))</i> | Resolution 3 |
| <p>To note the retirement of Mr Gary Ho Kuat Foong who is retiring pursuant to Article 105(2) of the Constitution of the Company.
<i>(Note: Mr Gary Ho Kuat Foong will not be seeking re-election and will retire as Director of the Company on 25 April 2019 at the close of the Annual General Meeting)</i></p> | |
| 4. To re-elect Mr Lim Wee Kiat as Director pursuant to Article 106 of the Constitution of the Company.
<i>(Refer to explanatory note (iii))</i> | Resolution 4 |
| 5. To re-elect Mr Wilson Sam as Director pursuant to Article 106 of the Constitution of the Company.
<i>(Refer to explanatory note (iii))</i> | Resolution 5 |
| 6. To approve the payment of Directors' fee of \$330,000 for the financial year ended 31 December 2018. | Resolution 6 |
| 7. To approve the payment of Directors' fee of up to \$350,000 for the financial year ending 31 December 2019. | Resolution 7 |
| 8. To re-appoint Ernst & Young LLP as the auditor of the Company and to authorise the Directors to fix their remuneration. | Resolution 8 |

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications: –

- | | |
|--|---------------------|
| 9. General Authority to Issue Shares | Resolution 9 |
| <p>That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "Companies Act") and Rule 806 of the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST") (the "Listing Manual"), the Directors be authorised and empowered to:</p> | |
| <p>(a) (i) issue ordinary shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or</p> | |
| <p>(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,</p> | |
| <p>at any time and upon such terms and conditions and for such purposes and to such persons as the directors may, in their absolute discretion, deem fit; and</p> | |

NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force and issue additional Instruments as adjustments in accordance with the terms and conditions of the Instruments made or granted by the Directors while this Resolution was in force,

provided that:

- (i) the aggregate number of the Shares (including the Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per cent (50%) of the total number of issued Shares (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on pro rata basis to shareholders of the Company shall not exceed twenty per cent (20%) of the total number of issued Shares (as calculated in accordance with paragraph (ii) below);
- (ii) (subject to such calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of the Shares that may be issued under sub-paragraph (i) above, the total number of issued Shares shall be based on the total number of issued Shares of the Company (excluding treasury shares) at the time of the passing of this Resolution, after adjusting for:
 - (1) new Shares arising from the conversion or exercise of any convertible securities;
 - (2) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (3) any subsequent bonus issue, consolidation or subdivision of the Shares;

and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument; and
- (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by SGX-ST) and the Constitution; and
- (iv) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company ("**AGM**") or the date by which the next AGM is required by law to be held, whichever is the earlier.

(Refer to explanatory note (iv))

10. Authority to grant options and allot and issue Shares under the TMG (formerly known as Rowsley) Group Share Option Scheme 2012

Resolution 10

That the Board of Directors of the Company be and is hereby authorised to:

- (a) offer and grant options in accordance with the provisions of the TMG (formerly known as Rowsley) Group Share Option Scheme 2012 (the "**Option Scheme**"); and
- (b) allot and issue from time to time such number of Shares as may be required to be issued (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) pursuant to the exercise of the options granted (while the authority conferred by this Resolution is in force) under the Option Scheme,

NOTICE OF ANNUAL GENERAL MEETING

provided always that the aggregate number of Shares over which options have been granted on any date, when added to:

- (i) the total number of new Shares allotted and issued and/or to be allotted and issued, and issued Shares delivered and/or to be delivered in respect of the options granted under the Option Scheme and
- (ii) in all Shares, options or awards granted under any other share scheme of the Company then in force,

shall not exceed fifteen per cent (15%) of the issued share capital of the Company (excluding treasury shares, if any) from time to time and that such authority shall, unless revoke or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is the earlier.

(Refer to explanatory note (v))

11. Authority to grant awards and issue Shares under the Share Grant Plan 2015

Resolution 11

That the Board of Directors of the Company be and is hereby authorised to:

- (a) grant awards in accordance with the provisions of the Share Grant Plan 2015; and
- (b) allot and issue from time to time such number of fully paid-up Shares as may be required to be delivered pursuant to the vesting of awards under the Share Grant Plan 2015,

provided that the total number of new Shares which may be allotted and issued and/or Shares which may be delivered pursuant to awards granted under the Share Grant Plan 2015, when added to:

- (i) the total number of new Shares allotted and issued and/or to be allotted and issued, and issued Shares delivered and/or to be delivered in respect of all awards granted under the Share Grant Plan 2015; and
- (ii) all Shares, options or awards granted under any other share scheme of the Company then in force,

shall not exceed fifteen per cent (15%) of the issued share capital of the Company (excluding treasury shares, if any) from time to time and that such authority shall, unless revoke or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is the earlier.

(Refer to explanatory note (vi))

BY ORDER OF THE BOARD

Foo Soon Soo
Company Secretary
Singapore, 9 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory notes of the resolutions to be proposed at the AGM: -

(i). Ordinary Resolution 3

Mr Heng Kim Chuan Freddie will, upon re-election as a Director, continue his office as Non-Executive Non-Independent Director and will remain as a member of the Audit and Risk Management Committee, Nominating Committee and Investment Committee. Detailed information on Mr Heng can be found under Board of Directors in page 12 of the Annual Report.

(ii). Ordinary Resolution 4

Mr Lim Wee Kiat will, upon-election as a Director, continue his office as Non-Executive Non-Independent Director. Detailed information on Mr Lim can be found under Board of Directors in page 12 of the Annual Report.

(iii). Ordinary Resolution 5

Mr Wilson Sam will, upon re-election, continue to serve as an Executive Director and Group Chief Financial Officer. Detailed information on Mr Sam can be found under Board of Directors in page 12 of the Annual Report.

(iv). **Ordinary Resolution 9** is to authorise the Directors of the Company from the date of the above Meeting until the next AGM to issue shares and convertible securities in the Company up to an amount not exceeding in total fifty per cent (50%) of the total number of issued shares in the capital of the Company calculated on the basis set out in the said Resolution. For issues of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed twenty per cent (20%) of the total number of issued shares in the capital of the Company calculated on the basis set out in the said resolution. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

(v). **Ordinary Resolution 10** is to empower the Board of Directors of the Company to offer and grant options and to issue Shares pursuant to the exercise of the options under the Option Scheme.

(vi). **Ordinary Resolution 11** is to empower the Board of Directors of the Company to offer and grant awards in accordance with the provisions of the Share Grant Plan 2015 and to issue from time to time such number of fully paid-up Shares as may be required to be delivered pursuant to the vesting of awards under the Share Grant Plan 2015.

The Committee administering the Share Grant Plan 2015 currently does not intend, in any given year, to grant the award under the Share Grant Plan 2015 and the options under the Option Scheme which would comprise more than 1.5% of the total number of issued Shares (excluding treasury shares, if any) from time to time. However, if less than 1.5% of the total number of issued Shares (excluding treasury shares, if any) is granted as the awards under the Share Grant Plan 2015 and the options under the Option Scheme in any given year, the balance may be used by the Company to make grants of the awards or the options in subsequent years.

Please read the following notes and the explanations of the resolutions before deciding how to vote.

a) A member who is not a Relevant Intermediary (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

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

b) A proxy or representative need not be a member of the Company. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

The instrument appointing a proxy must be deposited at the registered office of the Company at 101 Thomson Road #20-04/05 United Square Singapore 307591 not less than 72 hours before the time appointed for the Meeting.

c) Personal data privacy

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

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PROXY FORM

THOMSON MEDICAL GROUP LIMITED

(Incorporated in the Republic of Singapore)
Co. Registration No. 199908381D

IMPORTANT

For Central Provident Fund ("CPF") and/or Supplementary Retirement Scheme ("SRS") investors who have used their CPF/SRS monies to buy ordinary shares in the capital of Thomson Medical Group Limited ("Shares"), this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries as to how they may be appointed as proxies.

*I/We _____ (Name)

of _____ (Address)

being a *member/members of Thomson Medical Group Limited (the "**Company**") hereby appoint: -

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

*and/or (delete as appropriate)

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

or failing him/her, the Chairman of the Annual General Meeting ("**AGM**") of the Company as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the AGM of the Company to be held at Ramada by Wyndham Singapore at Zhongshan Park (Level 2), 16 Ah Hood Road, Singapore 329982 on **Thursday, 25 April 2019 at 2.00 p.m.** and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated with an (x) or (✓) in the spaces provided hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting as the *proxy/proxies deem fit.

RESOLUTIONS RELATING TO:		*For	*Against
Ordinary business			
1.	Directors' Statement and the Audited Consolidated Financial Statements of the Company for the financial year ended 31 December 2018 (" FY2018 ") together with the Auditors' Report thereon		
2.	Payment of final tax exempt (one-tier) dividend of 0.025 cents per share for FY2018		
3.	Re-election of Mr Heng Kim Chuan Freddie as Director who is retiring under Article 105(2) of the Company's Constitution		
4.	Re-election of Mr Lim Wee Kiat as Director who is retiring under Article 106 of the Company's Constitution		
5.	Re-election of Mr Wilson Sam as Director who is retiring under Article 106 of the Company's Constitution		
6.	Approval of payment of Directors' fee of \$330,000 for the financial year ended 31 December 2018		
7.	Approval of payment of Directors' fee of up to \$350,000 for the financial year ending 31 December 2019		
8.	Re-appointment of Ernst & Young LLP as the auditor of the Company and to authorise the Directors to fix their remuneration		
Special business			
9.	General authority to issue Shares		
10.	Authority to issue Shares under the TMG (formerly known as Rowsley) Group Share Option Scheme 2012		
11.	Authority to issue Shares under the Share Grant Plan 2015		

Dated this _____ day of _____ 2019

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

**Delete where inapplicable*

Total number of Shares held in:	
Depository Register	
Register of Members	

IMPORTANT: Please read the notes overleaf before completing this Proxy Form

IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THE PROXY FORM

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 9 April 2019.

NOTES:

1. Please insert the total number of Shares held by you. If you only have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you only have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you (in both the Register of Members and the Depository Register).
2. A member of the Company (other than a relevant intermediary*) entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) or two (2) proxies to attend and vote instead of him/her. A proxy need not be a member of the Company. Any appointment of a proxy by an individual member attending in person shall be null and void and such proxy shall not be entitled to vote at the meeting.
3. Where a member (other than a relevant intermediary*) appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. A relevant intermediary may appoint more than two (2) proxies to attend and vote at a meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 101 Thomson Road #20-04/05 United Square Singapore 307591 not less than 72 hours before the time appointed for the Meeting.
5.
 - (i) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing.
 - (ii) Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
 - (iii) Where the instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or the power of attorney or other authority, if any, or a duly certified true copy thereof shall (failing previous registration with the Company) be duly stamped (if required by law) and be deposited at the registered office of the Company not less than 72 hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
7. Subject to note 2, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

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

General

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. The Company shall not be responsible to confirm nor be liable for the rejection of any incomplete or invalid proxy instrument. In addition, in the case of Shares entered in the Depository Register, the Company shall reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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(Reg. No 199908381D)

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