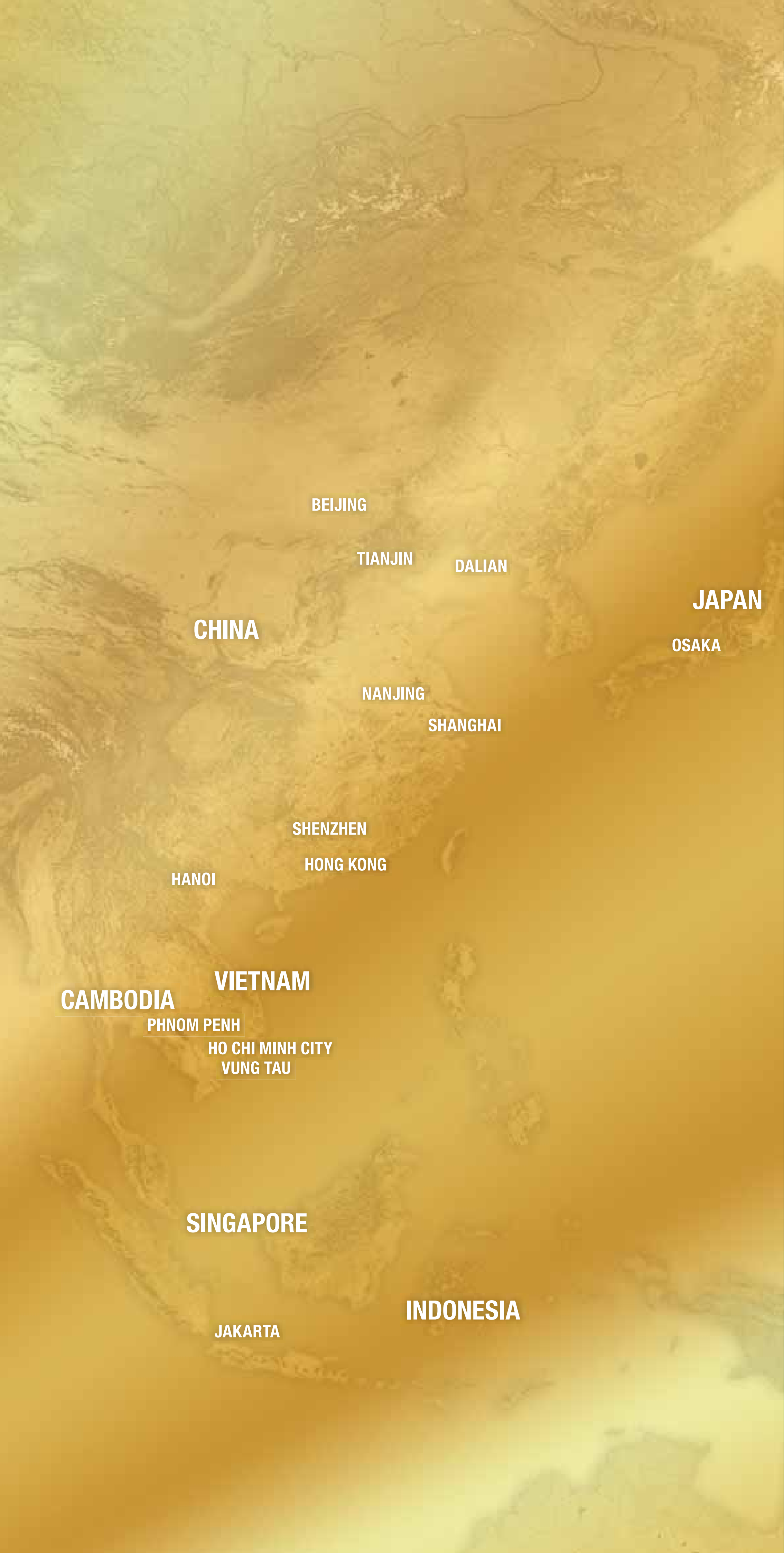


CELEBRATING 40 YEARS OF GROWTH

Annual Report 2015

RafflesMedicalGroup

COMPASSION
We put you and your well-being at the centre of all that we do; treating all with respect, compassion and dignity.

COMMITMENT
We will uphold your trust by maintaining the highest professional integrity and standards.

EXCELLENCE
We will continually seek advancement and innovation to achieve better healthcare.

TEAM-BASED CARE
We dedicate and combine our skills, knowledge and experience for your benefit.

VALUE
We seek always to create and deliver value for you.

Core Values

Vision

YOUR TRUSTED PARTNER FOR HEALTH

CONTENTS

CELEBRATING

4

OF GROWTH

FROM OUR HUMBLE BEGINNINGS AS A TWO-CLINIC GENERAL PRACTICE, RAFFLES MEDICAL GROUP HAS BEEN GUIDED BY OUR FIRM COMMITMENT TO DELIVER QUALITY CARE TO OUR PATIENTS AND PARTNERS.

WE HAVE COME A LONG WAY SINCE, WITH AN ESTABLISHED ISLANDWIDE PRESENCE AND AN EXPANDING REGIONAL FOOTPRINT. WE LOOK TO THE FUTURE WITH THE AIM OF PROVIDING COMPREHENSIVE AND INTEGRATED SERVICES ACROSS THE HEALTHCARE SPECTRUM.

Financial Highlights

REVENUE CONTRIBUTION BY SEGMENT

HOSPITAL SERVICES

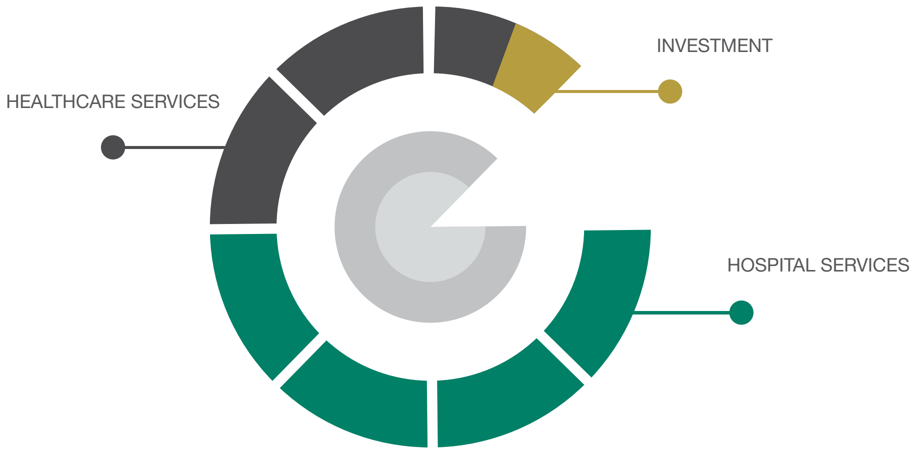
61%

HEALTHCARE SERVICES

36%

INVESTMENT

3%



2015 PERFORMANCE AT A GLANCE

HEALTHCARE SERVICES DIVISION

▲ 14.6%

Revenue from Healthcare Services Division grew 14.6% to $160.5 million

HOSPITAL SERVICES DIVISION

▲ 7.0%

Revenue from Hospital Services Division grew 7.0% to $268.4 million

GROUP REVENUE

▲ 9.6%

Group achieved 9.6% growth in revenue to $410.5 million

EBITDA

▲ 3.8%

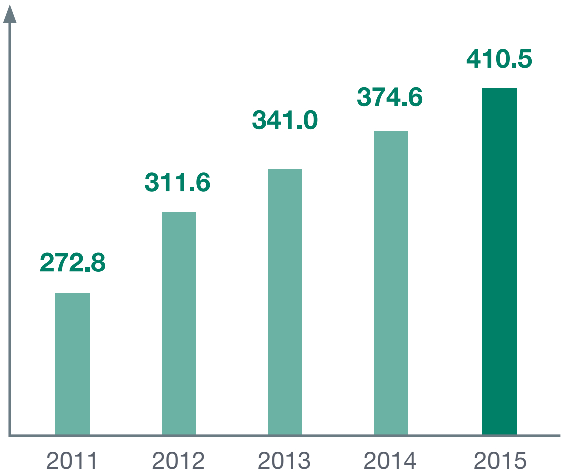
Earnings before interest, taxes, depreciation and amortisation (EBITDA) grew by 3.8% to $93.4 million

PATMI

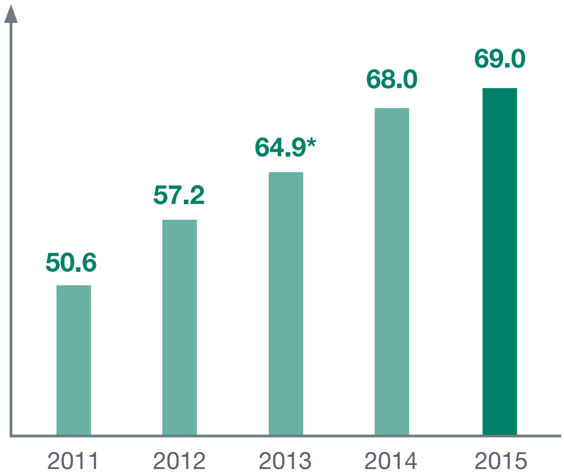
▲ 2.4%

Profit after tax and minority interests (PATMI) grew by 2.4% to $69.3 million

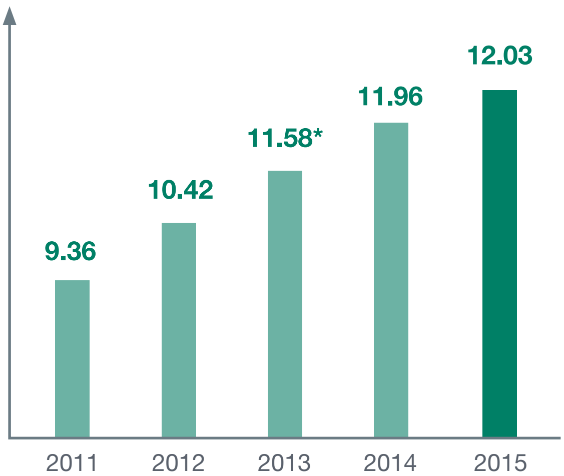
GROUP REVENUE ($'M)



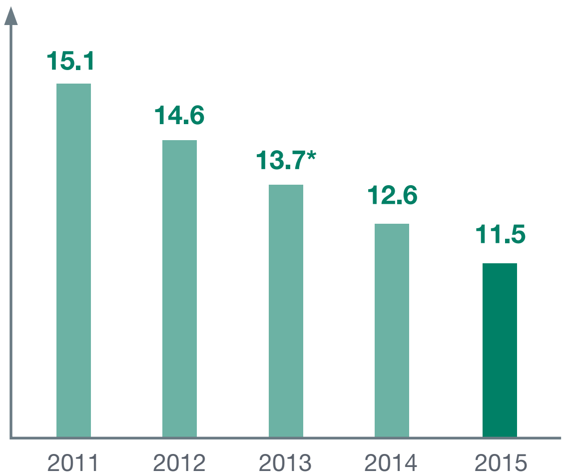
GROUP PROFIT AFTER TAX ($'M)



EARNINGS PER SHARE (CENTS)



RETURN ON EQUITY (%)



FINANCIAL SUMMARY

	2011 $'000	2012 $'000	2013 $'000	2014 $'000	2015 $'000
Revenue	272,783	311,633	340,989	374,641	410,535
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	66,750	74,258	82,207*	89,973	93,411
Operating Profit	59,510	66,355	73,939*	80,327	80,604
Profit Before Tax	59,440	66,585	74,850*	81,281	81,607
Profit After Tax	50,621	57,209	64,907*	67,962	69,031
Diluted Earnings per Share (cents)	9.36	10.42	11.58*	11.96	12.03
Net Asset Value per Share (cents)	62.51	71.29	85.31	95.50	104.88
Return on Equity (%)	15.1	14.6	13.7*	12.6	11.5

*Excluding the gain on disposal of a subsidiary in 2013.

Senior Physician & Deputy Director Dr Choo Shiao Hoe high-fives a young patient at the hospital.

1976

Young doctors acquire Teng's clinic, start Raffles Medical Group

Dr Loo Choon Yong and Dr Alfred Loh bought over Teng's Clinic at Cecil Street and Maxwell House in 1976. Around 1980, the partners changed the name of the practice to Raffles Medical Group, adopting the name of their alma mater – Raffles Institution.

1990

Raffles Medical Group flies high, provides medical services at airports

Raffles Medical Group ventured into aviation and emergency medicine and was appointed exclusive medical provider for Singapore's Changi International Airport in 1990, and for Hong Kong's Chek Lap Kok International Airport in 1998.

40 Years OF BUILDING TRUST

Over the years, we have built meaningful relationships with our patients and partners to meet their healthcare needs. We will continue to fulfil our promise to be your trusted partner for health.

Chairman's Message

Chairman's Message

Dear Shareholders

The Group continued on its growth path in 2015 to achieve a record revenue of $410.5 million registering a growth of 9.6% over the previous year. Our profit after tax attributable to shareholders stands at $69.3 million with all divisions of the Group contributing to the performance.

40 Years of Caring

As we celebrate our 40th anniversary in 2016, we are pleased to see how the Group has been growing continuously through the years. The Group became the first Asian member of the Mayo Clinic Care Network. This partnership allows our physicians to collaborate with Mayo Clinic's physicians, enabling patients to get answers to their medical questions while staying close to home.

Caring for Singapore

The Group continued to grow, caring for more lives through its 100 multi-disciplinary clinics in Singapore and across Asia. Renovations for some specialist clinics at Raffles Hospital, including expansion of the 24 Hour Emergency, made room for us to take in subsidised care patients from SCDF ambulances, a first in the history of private hospitals in Singapore.

Raffles' first multi-disciplinary medical centre officially commenced operations at Shaw Centre on 23 July 2015, offering both local and overseas patients a new location for premier healthcare services in Singapore.

Contributing to Singapore Health Care

The Group's project in Holland Village is set to complete in the first quarter of 2016 as planned. Raffles Holland V with its own car parks will host a Raffles Medical Centre, DBS Bank branch, renowned retail shops, restaurants, cafes and wine bars. The mall is expected to be a landmark in that part of Singapore.

As we celebrate our 40th anniversary in 2016, we are pleased to see how the Group has been growing continuously through the years.

The Raffles Hospital extension project is progressing well. As we continue to grow our breadth and depth of our services in the existing hospital facility, we look forward to the new building which would provide us with a runway to grow for the next 10 years to RMG50.

Caring for Asia

Marching to our own drumbeat, we have been growing steadily and making inroads into the region. We now have medical presence in 12 cities outside of Singapore. Our joint venture with International SOS to manage and operate 10 clinics in China, Vietnam and Cambodia will enable us to serve more of our patients wherever they go.

The Group continues to progress in its projects in China with a foundation stone laying ceremony for the 400-bed Raffles Hospital Shanghai last year. We will thoughtfully evaluate various other opportunities in the region whereby the Raffles' brand of reliable and quality healthcare is in demand.

Caring Corporate Citizen

The Group and our staff continue to contribute towards various causes deserving of our support as part of its Corporate Social Responsibility efforts. In particular, the Group supports the work of the Asian Medical Foundation, a healthcare charity founded by the staff of the Group. The Group will continue to evaluate how we could give back to society to care for the less privileged in the community.

Caring Together

We thank our team of 360 multispecialty physicians, 850 nurses and allied healthcare professionals, 90 healthcare managers as well as 950 ancillary and support staff for caring and serving our patients professionally and compassionately, as our loved ones. For this, we are proud and grateful.

We appreciate the support and guidance of our Board of Directors. Their frequent interactions with the senior management provided valuable guidance on strategic as well as business matters, keeping us focused and disciplined. We welcomed Mr Eric Ang and Mr Lim Beng Chee into the Board in the year. Their guidance and contributions would continue to steer the Group into greater heights as we look on to celebrating RMG50.

Dr Loo Choon Yong
Executive Chairman

(From left to right) Our multi-disciplinary healthcare team comprising Medical Director Dr Chng Shih Kiat, Urologist Dr Siow Woei Yun, Acting Nurse Clinician Michelle Segal and Urologist Dr Lim Kok Bin, having a patient case conference.

1993

First standalone surgery centre opens in Asia

Raffles Surgicentre began operations on 18 September at No. 182 Clemenceau Avenue as the first standalone day surgery centre in Southeast Asia, incorporating four operating theatres, 28 recovery beds and two intensive care beds.

1995

Raffles Medical expands its operations regionally

In 1995, Raffles Medical Group opened its first overseas clinic at Central in Hong Kong. The other clinics are located in Chek Lap Kok International Airport and Taikoo Place. In 2010, RMG opened a medical centre in Shanghai.

40 Years OF CARING TOGETHER

Recognising the growing complexity of our society's medical needs, we have diversified our offerings from medical, dental and hospital services to include consumer health, preventive care and specialist healthcare insurance. Together, we work in tandem to provide exceptional patient care for everyone.

Board of Directors

1) **Dr Loo Choon Yong**
Executive Chairman and Co-Founder

2) **Mr Koh Poh Tiong**
Lead Independent Director

3) **Mr Kee Teck Koon**
Chairman of Audit & Risk Committee and Independent Director

4) **Dr Wee Beng Geok**
Chairman of Nomination & Compensation Committee and Independent Director

5) **Mr Tan Soo Nan**
Non-Independent Director

6) **Professor Lim Pin**
Independent Director

7) **Mr Raymond Lim Siang Keat**
Independent Director

8) **Mr Olivier Lim Tse Ghow**
Non-Independent Director

9) **Mr Eric Ang Teik Lim**
Independent Director

10) **Mr Lim Beng Chee**
Independent Director

Board of Directors

DR LOO CHOON YONG
Executive Chairman and Co-Founder

Dr Loo Choon Yong is the Executive Chairman of Raffles Medical Group. He co-founded the Group in 1976 and was appointed to his current position in 1997 when the Group was listed on the Singapore Stock Exchange. He is also the Chairman of the Asian Medical Foundation Ltd and Raffles Health Insurance Pte Ltd as well as Director of International SOS (MC Holdings) Pte Ltd.

In the area of public service, Dr Loo was appointed by the President of Singapore in 2015, as the Non-Resident Ambassador to the Republic of Poland. Prior to this, he was Non-Resident Ambassador to the Italian Republic between 2006 and 2015. He was also appointed Chairman of JTC Corporation, Singapore's leading industrial infrastructure specialist spearheading the planning, promotion and development of a dynamic industrial landscape from January 2013. He was previously the Chairman of Sentosa Development Corporation and Sentosa Golf Club.

Dr Loo was a Nominated Member of Parliament from 2005 to 2006 and again from 2007 to 2009. He was a member of the Board of Trustees of Singapore Management University (SMU) from 2000 to January 2014. He was also previously the Deputy Chairman of the Action Committee for Entrepreneurship (ACE), a public-private collaboration to promote entrepreneurship in Singapore, a member of the Government Economic Review Committee (ERC) from 2001 to 2003 and Chairman of ERC's Healthcare Services Working Group (HSWG).

In the area of social service, Dr Loo had been active in the fight against drug abuse for more than 20 years. He was the former Chairman of National Council Against Drug Abuse (NCADA) and President of Singapore Anti-Narcotic Association (SANA).

Besides his medical training, Dr Loo also read Law at the University of London and is a barrister of Middle Temple.

Dr Loo was awarded the Singapore National Day Awards Public Service Medal (2003) and Public Service Star (2009) and the Distinguished Service Award (2005) from the Ministry of Home Affairs for his contributions to Singapore's fight against drug abuse.

In February 2015, Dr Loo received the SG50 Outstanding Chinese Business Pioneers Award from the Singapore Chinese Chamber of Commerce & Industry. In April 2013, he was named Businessman of the Year 2012 at the Singapore Business Awards, jointly organised by The Business Times and DHL. In May 2010, Dr Loo was named Best Chief Executive Officer in the mid-cap category of the Singapore Corporate Awards organised by The Business Times and supported by the Singapore Stock Exchange.

MR KOH POH TIONG
Lead Independent Director

Mr Koh Poh Tiong is currently Advisor and Non-Executive and Non-Independent Director of Fraser & Neave Limited (F&N). He was previously the Chief Executive Officer (CEO) of F&N's Food & Beverage Division from 2008 to 2011, CEO of Asia Pacific Breweries from 1993 to 2008 and Non-Executive Chairman and Senior Advisor of Ezra Holdings Limited from 31 December 2012 to 31 January 2016.

Mr Koh also serves as Director in SATS Ltd, United Engineers Limited, Petra Foods Limited and The Great Eastern Life Assurance Company Limited as well as Chairman of Times Publishing Limited and Yunnan Yulinquan Liquor Co Ltd. In August 2014, Mr Koh was appointed a member of the Ministry of Trade and Industry Evaluation Panel. He was previously the Chairman of the Agri-Food & Veterinary Authority and Director at Wildlife Reserves Singapore Pte Ltd, Jurong Bird Park Pte Ltd and Media Corporation of Singapore Pte Ltd.

Mr Koh is noted for his strong civic involvement and long-standing interest in sports and education. He is currently the Council Chairman of the Singapore Kindness Movement and Chairman of the National Kidney Foundation. He has previously served on the Singapore Youth Olympic Games Organising Committee, the Singapore Sports Council, the Football Association of Singapore, and on the MBA Advisory Board of the Nanyang Technological University.

For his contribution to society and business, Mr Koh was conferred the Public Service Star Award in 2013 as well as the Public Service Medal and the Service to Education Medal in 2007. Mr Koh was also named Outstanding Chief Executive of the Year at the Singapore Business Awards 1998, jointly organised by The Business Times and DHL.

Mr Koh holds a Bachelor of Science degree from the University of Singapore.

He joined the Board on 3 October 2011.

MR KEE TECK KOON
Chairman of Audit & Risk Committee and Independent Director

Mr Kee Teck Koon is currently a Non-Executive Director of CapitaLand Limited. He is also the Non-Executive Chairman of Changi Airports International Pte Ltd and Alexandra Health Fund Limited. He also holds Directorship positions in NTUC Enterprise Co-operative Limited, NTUC Income Insurance Co-operative Limited, Mandai Safari Park Holdings and Lien Foundation.

Mr Kee was previously the Non-Executive Chairman of CapitaCommercial Trust Management Limited (the Manager of SGX-ST listed CapitaCommercial Trust). He also held several senior appointments within the CapitaLand Group including Chief Investment Officer of CapitaLand Limited (CapitaLand) and was responsible for overseeing the CapitaLand Group's Financial, Commercial and Retail businesses between April 2003 and January 2007.

Prior to that, Mr Kee was the Managing Director and Chief Executive Officer of The Ascott Limited, the Managing Director and Chief Executive Officer of Somerset Holdings Limited, Executive Vice President at Pidemco Land Limited, and had also held senior management appointments within several other organisations. He started his career in 1979 with the Singapore Armed Forces and the Ministry of Defence where he remained until 1991.

Mr Kee holds a Master of Arts in Engineering Science from the University of Oxford, United Kingdom.

He joined the Board on 3 January 2012.

DR WEE BENG GEOK
Chairman of Nomination & Compensation Committee and Independent Director

Dr Wee Beng Geok is currently Advisor, Asian Business Case Centre, as well as Consultant, Division of Strategy, Management and Organisation, at Nanyang Business School, Nanyang Technological University. She was previously Director of Asian Business Case Centre as well as Associate Professor, Division of Strategy, Management and Organisation. She holds a PhD in Management Systems and Sciences from the University of Hull; a Master in Business Administration from Cranfield University, and a Bachelor of Business Administration from the University of Singapore.

Dr Wee has worked both in the corporate sector and academia and held management positions in various companies.

She joined the Board on 27 November 2000.

MR TAN SOO NAN
Non-Independent Director

Mr Tan Soo Nan currently serves on the Boards of public listed and private companies including OSIM International Ltd, Raffles Health Insurance Pte Ltd, ICE Futures Singapore Pte Ltd, ICE Clear Singapore Pte Ltd, and ICE Singapore Holdings Pte Ltd. Mr Tan is also active in social causes and serves as Director in Temasek Education Foundation CLG Limited, Woh Hup Trust and the Society for the Physically Disabled as well as Vice-President in the Football Association of Singapore, all of which are not-for-profit organisations.

Mr Tan had previously held the positions of Chief Executive Officer at Singapore Pools (Private) Limited, Singapore Totalisator Board, and Temasek Capital (Private) Limited as well as Senior Managing Director of DBS Bank, and has had over 29 years of experience in the banking industry.

He joined the Board on 28 July 2000.

Board of Directors

PROFESSOR LIM PIN
Independent Director

Professor Lim Pin is currently Professor of Medicine at the National University of Singapore (NUS) and Emeritus Consultant Endocrinologist at the National University Hospital. He was the former Vice-Chancellor of NUS from 1981 to 2000, where under his leadership, NUS developed as a tertiary institution whose teaching, scholarship and quality of research commanded international respect. In recognition of his work and achievements, Professor Lim was accorded the highest academic title of 'NUS University Professor'.

Professor Lim has strong involvement in research and not-for-profit organisations. He was the Chairman of the National Wages Council from 2001 to 2014 and currently chairs the Singapore Millennium Foundation Limited, Special Needs Trust Company Limited (SNTC), Tropical Marine Science Institute (TMSI) Management Board and the Board of Trustees of the Ang Mo Kio – Thye Hua Kwan Hospital. He is also Emeritus Advisor to the Bioethics Advisory Committee and co-chairs the Governing Boards of joint research centres such as the Singapore-MIT Alliance for Research and Technology (SMART), ETH Singapore SEC Ltd, TUM Campus for Research Excellence and Technological Enterprise (CREATE), Berkeley Education Alliance for Research in Singapore (BEARS) and Cambridge Centre for Advanced Research in Energy Efficiency in Singapore (CARES).

Professor Lim received the Outstanding Volunteer Award in October 2015 from the Minister for Social and Family Development and the Distinguished Service Award in April 2015 from the National Trades Union Congress. He was also awarded the Distinguished Service Order in 2000, Meritorious Service Medal in 1990 and Public Administration Medal (Gold) in 1984.

He joined the Board on 19 February 2001.

MR RAYMOND LIM SIANG KEAT
Independent Director

Mr Raymond Lim is currently Executive Chairman of APS Asset Management and Senior Advisor to John Swire & Sons (S.E.Asia) Pte Limited. He also serves on the Boards of GIC Pte Ltd, Hong Leong Finance Ltd, Insurance Australia Group Limited and Swire Properties Limited.

Mr Lim was a former Cabinet Minister in the Singapore government and served as a Member of Parliament from 2001 to 2015. His ministerial appointments included Foreign Affairs, Trade & Industry, Entrepreneurship, Finance and Transport. He is currently also an Adjunct Professor at the Lee Kuan Yew School of Public Policy, National University of Singapore and the Nanyang Centre for Public Administration, Nanyang Technological University.

Prior to entering politics in 2001, Mr Lim held various senior positions in the financial industry including Managing Director of Temasek Holdings, Chief Executive Officer of DBS Securities and Group Chief Economist of ABN AMRO Asia Securities.

A Rhodes and Colombo Plan scholar, Mr Lim has degrees in economics and law from the Universities of Adelaide, Oxford and Cambridge.

He joined the Board on 25 April 2013.

MR OLIVIER LIM TSE GHOW
Non-Independent Director

Mr Olivier Lim has more than 25 years of experience mainly in real estate, banking, corporate finance, capital management, strategy and mergers & acquisitions. During his 11 years at CapitaLand (2003-2014), he held various roles including Group Deputy Chief Executive Officer, Group Chief Financial Officer (CFO) and Group Chief Investment Officer. Before CapitaLand, Mr Lim spent 13 years at Citibank (1989-2003) primarily in the corporate banking and investment banking businesses. His last position at Citibank Singapore was as Head of the Real Estate Unit in the corporate banking division.

Currently, Mr Lim is Chairman of Certis CISCO Security Pte Ltd and Frasers Property Australia Pty Ltd as well as Independent Director of Banyan Tree Holdings Limited. He also serves on the Board of JTC Corporation, Board of Trustees of Singapore Management University (SMU), Advisory Board of the Institute for Societal Leadership at SMU, Board of Governors of NorthLight School and as a Non-Executive Director of The Anglo Chinese Schools Foundation Limited. He is a member of the Securities Industry Council.

Mr Lim has previously served as Non-Executive Chairman of ASX listed Australand Holdings Limited, Chairman of the Advisory Council of the Singapore CFO Institute and Chairman of Mount Faber Leisure Group. He has also held Directorships in several SGX listed companies, as well as served on the Boards of Sentosa Development Corporation and the Accounting and Corporate Regulatory Authority (ACRA).

As Group CFO of CapitaLand Limited, Mr Lim was named CFO of the Year (for firms with a market capitalisation of $500 million and above) in The Business Times Singapore Corporate Awards 2007.

Mr Lim holds a First Class Honours degree in Civil Engineering from the Imperial College of Science, Technology and Medicine in the United Kingdom.

Mr Lim was a member of the Board from 1 October 2009 to 28 June 2013. He re-joined the Board on 1 October 2014.

MR ERIC ANG TEIK LIM
Independent Director

Mr Eric Ang is currently Senior Executive Advisor at DBS Bank Ltd, where he has been since the start of his banking career in 1978. Prior to this appointment, Mr Ang was Head of Capital Markets at DBS Bank Ltd. Through the years, he developed a long wealth of experience in Singapore's capital markets, having worked on landmark deals such as the listing of Singapore Airlines, Singapore Telecoms and CapitaMall Trust.

Currently, Mr Ang sits on the Board of Directors of Sembcorp Marine Ltd, Changi Airport Group (Singapore) Pte Ltd, Surbana Jurong Private Limited and DBS Foundation Ltd. He is the Co-Chairman of the SGX Disciplinary Committee and is one of the Vice-Chairmen of Community Chest in Singapore.

Mr Ang also sits on the Board of Directors of Hwang Capital (Malaysia) Berhad in Malaysia.

Mr Ang has a Bachelor's degree in Business Administration (Honours) from the University of Singapore.

He joined the Board on 24 April 2015.

MR LIM BENG CHEE
Independent Director

Mr Lim Beng Chee is currently Director and owner of Wind Group Pte Ltd as well as Director and member of the Audit Committee in Changi Airports International Pte Ltd. He was previously the Chief Executive Officer of CapitaMalls Asia Limited (CMA), now known as CapitaLand Mall Asia Limited, from 2008 to 2014. CMA is a developer, owner and operator of shopping malls in Singapore, China and other parts of Asia. CMA was listed on the Singapore Stock Exchange from 2009 to 2014.

Mr Lim has 15 years of experience in retail real estate investment, development, mall operations, asset management and fund management with DBS Land Limited, CapitaLand Limited and CapitaLand Mall Asia Limited including a two-year stint in Bejing, China as Chief Executive Officer of CapitaRetail China Trust Management Limited, Singapore's first China retail real estate investment trust.

Mr Lim graduated with a Bachelor of Arts in Physics (Honours) from the University of Oxford, and subsequently obtained a Post Graduate Diploma in Education from Nanyang Technological University (NTU). He also holds a Master of Business Administration (Accountancy) from NTU.

He joined the Board on 23 July 2015.

Further Information on Directors

Information as at 31 December 2015

Dr Loo Choon Yong, 66

Executive Chairman and Non-Independent Director

Academic and Professional Qualifications:

- Bachelor of Medicine and Bachelor of Surgery, University of Singapore
- Diplomate Member, The College of General Practitioners, Singapore
- Diploma in Cardiac Medicine, University of London
- Bachelor of Law (Honours), University of London
- Barrister, Middle Temple

Board Committee(s) served on:

- Nomination & Compensation Committee *(Member)*

Current Directorships in Listed Companies

1. Raffles Medical Group Ltd *(Executive Chairman and Non-Independent Director)*

Other Major Appointments

1. Ministry of Foreign Affairs *(Non-Resident Ambassador to the Republic of Poland)*
2. JTC Corporation *(Chairman)*
3. Asian Medical Foundation Ltd *(Chairman)*
4. Raffles Health Insurance Pte Ltd *(Chairman)*
5. International SOS (MC Holdings) Pte Ltd *(Director)*

Past Directorships in Other Listed Companies held over the preceding three years (1 Jan 2013 to 31 Dec 2015)

1. CapitaMalls Asia Limited *(Lead Independent Director)*

Mr Koh Poh Tiong, 69

Lead Independent Director

Academic and Professional Qualifications:

- Bachelor of Science, University of Singapore

Board Committee(s) served on:

- Audit & Risk Committee *(Member)*
- Nomination & Compensation Committee *(Member)*

Current Directorships in Listed Companies

1. Raffles Medical Group Ltd *(Non-Executive and Lead Independent Director)*
2. Ezra Holdings Limited *(Non-Executive Chairman and Senior Advisor)*
3. Fraser & Neave Limited *(Non-Executive and Non-Independent Director and Advisor)*
4. SATS Ltd *(Non-Executive and Independent Director)*
5. United Engineers Limited *(Non-Executive and Independent Director)*
6. Petra Foods Limited *(Non-Executive and Independent Director)*

Other Major Appointments

1. Singapore Kindness Movement *(Chairman)*
2. National Kidney Foundation *(Chairman)*
3. Times Publishing Limited *(Chairman)*
4. The Great Eastern Life Assurance Company Limited *(Director)*
5. Yunnan Yulinquan Liquor Co Ltd *(Chairman)*

Past Directorships in Other Listed Companies held over the preceding three years (1 Jan 2013 to 31 Dec 2015)

- Nil

Mr Kee Teck Koon, 59

Independent Director

Academic and Professional Qualifications:

- Bachelor of Arts, University of Oxford
- Master of Arts in Engineering Science, University of Oxford

Board Committee(s) served on:

- Audit & Risk Committee *(Chairman)*

Current Directorships in Listed Companies

1. Raffles Medical Group Ltd *(Non-Executive and Independent Director)*
2. CapitaLand Limited *(Non-Executive and Independent Director)*

Other Major Appointments

1. Changi Airports International Pte Ltd *(Non-Executive Chairman)*
2. NTUC Enterprise Co-operative Limited *(Non-Executive Director)*
3. Wildlife Reserves Singapore Pte Ltd *(Non-Executive Director)*
4. NTUC Income Insurance Co-operative Limited *(Non-Executive Director)*
5. Alexandra Health Fund Limited *(Non-Executive Chairman)*
6. Mandai Safari Park Holdings *(Non-Executive Director)*
7. Lien Foundation *(Non-Executive Director)*

Past Directorships in Other Listed Companies held over the preceding three years (1 Jan 2013 to 31 Dec 2015)

1. CapitaCommerical Trust Management Limited *(Non-Executive Chairman and Non-Executive Director)*

Dr Wee Beng Geok, 67

Independent Director

Academic and Professional Qualifications:

- PhD in Management Systems & Sciences, University of Hull
- MBA, Cranfield School of Management, Cranfield University (previously Cranfield Institute of Technology)
- Bachelor of Business Administration, University of Singapore

Board Committee(s) served on:

- Nomination & Compensation Committee *(Chairman)*

Current Directorships in Listed Companies

1. Raffles Medical Group Ltd *(Non-Executive and Independent Director)*

Other Major Appointments

1. Nanyang Technological University, Nanyang Business School, Asian Business Case Centre *(Advisor)*

Past Directorships in Other Listed Companies held over the preceding three years (1 Jan 2013 to 31 Dec 2015)

- Nil

Further Information on Directors

Information as at 31 December 2015

Mr Tan Soo Nan, 67

Non-Independent Director

Academic and Professional Qualifications:

- Bachelor of Business Administration (Honours), University of Singapore
- Associate of The Chartered Institute of Bankers
- Program for Management Development, Harvard Business School

Board Committee(s) served on:

- Nil

Current Directorships in Listed Companies

1. Raffles Medical Group Ltd *(Executive and Non-Independent Director)*
2. OSIM International Ltd *(Director)*

Other Major Appointments

1. Raffles Health Insurance Pte Ltd *(Executive Director)*
2. ICE Futures Singapore Pte Ltd *(Director)*
3. ICE Clear Singapore Pte Ltd *(Director)*
4. ICE Singapore Holdings Pte Ltd *(Director)*
5. Temasek Education Foundation CLG Limited *(Director)*
6. Woh Hup Trust *(Director)*
7. Society for the Physically Disabled *(Director)*

Past Directorships in Other Listed Companies held over the preceding three years (1 Jan 2013 to 31 Dec 2015)

- Nil

Professor Lim Pin, 79

Independent Director

Academic and Professional Qualifications:

- MBBChir, MA and MD, University of Cambridge
- FAMS, FRCP (Lond), FRACP, FRCPE, FACP

Board Committee(s) served on:

- Nomination & Compensation Committee *(Member)*

Current Directorships in Listed Companies

1. Raffles Medical Group Ltd *(Non-Executive and Independent Director)*

Other Major Appointments

1. Singapore Millennium Foundation Ltd *(Chairman)*
2. Special Needs Trust Company Limited (SNTC) *(Chairman)*
3. Ang Mo Kio – Thye Hua Kwan Hospital Board of Trustees *(Chairman)*
4. Singapore-MIT Alliance for Research and Technology (SMART) *(Co-Chairman)*
5. ETH Singapore SEC Ltd Governing Board *(Co-Chairman)*
6. TUM CREATE Ltd Governing Board *(Co-Chairman)*
7. Berkeley Education Alliance for Research in Singapore (BEARS) Governing Board *(Co-Chairman)*
8. Cambridge Centre for Advanced Research in Energy Efficiency in Singapore Ltd (CARES) Governing Board *(Co-Chairman)*
9. National University of Singapore *(University Professor)*
10. National University Hospital (National University Cancer Institute) *(Emeritus Consultant Endocrinologist)*
11. Tropical Marine Science Institute (TMSI) Management Board *(Chairman)*
12. Bioethics Advisory Committee *(Emeritus Advisor)*

Past Directorships in Other Listed Companies held over the preceding three years (1 Jan 2013 to 31 Dec 2015)

- Nil

Mr Raymond Lim Siang Keat, 56

Independent Director

Academic and Professional Qualifications:

- Bachelor of Economics (First Class Honours), University of Adelaide
- Bachelor of Arts in Jurisprudence, Balliol College, University of Oxford
- Master of Law (First Class Honours), King's College, University of Cambridge

Board Committee(s) served on:

- Audit & Risk Committee *(Member)*

Current Directorships in Listed Companies

1. Raffles Medical Group Ltd *(Non-Executive and Independent Director)*
2. Hong Leong Finance Ltd *(Non-Executive and Independent Director)*
3. Insurance Australia Group Limited *(Non-Executive and Independent Director)*
4. Swire Properties Limited *(Non-Executive Director)*

Other Major Appointments

1. GIC Pte Ltd *(Non-Executive and Independent Director)*
2. APS Asset Management Pte Ltd *(Executive Chairman)*
3. John Swire & Sons (S. E. Asia) Pte Limited *(Senior Advisor)*
4. Lee Kuan Yew School of Public Policy, National University of Singapore *(Adjunct Professor)*
5. Nanyang Centre for Public Administration, Nanyang Technological University, Singapore *(Adjunct Professor)*

Past Directorships in Other Listed Companies held over the preceding three years (1 Jan 2013 to 31 Dec 2015)

1. Dart Energy Limited *(Non-Executive and Independent Director)*

Mr Olivier Lim Tse Ghow, 51

Non-Independent Director

Academic and Professional Qualifications:

- Bachelor of Engineering (Civil) (First Class Honours), Imperial College, London

Board Committee(s) served on:

- Nil

Current Directorships in Listed Companies

1. Raffles Medical Group Ltd *(Non-Executive and Non-Independent Director)*
2. Banyan Tree Holdings Limited *(Non-Executive and Independent Director)*

Other Major Appointments

1. Lucid Investments Ltd *(Director)*
2. Frasers Property Australia Pty Ltd *(Non-Executive Director & Chairman)*
3. The Anglo-Chinese Schools Foundation Limited *(Non-Executive Director)*
4. Certis CISCO Security Pte. Ltd. *(Non-Executive Director & Chairman)*
5. JTC Corporation *(Board Member)*
6. Singapore Management University Board of Trustees *(Member)*
7. Institute for Societal Leadership Advisory Board *(Member)*
8. NorthLight School Board of Governors *(Member)*
9. Securities Industry Council *(Member)*

Past Directorships in Other Listed Companies held over the preceding three years (1 Jan 2013 to 31 Dec 2015)

1. CapitaCommercial Trust Management Limited *(Non-Executive Director)*
2. Australand Holdings Limited *(Non-Executive Director & Chairman)*
3. Neptune Orient Lines Limited *(Non-Executive Director)*
4. CapitaMalls Asia Limited *(Non-Executive Director)*

Further Information on Directors

Information as at 31 December 2015

Mr Eric Ang Teik Lim, 62
Independent Director

Academic and Professional Qualifications:

- Bachelor in Business Administration (Honours), University of Singapore.

Board Committee(s) served on:

- Audit & Risk Committee *(Member)*

Current Directorships in Listed Companies

1. Raffles Medical Group Ltd *(Non-Executive and Independent Director)*
2. Sembcorp Marine Ltd *(Non-Executive and Independent Director)*
3. Hwang Capital (Malaysia) Berhad *(Non-Executive and Non-Independent Director)*

Other Major Appointments

1. Changi Airport Group (Singapore) Pte Ltd *(Director)*
2. Surbana Jurong Private Limited *(Director)*
3. DBS Foundation Ltd *(Director)*
4. SGX Disciplinary Committee (*Co-Chairman)*
5. Community Chest (*Vice-Chairman)*

Past Directorships in Other Listed Companies held over the preceding three years (1 Jan 2013 to 31 Dec 2015)

- Nil

Mr Lim Beng Chee, 48
Independent Director

Academic and Professional Qualifications:

- Bachelor of Arts in Physics (Honours), University of Oxford
- Post Graduate Diploma in Education, Nanyang Technological University
- Master of Business Administration (Accountancy), Nanyang Technological University

Board Committee(s) served on:

- Nil

Current Directorships in Listed Companies

1. Raffles Medical Group Ltd *(Non-Executive and Independent Director)*

Other Major Appointments

1. Changi Airports International Pte Ltd *(Director)*
2. Wind Group Pte Ltd *(Director)*

Past Directorships in Other Listed Companies held over the preceding three years (1 Jan 2013 to 31 Dec 2015)

1. CapitaMalls Asia Limited *(Chief Executive Officer and Director)*
2. CapitaRetail China Trust Management Limited *(Director)*

Senior Management

Seated (left to right):
Mrs Kimmy Goh, Ms Goh Ann Nee,
Dr Loo Choon Yong, Dr Prem Kumar Nair,
Mr Lawrence Lim and Ms Leah Yoong.

Standing (left to right):
Mr Yong Yih Ming, Mr Danny Yap,
Dr Mok Ying Jang, Dr Kenneth Wu,
Mr Teo Kah Ling and Dr Donald Poon.

Dr Loo Choon Yong

Executive Chairman and Non-Independent Director, Raffles Medical Group

Dr Loo Choon Yong is the Executive Chairman of Raffles Medical Group. He co-founded the Group in 1976 and was appointed to his current position in 1997 when the Group was listed on the Singapore Stock Exchange. He is also the Chairman of the Asian Medical Foundation Ltd and Raffles Health Insurance Pte Ltd as well as Director of International SOS (MC Holdings) Pte Ltd.

In the area of public service, Dr Loo was appointed by the President of Singapore in 2015, as the Non-Resident Ambassador to the Republic of Poland. Prior to this, he was Non-Resident Ambassador to the Italian Republic between 2006 and 2015. He was also appointed Chairman of JTC Corporation, Singapore's leading industrial infrastructure specialist spearheading the planning, promotion and development of a dynamic industrial landscape from January 2013. He was previously the Chairman of Sentosa Development Corporation and Sentosa Golf Club.

Besides his medical training, Dr Loo also read Law at the University of London and is a barrister of Middle Temple.

Dr Loo was awarded the Singapore National Day Awards Public Service Medal (2003) and Public Service Star (2009), as well as the Distinguished Service Award (2005) from the Ministry of Home Affairs for his contributions to Singapore's fight against drug abuse.

In February 2015, Dr Loo received the SG50 Outstanding Chinese Business Pioneers Awards from the Singapore Chinese Chamber of Commerce & Industry. In April 2013, he was named Businessman of the Year 2012 at the Singapore Business Awards, jointly organised by The Business Times and DHL. In May 2010, Dr Loo was named Best Chief Executive Officer in the mid-cap category of the Singapore Corporate Awards organised by The Business Times and supported by the Singapore Stock Exchange.

Dr Prem Kumar Nair

Chief Corporate Officer and Managing Director of Singapore Healthcare, Raffles Medical Group

Dr Prem Kumar Nair is the Managing Director, Singapore Healthcare of Raffles Medical Group. Dr Nair is concurrently the Chief Corporate Officer of the Group.

Prior to this, he was the General Manager of Raffles Hospital, and has held various senior management positions in the Group in areas such as primary care operations, corporate marketing, business development and talent management. He was with the Ministry of Health before joining Raffles Medical Group in July 1991.

Dr Nair is a physician by training and he graduated with a Master of Business Administration with Distinction from Manchester Business School, United Kingdom. He was awarded the Public Service Medal in the Singapore National Day Awards 2010 for his voluntary service and contributions to Singapore's fight against drug and inhalant abuse.

Ms Goh Ann Nee

Chief Financial Officer, Raffles Medical Group

Ms Goh Ann Nee joined Raffles Medical Group as Chief Financial Officer in February 2016. Prior to her appointment, Ms Goh has been the Chief Financial Officer of City Developments Limited and the Vice President (Finance) at Millennium & Copthorne International Limited. She also worked with various multi-national companies, and was based overseas in various cities during the course of her career in international financial management.

A Chartered Accountant, Ms Goh graduated with a Bachelor of Accountancy from the University of Glasgow and started her career with Coopers & Lybrand (now known as PricewaterhouseCoopers) in London. She subsequently obtained a Master of Business Administration.

Ms Goh is also a member of the Institute of Chartered Accountants in England and Wales, the Institute of Singapore Chartered Accountants and a Fellow Member of CPA Australia.

Mr Lawrence Lim

Director, Corporate Development, Raffles Medical Group

Mr Lawrence Lim is the Director of Corporate Development responsible for healthcare facility

Senior Management

and institutional development projects. He was the General Manager of Raffles Hospital for a period of 10 years from its inception in 2000 to 2012. In the course of this period, he held concurrent responsibilities for managing the network of GP and dental clinics and providing consultancy for overseas healthcare projects.

He has about 33 years' experience in the healthcare industry. He started in the Ministry of Health as the Director of Development responsible for policy developments for the Medisave Scheme and health facility development. Prior to joining Raffles Medical Group, Mr Lim was the Chief Executive Officer of the Singapore General Hospital from 1992 to 2000, and Chief Executive Officer responsible for restructuring the Toa Payoh Hospital from 1990 to 1992.

Mr Lim graduated from the University of Birmingham in 1977 with a Bachelor of Social Science in Mathematical Economics (1st Class Honours). He obtained a Master of Science in Management in 1988 from Stanford University's Graduate School of Business, and attended the Advanced Management Program at the Harvard Business School in 1995.

Mrs Kimmy Goh
Group Financial Controller and Company Secretary, Raffles Medical Group

Mrs Kimmy Goh joined Raffles Medical Group in 1992 and holds the responsibilities of Group Financial Controller since 2005 and was appointed Company Secretary in 2007.

Mrs Goh is responsible for the Group's financial strategy & management, taxation, treasury and corporate secretarial functions. She is also involved in corporate planning and investor relations of the Group. Prior to joining the Group, Mrs Goh had about eight years of audit experience with two international public accounting firms.

Mrs Goh is a Chartered Accountant of Singapore of the Institute of Singapore Chartered Accountants (ISCA) and is a Fellow of the Association of Chartered Certified Accountants (ACCA).

Dr Donald Poon
General Manager, Raffles Hospital

Dr Donald Poon is the General Manager of Raffles Hospital. He is currently holding clinical and managerial positions in the hospital, and is responsible for the operations and clinical governance in the hospital.

Prior to his tenure in Raffles Hospital, Dr Poon was with the National Cancer Centre and held appointments as the Assistant Professor in Medicine at Duke-NUS Graduate Medical School and clinical teacher at Yong Loo Lin School of Medicine; Honorary Medical Director of Singapore Cancer Society from 2007 to 2009; and founding President of the Society of Geriatric Oncology in Singapore.

Dr Poon graduated from the National University of Singapore with a MBBS (Bachelor of Medicine, Bachelor of Surgery) in 1996, and obtained his Master of Medicine MMed (Internal Medicine) in 2001.

Dr Kenneth Wu
General Manager, Raffles Hospital

Dr Kenneth Wu is the General Manager of Raffles Hospital and is responsible for the operations and facilities management of Raffles Hospital. He joined the Group in 1997 as a family physician and subsequently took on a management role as head of Raffles Medical clinics.

Dr Wu graduated with a MBBS (Bachelor of Medicine, Bachelor of Surgery) from the National University of Singapore in 1989 and obtained his GDFM (Graduate Diploma Family Medicine) from the National University of Singapore in 2007.

Dr Mok Ying Jang
General Manager, Raffles Medical

Dr Mok Ying Jang is the General Manager of Raffles Medical. He was with Raffles Medical Group as the Medical Director of Raffles Medical Hong Kong from 2008 to 2011.

Dr Mok rejoined Raffles Medical Group in July 2015 from the Health Sciences Authority (HSA), where he was the Group Director (Corporate Services Group) responsible for the management of 10 departments. Prior to Raffles Medical Hong Kong, Dr Mok was with World Link (Parkway Health) Medical & Dental Centres in Shanghai where he practiced as a family physician and was involved in business development.

Dr Mok has participated in many national expeditions and was the deputy and expedition co-leader for several of them, including the Singapore Mount Everest Expedition in 1998 and the Singapore Antarctica Expedition in 2000, among others.

Dr Mok graduated with a MBBS (Bachelor of Medicine, Bachelor of Surgery) from the National University of Singapore and obtained an Executive Master of Business Administration (Dean's List) from Singapore Management University. Dr Mok is also a Designated Aviation Medical Examiner (Australia).

Mr Danny Yap
General Manager, Raffles Health Insurance

Mr Danny Yap is the Principal Officer & General Manager of Raffles Health Insurance. He has been with the company since March 2012. Mr Yap is responsible for the development and implementation of the health insurance business activities and ensures compliance with the insurance laws and regulations for the Group.

Mr Yap has more than 28 years of experience in the insurance industry, having held senior management positions with various organisations including the General Manager for HSBC Insurance (Singapore) Pte Ltd and the Chief Marketing Officer for AXA Life Singapore Pte Ltd.

Mr Yap has an economics degree from Macquarie University, Australia.

Mr Yong Yih Ming
General Manager, Raffles Medical

Mr Yong Yih Ming is the General Manager of Raffles Medical and has primary responsibility for the development of the Group's corporate businesses. He joined the Group in 2007 and has served as Director, Operations and Director, Corporate Services. In 2010, he led a team to set up the Group's first medical centre in Shanghai, China.

Mr Yong has 11 years of experience in the healthcare industry. He previously held management positions in ambulatory operations, operational support services and business development in Alexandra Hospital before joining the Group. He was also a member of the Khoo Teck Puat Hospital Planning Committee and chaired the Operational Support Services Workgroup then.

Mr Yong has a Master of Business Administration in Healthcare Management from the National University of Singapore.

Mr Teo Kah Ling
Director, Information Technology, Raffles Medical Group

Mr Teo Kah Ling is the Head of Information Technology of Raffles Medical Group, and has 13 years of experience in the healthcare industry.

Mr Teo previously held the position of Head Systems Services and Principal Enterprise Architect of Integrated Health Information Systems. During his time with Integrated Health Information Systems, he was responsible for all IT Infrastructure related projects for the National Healthcare Group of Hospitals.

Mr Teo graduated from the National University of Singapore with a Bachelor of Science (Computer and Information Science) in 1991. He also has a Master of Business Administration from the University of Leicester and a Master of Science (Artificial Intelligence) from the University of Leeds.

Ms Leah Yoong
Director, Human Resources, Raffles Medical Group

Ms Leah Yoong joined Raffles Medical Group in November 2015 as Director of Human Resources. She provides leadership and management of the Human Resource (HR) function for the Group.

Ms Yoong has more than 20 years of HR experience in the healthcare and other industries spanning both the private and public sectors. Ms Yoong graduated from the National University of Singapore with a Bachelor of Business Administration.

Clinical Leaders

DR ALFRED LOH
Senior Clinical Director
Raffles Medical

PROF WALTER TAN
Medical Director
Raffles Hospital

DR YANG CHING YU
Medical Director
Raffles Hospital

DR WILSON WONG
Medical Director
Raffles Medical

DR YII HEE SENG
Medical Director
Raffles Health Insurance

DR ONISHI YOICHI
Medical Director
Raffles Japanese Clinic

DR CHARLES POON
Medical Director
Raffles Medical Shanghai

DR CHNG SHIH KIAT
Medical Director
Raffles Medical

DR LEE JONG JIAN
Medical Director
Raffles Hospital

Clinical Leaders

DR MOTODA LENA
Deputy Medical Director
Raffles Japanese Clinic

DR LEE I-WUEN
Deputy Medical Director
Raffles Hospital

DR STANLEY LIEW
Deputy Medical Director
Raffles Hospital

DR LEE KHAI WENG, MICHAEL
Deputy Medical Director
Raffles Medical

DR WONG WEI MON
Deputy Medical Director
Raffles Medical

DR WONG WEN YAO, MICHAEL
Deputy Medical Director
Raffles Medical

The Group has plans to scale up its operations both locally and abroad, translating to a larger patient base and an expanded role in the regional healthcare system.

2002

Raffles Hospital officially opens on 16 March

Executive Chairman Dr Loo Choon Yong presents Guest-of-Honour, then Deputy Prime Minister Mr Lee Hsien Loong, with a miniature sculpture at the official opening of Raffles Hospital. The tertiary private hospital is located at North Bridge Road.

2003

Raffles Health ventures into consumer health

Raffles Health's entry into consumer health represents an extension of the Group's commitment to the health and well-being of the individual. Raffles Health develops and distributes the Raffles and Kidds brands of nutriceutical health products.

40 Years OF EXPANDING FURTHER

While we have ventured beyond Singapore’s shores to take root in neighbouring cities, we have not forgotten our commitment to your well-being. No matter where you go, we are available to help you access the services you need within our network of care.

Operations Review

INTRODUCTION

2015 was an exciting year for Raffles Medical Group (RMG). Raffles' first multi-disciplinary medical centre officially commenced operations at Shaw Centre on 23 July 2015, offering both local and overseas patients new location for premier healthcare services in Singapore. In addition, the Group entered into a joint venture with International SOS to enhance and expand the services of its 10 clinics in China, Vietnam and Cambodia.

RMG became the first Asian member of the Mayo Clinic Care Network, a non-profit organisation specialising in medical care. With this partnership, the Group's physicians have access to the latest Mayo Clinic's resources to complement their expertise. Through information-sharing tools and services, Raffles' physicians will collaborate with Mayo Clinic's physicians, enabling patients to get answers to their medical questions while staying close to home. This allows the Group to treat patients with complex medical conditions through these shared resources.

On 15 May 2015, the Group entered into a Joint Venture agreement with Shanghai LuJiaZui Group to build a new 400-bed international hospital in Pudong Qiantan, Shanghai. Shortly after, the partners inaugurated the project with the laying of the foundation stone on 18 November, an event graced by Singapore's Minister for Trade and Industry, Mr Lim Hng Kiang. The hospital is slated to be completed by 2018.

In 2015, the Group achieved record revenue of $410.5 million, an increase of 9.6% as compared to $374.6 million in 2014. The Group's net profit after tax attributable to the shareholders grew 2.4% year-on-year from $67.6 million to $69.3 million.

RAFFLES HOSPITAL

More Comprehensive Care for Patients

Raffles Hospital continued to expand its services and healthcare team to cater to the growing needs of both existing and new patients. The hospital welcomed many new specialists from diverse specialty areas such as orthopaedics, internal medicine, radiology, haematology, dermatology and plastic surgery. These new specialists will increase capacity of our existing services as well as the diversity of specialised clinical care, thereby strengthening Raffles' institutional group practice model of care for patients. New services include Stem Cell Transplants, Extracorporeal Membrane Oxygenation (ECMO) and emergency and trauma medicine.

On 3 June 2015, Raffles Hospital made history by being the first and only private hospital in Singapore to accept subsidised patients for emergency treatment through the Emergency

2005

Raffles Health Insurance adds to the Group's integrated care

Raffles Health Insurance (RHI), renamed from International Medical Insurers which started operations in 2005, is a healthcare insurance specialist offering healthcare financing solutions for organisations as well as individuals and their families.

2015

New super clinic opens - Raffles Medical Centre Orchard

The medical centre in the renovated Shaw Centre is the first of the Group's new-concept multi-disciplinary facility offering family medicine, dental, health screening, radiology, TCM and specialist services for local and foreign patients, tourists, corporate clients and insurance companies.

Operations Review

Care Collaboration with the Ministry of Health. As such, Raffles Hospital's 24 Hour Emergency was expanded to serve the higher patient load.

Other areas that were expanded in 2015 to meet the growing needs of our patients included the paediatric ward and selected outpatient centres such as Raffles Cancer Centre, Raffles Children's Centre, Raffles ENT Centre, Raffles Heart Centre, Raffles Orthopaedic Centre, Raffles Surgery Centre and Raffles Urology Centre.

Raffles' first multi-disciplinary medical centre officially commenced operations at Shaw Centre in Orchard on 23 July 2015. Occupying over 17,000 square feet, the centre offers both local and overseas patients an alternative location for premier healthcare services in Singapore.

Regional Growth

Foreign patient revenue from overseas markets continued to grow. Raffles Hospital is evaluating opportunities for more representative offices, liaison offices and clinics at suitable regional locations to serve patients better.

01 The Mayo Clinic Care Network is a unique collaboration that connects RMG doctors with Mayo Clinic physicians and Mayo Clinic resources.

02 Our priority at Raffles 24 Hour Emergency is to attend to patients with life-threatening or emergency illnesses and accidents.

03 Our staff specialists offer comprehensive care tailored to your needs, comfort and personal preferences.

04 We offer an individualised approach to serving the unique needs of our international patients – before, during and after their visit.

Operations Review


05


06

RAFFLES MEDICAL

Delivering Integrated Care

Raffles Medical clinic network expansion plan continued in 2015 with the opening of a multi-disciplinary medical centre at Shaw Centre offering family medicine, health screening, dental and specialists services, and neighbourhood centres at Eastpoint Mall and Rivervale Mall. Two clinics at Ang Mo Kio and Bishan underwent upgrading and expansion to cater for increasing patient load and improving patient care.

The corporate wellness programmes, as well as the expanded Designated Workplace Doctors programmes offered comprehensive evaluation of work-related conditions to corporate clients. The Changi Airport clinics and aviation medicine centre continued to provide essential medical services to air passengers and airport staff in support of the Changi airhub and serving the residential communities in the east of Singapore.

Providing Accessible Care

Raffles Medical continued to serve over 1.2 million eligible Singaporeans on the Community Health Assist Scheme (CHAS) and Pioneer Generation (PG) scheme through its extensive islandwide network of clinics, and worked with government agencies to streamline processes and enhance accessibility in the communities around Singapore.

Tailoring Direct Solutions

The Group emerged as the winner again in the Best Corporate Healthcare category in HRM Asia Readers' Choice 2015.


07

RafflesOne continued to be the key corporate healthcare solution and value proposition for companies partnering RMG for their healthcare, group insurance and benefits administration needs. Medical services related to regulatory compliance and work safety, greater awareness of employee wellness and productivity, and management of healthcare costs have progressively become areas of concern for companies. RafflesOne was able to help many companies achieve those outcomes in 2015 with its comprehensive service offering.

As such, new companies in the hospitality, property, engineering, consultancy, beauty, retail, food and beverages, education, oil and gas, manufacturing, information and technology, banking and government services were added to RMG's client portfolio in 2015.

RAFFLES DENTAL

Expanding the Network

Raffles Dental saw growth in patient volume and demand for services. To meet this growing demand, Raffles Dental strengthened its team with six new general dental surgeons and one dental specialist in Periodontology. Raffles Dental opened a comprehensive clinic at Shaw Centre, complete with dental specialist services and CEREC technology, bringing the total number of clinics to 13 as of 31 December 2015.

The practice is gaining recognition as a Dental Education and Training Centre providing continuing dental education courses for dentists.

Raffles Dental is expected to grow in 2016 with more dental surgeons and dental specialists coming on board to provide high quality accessible dental care to its growing pool of patients.

Operations Review



RAFFLES CHINESE MEDICINE
Achieving Steady Growth

The growing trend of consumers turning to complementary medicine resulted in steady growth for Raffles Chinese Medicine (RCM). To cater to the increase in demand for TCM services, RCM went through an expansion phase. It set up a new clinic at Shaw Centre and also relocated the clinic at Raffles Hospital from Level 13 to a larger premise on Level 2. RCM is poised to grow further with more TCM physicians coming on board.

RAFFLES HEALTH
Boosting Brand Awareness

Raffles Health introduced a range of new products as well as undertook advertising and promotion campaigns to raise product awareness among consumers. It also expanded its wholesale distribution in Singapore. Raffles Health plans to expand its distribution channels by seeking strategic and high traffic locations to open new stores.

RAFFLES HEALTH INSURANCE
Gaining Stable Momentum

Raffles Health Insurance continued its growth momentum in 2015 from the expansion of both the group employee benefits business and international private medical insurance business. Beyond traditional employee benefits insurance, Raffles Health Insurance has enhanced its deployment of IT tools to raise its competitiveness and service standards to meet the changing needs of corporate customers for third party and flexi-benefits administration services.

05 With a wide range of medical services and facilities, coupled with many years of experience, we are able to provide our corporate clients with personalised healthcare solutions.

06 Our physicians provide family-centred primary care for patients of all ages, from newborns and children to the elderly.

07 We strive to provide outstanding and compassionate care and service for our patients, every step along the way.

08 Our acupuncturists at Raffles Chinese Medicine use tiny needles to stimulate points along the body's energy flow channels to help balance the body's natural health.

09 Our team of TCM physicians are committed to enhancing your health and resolving medical issues using holistic and effective traditional Chinese medicine and natural therapies.

10 Our comprehensive range of healthcare financing solutions is specially designed to cater for your family's needs.

Operations Review

11

RAFFLES HEALTHCARE INSTITUTE

Growing the Training Arm

Raffles Healthcare Institute partnered with the Nanyang Technological University's Lee Kong Chian School of Medicine for clinical attachments of medical students in Raffles Medical clinics during their Family Medicine training postings from 2016. This is in addition to similar ongoing programmes with the National University of Singapore's Yong Loo Lin School of Medicine and Duke-NUS. In addition to these medical undergraduate training programmes, Raffles Healthcare Institute provides Family Medicine experience for residents of the three-year NUHS Family Medicine Residency Programme.

Raffles Healthcare Institute also collaborate closely with partner universities and tertiary institutions to provide more than 280 clinical placements for their undergraduate and postgraduate students. These include nursing, radiography, pharmacy, laboratory and physiotherapy students from the National University of Singapore, Nanyang Polytechnic, Ngee Ann Polytechnic, Singapore Polytechnic, Temasek Polytechnic, Republic Polytechnic, and Institute of Technical Education. The Institute adds value to the educational experience of each trainee by providing not only clinical experience in a private setting, but also exposure to private sector standards of service excellence and business management.

In the year, Raffles Healthcare Institute streamlined its nursing education curriculum into a structure that facilitated nurses to graduate over time, with training, from novice to expert. The structured curriculum offered foundation modules for new nursing graduates, development modules providing training for specialised and advanced nursing and management skills, and enrichment programmes such as foreign languages and computer literacy. The new curriculum aimed to develop nurses who are well-grounded in their professional skills and standards, and open to new knowledge and experience that would well prepare them for leadership roles.

RAFFLES MEDICAL INTERNATIONAL

Expanding Existing Capacity

Raffles Medical Shanghai achieved steady growth in 2015. The dental clinic expanded to take on a higher patient load especially on weekends. The year also saw the medical centre start on-site biometric test services.

Similarly, Raffles Medical Hong Kong fared well. In 2015, the Group secured a long-term contract to operate the inhouse medical centre for Cathay Pacific Airways. The clinic commenced operations on 4 January 2016. It also took over the operations of the Hong Kong Aircraft Engineering Company Limited (HAECO) in-house clinics on 1 January 2015. Raffles Medical Hong Kong collaborated

Operations Review

12

with American Express Hong Kong, and conceptualised and implemented a Healthy Living Centre with the goal of promoting wellness and preventive healthcare.

CORPORATE DEVELOPMENT

Raffles Hospital Extension

Construction works on the Raffles Hospital's new extension building, which started in December 2014, progressed smoothly in 2015. Construction of the diaphragm wall, soil improvement and foundation bore pile works were substantially completed by end 2015. With the first floor slab completed in early 2016, basement and superstructure works would be carried out simultaneously using the top-down construction method which will significantly reduce the construction period.

The 20-storey extension building with two basements will yield a gross floor area of 221,800 square feet at a total estimated cost of $310 million. Together with the existing hospital building, the combined development will yield a gross floor area of about 520,000 square feet, about double the size of the existing Raffles Hospital facilities. The total development will function as a one-stop medical hub that supports patient-centred and team-based care, as well as Raffles Hospital's programme for growth of its clinical services, teaching and research activities.

Raffles Holland Village

Construction works on Raffles Holland V progressed smoothly towards its target of obtaining Temporary Occupation Permit in Q1 2016. When completed, the five-storey commercial building with three basements will yield a total gross floor area of about 65,000 square feet. About 9,000 square feet will be dedicated to the expansion of medical and specialist services to cater to both local and expatriate patients. The remaining commercial space will be leased to DBS Bank and tenants offering specialty lifestyle, food and beverage and retail services.

11 Drawing on its pool of expertise, RMG provides regular training programmes to develop its managers, doctors, dentists, nurses, allied health, etc in healthcare management.

12 Raffles Medical International supports the Group's overall presence in China, Japan, Vietnam and Cambodia. (From left to right) Shanghai Medical Director Dr Charles Poon, Dietitian Ms Claudia Correia, Staff Nurse Lai Siew Theng, China Business Development Manager Michela Capozza, Hanoi Clinic Chief Dr Herve Mangon, Senior Physician Dr Sarah Jane Packer, Beijing Chief Pharmacist Mr Alfred Li and Orthopaedic Surgeon Dr Lim Yeow Wai.

Corporate Social Responsibility


RMG is fully committed to sustaining efforts, elevating standards and practices, and exploring innovative ways to reach new levels of excellence in CSR.


RMG participants at the launch of the RISE programme in 2015.

Raffles Medical Group is committed to business policies and operations that reflect the interests of its stakeholders including patients, employees, investors, the community and the environment.

The Group is committed to continuous improvement in its Corporate Social Responsibility (CSR) strategy, encouraging its business partners to strive for matching performance, acting in a socially responsible way, continually improving its performance and meeting all relevant legislations, and encouraging staff to be mindful of the effect of their actions on any natural resource.

CORPORATE GOVERNANCE

The Group is committed to ensuring that business is conducted in all respects according to rigorous ethical, professional and legal standards. All the laws that regulate and apply will be complied with. All groups and individuals with whom it has a business relationship will be treated in a fair, open and respectful manner. Competition will be reasonable and based upon the quality, value and integrity of the products and services being supplied.

The Group continually reviews all activities to ensure that best practice is observed at all times. It allows patients and vendors to provide feedback on its performance and ensures that all comments are analysed, responded to and where appropriate, acted upon. In addition, action plans will be developed to ensure continuous improvement is achieved.

HUMAN RESOURCE

Leadership Development Programmes

Our people form the nucleus of what we do in RMG. Therefore the Group strives to build a conducive work environment that reinforces its core values, compassion, commitment, excellence, team-based care and value.

The Group is committed to nurturing and developing potential leaders that can continue to enhance our values and culture further. Hence, Raffles Health Institute, the educational arm of RMG was commissioned in 2013 with the objective of training local and overseas healthcare professionals and operations staff.

On an annual basis, two Leadership Development Programmes, "Rising in Strategic Excellence" (RISE) and "Supervisory Training", are organised with the following objectives:

- The RISE programme aims to develop managers in essential business skills in the key functional areas of Leadership and People Management, Strategic Planning and Implementation, Business Development, Organisational Development, Financial Management and Communications.

- The RMG Supervisory Training Programme prepares supervisors to be more effective frontline leaders in achieving departmental and organisational goals, through exposure to business modules such as people management, business finances, service, operation and quality management.

For the year 2015, the Group maintained its commitment to these programmes in the nurturing and grooming of selected staff to undertake supervisory and leadership positions.

Fair Employment Practices

The Group aims to eliminate discrimination on any grounds and promotes equal opportunities and a fair working environment. The Group adopts a human resources policy that combines a role-based system that grades individual employees based on the extent of their roles, with a performance-based approach to evaluation and compensation based on the outcomes of their job performance within their respective roles.

The Group respects the right of employees to adhere to normal or agreed working hours in accordance with Company Policy established in compliance with the laws and regulations.

Health and Safety

As a healthcare organisation, RMG has since 2013, subscribed to BizSAFE Level 3 as a commitment towards maintaining a safe and healthy work environment for its employees in compliance with legislative requirements. It is committed to:

- Comply with all statutory safety and health requirements, and other existing standards and guidelines;

- Eliminate hazards or adopt reasonably practicable means to reduce the risk of injury to its employees to an acceptable level;

- Seek the involvement of various stakeholders to effectively implement Workplace Safety and Health (WSH) Policy objectives;

- Improve continually through on-going reviews of WSH mechanisms; and

- Provide adequate resources to ensure compliance to Workplace Safety and Health Regulations.

RMG is also represented in the Workplace Safety & Health Council (Healthcare) that works closely with the Ministry of Manpower (MOM) and other government agencies, the industry, unions, and professional associations to develop strategies to raise WSH standards in Singapore.

EDUCATION

Over the years, the Group has granted scholarships and bursaries as well as invested in employees pursuing degree courses, master programmes as well as other upgrading training.

Bursary Award

Introduced in 2011, the Raffles Medical Group Bursary provides financial assistance to the Group's employees for their children's education, thus giving them a head start in their life and career. Since then, a total of 40 bursaries have been awarded, benefiting a total of 30 staff and 40 children.

Corporate Social Responsibility

RMG Bursary Award 2015 recipients, who are children of RMG employees, pose for a group photo together.

A total of 36 RMG staff got their cheeks swabbed during an event organised by BMDP in October 2015.

Scholarship

The Raffles Medical Group Scholarship aims to award 35 scholarships over five years to promising students to pursue nursing, pharmacy, biomedical sciences, accountancy or business management courses. A total of $2.1 million was set aside for the scholarship programme. Five scholarships were awarded in 2015, making it a total of 23 scholarships that have been awarded since 2012. The Group received its first graduate in 2015.

ETHICS AND ETHICAL TRADING

The Group will ensure that its employees uphold professional standards and workplace standards and behaviours consistent with the Group's requirements. It is committed to working against corruption in all its forms, including extortion and bribery.

VENDORS

The Group works with suppliers, subcontractors and other service providers to help achieve its policy aspirations in the delivery of products and services. To this end, it encourages vendors to adopt responsible business policies and practices for mutual benefit.

The Group is committed to ensuring that the welfare of workers and labour conditions within its supply chain meet or exceed recognised standards.

ENVIRONMENT

RMG endeavours to reduce its impact on the environment by:

- Conducting audits and taking corrective actions to reduce any adverse environmental impact;
- Promoting the efficient use of resources and energy; and
- Continually improving the management of our surrounding environment.

Nature and Conservation

As a responsible corporate citizen and in its bid to care for the environment it operates in, Raffles Hospital has adopted several green initiatives to reduce energy consumption in the building. All lightings in the hospital are being changed to energy-saving bulbs and tubes progressively. These energy-saving lights provide the same lux density without compromising on vision capability. Since the start of the project, the hospital has converted close to 40 per cent of all lightings, resulting in an estimated reduction of 40,000 KW in energy consumption every month, a further reduction of 10,000 KW compared to 2014.

In addition, air-conditioning units are switched off for floors which are unoccupied during the nights and on weekends. Another initiative being considered is the replacement of the hospital's chiller system which could potentially save 30,000 KW of energy per month.

The hospital was also certified by the Public Utilities Board as a water-efficient building in 2015.

All of these initiatives will bring the hospital a step closer to attaining the Green Mark Certification.

The Group endeavours to ensure that business operations comply with all applicable environmental, legal, health and safety requirements. The Group works closely with the Workplace Safety and Health Council, Singapore Civil Defence Force, Public Utilities Board, National Environment Agency and other relevant authorities to adopt the best practices for environment sustainability.

CHARITY

The Group strives to be a good corporate citizen. Over the years, RMG has developed various CSR programmes to make a difference in the lives of many. One such initiative includes the creation of a charity organisation, Asian Medical Foundation, in 2003. The Foundation reaches out by serving the medical and healthcare needs of the poor and the under-privileged.

For 2015, RMG was delighted to further its efforts at contributing back to society on a group and individual effort basis. Apart from making monetary contributions to The Boys' Brigade and the Rare Disorder Society of Singapore, RMG, through its people, has been engaged in various forms of charitable work, some of which are highlighted below:

Rochore Kongsi Home for the Aged & Zion Home for the Aged

Doctors from RMG have worked among the destitute elderly in Rochore Kongsi Home from 2009 until May 2015 and since June 2015, at the Zion Home for the Aged. The volunteers provide medical consultation and advice on a monthly basis and when necessary, the elderly patients who require further specialist consultation are referred to Raffles Hospital for X-rays, laboratory tests and medication by specialist doctors at no expense.

Prior to its closure in May 2015 to make way for urban development, Rochore Kongsi Home was a shelter and home for the destitute elderly founded in 1977 by Dr Toh Chin Chye. The Zion Home for the Aged is a shelter and home for aged females that was established in 1979 by Zion Presbyterian Church.

Bone Marrow Donor Programme

The Bone Marrow Donor Programme (BMDP) assists patients suffering from terminal blood-related diseases find a match to have a bone marrow transplant by maintaining a register of volunteer bone marrow donor, the only one available in Singapore. In October 2015, a Cheek Swab Day was co-organised by BMDP and RMG to promote awareness and to recruit donors from within the Group.

Community Outreach

RMG doctors and nurses regularly engage in community outreach activities such as conducting basic health screening sessions, giving health education talks and advice on healthy ageing to senior citizens and distributing masks at community centres in various parts of Singapore. Participants who attend the talks are encouraged to share their knowledge among their social circles, thereby raising the awareness of healthy aging in the community. Some of the doctors are also involved in running clinics for foreign workers on a regular basis.

Professional Governance

RafflesHospital

MEDICAL BOARD

Dr Loo Choon Yong *(Advisor)*
Professor Walter Tan *(Chairman)*
Dr Alfred Loh
Dr Yang Ching Yu
Dr Lee Jong Jian
Dr Donald Poon
Dr Lee I-Wuen
Dr Stanley Liew
Dr Kenneth Wu
Dr Prem Kumar Nair *(Secretary)*

CREDENTIALLING & PRIVILEGING COMMITTEE

Dr Yang Ching Yu *(Chairman)*
Dr Khoo Chong Yew
Dr Alfred Loh
Dr S Krishnamoorthy
Professor Walter Tan *(Ex-Officio)*

ETHICS COMMITTEE

Dr Lee Jong Jian *(Chairman)*
Professor Walter Tan
Professor Nambiar Rajmohan
Associate Professor Chew Chin Hin
Associate Professor Mary Rauff
Dr Alfred Loh
Dr Khoo Chong Yew
Reverend Dr Isaac Lim
Mr Mike Barclay
Mr Moiz Tyebally

QUALITY COMMITTEE

Dr Alfred Loh *(Chairman)*
Dr Donald Poon
Dr Kenneth Wu
Professor Walter Tan
Dr Yang Ching Yu
Dr Kieu Li Chong Edgar
Mr Lee Meng Tuck
Ms Lilian Yew
Mr Heng Wee Khim
Ms Yee Earn Hwa
Ms Kartini Sameejan
Ms Pang Yen Yin *(Secretary)*

MEDICAL AUDIT COMMITTEE

Dr Chan Choong Chee *(Chairman)*
Dr Teo Sek Khee
Dr Ng Wai Lin
Dr Veronica Toh
Dr Daryl Tan
Dr Chng Shih Kiat
Dr Chong Yong Yeow
Ms Lilian Yew
Ms Kartini Sameejan
Ms Gamboa Maika Cortez

SURGICAL AUDIT COMMITTEE

Dr JJ Murugasu *(Chairman)*
Dr Yang Ching Yu
Dr Lee Jong Jian
Dr Lee I-Wuen
Dr Eric Teh
Dr Donald Poon
Dr Lim Yeow Wai
Dr Lim Kok Bin
Dr Manish Taneja
Ms Teo Poh Lin
Dr Alfred Loh *(Ex-Officio)*
Professor Walter Tan *(Ex-Officio)*
Ms Kartini Sameejan
Ms Gamboa Maika Cortez *(Secretary)*

PHARMACY & THERAPEUTICS COMMITTEE

Dr Yang Ching Yu *(Chairman)*
Dr Kenneth Wu *(Co-Chairman)*
Dr Lee Yian Ping
Dr Teo Sek Khee
Dr Yii Hee Seng
Dr Joshua Kua Hai Kiat
Dr Sheila Loh
Dr Michael Lee
Dr Michael Wong
Ms Ma Thein Yin
Ms Yee Earn Hwa *(Secretary)*

Professional Governance

INFECTION CONTROL COMMITTEE

Dr Teo Sek Khee *(Chairman)*
Dr Koh Yin Ling *(Advisor)*
Dr Yvonne Loh
Dr Wong Kutt Sing
Dr Lynette Ngo Su Mien
Dr Jeffrey Sng
Ms Carol Soh
Ms Lee Lai Fun
Mr Heng Wee Khim
Ms Tee Yen Yen
Ms Cheng Lee Hong
Mr Lee Meng Tuck
Ms Michelle Chua
Ms Kartini Sameejan
Ms Cassandra Cuvin *(Secretary)*

OPERATING THEATRE COMMITTEE

Dr Eric Teh *(Chairman)*
Dr Yang Ching Yu
Dr Lee Jong Jian
Dr Stephen Lee
Dr Lim Yeow Wai
Dr Wong Him Choon David
Dr Sheila Loh
Dr Lim Kok Bin
Dr Lee I-Wuen
Ms Kartini Sameejan
Ms Teo Poh Lin
Ms Lee Lay Tin *(Secretary)*

BLOOD TRANSFUSION & TISSUE REVIEW COMMITTEE

Dr Daryl Tan *(Chairman)*
Dr Nicholas Goh *(Co-Chairman)*
Dr Watt Wing Fong
Ms Sadiah Mohd Yusof
Ms Fa'eezah Bte Hamzah
Ms Sarina Bte Saleh
Ms Pang Yen Yin
Ms Louisa Chew *(Secretary)*

PATIENT CASE REVIEW COMMITTEE

Dr Ng Chin *(Chairman)*
Dr Alvin Ng Chee Keong *(Co-Chairman)*
Dr Chong Yong Yeow
Dr Tan Hsiang Lung
Ms Liu Wei Wei
Ms Yee Earn Hwa
Ms Ong Suat Kien
Mr Lim Hun Teck
Ms Fa'eezah Bte Hamzah *(Secretary)*

CRITICAL CARE COMMITTEE

Dr Chan Choong Chee *(Chairman)*
Dr Steve Yang *(Co-Chairman)*
Dr Alvin Ng Chee Keong
Dr Wong Kutt Sing
Dr Veronica Toh
Dr Ho Kok Yuen
Ms Lilian Yew
Ms Mary Jane Mendoza Sangalang
Ms Poh Lay Hiang Yasmine *(Secretary)*

RafflesMedical

MEDICAL BOARD

Dr Loo Choon Yong *(Advisor)*
Dr Wilson Wong *(Chairman)*
Dr Chng Shih Kiat *(Co-Chairman)*
Dr Alfred Loh
Dr Yii Hee Seng
Dr Michael Lee
Dr Michael Wong
Dr Wong Wei Mon

Corporate Information

RafflesMedicalGroup

BOARD OF DIRECTORS

Dr Loo Choon Yong *(Executive Chairman)*
Mr Koh Poh Tiong *(Lead Independent Director)*
Mr Kee Teck Koon *(Independent Director)*
Dr Wee Beng Geok *(Independent Director)*
Mr Tan Soo Nan *(Non-Independent Director)*
Professor Lim Pin *(Independent Director)*
Mr Raymond Lim Siang Keat *(Independent Director)*
Mr Olivier Lim Tse Ghow *(Non-Independent Director)*
Mr Eric Ang Teik Lim *(Independent Director)*
Mr Lim Beng Chee *(Independent Director)*

AUDIT & RISK COMMITTEE

Mr Kee Teck Koon *(Chairman)*
Mr Koh Poh Tiong
Mr Raymond Lim Siang Keat
Mr Eric Ang Teik Lim

NOMINATION & COMPENSATION COMMITTEE

Dr Wee Beng Geok *(Chairman)*
Mr Koh Poh Tiong
Professor Lim Pin
Dr Loo Choon Yong
Dr Prem Kumar Nair *(Secretary)*

REGISTERED OFFICE

585 North Bridge Road
Raffles Hospital #11-00
Singapore 188770
Tel : 6311 1111
Fax : 6338 1318
Email : enquiries@raffleshospital.com

COMPANY SECRETARIES

Mrs Kimmy Goh
Ms Mary Khoo

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

AUDITORS

KPMG LLP
Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Partner-in-Charge : Mr Lau Kam Yuen
Year of Appointment : 2014

PRINCIPAL BANKERS

DBS Bank Ltd
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

RafflesHealthInsurance

BOARD OF DIRECTORS

Dr Loo Choon Yong *(Chairman)*
Mr Ngiam Tong Dow *(Non-Independent Director)*
Mr Edmund Koh Kian Chew *(Non-Independent Director)*
Mr Tan Soo Nan *(Executive and Non-Independent Director)*
Mr N Ganesan *(Independent Director)*
Mr Charles Maurice Octave Pierron *(Independent Director)*

COMPANY SECRETARIES

Mrs Kimmy Goh
Ms Mary Khoo

AUDITORS

KPMG LLP
Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Partner-in-Charge : Mr Lau Kam Yuen
Year of Appointment : 2014

PRINCIPAL BANKERS

DBS Bank Ltd
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

Corporate Governance Statement

The Directors and Management of Raffles Medical Group (RMG) are committed to high standards of corporate governance to ensure greater transparency and protection of shareholders' interest. Together with the increasing emphasis on risk governance and heightened risks as well as greater complexity in the business and economic environment, the duties and responsibilities of the Audit & Risk Committee have been expanded to assist the Board in overseeing the governance of risk in the Group's business.

This statement outlines the main corporate governance policies and practices for RMG during the financial year with specific reference to the Code of Corporate Governance 2012 (the Code).

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS

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

The primary role of the RMG Board of Directors (the Board) is to protect and enhance the long-term value of its shares for all the shareholders. To fulfil this role, the Board is responsible for the overall corporate governance of RMG and its subsidiaries (the Group) including setting its strategic and entrepreneurial direction, establishing goals for Management and monitoring the achievement of these goals. The Board currently holds four scheduled meetings each year. In addition, the Board also meets to discuss strategy and holds meetings at such other times as may be necessary to address any specific significant matters that may arise. The Company's Constitution also provides for telephonic and video conference meetings to facilitate meetings among the Directors. We have disclosed the attendance of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings in this Report.

The Board has decided that certain matters shall always be approved by the Board. These include:

(a) The approval of quarterly results announcements;
(b) The approval of the annual accounts;
(c) The declaration of interim dividends and proposal of final dividends;
(d) Convening of Shareholders' Meetings;
(e) The approval of corporate strategy and direction of the Group;
(f) Material acquisitions or disposals;
(g) The approval of transactions involving a conflict of interest for a substantial shareholder or a Director or interested person transactions; and
(h) The appointment of new Directors.

All other matters are delegated to Committees whose actions are reported to and monitored by the Board.

BOARD COMMITTEES

To assist the Board in the execution of its duties, the Board has delegated specific functions to the following Committees, each of which has its own Terms of Reference:

(a) Nomination & Compensation Committee (NCC); and
(b) Audit & Risk Committee (ARC).

The Audit & Risk Committee (ARC), previously known as the Audit Committee (AC), adopted its new name with effect from 24 April 2015 to be consistent with its scope and responsibilities which include the oversight of risk management of the Group.

INDUCTION AND TRAINING OF DIRECTORS

There is an induction for incoming Directors joining the Board on the discharge of their duties and to introduce the Group's business and governance practice and arrangements, amongst others. Upon appointment, a new Director receives a brief on the Director's duties, responsibilities and disclosure obligations as a Director. He or she is also briefed on key disclosure duties and statutory obligations. As part of the induction programme, the new Director gains an understanding of the Group's management, business and governance practices through induction briefings by members of Senior Management on the Group's various businesses and support functions.

The Directors are advised and encouraged to attend relevant training programmes conducted by the Singapore Institute of Directors (SID) and those courses which SID offer in partnership with the Accounting and Corporate Regulatory Authority, Institute of Singapore Chartered Accountants and Singapore Management University. They are also updated on a regular basis on accounting, corporate governance, and legal and regulatory changes. Directors may at any time request for further explanation, briefing or informal discussion on any aspects related to the Group's operations.

Corporate Governance Statement

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS *(CONT'D)*

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

The table below sets out the attendance at meetings of the Board and Board Committees convened during the course of the financial year:

Name of Director	Board		Audit & Risk Committee		Nomination & Compensation Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Dr Loo Choon Yong	4	4	4	4	2	2
Mr Koh Poh Tiong	4	4	4	4	2	2
Mr Kee Teck Koon	4	4	4	4	–	–
Dr Wee Beng Geok	4	4	–	–	2	2
Mr Tan Soo Nan	4	4	–	–	–	–
Professor Lim Pin	4	4	–	–	2	2
Mr Raymond Lim Siang Keat	4	4	4	4	–	–
Mr Olivier Lim Tse Ghow	4	4	–	–	–	–
Mr Eric Ang Teik Lim (1)	4	3	4	2	–	–
Mr Lim Beng Chee (2)	4	2	–	–	–	–

Notes:

(1) Mr Eric Ang Teik Lim was appointed to the Board on 24 April 2015 and to the ARC on 20 July 2015.
(2) Mr Lim Beng Chee was appointed to the Board on 23 July 2015.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

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

The names of the Directors of the Company in office as at the date of this Report are set out below. The Board has objectively reviewed and will continue to examine its size and its composition in terms of balance and diversity of skills, experience, gender, and knowledge of the Company. The Board is satisfied that its size facilitates effective decision making and its composition provides appropriate balance and diversity.

As at the date of this Report, the Board comprises ten suitably qualified members:

Name of Director	Date of First Appointment	Nature of Appointment	Date of Last Re-election as Director	Position Held on the Board	Other Functions
Dr Loo Choon Yong	16/05/1989	Executive and Non-Independent	23/04/2014	Chairman	Member of NCC
Mr Koh Poh Tiong	03/10/2011	Non-Executive and Independent	23/04/2014	Lead Independent Director	Member of ARC and NCC
Mr Kee Teck Koon	03/01/2012	Non-Executive and Independent	23/04/2014	Director	Chairman of ARC
Dr Wee Beng Geok	27/11/2000	Non-Executive and Independent	23/04/2013	Director	Chairman of NCC
Mr Tan Soo Nan (1)	28/07/2000	Executive and Non-Independent	23/04/2015	Director	Nil
Professor Lim Pin	19/02/2001	Non-Executive and Independent	23/04/2015	Director	Member of NCC
Mr Raymond Lim Siang Keat	25/04/2013	Non-Executive and Independent	23/04/2014	Director	Member of ARC
Mr Olivier Lim Tse Ghow	01/10/2014	Non-Executive and Non-Independent	23/04/2015	Director	Nil
Mr Eric Ang Teik Lim (2)	24/04/2015	Non-Executive and Independent	NA	Director	Member of ARC
Mr Lim Beng Chee (3)	23/07/2015	Non-Executive and Independent	NA	Director	Nil

Corporate Governance Statement

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE *(CONT'D)*

Notes:

(1) Mr Tan Soo Nan was re-designated as an Executive and Non-Independent Director on 26 January 2015. As a consequence of the re-designation, Mr Tan ceased to be a member of the ARC with effect from the same date.
(2) Mr Eric Ang Teik Lim was appointed to the Board as a Non-Executive and Independent Director on 24 April 2015 and was also appointed as a Member of the ARC on 20 July 2015.
(3) Mr Lim Beng Chee was appointed to the Board as a Non-Executive and Independent Director on 23 July 2015.

NA:Not applicable

Particulars of the interests of Directors who held office at the end of the financial year in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Statement.

INDEPENDENT MEMBERS OF THE BOARD

There is a strong and independent element in the Board. Seven of the ten members of the Board are Independent Directors, namely Mr Koh Poh Tiong, Mr Kee Teck Koon, Dr Wee Beng Geok, Professor Lim Pin, Mr Raymond Lim Siang Keat, Mr Eric Ang Teik Lim and Mr Lim Beng Chee. The criterion of independence is based on the definition given in the Code. The Board considers an "Independent" Director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the business judgement of the Directors independently for the best interests of the Group as a whole.

As Non-Executive members of the Board, the Independent Directors exercise no management functions in the Company or any of its subsidiaries. Although all the Directors are equally responsible for the performance of the Group, the role of the Non-Executive and Independent Directors is particularly important in ensuring that the strategies proposed by the Executive Management are fully discussed and rigorously examined by taking into account the long-term interests, not only from the perspective of all shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts its business.

The Board considers its Non-Executive Directors to be of sufficient calibre and number. Their views are of sufficient weight that no individual or small group can dominate the Board's decision-making processes. The Non-Executive Directors have no financial or contractual interests in the Group other than by way of their fees, shareholdings and participation in the Employees' Share Option Schemes of the Company as set out in the Directors' Statement.

Dr Wee Beng Geok and Professor Lim Pin have served for a continuous period of more than 9 years. In compliance with the guidelines, the independence of the two Directors has been subjected to rigorous review by the Board. In spite of their length of service, these Directors are still considered independent: their roles are non-executive in nature and they are also not involved in the day-to-day business and operations of the Group. Over time, they have also developed independent and invaluable insights into the Group's management. These Directors have also demonstrated objectivity in character and judgement in the discharge of their duties as Directors of the Company.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER (EXECUTIVE CHAIRMAN)

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

Notwithstanding the relevant provisions of the Code, the Board is of the view that it is in the best interests of the Group to adopt a single leadership structure, i.e. where the Chief Executive Officer and the Executive Chairman of the Board, is the same person. This is to ensure that the decision-making process of the Group would not be unnecessarily hindered.

The Executive Chairman is Dr Loo Choon Yong, who is responsible for the oversight of the day-to-day operations of the Group and concurrently exercises control over the quality, quantity and timeliness of information flow between Management and the Board. He has played an instrumental role in developing the business of the Group and has also provided the Group with vision and strong leadership.

All major decisions made by the Executive Chairman are reviewed by the Board. His performance and remuneration are reviewed periodically by the NCC. The Board believes that there are adequate safeguards in place against having a centralisation of power and authority in a single individual. These safeguards include the appointment of a Lead Independent Director and having Independent Directors form the majority of the Board and NCC compositions.

Additionally, the General Managers of each business unit are also responsible for the execution of the Group's strategies and policies. They are also accountable to the Board for the conduct and performance of their respective business operations.

Corporate Governance Statement

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER (EXECUTIVE CHAIRMAN) *(CONT'D)*

LEAD INDEPENDENT DIRECTOR

Mr Koh Poh Tiong was appointed by the Board as the Lead Independent Director since 2 January 2014. The function of the Lead Independent Director is to serve in a lead capacity to coordinate the activities of the Non-Executive Directors in circumstances where it would be inappropriate for the Executive Chairman to serve in such capacity, and to assist the Executive Chairman and the Board to ensure effective corporate governance in managing the affairs of the Board and the Company.

The role of the Lead Independent Director includes meeting with the Non-Executive Directors without the Executive Chairman present to appraise the Executive Chairman's performance and on such other occasions as are deemed appropriate. He would be available to shareholders who have concerns on matters, for which contact through the normal channels of the Executive Chairman, the Chief Financial Officer or the Group Financial Controller have failed to resolve the issues or for which such contact is inappropriate.

PRINCIPLE 4: BOARD MEMBERSHIP

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

The Board members are selected on the basis of their character, business experience and acumen. Where a Director has multiple board representations, the NCC 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. As a guide, Directors should not be represented on more than six boards listed on any Exchange (excluding nominee directorship of listed companies for which the Director is an employee). The appointment of a Board member is subject to the approval of the Board. In appointing Directors, the Board considers the range of skills and experience required in light of:

(a) The geographical spread and diversity of the Group's businesses;
(b) The strategic direction and progress of the Group;
(c) The current composition of the Board; and
(d) The need for independence.

Key information regarding the Directors is set out on pages 10 to 15 of the Annual Report.

The Company's Constitution provides that one-third of the Directors shall retire from office and subject themselves to re-election at the Annual General Meeting of the Company. All Directors are required to retire from office at least once in every three years.

PRINCIPLE 5: BOARD PERFORMANCE

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

The NCC reviews the Board's performance on an annual basis, based on performance criteria as agreed by the Board, and decides how this may be evaluated. The Board has implemented a process for assessing the effectiveness of the Board as a whole, its Board Committees and for assessing the contribution by Directors to the effectiveness of the Board. This process includes having Directors complete a Questionnaire seeking their views on various aspects of Board performance, such as Board composition, information, process and accountability. The Company Secretaries compile the Directors' responses to the Questionnaire into a consolidated report. The report is reviewed by the NCC and also shared with the entire Board.

During the year 2015, the Questionnaire on the performance of the Board and Board Committees was reviewed based on best practices on board evaluation and revised to take into consideration key issues and areas the Board wanted to focus on. The Questionnaire was completed by Directors, and reviewed by the NCC and then the Board. The NCC assessed the performance of the Board as a whole, taking into account the Board's composition and size, access to information, processes, accountability, standard of conduct and performance of the principal functions and fiduciary duties, and guidance to and communication with the Management.

The Executive Chairman, together with the Chairman of the NCC, also assessed the performance of individual Directors based on factors such as the Director's attendance, preparedness, candour, participation and contribution at Board meetings and industry and business knowledge.

Informal reviews of the Board's collective performance are conducted on a regular basis by the NCC with inputs from the other Directors and the Executive Chairman. At this stage, the Board considers it more appropriate to focus on the Board performance collectively in its appraisal process.

Corporate Governance Statement

PRINCIPLE 6: ACCESS TO INFORMATION

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

All Directors receive information from Management about the Group on a regular basis so that they are equipped to play their roles during the Board Meetings. Board papers are prepared for each meeting of the Board. The Board papers include sufficient information from Management on financial, business and corporate issues. This is to enable the Directors to be properly briefed on issues to be considered at the Board Meetings.

All Directors have unrestricted access to the Company's records and information and receive financial and related reports from Management. Directors also liaise with Management as required and may consult with other employees in order to seek additional information when needed.

In addition, Directors have separate and independent access to Senior Management and the Company Secretaries at all times. The Company Secretaries are responsible to the Board for ensuring that the established procedures and relevant statutes and regulations are complied with. The Company Secretaries attend all the Board Meetings held.

Each and every Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the operations or undertakings of the Group in order to fulfil their duties and responsibilities as Directors.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

Matters concerning remuneration and compensation packages for Senior Management and the Executive Chairman are determined and reviewed by the NCC. The NCC is made up of a majority of Independent and Non-Executive Directors. The risk of any potential conflict of interest is minimised by having the Lead Independent Director as one of the members of the NCC. No Director is involved in deciding his own remuneration. When the NCC reviews the compensation of the Executive Chairman, the Executive Chairman recuses himself from the discussion of his compensation package. The review of the Executive Chairman's compensation is only carried out by the Independent Directors in the NCC, giving due regard to the financial and commercial health and business needs of the Group.

NOMINATION & COMPENSATION COMMITTEE

The Company has adopted the functions of the nominating and remuneration committees to be performed by the NCC as a single Board Committee. The scope and responsibilities of the NCC include the following:

(a) Make recommendations to the Board for approval on matters relating to the:
- *(i) Review of the Board's succession plans for Directors, including the Executive Chairman and the Chief Executive Officer;*
- *(ii) Development of a process for evaluation of the performance of the Board, its Board Committees and Directors;*
- *(iii) Review of training and professional development programmes for the Directors;*
- *(iv) Recommendation on the appointment and re-appointment of Directors; and*
- *(v) Determination of a framework or broad policy for the remuneration of the Directors;*

(b) Determine the framework or broad policy for the remuneration of key executives as it is designated to consider. No Director or Manager shall be involved in any decisions as to their own remuneration;

(c) Review the design of all Employee Share Option Schemes approved by the Board and the shareholders. For any such schemes, it shall determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to eligible persons and the performance targets to be used;

(d) Empowered to delegate to Executive Chairman or Company Secretaries to approve and release such announcements in relation to the administration of the Employee Share Option Schemes that are required for the compliance with the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual;

(e) Sub-delegate, if required, any of the powers within its Terms of Reference, from time to time, as the NCC may deem fit; and

(f) Consider such other matters as may be requested by the Board.

Corporate Governance Statement

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES *(CONT'D)*

The Chairman of the NCC is Independent Director, Dr Wee Beng Geok, who is an expert in the human resource field. The other members are Lead Independent Director, Mr Koh Poh Tiong, Independent Director, Professor Lim Pin and Executive Chairman, Dr Loo Choon Yong. Dr Wee Beng Geok, together with Mr Koh Poh Tiong, having managed large organisations and Professor Lim Pin, having been the past Chairman of the National Wages Council are all knowledgeable and experienced in the field of executive compensation. It is the view of the Board that it is also in the best interest of the Company to have Dr Loo Choon Yong, sit on the NCC. The Board believes that Dr Loo Choon Yong's long experience in the healthcare industry and inputs are necessary to enable the Company to compensate its key executives and clinicians satisfactorily in the competitive healthcare industry.

The NCC seeks expert advice and views on remuneration and governance matters from both within and outside the Group as appropriate. By drawing on a pool of independent consultants for diversified views and specific expertise, the NCC ensures that existing relationships, if any, between the Group and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

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

The Group's remuneration policy is to provide compensation packages at market rates to reward successful performance and attract, retain and motivate Senior Management and Directors. Remuneration packages are based on the performance of the Group as well as the individual. In determining the remuneration packages, the NCC takes into consideration industry practices and norms in compensation. The Directors and Senior Management are eligible for share options under the RMG (2010) Share Option Scheme.

The NCC determines and reviews the remuneration packages for the Executive Chairman and Senior Management based on the Group's remuneration policy. The Executive Chairman recuses himself from the discussion of his compensation package. The objectivity of the NCC is further enhanced by the inclusion of the Lead Independent Director as a key member of the committee. Through the use of contractual provisions, the Group has the ability to reclaim incentive components of remuneration from the relevant management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

The NCC reviews and makes recommendations to the Board in relation to Directors' fees. The Directors' fees to be paid to the Directors are recommended for shareholders' approval annually. The fees are structured on the basis that Directors with additional duties as members or chairmen of Board Committees would receive a higher portion of the total fees.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

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

The Group adopts a performance-based remuneration framework that is linked to its growth and profitability. The level and mix of remuneration awarded to the Management and Directors is flexible and responsive to the market conditions. It also takes into account the performance of the individual as well as the performance of the business units within the Group.

Details of Directors' remuneration are set out below:

Remuneration Band	Number of Directors	
	2015 (1)	2014
$500,000 and above	1	1
$250,000 to below $500,000	1	–
Below $250,000	8	7
	10	8

Notes:

(1) Includes Directors' remuneration payable to Mr Eric Ang Teik Lim and Mr Lim Beng Chee, who were appointed to the Board as Non-Executive and Independent Directors on 24 April 2015 and 23 July 2015 respectively.

Corporate Governance Statement

PRINCIPLE 9: DISCLOSURE ON REMUNERATION *(CONT'D)*

Whilst the Code recommends that the Company fully disclose the remuneration of each individual Director and the Chief Executive Officer 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 the year ended 31 December 2015 (Group) is as follows:

Name of Director	Salary (1) %	Bonus (2) %	Director's Fees %	Share Options Grants %	Total Compensation %
$500,000 and above					
Dr Loo Choon Yong *Executive Chairman*	7	93	–	–	100
Below $250,000					
Mr Koh Poh Tiong *Non-Executive*	–	–	72	28	100
Mr Kee Teck Koon *Non-Executive*	–	–	65	35	100
Dr Wee Beng Geok *Non-Executive*	–	–	62	38	100
Mr Tan Soo Nan *Executive*	70	7	11	12	100
Professor Lim Pin *Non-Executive*	–	–	64	36	100
Mr Raymond Lim Siang Keat *Non-Executive*	–	–	70	30	100
Mr Olivier Lim Tse Ghow *Non-Executive*	–	–	89	11	100
Mr Eric Ang Teik Lim (3) *Non-Executive*	–	–	100	0	100
Mr Lim Beng Chee (3) *Non-Executive*	–	–	100	0	100

Notes:

(1) The salary amount shown is inclusive of allowances and statutory contributions to the Central Provident Fund.
(2) The bonus amount shown is inclusive of statutory contributions to the Central Provident Fund.
(3) Mr Eric Ang Teik Lim and Mr Lim Beng Chee were appointed to the Board on 24 April 2015 and 23 July 2015 respectively.

KEY EXECUTIVES' REMUNERATION

The Code requires the remuneration of at least the top five key executives, who are not in the capacity of a Director or the Chief Executive Officer 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 Chief Executive Officer) 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.

There are no employees in the Group who are the immediate family members of a Director or the Chief Executive Officer. Key information regarding the Employees' Share Option Scheme is set out on pages 48 to 52 of the Annual Report.

PRINCIPLE 10: ACCOUNTABILITY

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

The Group prepares its financial statements in accordance with the Singapore Financial Reporting Standards.

Corporate Governance Statement

PRINCIPLE 10: ACCOUNTABILITY *(CONT'D)*

In presenting its quarterly and full year financial results to shareholders, the Board aims to provide to the shareholders a balanced and comprehensive assessment of the Group's performance, position and prospects. Management provides the Board with appropriate details and management accounts of the Group's performance, position and prospects on a quarterly basis.

As has been introduced earlier, the NCC and the ARC have been delegated specific functions to assist the Board in the execution of its duties.

NOMINATION & COMPENSATION COMMITTEE

The composition of the NCC and its delegated duties are set out in the section under Principle 7 of this Statement.

AUDIT & RISK COMMITTEE

The composition of the ARC and its delegated duties are set out in the sections under Principles 11 to 13 of this Statement.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Directors recognise that they have the overall responsibility to ensure accurate financial reporting and adequate system of internal controls for the Group, including financial, operational, compliance, information technology controls and risk management policies and systems. This responsibility has been delegated to the ARC whose terms of reference also include the following function:

Oversee Risk Management and Internal Controls (in relation to Financial, Operational, Compliance, and Information Technology Controls)

(i) Review the Group's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems;

(ii) Review the Group's risk profile / risk dashboard on a regular basis to understand the significant risks facing the Group and how they are being mitigated;

(iii) At least annually, review the adequacy and effectiveness of the risk management and internal control systems with respect to financial, operational, compliance and information technology controls. This may include reviewing Management and / or assurance provider reports to highlight significant findings and recommendations, inclusive of Management's responses;

(iv) Review the assurance provided by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) / Group Financial Controller (GFC) regarding the effectiveness of risk management and internal controls;

(v) Review report regarding the adequacy and effectiveness of risk management and internal control systems to the Board;

(vi) Review disclosures in the Annual Report relating to the adequacy and effectiveness of the risk management and internal control systems; and

(vii) Review the Group's procedures for detecting fraud and whistle-blowing, and ensure that arrangements are in place by which staff of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control, or any other matters.

The Group has adopted an entity-wide risk assessment framework to enhance its risk management capabilities. Key risks, control measures and management actions are identified by Management and reviewed annually by the ARC. The Board through the ARC and Management continues to improve and enhance the risk assessment framework. Based on the work performed by the internal auditors, the statutory audit by the external auditors and reviews performed by Management, the Board, with the concurrence of the ARC, 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.

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 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.

Corporate Governance Statement

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS *(CONT'D)*

The Directors have also received assurance from the Executive Chairman, CFO and the GFC that the Group's financial records have been properly maintained and that the financial statements give a true and fair view of the Group's operations and finances, as well as the effectiveness of the Group's risk management and internal controls systems.

PRINCIPLE 12: AUDIT COMMITTEE

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

The ARC comprising its Chairman, Mr Kee Teck Koon and other members, namely, Lead Independent Director, Mr Koh Poh Tiong and Independent Directors, Mr Raymond Lim Siang Keat and Mr Eric Ang Teik Lim, meets periodically with the Group's internal and external auditors as well as Management to review accounting, auditing and financial reporting matters. This is to ensure that an effective control environment is maintained in the Group. The ARC also monitors proposed changes in accounting policies and discusses the accounting implications of major transactions. In addition, the ARC also advises the Board regarding the adequacy of the Group's internal controls and the contents and presentation of its quarterly and annual financial statements.

Specifically, the responsibilities of the ARC include [(1)] :

(a) *Oversee Financial Reporting*
- *(i)* *Monitor the integrity of the financial information provided by the Group, in particular by reviewing the relevance and consistency of the accounting standards used by the subsidiaries and the Group;*
- *(ii)* *Assess, and challenge, where necessary, the accuracy, completeness, and consistency of financial information before submitting to the Board for approval or made public; and*
- *(iii)* *Review the assurance provided by the CEO and CFO / GFC regarding the financial records being properly maintained and the financial statements giving a true and fair view of the Group's operations and finances.*

(b) *Oversee External Audit*
- *(i)* *Oversee the Group's relations with the external auditor(s);*
- *(ii)* *Review the performance of the external auditor(s), to facilitate the selection, appointment, re-appointment, and resignation;*
- *(iii)* *Monitor and assess annually the external auditor(s)' independence or objectivity is not impaired;*
- *(iv)* *Review the audit representation letter and the external auditor(s)' Management letter to assess whether it is based on a good understanding of the Group's business, and monitor the responsiveness of Management to the recommendations made;*
- *(v)* *Establish meetings whenever deemed necessary with the external auditor(s) to discuss matters that the Committee or auditors believe should be discussed privately; and*
- *(vi)* *Ensure that the external auditor(s) have direct and unrestricted access to the Chairman of the Committee and the Chairman of the Board.*

(c) *Oversee Compliance*
- *(i)* *Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow up of any instances of non-compliance;*
- *(ii)* *Monitor the processes for addressing complaints made regarding accounting, internal controls and / or auditing matters;*
- *(iii)* *Clarify the Group's code of conduct and process for disseminating requirements across all Group personnel and monitoring levels of compliance; and*
- *(iv)* *Maintain open communication with and receive periodic reports from Management and Group legal counsel regarding compliance matters.*

(d) *Oversee Interested Persons Transactions (IPTs)*
- *(i)* *Review IPTs to consider whether they are on normal commercial terms and are not prejudicial to the interests of the Group or its minority shareholders;*
- *(ii)* *Review methods or procedures used for determining that such transactions are or will be carried out on normal commercial terms and not prejudicial to the issuer or its minority shareholders; and*
- *(iii)* *Receive reports from Management and Internal Audit regarding IPTs. Report to shareholders on IPTs as required by the Listing Manual.*

The other delegated duties of the ARC can be found under Principles 11 and 13 of this Statement

The ARC is authorised to investigate any matter within its Terms of Reference as approved by the Board, and has full access to Management and also full discretion to invite any Director or Executive Officer to attend its meetings, as well as reasonable resources to enable it to discharge its functions properly. The ARC meets with the external auditors without the presence of Management, at least once a year.

Corporate Governance Statement

PRINCIPLE 12: AUDIT COMMITTEE *(CONT'D)*

In exercise of its responsibilities, the ARC undertook a review of the independence of our external auditors, KPMG LLP (KPMG) to assess that the objectivity of the auditors is not impaired. In its assessment, the ARC deliberated on the Group's relationship with KPMG and the processes, policies and safeguards adopted by KPMG relating to audit independence. The ARC also took into consideration the nature and volume of the provision of non-audit services in 2015 as well as the corresponding fees for prior years.

The ARC also noted that the fees for the non-audit services had exceeded 50% of the aggregate amount of all fees paid / payable to KPMG for 2015. The significant increase in the non-audit fees arose primarily from the advisory services provided to the Group. The ARC noted that these were not prohibited services and do not pose a threat to the external auditors' independence, and safeguards had been put in place by KPMG to ensure that the independence of the audit team is not impaired. The ARC is thus of the opinion that such non-audit fees did not impair or threaten the audit independence. Based on the review, the ARC is of the opinion that KPMG is, and is perceived to be, independent for the purpose of the Group's statutory financial audit.

The fees paid to KPMG is set out on Page 100 of the Annual Report.

The Group has put in place a whistle-blowing policy. This policy provides well-defined and accessible channels through which employees, in confidence and good faith, without fear of reprisal, may report concerns about possible improprieties in matters of financial reporting or other matters within the Group. Details of the policy are posted on the Group's intranet for employees' easy reference.

PRINCIPLE 13: INTERNAL AUDIT

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

The Group has an internal audit (IA) function that is independent of the activities it audits. The internal auditors report to the Chairman of the ARC functionally and to the Executive Chairman administratively.

The department performing the IA function has adopted and complied with the Standards for the Professional Practice of Internal Auditing by The Institute of Internal Auditors. It operates within the framework stated in its IA Charter, which is approved by the ARC. It adopts a risk-based audit methodology to develop its audit plans which align its activities to key risks across the Group. Based on risk assessments performed, greater focus and appropriate review intervals are set for higher risk activities and material internal controls, including compliance with the Group's policies, procedures and regulatory responsibilities. The IA plans are reviewed and approved by the ARC.

The ARC will ensure that the department performing the IA function has adequate resources and appropriate standing within the Group to perform its function effectively including the assessment of the auditors' relationship with external auditors and the auditors' independence of the areas reviewed. Additionally, the ARC also carries out the following functions:

Oversee IA

(a) Monitor and assess the role and effectiveness of the IA function (including the IA charter, plans, activities, staffing, budget, resources, and organisational structure of the IA function);

(b) Review the IA programme and reports on a periodic basis and monitor Management's responsiveness to the findings and recommendations;

(c) Ensure that the Head of IA has direct and unrestricted access to the Chairman of the Board and Committee, and is able to meet separately and privately to discuss matters / concerns; and

(d) Participate in the appointment, replacement or dismissal of the Head of IA.

PRINCIPLE 14: SHAREHOLDER RIGHTS

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

The Group's robust corporate governance culture and awareness promote fair and equitable treatment of all shareholders. All shareholders enjoy specific rights under the Singapore Companies Act and the Company's Constitution. All shareholders are treated fairly and equitably. These rights include, amongst others, pecuniary rights, for example, the right to participate in profit distributions and membership rights such as the right to participate in general meetings and the right to exercise their voting rights. Under the Company's Constitution, ordinary shareholders are entitled to attend and vote at the Annual General Meeting by person or proxy.

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 analysts.

Corporate Governance Statement

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

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

In line with continuous disclosure obligations of the Company, pursuant to the SGX-ST Listing Rules and the Singapore Companies Act, the Board's policy is that the Company's shareholders are informed of all major developments that impact the Group.

The Group's investor relations activities promote regular, effective and fair communication with shareholders and the investment community. Briefing sessions for the media and analysts are conducted when quarterly results are released. All media statements and quarterly financial statements are published on SGXNet and subsequently on the Group's website (www.rafflesmedical.com/investor-relations).

A dedicated Investor Relations team supports the Executive Chairman in maintaining a close and active dialogue with the investment community throughout the year, responding diligently and promptly to all enquiries, analysts and other interested parties. In addition, the Group's website acts as another avenue for the investment community to submit their feedback and questions.

For 2015, the Investor Relations team along with Management reached out to investors and shareholders through conferences, luncheons and in-house meetings. In total, more than 400 local and foreign institutional entities were met over 10 local and 4 overseas conferences, 11 small groups and 55 in-house meetings. These meetings provide a means for Management to explain the Group's strategy and financial performance. Management also uses meetings with investors and analysts to solicit their perceptions of the Group.

Information is communicated to shareholders on a timely basis. Where there is an inadvertent disclosure made to a select group, the Company will make the same disclosure publicly as soon as practicable. Communication is made through:

(a) Annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments and other disclosures required by the Singapore Companies Act, Singapore Financial Reporting Standards and the SGX-ST Listing Manual;
(b) Financial statements containing a summary of the financial information and affairs of the Group for the period;
(c) Notices of and explanatory memoranda for Annual General Meetings and Extraordinary General Meetings;
(d) Media and analyst briefings for the Group's quarterly and annual results as well as other briefings, as appropriate;
(e) Media releases on the major developments of the Group;
(f) Disclosures to the SGX-ST; and
(g) The Group's website at www.rafflesmedical.com/investor-relations is where shareholders can access information on the Group. The website provides, inter alia, corporate announcements, media releases, annual reports and a profile of the Group.

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

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

Shareholders are encouraged to attend the Annual General Meeting to ensure a high level of accountability and to stay informed of the Group's strategies and goals. The Annual General Meeting is the principal forum for dialogue with shareholders.

The notice of the Annual General Meeting is despatched to shareholders, together with explanatory notes or a circular on items of special business, at least 14 days before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues at the Annual General Meeting. The Chairmen of the ARC and the NCC are normally available at the meeting to answer those questions relating to the work of these Committees. The external auditors are normally available to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

Each item of special business included in the notice of the Annual General Meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

Additional Information Required By The Singapore Exchange Securities Trading Limited

MATERIAL CONTRACTS

There are no material contracts entered into by the Company or any of its subsidiaries involving the interests of the Chief Executive Officer, any Director or controlling shareholder.

DEALINGS IN SECURITIES

In compliance with Rule 1207(19) of the SGX-ST Listing Manual, the Group has in place a policy which prohibits dealings in the Company's securities by all officers of the Company and its subsidiaries, during the periods commencing 2 weeks prior to the announcement of the Group's financial statements for each of the first 3 quarters of its financial year and 1 month prior to the announcement of the Group's full year financial statements and ending on the date of the announcement of such financial statements. Directors, executive officers and any other persons as determined by Management who may possess unpublished material price-sensitive information of the Group (relevant persons), are also reminded to observe insider trading laws at all times, and not to deal in the Company's securities when in possession of any price-sensitive and confidential information regarding the Group, or on short-term considerations. A reminder is circulated to Directors, executive officers and relevant persons of the Company and its subsidiaries every quarter before the commencement of the period during which dealings in the Company's securities are prohibited and to those with access to price-sensitive and confidential information. All Directors of the Company and its subsidiaries are required to report all dealings to the Company Secretaries.

STATEMENT OF RISK MANAGEMENT

The Group has adopted an entity-wide risk assessment framework to identify, evaluate and control all key risks on a coordinated and integrated basis. Business Units adopt a bottom up approach in identifying and evaluating risks and these risks are then reviewed at the Group level to provide a top-down perspective as well. Key risks, control measures and management actions identified by Management are reviewed annually by the ARC.

Under the framework, the risks are prioritised and Business Units use both preventive and mitigation controls to manage risk exposures within prescribed tolerance limits. These risk management activities are carried out periodically as embedded organisational processes within the Group.

Having reviewed the risk management practices and policies of the Group, the Board has not found anything to suggest that risks are not being satisfactorily managed.

INTERESTED PERSONS TRANSACTIONS

The Company has established procedures to ensure that all transactions with Interested Persons are reported to the ARC on a quarterly basis. The ARC has reviewed the Interested Persons Transactions (IPTs) entered into during the financial year by the Company. The Company's disclosures, according to Rule 907 of the SGX-ST Listing Manual in respect of IPTs for the aggregate value of IPTs entered for the financial year ended 31 December 2015, are set out below. As the Company does not have a shareholders' mandate under Rule 920, there is no IPT reporting associated therewith.

Names of Interested Persons	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)
Loo & Partners LLP and Victory Legal Group– For the provision of legal advisory services to the Group	$142,578	Nil

The above IPTs were conducted on normal commercial terms. The ARC was also of the view that the IPTs were not prejudicial to the interests of the Company and its minority shareholders.

Financial Report

CONTENTS

Directors' Statement

Year ended 31 December 2015

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2015.

In our opinion:

(a) the financial statements set out on pages 55 to 113 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 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

DIRECTORS

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

Dr Loo Choon Yong
Mr Koh Poh Tiong
Mr Kee Teck Koon
Dr Wee Beng Geok
Mr Tan Soo Nan
Professor Lim Pin
Mr Raymond Lim Siang Keat
Mr Olivier Lim Tse Ghow
Mr Eric Ang Teik Lim (Appointed on 24 April 2015)
Mr Lim Beng Chee (Appointed on 23 July 2015)

DIRECTORS' INTERESTS

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

	Holdings in the name of the director, spouse or infant children		**Other holdings in which the director is deemed to have an interest**	
The Company	**At beginning of the year**	**At end of the year**	**At beginning of the year**	**At end of the year**
		Ordinary Shares		
Dr Loo Choon Yong	57,104,942	57,739,440	235,865,877	238,486,609
Mr Koh Poh Tiong	30,000	140,000	–	–
Dr Wee Beng Geok	1,021,000	1,103,000	–	–
Mr Tan Soo Nan	1,277,686	1,362,000	–	–
Professor Lim Pin	655,482	733,543	–	–
Mr Olivier Lim Tse Ghow	40,000	40,000	–	–

Directors' Statement

Year ended 31 December 2015

DIRECTORS' INTERESTS *(CONT'D)*

The Company	At beginning of the year	At end of the year	Option price per share	Date of grant
	Options to subscribe for ordinary shares			
Mr Koh Poh Tiong	20,000	–	$2.34	02/04/2012
	60,000	–	$3.28	01/04/2013
	60,000	30,000	$3.20	01/04/2014
	–	70,000	$3.93	01/04/2015
Mr Kee Teck Koon	20,000	20,000	$2.34	02/04/2012
	60,000	60,000	$3.28	01/04/2013
	80,000	80,000	$3.20	01/04/2014
	–	70,000	$3.93	01/04/2015
Dr Wee Beng Geok	70,000	–	$1.66	01/04/2010
	70,000	70,000	$2.20	01/04/2011
	80,000	80,000	$2.34	02/04/2012
	80,000	80,000	$3.28	01/04/2013
	80,000	80,000	$3.20	01/04/2014
	–	70,000	$3.93	01/04/2015
Mr Tan Soo Nan	70,000	–	$1.66	01/04/2010
	70,000	70,000	$2.20	01/04/2011
	80,000	80,000	$2.34	02/04/2012
	80,000	80,000	$3.28	01/04/2013
	80,000	80,000	$3.20	01/04/2014
	–	70,000	$3.93	01/04/2015
Professor Lim Pin	10,000	–	$2.34	02/04/2012
	30,000	–	$3.28	01/04/2013
	60,000	30,000	$3.20	01/04/2014
	–	60,000	$3.93	01/04/2015
Mr Raymond Lim Siang Keat	50,000	50,000	$3.20	01/04/2014
	–	60,000	$3.93	01/04/2015
Mr Olivier Lim Tse Ghow	–	20,000	$3.93	01/04/2015

	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
Immediate Holding Company	**At beginning of the year**	**At end of the year**	**At beginning of the year**	**At end of the year**
	Ordinary Shares			
Raffles Medical Holdings Pte Ltd				
Dr Loo Choon Yong	100,000	100,000	–	–

The options in the Company granted in 2010 to 2014 are exercisable during a period commencing 12 months from the Date of Grant for the first 30,000 shares, 24 months from the Date of Grant for the next 30,000 shares and the balance after 36 months and expires at the end of 60 months from the Date of Grant. The options in the Company granted in 2015 are exercisable during a period commencing 24 months from the Date of Grant for the first 20,000 shares, 36 months from the Date of Grant for the next 20,000 shares and the balance after 48 months and expires at the end of 60 months from the Date of Grant.

By virtue of Section 7 of the Act, Dr Loo Choon Yong is deemed to have interests in the other subsidiaries of Raffles Medical Holdings Pte Ltd, at the beginning and at the end of the financial year.

Directors' Statement

Year ended 31 December 2015

DIRECTORS' INTERESTS *(CONT'D)*

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2016.

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

SHARE OPTIONS

Employees' Share Option Scheme

Raffles Medical Group (2000) Share Option Scheme

(1) On 31 October 2000, the shareholders of the Company approved the Raffles Medical Group (2000) Share Option Scheme (RMG 2000 Scheme) at the Extraordinary General Meeting. Details of the RMG 2000 Scheme were set out in the Directors' Report for the financial year ended 31 December 2000.

(2) The RMG 2000 Scheme is administered by the Nomination & Compensation Committee (Committee) comprising the following directors:

Dr Wee Beng Geok
Professor Lim Pin
Dr Loo Choon Yong

Dr Loo Choon Yong is not a participant in the scheme.

(3) No additional options were granted pursuant to the RMG 2000 Scheme for the financial year ended 31 December 2015.

(4) As at 31 December 2015, outstanding options to take up unissued ordinary shares in the Company under the RMG 2000 Scheme were as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2015	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2015	Number of option holders at 31 December 2015
01/04/2005	$0.42	65,000	30,000	35,000	–	–
03/04/2006	$0.71	345,000	189,000	65,000	91,000	7
02/04/2007	$1.15	549,000	212,000	83,000	254,000	20
01/04/2008	$1.24	523,000	161,000	12,000	350,000	35
01/04/2009	$0.78	1,078,000	396,000	–	682,000	34
01/04/2010	$1.66	2,081,000	937,000	66,000	1,078,000	65
		4,641,000	1,925,000	261,000	2,455,000	

(5) Since the commencement of the Scheme, no options have been granted to controlling shareholders of the Company and their associated companies and parent group employees. No participant has received 5% or more of the total number of options available under the Scheme. There is no discount granted to the subscription price of the option compared to the last dealt price for three consecutive market days preceding to the date of the option.

Directors' Statement

Year ended 31 December 2015

SHARE OPTIONS *(CONT'D)*

Employees' Share Option Scheme (cont'd)

Raffles Medical Group (2000) Share Option Scheme (cont'd)

(6) The following are details of options granted to Directors:

Name of Directors	Aggregate options granted since commencement of Scheme to 31 December 2015	Aggregate options exercised since commencement of Scheme to 31 December 2015	Aggregate options outstanding as at 31 December 2015
Dr Wee Beng Geok	1,138,000	1,138,000	–
Mr Tan Soo Nan	1,238,000	1,238,000	–
Professor Lim Pin	968,000	968,000	–
Total	3,344,000	3,344,000	–

(7) Statutory information regarding the above options is as follows:

(a) Options are exercisable in whole or in part:

(i) in relation to shares for which the subscription price is determined on market value, a period commencing on such date in respect of such proportion of the option amount as the Committee may prescribe (but which shall in any event be no earlier than the date immediately after the first anniversary of the Date of Grant) and ending on the date immediately before the tenth anniversary of such Date of Grant for an employee and ending on the date immediately before the fifth anniversary of such Date of Grant for a non-employee; and

(ii) in relation to shares for which the subscription price is determined at a discount to market value, a period commencing on such date in respect of such proportion of the option amount as the Committee may prescribe (but which shall in any event be no earlier than the date immediately after the second anniversary of the Date of Grant) and ending on the date immediately before the tenth anniversary of such Date of Grant for an employee and ending on the date immediately before the fifth anniversary of such Date of Grant for a non-employee.

(b) The number of shares which may be acquired by a participant and the exercise price are subject to adjustment, by reason of any issue of additional shares in the Company by way of rights or capitalisation of profits or reserves made which an option remains unexercised.

Raffles Medical Group (2010) Share Option Scheme

(1) At the Annual General Meeting held on 30 April 2010, the shareholders of the Company adopted the Raffles Medical Group (2010) Share Option Scheme (RMG 2010 Scheme) for the Company. The existing RMG 2000 Scheme was concurrently terminated. The termination of the RMG 2000 Scheme will, however, not affect the subscription rights comprised in options granted pursuant to the RMG 2000 Scheme prior to the termination. Such options will continue to be exercisable in accordance with the rules of the RMG 2000 Scheme. However, no further options will be granted under the RMG 2000 Scheme.

(2) Under the terms of the RMG 2010 Scheme, the committee (Committee) of directors administrating the Scheme may make offers of the grant of options to eligible persons to subscribe for shares at a subscription price set at the market price or at a discount of the market price on the capital of the Company, subject inter alia to the following:

(a) the aggregate number of shares over which options may be granted when added to the number of shares issued and issuable in respect of all options granted under the RMG 2010 Scheme and in respect of all other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total issued shares (excluding treasury shares) of the Company on the date preceding the offer date of an option.

Directors' Statement

Year ended 31 December 2015

SHARE OPTIONS *(CONT'D)*

Employees' Share Option Scheme (cont'd)

Raffles Medical Group (2010) Share Option Scheme (cont'd)

(b) the number of shares to be offered to any Group employee in accordance with the RMG 2010 Scheme shall be determined at the absolute discretion of the Committee, who shall take into account (where applicable) criteria such as rank, responsibilities, past performance, length of service, contributions to the Group and potential for future development of that Group employee, provided that in relation to Controlling Shareholder(s) or their Associates:

(i) the aggregate number of shares which may be offered by way of grant of options to Group employees who are Controlling Shareholder(s) and/or their Associates shall not exceed 25% of the total number of shares available under the RMG 2010 Scheme; and

(ii) the aggregate number of shares which may be offered by way of grant of options to each Group employee who is a Controlling Shareholder or his Associate shall not exceed 10% of the total number of shares available under the RMG 2010 Scheme.

(3) Subject to any adjustment pursuant to any variation of the share capital of the Company, the subscription price for each share under the RMG 2010 Scheme shall be:

(a) a price equal to the average of the last dealt prices for a share, as determined by reference to the daily official list or other publication published by the Singapore Exchange Securities Trading Limited for the three consecutive market days immediately preceding the offer date of that option, rounded up to the nearest whole cent, provided that in the case of a Market Price Option that is proposed to be granted to a Controlling Shareholder or an Associate of a Controlling Shareholder, the Subscription Price for each share shall be equal to the average of the last dealt price(s) for a share, as determined by reference to the daily official list published by the Singapore Exchange Securities Trading Limited, for the three consecutive market days immediately preceding the latest practicable date prior to the date of any circular, letter or notice to the Shareholders proposing to seek their approval of the grant of such options to such Controlling Shareholder and/or Associate of a Controlling Shareholder; or

(b) the discounted value of the share price determined under (a) above, provided that the maximum discount shall not exceed 20% of (a) above, and

(c) the prior approval of the shareholders of the Company in general meeting shall have been obtained for the making of offers and grants of options at a discount not exceeding the maximum discount in a separate resolution (for the avoidance of doubt, such prior approval shall be required to be obtained only once and, once obtained, shall, unless revoked, authorise the making of offers and grants of options under the RMG 2010 Scheme at such discount for the duration of the RMG 2010 Scheme), or

(d) the prior approval of the shareholders of the Company in general meeting shall have been obtained for the discount exceeding 20% of the market price if it is prescribed or permitted for the time being by the Singapore Exchange Securities Trading Limited.

(4) Under the RMG 2010 Scheme, an option may be exercised in whole or in part only in respect of 1,000 shares or any multiple thereof:

(a) in relation to shares for which the subscription price is determined on market value, during the period commencing after the first anniversary of the offer date and expiring on the tenth anniversary of such offer date; and

(b) in relation to shares for which the subscription price is determined at a discount to the market value, during the period commencing after the second anniversary of the offer date and expiring on the tenth anniversary of such offer date.

Save that the option period for an option granted to a participant, who is a non-executive director (including independent director) of any member of the Group or a permanent part-time visiting consultant specialist contracted or engaged for service on a regular basis by the Group but whose hours of work is not full-time, shall expire on the fifth anniversary of the Date of Grant.

Directors' Statement

Year ended 31 December 2015

SHARE OPTIONS *(CONT'D)*

Employees' Share Option Scheme (cont'd)

Raffles Medical Group (2010) Share Option Scheme (cont'd)

(5) The RMG 2010 Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten years from 30 April 2010 provided always that the RMG 2010 Scheme may continue beyond the above stipulated period with the approval of the shareholders by ordinary resolution in general meeting and any of the relevant authorities which may then be required.

(6) The RMG 2010 Scheme is administered by a committee comprising Directors of the Company duly authorised and appointed by the Board to administer the RMG 2010 Scheme.

(7) The Committee, at the date of this report, administering the RMG 2010 Scheme comprises the following directors:

Dr Wee Beng Geok
Mr Koh Poh Tiong
Professor Lim Pin
Dr Loo Choon Yong

(8) On 1 April 2015, additional options were granted pursuant to the RMG 2010 Scheme to subscribe for ordinary shares at an exercise price of $3.93 as follows:

	Company
Directors of the Company and Executive Directors of the subsidiaries	900,000
Other participants	4,100,000
	5,000,000

(9) Since the commencement of the Scheme, no options have been granted to controlling shareholders of the Company and their associated companies and parent group employees. No participant has received 5% or more of the total number of options available under the Scheme. There is no discount granted to the subscription price of the option compared to the last dealt price for three consecutive market days preceding to the date of the option.

(10) As at 31 December 2015, outstanding options to take up unissued ordinary shares in the Company under the RMG 2010 Scheme as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2015	Options granted	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2015	Number of option holders at 31 December 2015
01/04/2011	$2.20	2,194,000	–	524,000	84,000	1,586,000	118
02/04/2012	$2.34	3,748,000	–	852,000	84,000	2,812,000	180
01/04/2013	$3.28	5,205,000	–	1,100,000	153,000	3,952,000	272
01/04/2014	$3.20	6,133,000	–	996,000	276,000	4,861,000	368
01/04/2015	$3.93	–	5,000,000	–	122,000	4,878,000	546
		17,280,000	5,000,000	3,472,000	719,000	18,089,000	

Directors' Statement

Year ended 31 December 2015

SHARE OPTIONS *(CONT'D)*

Employees' Share Option Scheme (cont'd)

Raffles Medical Group (2010) Share Option Scheme (cont'd)

(11) The following are details of options granted to Directors:

Name of Director	Options granted for financial year ended 31 December 2015	Aggregate options granted since commencement of Scheme to 31 December 2015	Aggregate options exercised since commencement of Scheme to 31 December 2015	Aggregate options outstanding as at 31 December 2015
Mr Koh Poh Tiong	70,000	210,000	110,000	100,000
Mr Kee Teck Koon	70,000	230,000	–	230,000
Dr Wee Beng Geok	70,000	380,000	–	380,000
Mr Tan Soo Nan	70,000	380,000	–	380,000
Professor Lim Pin	60,000	310,000	220,000	90,000
Mr Raymond Lim Siang Keat	60,000	110,000	–	110,000
Mr Olivier Lim Tse Ghow	20,000	20,000	–	20,000
Total	420,000	1,640,000	330,000	1,310,000

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

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

AUDIT & RISK COMMITTEE

The members of the Audit & Risk Committee during the year and at the date of this report are as follows:

- Mr Kee Teck Koon (Chairman), Non-Executive Director
- Mr Tan Soo Nan, Non-Executive Director (Ceased on 26 January 2015)
- Mr Koh Poh Tiong, Non-Executive Director
- Mr Raymond Lim Siang Keat, Non-Executive Director
- Mr Eric Ang Teik Lim, Non-Executive Director (Appointed on 20 July 2015)

Mr Tan Soo Nan has been re-designated from Non-Executive and Non-Independent to Executive and Non-Independent Director of the Company with effect from 26 January 2015. As a consequence of his re-designation, Mr Tan ceased to be a member of the Audit & Risk Committee with effect from the same date.

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

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

The Audit & Risk Committee also reviewed the following:

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

Directors' Statement

Year ended 31 December 2015

AUDIT & RISK COMMITTEE *(CONT'D)*

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

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

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

AUDITORS

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

On behalf of the Board of Directors

Dr Loo Choon Yong
Chairman

Mr Kee Teck Koon
Director

20 February 2016

Independent Auditor's Report

Members of the Company
Raffles Medical Group Ltd

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Raffles Medical Group Ltd (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 55 to 113.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
20 February 2016

Statements Of Financial Position

As at 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Non-current assets					
Property, plant and equipment	4	264,273	228,209	7,395	5,775
Intangible assets and goodwill	5	32,139	164	93	93
Investment properties	6	343,866	228,300	–	–
Subsidiaries	25	–	–	418,965	421,346
Deferred tax assets	7	790	–	–	–
Trade and other receivables	8	3,233	2,694	2,262	1,614
		644,301	459,367	428,715	428,828
Current assets					
Inventories		9,577	8,526	2,117	2,159
Trade and other receivables	8	74,995	36,955	104,894	17,250
Cash and cash equivalents	9	86,057	150,179	13,352	93,604
		170,629	195,660	120,363	113,013
Total assets		814,930	655,027	549,078	541,841
Equity attributable to owners of the Company					
Share capital	10	286,366	254,257	286,366	254,257
Reserves	10	316,739	284,543	200,301	177,070
		603,105	538,800	486,667	431,327
Non-controlling interests		18,922	1,472	–	–
Total equity		622,027	540,272	486,667	431,327
Non-current liabilities					
Loans and borrowings	12	20,880	–	–	–
Trade and other payables	13	3,385	6,913	135	174
Other financial liabilities	14	7,136	–	–	–
Deferred tax liabilities	7	4,662	2,979	602	523
		36,063	9,892	737	697
Current liabilities					
Loans and borrowings	12	11,402	6,391	7,482	6,391
Current tax liabilities		12,529	12,892	390	1,383
Trade and other payables	13	118,451	74,486	53,802	102,043
Other financial liabilities	14	1,654	–	–	–
Insurance contract provisions	15	12,804	11,094	–	–
		156,840	104,863	61,674	109,817
Total liabilities		192,903	114,755	62,411	110,514
Total equity and liabilities		814,930	655,027	549,078	541,841

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

Consolidated Statement Of Profit Or Loss

Year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Revenue		410,535	374,641
Other operating income		3,717	4,230
Inventories and consumables used		(44,270)	(39,829)
Purchased and contracted services		(36,871)	(34,368)
Staff costs		(203,537)	(182,094)
Depreciation of property, plant and equipment	4	(12,757)	(9,646)
Amortisation of intangible assets	5	(50)	–
Operating lease expenses		(11,040)	(8,561)
Other operating expenses		(25,123)	(24,046)
Profit from operating activities		80,604	80,327
Finance income		1,098	1,012
Finance expenses		(95)	(58)
Profit before tax		81,607	81,281
Tax expense	18	(12,576)	(13,319)
Profit for the year	17	69,031	67,962
Profit attributable to:			
Owners of the Company		69,291	67,639
Non-controlling interests		(260)	323
Profit for the year		69,031	67,962
Earnings per share			
Basic earnings per share (cents)	19	12.15	12.09
Diluted earnings per share (cents)	19	12.03	11.96

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

Consolidated Statement Of Comprehensive Income

Year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Profit for the year		69,031	67,962
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment	4	1,712	–
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations		(1,264)	(106)
Total comprehensive income for the year		69,479	67,856
Total comprehensive income attributable to:			
Owners of the Company		70,075	67,533
Non-controlling interests		(596)	323
Total comprehensive income for the year		69,479	67,856

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

Consolidated Statement Of Changes In Equity

Year ended 31 December 2015

Group	Share capital $'000	Translation reserve $'000	Share option reserve $'000	Revaluation reserve $'000	Other reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2014	228,160	(115)	15,521	–	–	228,938	472,504	1,289	473,793
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	67,639	67,639	323	67,962
Other comprehensive income									
Foreign currency translation differences - foreign operations	–	(106)	–	–	–	–	(106)	–	(106)
Total comprehensive income for the year	–	(106)	–	–	–	67,639	67,533	323	67,856
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Issue of shares upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	7,828	–	–	–	–	–	7,828	–	7,828
Issue of shares in lieu of cash dividends of 4.0 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme	18,269	–	–	–	–	–	18,269	–	18,269
Value of employee services received for issue of share options	–	–	3,363	–	–	–	3,363	–	3,363
Final dividend paid of 4.0 cents per ordinary share - Cash	–	–	–	–	–	(3,977)	(3,977)	–	(3,977)
Final dividend paid of 4.0 cents per ordinary share - Scrip	–	–	–	–	–	(18,269)	(18,269)	–	(18,269)
Interim dividend paid of 1.5 cent per ordinary share - Cash	–	–	–	–	–	(8,451)	(8,451)	–	(8,451)
Dividends distributed to non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	(140)	(140)
Total contributions by and distributions to owners	26,097	–	3,363	–	–	(30,697)	(1,237)	(140)	(1,377)
At 31 December 2014	254,257	(221)	18,884	–	–	265,880	538,800	1,472	540,272

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

Consolidated Statement Of Changes In Equity

Year ended 31 December 2015

Group	Share capital $'000	Translation reserve $'000	Share option reserve $'000	Revaluation reserve $'000	Other reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2015	254,257	(221)	18,884	–	–	265,880	538,800	1,472	540,272
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	69,291	69,291	(260)	69,031
Other comprehensive income									
Foreign currency translation differences									
- foreign operations	–	(928)	–	–	–	–	(928)	(336)	(1,264)
Revaluation of property, plant and equipment	–	–	–	1,712	–	–	1,712	–	1,712
Total other comprehensive income for the year	–	(928)	–	1,712	–	–	784	(336)	448
Total comprehensive income for the year	–	(928)	–	1,712	–	69,291	70,075	(596)	69,479
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Issue of shares upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	12,396	–	–	–	–	–	12,396	–	12,396
Issue of shares in lieu of cash dividends of 4.0 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme	19,713	–	–	–	–	–	19,713	–	19,713
Issue of shares to non-controlling interests of subsidiaries	–	–	–	–	–	–	–	13,414	13,414
Value of employee services received for issue of share options	–	–	2,205	–	–	–	2,205	–	2,205
Final dividend paid of 4.0 cents per ordinary share - Cash	–	–	–	–	–	(2,971)	(2,971)	–	(2,971)
Final dividend paid of 4.0 cents per ordinary share - Scrip	–	–	–	–	–	(19,713)	(19,713)	–	(19,713)
Interim dividend paid of 1.5 cent per ordinary share - Cash	–	–	–	–	–	(8,610)	(8,610)	–	(8,610)
Dividends distributed to non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	(100)	(100)
Total contributions by and distributions to owners	32,109	–	2,205	–	–	(31,294)	3,020	13,314	16,334
Changes in ownership interests in subsidiaries									
Acquisition of subsidiaries with non-controlling interests	–	–	–	–	–	–	–	4,732	4,732
Present value of the exercise price of written put options	–	–	–	–	(8,790)	–	(8,790)	–	(8,790)
Total changes in ownership interests in subsidiaries	–	–	–	–	(8,790)	–	(8,790)	4,732	(4,058)
Total transactions with owners	32,109	–	2,205	–	(8,790)	(31,294)	(5,770)	18,046	12,276
At 31 December 2015	286,366	(1,149)	21,089	1,712	(8,790)	303,877	603,105	18,922	622,027

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

Consolidated Statement Of Cash Flows

Year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Profit for the year		69,031	67,962
Adjustments for:			
Amortisation of intangible assets		50	–
Changes in fair value of investment properties		(1,494)	(3,000)
Depreciation of property, plant and equipment		12,757	9,646
Equity-settled share-based payment transactions		2,205	3,363
Finance expenses		95	58
Finance income		(1,098)	(1,012)
Gain on disposal of property, plant and equipment		(37)	(77)
Loss on disposal of property, plant and equipment		6	2
Property, plant and equipment written off		28	62
Tax expense		12,576	13,319
		94,119	90,323
Changes in working capital:			
Inventories		(226)	554
Trade and other receivables		(8,114)	4,558
Trade and other payables		(2,139)	6,638
Insurance contract provisions		1,710	1,394
Cash generated from operations		85,350	103,467
Tax paid		(12,534)	(9,971)
Net cash from operating activities		72,816	93,496
Cash flows from investing activities			
Interest received		1,126	1,032
Proceeds from disposal of property, plant and equipment		479	88
Acquisition of subsidiaries, net of cash acquired	21	(29,786)	–
Purchase of property, plant and equipment		(34,687)	(17,699)
Payment for investment properties under development		(115,328)	(189,390)
Net cash used in investing activities		(178,196)	(205,969)
Cash flows from financing activities			
Dividends paid to owners of the Company		(11,581)	(12,428)
Dividends paid to non-controlling interests		(100)	(140)
Loan from subsidiary's non-controlling interest		1,376	–
Proceeds from issue of shares under share option scheme		12,396	7,828
Proceeds from issue of shares to non-controlling interests of subsidiaries		13,414	–
Proceeds from bank loans		105,792	62,174
Repayment of bank loans		(80,152)	(60,756)
Net cash from/(used in) financing activities		41,145	(3,322)
Net decrease in cash and cash equivalents		(64,235)	(115,795)
Cash and cash equivalents at 1 January		150,179	265,907
Effect of exchange rate fluctuations on cash held		113	67
Cash and cash equivalents at 31 December	9	86,057	150,179

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

Notes To The Financial Statements

Year ended 31 December 2015

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 20 February 2016.

1 DOMICILE AND ACTIVITIES

Raffles Medical Group Ltd (the Company) is a company incorporated in Singapore. The address of the Company's registered office is 585 North Bridge Road, Raffles Hospital #11-00, Singapore 188770.

The financial statements of the Group as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the Group).

The principal activities of the Company are those relating to the operation of medical clinics and other general medical services.

The Group and the Company are the sole proprietor of the following:

Family Doctors
RafflesCare
Raffles Airport Medical Centre
Raffles Corporate Wellness
Raffles Dental Surgery
Raffles Healthcare Consultancy
Raffles Healthcare Institute
Raffles Health Screeners
Raffles Medical Management
Raffles Medihelp
Raffles Optica
Raffles Pharmacare
Raffles Pharmacy
Raffles Specialist Centre

The Group and the Company are the partner of the following:

Changi Medical Services LLP
Raffles International Medical Assistance LLP

All transactions of these sole proprietorships and partnerships are reflected in the financial statements of the Company. The principal activities of the subsidiaries are set out in note 25 to the financial statements.

The immediate and ultimate holding company during the financial year is Raffles Medical Holdings Pte Ltd, which is incorporated in Singapore.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

Notes To The Financial Statements

Year ended 31 December 2015

2 BASIS OF PREPARATION *(CONT'D)*

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

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

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 6 – classification of investment properties.

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

- Note 4 – estimation of useful lives and recoverable amounts of property, plant and equipment
- Note 5 – impairment test: key assumptions underlying recoverable amounts
- Note 6 – fair value determination of investment properties
- Note 7 – utilisation of tax losses
- Note 15 – insurance contract provisions
- Note 21 – acquisition of subsidiaries: fair value measured on a provisional basis

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Significant valuation issues are reported to the Audit & Risk Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is 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 (with Level 3 being the lowest).

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 6 – investment properties
- Note 11 – share-based payment arrangements
- Note 16 – financial instruments
- Note 21 – acquisition of subsidiaries

Notes To The Financial Statements

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

Business combinations

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

The Group measures goodwill at the date of acquisition as:

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

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

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

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

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

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

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

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

Notes To The Financial Statements

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

3.1 Basis of consolidation *(cont'd)*

Business combinations (cont'd)

Subsidiaries

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

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

Written put option in business combination

When the Group writes a put with the non-controlling shareholder in an existing subsidiary on their equity interests in that subsidiary and the put option granted to the non-controlling shareholders provides for settlement in cash or in another financial asset by the Group, then the Group recognises a liability for the present value of the exercise price of the option. Subsequent to initial recognition of the financial liability, the Group has adopted an accounting policy choice to recognise the changes in the carrying amount of the financial liability in equity.

NCI have present access to the returns associated with the underlying ownership interests, the Group has elected the present-access method to account for the NCI. Under the present-access method, the interest of non-controlling shareholders that hold the written put option are not derecognised when the financial liability is recognised. NCI has present access to the returns that are the subject of the put option.

If the put option expires unexercised, then the put liability is reversed against the other equity.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any NCI and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries in the separate financial statements

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

3.2 Foreign currency

Foreign currency transactions

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

Notes To The Financial Statements

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

3.2 Foreign currency *(cont'd)*

Foreign currency transactions (cont'd)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

Hedge of a net investment in foreign operations

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Company's functional currency (Singapore dollars), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

3.3 Financial instruments

Non-derivative financial assets

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

Notes To The Financial Statements

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

3.3 Financial instruments *(cont'd)*

Non-derivative financial assets (cont'd)

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

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

The Group classifies non-derivative financial assets into the following categories: loans and receivables.

Loans and receivables

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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

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

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, and trade and other payables.

Share capital

Ordinary shares

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

Notes To The Financial Statements

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

3.4 Property, plant and equipment

Recognition and measurement

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

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

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

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

Subsequent costs

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

Depreciation

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

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

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

Freehold land and fixed asset work in progress are not depreciated.

Notes To The Financial Statements

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

3.4 Property, plant and equipment *(cont'd)*

Depreciation (cont'd)

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

- Leasehold land — 99 years, or lease term if shorter
- Properties — 50 years
- Medical equipment — 8 to 10 years
- Furniture and fittings — 10 years
- Office equipment — 5 to 10 years
- Motor vehicles — 10 years
- Computers — 3 to 6 years
- Renovations — 6 years, or lease term if shorter
- Facilities equipment — 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss. When the property is sold, the related amount in the revaluation reserve is transferred to retained earnings.

3.5 Intangible assets and goodwill

Goodwill

Goodwill that arises upon the acquisition of businesses is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

- Assignment fees — 10 years
- Customer relationship — 5 - 10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Notes To The Financial Statements

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

3.6 Investment properties and properties under development

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties under development are properties being constructed or developed for future use as investment properties. They are not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Investment properties under development are measured at cost when fair value of the investment properties under development cannot be measured reliably. Investment properties under development is accounted for using the cost model until the earlier of the date on which fair value of the property can be measured reliably or the date on which the development is completed.

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

Any gain or loss on disposal of investment properties (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment properties that were previously classified as property, plant and equipment are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Transfer to, or from, investment properties are made when there is a change in use, evidenced by:

- commencement of owner-occupation, for a transfer from investment properties to property, plant and equipment; and
- end of owner-occupation, from a transfer from property, plant and equipment to investment properties.

3.7 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.8 Inventories

Inventories, comprising mainly pharmaceutical and medical supplies, are measured at the lower of cost and net realisable value. Cost is determined using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

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

Notes To The Financial Statements

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

3.9 Impairment

Non-derivative financial assets

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

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, and indications that a debtor or issuer will enter bankruptcy.

Loans and receivables

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

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

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

Non-financial assets

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

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

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

Notes To The Financial Statements

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

3.9 Impairment *(cont'd)*

Non-financial assets (cont'd)

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

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

3.10 Employee benefits

Defined contribution plans

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

Short-term employee benefits

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

Share-based payment transactions

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

3.11 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.12 Revenue

Rendering of services

Revenue from rendering of services is recognised in profit or loss upon provision of healthcare, hospital and insurance services.

Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rentals are recognised as income in the accounting period in which they are earned.

Notes To The Financial Statements

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

3.13 Lease payments

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.14 Finance income and finance expenses

Finance income comprises interest income from bank deposits. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance expenses depending on whether foreign currency movements are in a net gain or net loss position.

3.15 Tax

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

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

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value, the presumption that the carrying amount of the investment properties will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Notes To The Financial Statements

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

3.15 Tax *(cont'd)*

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

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

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

3.16 Earnings per share

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

3.17 Segment reporting

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

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

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

Notes To The Financial Statements

Year ended 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

3.18 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. The Group is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Group and the Company.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for adoption by the Group on 1 January 2018 respectively.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.
- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments*: *Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Company. The Group will be assessing the potential impact on its financial statements. The Group does not plan to adopt these standards early.

The Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (IFRS) for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on SGX will have to assess the impact of IFRS 1 *First-time adoption of IFRS* when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

Notes To The Financial Statements

Year ended 31 December 2015

4 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land $'000	Leasehold land $'000	Properties $'000	Medical equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Computers $'000	Renovations $'000	Facilities equipment $'000	Fixed asset work in progress $'000	Total $'000
Cost												
At 1 January 2014	–	89,583	59,156	31,186	4,650	740	523	10,484	8,869	2,316	1,136	208,643
Reclassification from investment properties (note 6)	–	42,714	24,486	–	–	–	–	–	–	–	–	67,200
Reclassification to investment properties (note 6)	–	–	–	–	–	–	–	–	–	–	(647)	(647)
Additions	–	–	–	11,531	637	128	–	2,485	2,450	168	300	17,699
Disposals	–	–	–	(882)	–	(2)	–	(27)	–	–	–	(911)
Write-off	–	–	–	(357)	(97)	(20)	–	(248)	(59)	(57)	–	(838)
Transfer	–	–	–	108	43	–	–	–	338	–	(489)	–
Effect of movements in exchange rates	–	–	–	43	6	2	–	5	53	–	–	109
At 31 December 2014	–	132,297	83,642	41,629	5,239	848	523	12,699	11,651	2,427	300	291,255
Acquisition through business combination (note 21)	–	–	–	1,383	17	90	10	816	846	–	54	3,216
Reclassification of investment property – depreciation offset	–	(31)	(29)	–	–	–	–	–	–	–	–	(60)
Revaluation of leasehold land and building reclassified to investment properties	–	1,080	632	–	–	–	–	–	–	–	–	1,712
Reclassification from investment properties (note 6)	–	7,972	–	–	–	–	–	–	–	–	3,903	11,875
Reclassification to investment properties (note 6)	–	(1,435)	(825)	–	–	–	–	–	–	–	–	(2,260)
Additions	18,500	–	2,416	5,235	1,834	342	544	1,902	3,161	581	172	34,687
Disposals	–	–	–	(191)	–	–	(353)	(943)	(4)	(13)	–	(1,504)
Write-off	–	–	–	(281)	(354)	(57)	–	(579)	(223)	(24)	–	(1,518)
Transfer	–	–	–	96	68	11	–	8	107	–	(290)	–
Effect of movements in exchange rates	–	–	–	90	4	3	3	26	111	–	–	237
At 31 December 2015	18,500	139,883	85,836	47,961	6,808	1,237	727	13,929	15,649	2,971	4,139	337,640

Notes To The Financial Statements

Year ended 31 December 2015

4 PROPERTY, PLANT AND EQUIPMENT *(CONT'D)*

Group	Freehold land $'000	Leasehold land $'000	Properties $'000	Medical equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Computers $'000	Renovations $'000	Facilities equipment $'000	Fixed asset work in progress $'000	Total $'000
Accumulated depreciation												
At 1 January 2014	–	7,573	9,189	20,924	2,072	509	250	6,054	6,813	1,603	–	54,987
Depreciation charge for the year	–	1,336	1,409	3,004	434	103	50	2,005	1,171	134	–	9,646
Disposals	–	–	–	(869)	–	(2)	–	(27)	–	–	–	(898)
Write-off	–	–	–	(339)	(62)	(18)	–	(246)	(59)	(52)	–	(776)
Effect of movements in exchange rates	–	–	–	21	3	1	–	4	58	–	–	87
At 31 December 2014	–	8,909	10,598	22,741	2,447	593	300	7,790	7,983	1,685	–	63,046
Reclassification of investment property – depreciation offset	–	(31)	(29)	–	–	–	–	–	–	–	–	(60)
Depreciation charge for the year	–	1,954	2,115	3,972	572	142	71	2,084	1,672	175	–	12,757
Disposals	–	–	–	(107)	–	–	(262)	(674)	–	(13)	–	(1,056)
Write-off	–	–	–	(274)	(340)	(54)	–	(577)	(223)	(22)	–	(1,490)
Effect of movements in exchange rates	–	–	–	57	2	2	1	18	90	–	–	170
At 31 December 2015	–	10,832	12,684	26,389	2,681	683	110	8,641	9,522	1,825	–	73,367
Carrying amounts												
At 1 January 2014	–	82,010	49,967	10,262	2,578	231	273	4,430	2,056	713	1,136	153,656
At 31 December 2014	–	123,388	73,044	18,888	2,792	255	223	4,909	3,668	742	300	228,209
At 31 December 2015	18,500	129,051	73,152	21,572	4,127	554	617	5,288	6,127	1,146	4,139	264,273

Notes To The Financial Statements

Year ended 31 December 2015

4 PROPERTY, PLANT AND EQUIPMENT *(CONT'D)*

Company	Medical equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Computers $'000	Renovations $'000	Fixed asset work in progress $'000	Total $'000
Cost								
At 1 January 2014	1,768	1,786	396	403	3,899	3,987	–	12,239
Additions	1,085	239	82	–	499	877	265	3,047
Write-off	(2)	(38)	(17)	–	(103)	(59)	–	(219)
At 31 December 2014	2,851	1,987	461	403	4,295	4,805	265	15,067
Additions	656	156	189	544	1,010	914	169	3,638
Write-off	(36)	(65)	(29)	–	(165)	(120)	–	(415)
Disposal	–	–	–	(288)	(1)	–	–	(289)
Transfer	96	41	12	–	7	103	(259)	–
At 31 December 2015	3,567	2,119	633	659	5,146	5,702	175	18,001
Accumulated depreciation								
At 1 January 2014	878	713	269	231	2,586	3,140	–	7,817
Depreciation charge for the year	241	189	64	38	558	578	–	1,668
Write-off	(2)	(16)	(15)	–	(101)	(59)	–	(193)
At 31 December 2014	1,117	886	318	269	3,043	3,659	–	9,292
Depreciation charge for the year	355	196	74	57	507	723	–	1,912
Write-off	(34)	(55)	(26)	–	(165)	(120)	–	(400)
Disposal	–	–	–	(197)	(1)	–	–	(198)
At 31 December 2015	1,438	1,027	366	129	3,384	4,262	–	10,606
Carrying amounts								
At 1 January 2014	890	1,073	127	172	1,313	847	–	4,422
At 31 December 2014	1,734	1,101	143	134	1,252	1,146	265	5,775
At 31 December 2015	2,129	1,092	267	530	1,762	1,440	175	7,395

Notes To The Financial Statements

Year ended 31 December 2015

4 PROPERTY, PLANT AND EQUIPMENT *(CONT'D)*

Details of freehold land, leasehold land and properties of the Group are as follows:

Description/Location	Gross Floor Area (sq m)	Tenure	Group Carrying amount 2015 $'000	Group Carrying amount 2014 $'000
HDB shop with living quarters located at Blk 283, Bishan St 22, #01-177, Singapore 570283, held for use as a primary healthcare clinic	135.0	99 years commencing from 01/02/1991	788	814
A factory unit, located at 196 Pandan Loop, #06-05 Pantech Industrial Complex, Singapore 128384, held for use as a store	112.0	99 years commencing from 27/1/1984	226	234
HDB shop with living quarters located at Blk 722 Ang Mo Kio Ave 8, #01-2825, Singapore 560722, held for use as a primary healthcare clinic	152.0	86 years commencing from 01/10/1993	1,096	1,132
HDB shop with living quarters located at Blk 131 Jurong East St 13, #01-267, Singapore 600131, held for use as a primary healthcare clinic	250.0	91 years commencing from 01/04/1993	1,395	1,438
HDB shop with living quarters located at Blk 177 Toa Payoh Central, #01-170, Singapore 310177, held for use as a primary healthcare clinic	115.0	78 years commencing from 01/10/1992	874	900
HDB shop with living quarters located at Blk 203 Bedok North St 1, #01-467, Singapore 460203, held for use as a primary healthcare clinic	153.0	84 years commencing from 01/07/1992	698	718
A hospital building, located at 585 North Bridge Road, Singapore 188770, held for use as a hospital and medical centre	28,604.9*	99 years commencing from 01/03/1979	186,943	191,196
A building, located at 25 Tannery Lane, Singapore 347786, held for use as administrative and support office	3,295.5	Freehold	20,711	–
Raffles Holland V, located at 118 Holland Avenue, Singapore 278997, held for use as a medical centre	6,011.4#	99 years commencing from 18/01/1985	7,972	–
			220,703	196,432

* Includes commercial space of 284.4 sq m (2014: 201.6 sq m) classified as investment properties.

\# Includes commercial space of 5,018.94 sq m classified as investment properties.

Notes To The Financial Statements

Year ended 31 December 2015

4 PROPERTY, PLANT AND EQUIPMENT *(CONT'D)*

Source of estimation uncertainty

The cost of property, plant and equipment are depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these property, plant and equipment to be between 3 to 99 years. The Group reviews annually the estimated useful lives of property, plant and equipment based on factors that include asset utilisation, internal technical evaluation and technological changes. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in these factors. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation expense and decrease non-current assets.

The estimates of recoverable amounts were based on either the fair value of the property, plant and equipment determined by a firm of independent professional valuers or the value in use of the property, plant and equipment determined by management. The fair value is based on market value, 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 after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The recoverable amounts could change significantly as a result of changes in market conditions and the assumptions used in determining the value in use.

5 INTANGIBLE ASSETS AND GOODWILL

Group	Note	Goodwill $'000	Customer relationship $'000	Membership rights $'000	Assignment fees $'000	Total $'000
Cost						
At 1 January 2014 and 31 December 2014		152	–	164	612	928
Acquisition through business combination	21	26,950	5,075	–	–	32,025
At 31 December 2015		27,102	5,075	164	612	32,953
Accumulated amortisation and impairment losses						
At 1 January 2014, 31 December 2014		152	–	–	612	764
Amortisation		–	50	–	–	50
At 31 December 2015		152	50	–	612	814
Carrying amounts						
At 1 January 2014 and 31 December 2014		–	–	164	–	164
At 31 December 2015		26,950	5,025	164	–	32,139

Company	Membership rights $'000	Goodwill $'000	Total $'000
Cost			
At 1 January 2014, 31 December 2014 and 31 December 2015	93	152	245
Accumulated amortisation and impairment losses			
At 1 January 2014, 31 December 2014 and 31 December 2015	–	152	152
Carrying amounts			
At 1 January 2014, 31 December 2014 and 31 December 2015	93	–	93

Notes To The Financial Statements

Year ended 31 December 2015

5 INTANGIBLE ASSETS AND GOODWILL *(CONT'D)*

Goodwill of $152,000 represents the excess of the purchase consideration over the fair value of the net identifiable assets acquired from the purchase of a clinic business. The amount was fully impaired in 2012.

Impairment testing for CGUs containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows:

Group	2015 $'000
China clinics	23,436
IndoChina clinics	3,514
	26,950

The recoverable amount of CGUs were based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU.

Key assumptions used in the estimation of value in use were as follows:

Group	2015 %
Discount rate	11.3% - 21.1%
Terminal growth rate	2.2% - 4.6%
Revenue growth rate	6.6% - 11.2%

The discount rate was a pre-tax measure based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

Five years of cash flows were included in the discounted cash flow mode. A long-term growth rate into perpetuity has been determined as the nominal GDP rates for the countries in which the CGU operates.

Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that sales price would grow at a constant margin above forecast inflation over the next five years.

6 INVESTMENT PROPERTIES

Group	2015 $'000	2014 $'000
At 1 January	228,300	100,400
Additions	123,687	191,453
Reclassification to property, plant and equipment (note 4)	(11,875)	(67,200)
Reclassification from property, plant and equipment (note 4)	2,260	647
Changes in fair value	1,494	3,000
At 31 December	343,866	228,300

(a) Investment properties relates to the shop units within Raffles Hospital Building and units of commercial space within Samsung Hub that are leased to external parties. Each of the leases contains an initial non-cancellable period of 1 to 10 years. This is subject to the terms and conditions of the lease agreements entered into and subsequent renewals are negotiated with the respective lessee. These properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Notes To The Financial Statements

Year ended 31 December 2015

6 INVESTMENT PROPERTIES *(CONT'D)*

(b) Investment properties under development relates to properties development expenditure for Raffles Hospital Extension, Raffles Holland V and Raffles Medical Shanghai Hospital Project. Investment properties under development are accounted for using the cost model until the earlier of the date on which fair value of the property can be measured reliably or the date on which the development is completed.

(c) As at 31 December 2015, investment properties under development amounted to $304,596,000 (2014: $192,100,000).

Investment properties under development:

Description/Location	Tenure	Expected date of completion	Site Area (sq m)	Group's effective interest
Extension of Raffles Hospital, located at 585 North Bridge Road, Singapore 188770	99 years commencing from 01/03/1979	2017	1,978.1	100%
Units within Raffles Holland V, located at 118 Holland Avenue, Singapore 278997	99 years commencing from 18/01/1985	2016	2,003.3	100%
Raffles Medical Shanghai Hospital Project, located at China Shanghai Pilot Free Trade Zone, Ji Yang Road 688-4-101	50 years commencing from 31/10/2015	2018	12,455.5	70%

Investment properties:

Description/Location	Tenure	Gross Floor Area (sq m)
Units within Raffles Hospital, located at 585 North Bridge Road, Singapore 188770	99 years commencing from 01/03/1979	284.4 (2014: 201.6)
Units within Samsung Hub, located at 3 Church Street Singapore 049483	999 years commencing from 25/01/1827	491.0 (2014: 491.0)

Measurement of fair value

(i) Fair value hierarchy

Investment properties and investment properties under development that are measured at fair value are stated at fair value based on valuation performed by independent professional valuers, Jones Lang LaSalle Property Consultants Pte. Ltd., having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

Notes To The Financial Statements

Year ended 31 December 2015

6 INVESTMENT PROPERTIES *(CONT'D)*

Measurement of fair value (cont'd)

(i) Fair value hierarchy (cont'd)

The fair values are based on open 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 after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

The valuers have considered valuation techniques including the capitalisation and term and reversion approaches in arriving at the open market value as at the reporting date.

The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The term and reversion approach capitalises net rental income on a fully leased basis with regards to the current passing rental income from existing tenancies and potential future reversionary income at the market level.

The fair value measurement for investment properties of $133,895,000 (2014: $36,200,000) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 2.4).

(ii) Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

Group	**2015 $'000**	**2014 $'000**
At 1 January	36,200	100,400
Reclassification to property, plant and equipment (note 4)	(11,875)	(67,200)
Reclassification from property, plant and equipment (note 4)	2,260	–
Additions	105,816	–
Gain included in other operating income - Changes in fair value	1,494	3,000
At 31 December	133,895	36,200

Valuation technique and significant unobservable inputs

The following table shows the Group's valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation technique	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Capitalisation and discounted cash flow approach	• Capitalisation rates 4.5% to 7.0% (2014: 5.5% to 7.0%) • Discount rates 7.5% to 8.0% • Terminal yield rates 4.75% to 5.75%	The estimated fair value varies inversely against the capitalisation rate, discount rates and terminal yield rates.
Term and reversion approach	• Term and reversion rate of 3.75% (2014: 3.5%)	The estimated fair value varies inversely against the term and reversion rate.

Notes To The Financial Statements

Year ended 31 December 2015

7 DEFERRED TAX ASSETS AND LIABILITIES

Movements in deferred tax assets and liabilities of the Group during the year are as follows:

Group	At 1 January 2014 $'000	Recognised in profit or loss (note 18) $'000	At 31 December 2014 $'000	Acquisition through business combination (note 21) $'000	Recognised in profit or loss (note 18) $'000	Exchange differences $'000	At 31 December 2015 $'000
Deferred tax assets							
Property, plant and equipment	–	–	–	(64)	(5)	(2)	(71)
Unutilised tax losses	–	–	–	(258)	–	(1)	(259)
Other items	–	–	–	(471)	16	(5)	(460)
	–	–	–	(793)	11	(8)	(790)
Deferred tax liabilities							
Property, plant and equipment	2,347	818	3,165	–	458	–	3,623
Intangible assets	–	–	–	1,289	(25)	–	1,264
Other items	(220)	34	(186)	–	(39)	–	(225)
	2,127	852	2,979	1,289	394	–	4,662

Company	At 1 January 2014 $'000	Recognised in profit or loss $'000	At 31 December 2014 $'000	Recognised in profit or loss $'000	At 31 December 2015 $'000
Deferred tax liabilities					
Property, plant and equipment	500	74	574	94	668
Other items	(65)	14	(51)	(15)	(66)
	435	88	523	79	602

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

Deferred tax assets have not been recognised in respect of the following items:

Group	2015 $'000	2014 $'000
Tax losses	1,973	1,724

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

Notes To The Financial Statements

Year ended 31 December 2015

8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables	46,637	34,742	10,163	11,420
Allowance for doubtful receivables	(2,722)	(2,899)	(453)	(343)
Net receivables	43,915	31,843	9,710	11,077
Deposits	5,049	3,515	2,822	2,594
Staff loans	2,232	1,149	1,273	803
Other receivables	24,286	1,261	190	124
Amounts due from subsidiaries:				
- trade	–	–	2,344	2,889
- non-trade (see note below)	–	–	90,312	711
	75,482	37,768	106,651	18,198
Prepayments	2,746	1,881	505	666
	78,228	39,649	107,156	18,864
Non-current	3,233	2,694	2,262	1,614
Current	74,995	36,955	104,894	17,250
	78,228	39,649	107,156	18,864

	Company	
	2015	2014
	$'000	$'000
Amounts due from subsidiaries (non-trade)	92,412	2,811
Allowance for doubtful receivables	(2,100)	(2,100)
Net receivables	90,312	711

The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

Other receivables relate mainly to amount owing by related parties of non-controlling interests of newly acquired subsidiaries. These amounts are unsecured, interest-free and repayable on demand.

The Group and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables are disclosed in note 16.

9 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Fixed deposits	64,768	134,723	12,222	91,189
Cash at bank and in hand *	21,289	15,456	1,130	2,415
	86,057	150,179	13,352	93,604

* Includes interest-bearing cash deposit

The weighted average effective interest rates per annum relating to cash and cash equivalents, at the reporting date for the Group and Company are 1.36% (2014: 0.86%) and 1.51% (2014: 0.88%) respectively. Interest rates re-price at intervals of two weeks to one year.

Notes To The Financial Statements

Year ended 31 December 2015

10 CAPITAL AND RESERVES

Share capital

Group and Company	2015 No. of shares ('000)	2015 $'000	2014 No. of shares ('000)	2014 $'000
Fully paid ordinary shares, with no par value:				
At 1 January	564,161	254,257	553,848	228,160
Issue of shares under scrip dividend	5,476	19,713	5,604	18,269
Issue of shares under share option scheme	5,397	12,396	4,709	7,828
At 31 December	575,034	286,366	564,161	254,257

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

During the financial year, the Company issued 5,475,915 (2014: 5,603,972) shares at $3.60 (2014: $3.26) per share to shareholders in lieu of cash dividends of 4.0 cents (2014: 4.0 cents) per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme.

Pursuant to the option plans i.e. RMG 2000 Scheme and RMG 2010 Scheme, a total of 5,397,000 (2014: 4,709,000) new fully-paid ordinary shares were also issued during the year for cash by the Company as follows:

Date of Grant	Exercise price $	No. of Shares 2015	No. of Shares 2014
01/04/2004	0.33	–	142,000
01/04/2005	0.42	30,000	142,000
03/04/2006	0.71	189,000	241,000
02/04/2007	1.15	212,000	460,000
01/04/2008	1.24	161,000	368,000
01/04/2009	0.78	396,000	809,000
01/04/2010	1.66	937,000	525,000
01/04/2011	2.20	524,000	729,000
02/04/2012	2.34	852,000	832,000
01/04/2013	3.28	1,100,000	461,000
01/04/2014	3.20	996,000	–
		5,397,000	4,709,000

Unissued ordinary shares of the Company under options granted to eligible directors and employees under the Company's Employee Share Option Scheme are disclosed in note 11.

Reserves

The reserves of the Group and the Company comprise the following balances:

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Translation reserve	(1,149)	(221)	–	–
Share option reserve	21,089	18,884	21,089	18,884
Revaluation reserve	1,712	–	–	–
Other reserve	(8,790)	–	–	–
Accumulated profits	303,877	265,880	179,212	158,186
	316,739	284,543	200,301	177,070

Notes To The Financial Statements

Year ended 31 December 2015

10 CAPITAL AND RESERVES *(CONT'D)*

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options.

Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment immediately before its reclassification as investment property.

Other reserve

Other reserve relates to present value of the exercise price of written put option arising from the call and put options entered with the non-controlling shareholders (see note 14).

11 EMPLOYEE SHARE OPTIONS

RMG 2000 Scheme

On 31 October 2000, the shareholders of the Company approved the Raffles Medical Group (2000) Share Option Scheme (RMG 2000 Scheme) at the Extraordinary General Meeting. The Scheme is administered by the Committee comprising three directors, Dr Wee Beng Geok, Professor Lim Pin and Dr Loo Choon Yong.

Information regarding the scheme is as follows:

(i) Subscription price:

- (a) The exercise price of the options is determined at the average closing price of the Company's shares on the Singapore Exchange Securities Trading Limited on the three business days immediately preceding the date of grant of such options; or

- (b) The discounted value of the share price determined under (a) above, provided that the maximum discount shall not exceed 20% of (a) above.

(ii) The options vest on such date in respect of such proportion of the option amount as the Committee may prescribe but shall be no earlier than 1 year after the grant date for (i)(a) and 2 years after the grant date for (i)(b).

(iii) The options granted expire after 10 years for employees and 5 years for non-employees from the grant date unless they are cancelled or have lapsed.

RMG 2010 Scheme

At the Annual General Meeting held on 30 April 2010, the shareholders of the Company adopted the Raffles Medical Group (2010) Share Option Scheme (RMG 2010 Scheme) for the Company. The existing RMG 2000 Scheme was concurrently terminated. The termination of the RMG 2000 Scheme will, however, not affect the subscription rights comprised in options granted pursuant to the RMG 2000 Scheme prior to the termination. Such options will continue to be exercisable in accordance with the rules of the RMG 2000 Scheme. However, no further options will be granted under the RMG 2000 Scheme.

Information regarding the scheme is as follows:

(i) Subject to any adjustment pursuant to any variation of the share capital of the Company, the subscription price for each share under the RMG 2010 Scheme shall be:

Notes To The Financial Statements

Year ended 31 December 2015

11 EMPLOYEE SHARE OPTIONS *(CONT'D)*

RMG 2010 Scheme (cont'd)

(a) a price equal to the average of the last dealt prices for a share, as determined by reference to the daily official list or other publication published by the Singapore Exchange Securities Trading Limited for the three consecutive market days immediately preceding the offer date of that option, rounded up to the nearest whole cent, provided that in the case of a Market Price Option that is proposed to be granted to a Controlling Shareholder or an Associate of a Controlling Shareholder, the Subscription Price for each share shall be equal to the average of the last dealt price(s) for a share, as determined by reference to the daily official list published by the Singapore Exchange Securities Trading Limited, for the three consecutive market days immediately preceding the latest practicable date prior to the date of any circular, letter or notice to the Shareholders proposing to seek their approval of the grant of such options to such Controlling Shareholder and/or Associate of a Controlling Shareholder; or

(b) the discounted value of the share price determined under (a) above, provided that the maximum discount shall not exceed 20% of (a) above, and

(c) the prior approval of the shareholders of the Company in general meeting shall have been obtained for the making of offers and grants of options at a discount not exceeding the maximum discount in a separate resolution (for the avoidance of doubt, such prior approval shall be required to be obtained only once and, once obtained, shall, unless revoked, authorise the making of offers and grants of options under the RMG 2010 Scheme at such discount for the duration of the RMG 2010 Scheme), or

(d) the prior approval of the shareholders of the Company in general meeting shall have been obtained for the discount exceeding 20% of the market price if it is prescribed or permitted for the time being by the Singapore Exchange Securities Trading Limited.

(ii) The options vest on such date in respect of such proportion of the option amount as the Committee may prescribe but shall be no earlier than 1 year after the grant date for (i)(a) and 2 years after the grant date for (i)(b).

(iii) The options granted expire after 10 years for employees and 5 years for non-employees from the grant date unless they are cancelled or have lapsed.

The RMG 2010 Scheme is administered by a committee comprising Directors of the Company duly authorised and appointed by the Board to administer the RMG 2010 Scheme. The Scheme is administered by the Committee comprising four directors, Dr Wee Beng Geok, Mr Koh Poh Tiong, Professor Lim Pin and Dr Loo Choon Yong.

RMG 2000 Scheme and RMG 2010 Scheme

Movements in the number of share options and their related weighted average exercise prices are as follows:

	Weighted average exercise price 2015 $	No. of options 2015 ('000)	Weighted average exercise price 2014 $	No. of options 2014 ('000)
Outstanding at 1 January	2.561	21,921	2.178	21,200
Granted during the year	3.930	5,000	3.200	6,250
Forfeited/expired during the year	2.578	(980)	2.680	(820)
Exercised during the year	2.297	(5,397)	1.662	(4,709)
Outstanding at 31 December	2.963	20,544	2.561	21,921
Exercisable at 31 December	2.569	13,372	2.194	13,474

Options under RMG 2000 Scheme and RMG 2010 Scheme exercised in 2015 resulted in 5,397,000 ordinary shares being issued at weighted average exercise price of $2.297 each.

In 2015, 980,000 options under RMG 2000 Scheme and RMG 2010 Scheme were forfeited at weighted average exercise price of $2.578 each.

Notes To The Financial Statements

Year ended 31 December 2015

11 EMPLOYEE SHARE OPTIONS *(CONT'D)*

RMG 2000 Scheme and RMG 2010 Scheme (cont'd)

Options were exercised on a regular basis throughout the year. The weighted average share price during the year was $4.25 (2014: $3.65) per share.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Date of grant of options	Expiry date	Exercise price $	Options outstanding 2015 ('000)	2014 ('000)
01/04/2005	31/03/2015	0.42	–	65
03/04/2006	02/04/2016	0.71	91	345
02/04/2007	01/04/2017	1.15	254	549
01/04/2008	31/03/2018	1.24	350	523
01/04/2009	31/03/2019	0.78	682	1,078
01/04/2010	31/03/2015	1.66	–	160
01/04/2010	31/03/2020	1.66	1,078	1,921
01/04/2011	31/03/2016	2.20	180	180
01/04/2011	31/03/2021	2.20	1,406	2,014
02/04/2012	01/04/2017	2.34	230	260
02/04/2012	01/04/2022	2.34	2,582	3,488
01/04/2013	31/03/2018	3.28	310	400
01/04/2013	31/03/2023	3.28	3,642	4,805
01/04/2014	31/03/2019	3.20	440	500
01/04/2014	31/03/2024	3.20	4,421	5,633
01/04/2015	31/03/2020	3.93	495	–
01/04/2015	31/03/2025	3.93	4,383	–
			20,544	21,921

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black-Scholes Option Pricing model.

Date of grant of options	Group 01/04/2015	01/04/2014
Fair value of share options and assumptions		
Fair value at measurement date	$0.506 – $0.591	$0.530 - $0.605
Share price	$3.92	$3.23
Exercise price	$3.93	$3.20
Expected volatility	14.88%	19.33%
Expected option life	4.1 – 5.5 years	4.0 – 5.4 years
Expected dividend yield	1.30%	1.41%
Risk-free interest rate	2.28%	2.31%

The expected volatility is based on the historic volatility (calculated based on the weighted average expected life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

Notes To The Financial Statements

Year ended 31 December 2015

12 LOANS AND BORROWINGS

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Non-current liabilities				
Unsecured bank loans	20,880	–	–	–
Current liabilities				
Unsecured bank loans	11,402	6,391	7,482	6,391

Information about the Group's and the Company's exposure to interest rate, foreign currency and liquidity risk is included in note 16.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate %	Year of maturity	2015 Face value $'000	2015 Carrying amount $'000	2014 Face value $'000	2014 Carrying amount $'000
Group							
Unsecured bank loan	S$	0.75% + SGD SOR	2016 - 2018	25,000	24,800	–	–
Unsecured bank loan	HK$	1.21	2016	7,482	7,482	–	–
Unsecured bank loan	HK$	1.04	2015	–	–	6,391	6,391
Total interest-bearing liabilities				32,482	32,282	6,391	6,391
Company							
Unsecured bank loan	HK$	1.21	2016	7,482	7,482	–	–
Unsecured bank loan	HK$	1.04	2015	–	–	6,391	6,391
Total interest-bearing liabilities				7,482	7,482	6,391	6,391

Notes To The Financial Statements

Year ended 31 December 2015

13 TRADE AND OTHER PAYABLES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade payables	29,078	22,026	3,064	2,419
Accrued operating expenses	51,037	33,901	13,102	8,171
Amounts due to subsidiaries:				
- trade	–	–	28,221	69,487
- non-trade	–	–	6,318	19,205
Loan due to subsidiary's non-controlling interest	1,376	–	–	–
Deferred income	2,224	104	–	174
Deposits received	931	481	–	–
Other payables	37,190	12,405	3,232	2,761
Other liabilities	–	12,482	–	–
	121,836	81,399	53,937	102,217
Non-current	3,385	6,913	135	174
Current	118,451	74,486	53,802	102,043
	121,836	81,399	53,937	102,217

The non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Loan due to subsidiary's non-controlling interest is unsecured, bears interest at 3% per annum and is repayable on demand.

Other payables relate mainly to amount owing to related parties of non-controlling interests of newly acquired subsidiaries. These amounts are unsecured, interest-free and repayable on demand.

Other liabilities in 2014 relate to payment received for non-cancellable agreement from a third party. The amount is recognised in the profit or loss when the conditions are met.

The Group and the Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 16.

14 OTHER FINANCIAL LIABILITIES

Group	2015 $'000	2014 $'000
Present value of the exercise price of written put options	8,790	–
Non-current	7,136	–
Current	1,654	–
	8,790	–

The Group has a written call and put options with the non-controlling shareholders of certain subsidiaries. These call options provide the Group the right to require the non-controlling shareholders to sell the shares owned by them, and put options provide the non-controlling shareholders the right to require the Group to acquire shares owned by them.

As at 16 October 2015, the present value of the exercise price of written put option recognised as a financial liability is $8,655,000. As at 31 December 2015, the present value of the exercise price of written put option is $8,790,000. Increase of $135,000 was recorded in other equity.

Notes To The Financial Statements

Year ended 31 December 2015

15 INSURANCE CONTRACT PROVISIONS

Analysis of movements in insurance contract provisions

Group	Gross 2015 $'000	Reinsurers' share 2015 $'000	Net 2015 $'000	Gross 2014 $'000	Reinsurers' share 2014 $'000	Net 2014 $'000
At 1 January	32,829	(21,735)	11,094	26,508	(16,808)	9,700
Provision made	55,413	(25,293)	30,120	54,561	(26,008)	28,553
Provision used	(50,701)	22,291	(28,410)	(48,240)	21,081	(27,159)
At 31 December	37,541	(24,737)	12,804	32,829	(21,735)	11,094

The Group writes short-term group and individual health insurance contracts. Insurance contract provisions represent the Group's liabilities to the insured under insurance contracts whether reported or not reported as at the balance sheet date. Historical data collated by management were used for determining the expected ultimate claims liability. This data was also supplemented by externally available information on industry statistics and trend.

The monitoring and evaluation of claim is actively pursued with processes. This is to ensure the adequacy of the provisions required to meet the obligations of the Group's future liabilities. An external actuary performs regularly a valuation of the policy liabilities in accordance with the Monetary Authority of Singapore's regulations. The adequacy of the estimated policy liabilities are verified by the actuary.

Source of estimation uncertainty

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, future claims experience might deviate, possibly materially from the projections. Among other reasons, this is because the ultimate claim amount will be affected by future external events, for example, changes in the interpretation of policy conditions and the attitudes of claimants towards settlement of their claims.

16 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit & Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Notes To The Financial Statements

Year ended 31 December 2015

16 FINANCIAL INSTRUMENTS *(CONT'D)*

Risk management framework (cont'd)

The Audit & Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit & Risk Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit & Risk Committee.

Credit risk

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

The carrying amount of financial assets in the statement of financial position represents the Group and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of their financial assets.

Trade and other receivables

Risk management policy

The Group has a credit policy in place which establishes credit limit for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on customers requiring credit over certain amount. The credit quality of customers is assessed after taking into account its financial position and past experience with the customers.

The Group's primary exposure to credit risk arises through its trade receivables. Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

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

Exposure to credit risk

The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Trade and other receivables (excluding prepayments)	75,482	37,768	106,651	18,198
Cash and cash equivalents	86,057	150,179	13,352	93,604
	161,539	187,947	120,003	111,802

Notes To The Financial Statements

Year ended 31 December 2015

16 FINANCIAL INSTRUMENTS *(CONT'D)*

Credit risk (cont'd)

Impairment

The ageing of trade and other receivables (excluding prepayments) at the reporting date was:

	Gross 2015 $'000	Impairment losses 2015 $'000	Gross 2014 $'000	Impairment losses 2014 $'000
Group				
No credit terms	29,335	–	4,776	–
Neither past due nor impaired	25,139	–	14,742	–
Past due 0 – 30 days	10,232	93	6,774	–
Past due 31 – 180 days	10,414	38	10,780	11
Past due 181 – 365 days	3,010	2,517	2,993	2,286
More than one year	74	74	602	602
	78,204	2,722	40,667	2,899
Company				
No credit terms	95,424	2,100	5,529	2,100
Neither past due nor impaired	6,427	–	7,827	–
Past due 0 – 30 days	2,587	–	2,158	–
Past due 31 – 180 days	3,507	–	4,071	–
Past due 181 – 365 days	1,259	453	1,056	343
More than one year	–	–	–	–
	109,204	2,553	20,641	2,443

The Group and the Company believe that the unimpaired amounts that are past due are still collectible in full, based on historic payment behaviour and extensive analyses of customer credit risk, including underlying customers' credit ratings, when available.

The movement in the allowance for impairment in respect of trade and other receivables (excluding prepayments) during the year was as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
At 1 January	2,899	2,892	2,443	2,497
Impairment loss recognised	2,003	1,342	444	599
Impairment loss utilised	(2,180)	(1,335)	(334)	(653)
At 31 December	2,722	2,899	2,553	2,443

Based on the Group's monitoring of customer credit risk, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days.

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of $86,057,000 and $13,352,000 respectively at 31 December 2015 (2014: $150,179,000 and $93,604,000 respectively) – these figures represent their maximum credit exposures on these assets. The cash and cash equivalents are held with bank and financial institution counterparties which are rated A- to AA-, based on rating agency Standard & Poor's ratings.

Notes To The Financial Statements

Year ended 31 December 2015

16 FINANCIAL INSTRUMENTS *(CONT'D)*

Liquidity risk

Risk management policy

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The Group has adequate undrawn unsecured credit facilities to meet its future operating activities and to finance and support the Group's contractual commitments.

The Group has contractual commitments to complete the development of the Raffles Hospital Extension and Raffles Holland V (see note 23).

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	More than 1 year $'000
Group				
31 December 2015				
Non-derivative financial liabilities				
Unsecured bank loans	32,282	(33,747)	(12,012)	(21,735)
Trade and other payables*	119,612	(119,612)	(116,227)	(3,385)
	151,894	(153,359)	(128,239)	(25,120)
31 December 2014				
Non-derivative financial liabilities				
Unsecured bank loans	6,391	(6,403)	(6,403)	–
Trade and other payables*	81,295	(81,295)	(74,382)	(6,913)
	87,686	(87,698)	(80,785)	(6,913)
Company				
31 December 2015				
Non-derivative financial liabilities				
Unsecured bank loans	7,482	(7,490)	(7,490)	–
Trade and other payables*	53,937	(53,937)	(53,802)	(135)
	61,419	(61,427)	(61,292)	(135)
31 December 2014				
Non-derivative financial liabilities				
Unsecured bank loans	6,391	(6,403)	(6,403)	–
Trade and other payables*	102,043	(102,043)	(102,043)	–
	108,434	(108,446)	(108,446)	–

* Excludes deferred income

Notes To The Financial Statements

Year ended 31 December 2015

16 FINANCIAL INSTRUMENTS *(CONT'D)*

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Risk management policy

The Group is exposed to currency risk on borrowings and inter-company balances, that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are the Euro (EUR), Hong Kong Dollar (HKD), US dollar (USD), Japanese Yen (JPY) and Singapore dollar (SGD).

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level.

The Group's investment in its Hong Kong subsidiary is hedged by a HKD-denominated unsecured bank loans (carrying amount $7,482,000 (2014: $6,391,000)), which mitigates the currency risk arising from the subsidiary's net assets. The fair value of the borrowing at 31 December 2015 was $7,482,000 (2014: $6,391,000). The loan is designated as a net investment hedge. No ineffectiveness was recognised from the net investment hedge. The Group's investments in other subsidiaries are not hedged.

Exposure to currency risk

The summary of quantitative data about the Group's exposure to currency risk (excluding the HKD-denominated unsecured bank loan that is designated as a hedge of the Group's net investment in its Hong Kong subsidiary) as reported to the management of the Group is as follows:

	<------------------------------2015---------------------------->					<--2014-->
	EUR $'000	**HKD $'000**	**USD $'000**	**JPY $'000**	**SGD $'000**	**SGD $'000**
Group						
Trade and other receivables	97	–	–	–	–	–
Trade and other payables	–	–	(840)	–	(15)	–
Amount owing (to) / from subsidiaries (net)	–	(623)	(8,455)	1,409	–	–
	97	(623)	(9,295)	1,409	(15)	–

Sensitivity analysis

A 10% strengthening of the following currencies against the Singapore dollar would increase/(decrease) profit or loss by the amounts shown below. Similarly, a 10% weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

Group	**2015 $'000**	**2014 $'000**
EUR	10	–
HKD	(62)	–
USD	(929)	–
JPY	141	–
	(840)	–

Notes To The Financial Statements

Year ended 31 December 2015

16 FINANCIAL INSTRUMENTS *(CONT'D)*

Interest rate risk

Risk management policy

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

	Group Nominal amount		Company Nominal amount	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Fixed rate instruments				
Financial assets	64,768	134,723	12,222	91,189
Financial liabilities	(7,482)	(6,391)	(7,482)	(6,391)
Loan due to subsidiary's non-controlling interest	(1,376)	–	–	–
	55,910	128,332	4,740	84,798
Variable rate instruments				
Financial liabilities	(24,800)	–	–	–

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group Profit or loss		Company Profit or loss	
	100 bp increase $'000	**100 bp decrease $'000**	**100 bp increase $'000**	**100 bp decrease $'000**
31 December 2015				
Variable rate instruments	(250)	250	–	–
	(250)	250	–	–
31 December 2014				
Variable rate instruments	–	–	–	–
	–	–	–	–

Notes To The Financial Statements

Year ended 31 December 2015

16 FINANCIAL INSTRUMENTS *(CONT'D)*

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity excluding NCI. The Board also monitors the levels of dividends to ordinary shareholders. In addition, the Board and senior management also monitors the Group's capital adequacy and insurance fund solvency levels against regulatory requirements.

To mitigate exposure to large risks underwritten that can impact the financial strength of the Group, it has put in place robust underwriting guidelines and reinsurance arrangements to control its insurance risk exposure. The Group further stress-tests its financial position and capital adequacy under various stress scenarios to assess its financial stability.

The Board seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group has a scrip dividend scheme to provide an opportunity for ordinary shareholders to make an election to receive dividends in the form of shares, credited as fully paid up instead of cash. It will enable ordinary shareholders to participate in the equity capital of the Group without incurring brokerage fees, stamp duty and other related costs. The Group will also benefit from the participation by ordinary shareholders in the scheme as, to the extent that ordinary shareholders elect to receive dividend in the form of shares, the cash which would otherwise be payable by way of cash dividends may be retained to fund the growth and expansion of the Group. The issue of shares in lieu of cash dividends under the scheme will also enlarge the Group's share capital base and the retention of cash will strengthen its working capital position.

The Group has a defined share buy back plan to purchase its own shares on the market; the timing of these purchases depends on market prices.

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements, except for Raffles Health Insurance Pte Ltd which is required to comply with the regulatory capital requirement prescribed under the Singapore Insurance Act. Under the Risk-based Capital Framework regulation set by the Monetary Authority of Singapore (MAS), insurance companies are required to satisfy minimum prescribed capital adequacy ratio (CAR) and fund solvency ratio (FSR).

Notes To The Financial Statements

Year ended 31 December 2015

16 FINANCIAL INSTRUMENTS *(CONT'D)*

Accounting classifications and fair values

Fair values versus carrying amounts

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

		Carrying amount			Fair value			
	Note	Loans and receivables $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group								
31 December 2015								
Trade and other receivables #	8	75,482	–	75,482				
Cash and cash equivalents	9	86,057	–	86,057				
		161,539	–	161,539				
Loans and borrowings	12	–	(32,282)	(32,282)	–	(32,482)	–	(32,482)
Trade and other payables*	13	–	(119,612)	(119,612)				
Other financial liabilities	14	–	(8,790)	(8,790)	–	–	(8,790)	(8,790)
		–	(160,684)	(160,684)				
31 December 2014								
Trade and other receivables #	8	37,768	–	37,768				
Cash and cash equivalents	9	150,179	–	150,179				
		187,947	–	187,947				
Loans and borrowings	12	–	(6,391)	(6,391)	–	(6,391)	–	(6,391)
Trade and other payables*	13	–	(81,295)	(81,295)				
		–	(87,686)	(87,686)				

Notes To The Financial Statements

Year ended 31 December 2015

16 FINANCIAL INSTRUMENTS *(CONT'D)*

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

		Carrying amount			Fair value			
	Note	Loans and receivables $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company								
31 December 2015								
Trade and other receivables #	8	106,651	–	106,651				
Cash and cash equivalents	9	13,352	–	13,352				
		120,003	–	120,003				
Loans and borrowings	12	–	(7,482)	(7,482)	–	(7,482)	–	(7,482)
Trade and other payables*	13	–	(53,937)	(53,937)				
		–	(61,419)	(61,419)				
31 December 2014								
Trade and other receivables #	8	18,198	–	18,198				
Cash and cash equivalents	9	93,604	–	93,604				
		111,802	–	111,802				
Loans and borrowings	12	–	(6,391)	(6,391)	–	(6,391)	–	(6,391)
Trade and other payables*	13	–	(102,043)	(102,043)				
		–	(108,434)	(108,434)				

Excludes prepayments

* Excludes deferred income

Notes To The Financial Statements

Year ended 31 December 2015

17 PROFIT FOR THE YEAR

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

Group	2015 $'000	2014 $'000
Allowance for doubtful receivables	2,003	1,342
Changes in fair value in investment properties	(1,494)	(3,000)
Contributions to defined contribution plans, included in staff costs	9,689	8,191
Gain on disposal of property, plant and equipment	(37)	(77)
Loss on disposal of property, plant and equipment	6	2
Write-off for stock obsolescence	205	200
Interest expense		
- bank loans	95	58
Interest income	(1,098)	(1,012)
Audit fees paid to:		
- auditors of the Company	133	123
- other auditors	71	11
Non-audit fees paid to:		
- auditors of the Company	173	14
- other auditors	6	11
Property, plant and equipment written-off	28	62
Value of employee services received for issue of share options, included in staff costs	2,205	3,363

18 TAX EXPENSE

Group	2015 $'000	2014 $'000
Tax recognised in profit or loss		
Current tax expense		
Current year	12,223	12,614
Adjustment for prior years	(52)	(147)
	12,171	12,467
Deferred tax expense		
Movements in temporary differences	376	713
Adjustment for prior years	29	139
	405	852
Tax expense	12,576	13,319
Reconciliation of effective tax rate		
Profit before tax	81,607	81,281
Tax using the Singapore tax rate of 17% (2014: 17%)	13,873	13,818
Effect of tax rates in foreign jurisdiction	161	–
Non-deductible expenses	831	1,166
Tax exempt income	(515)	(710)
Tax incentives	(1,934)	(1,046)
Tax effect of unrecognised tax losses	26	6
Overprovided in prior years	(23)	(8)
Others	157	93
	12,576	13,319

Notes To The Financial Statements

Year ended 31 December 2015

19 EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 31 December 2015 was based on the profit attributable to ordinary shareholders of $69,291,000 (2014: $67,639,000), and a weighted-average number of ordinary shares outstanding of 570,188,922 (2014: 559,426,440), calculated as follows:

Profit attributable to ordinary shareholders

Group	2015 $'000	2014 $'000
Profit attributable to ordinary shareholders	69,291	67,639

Weighted-average number of ordinary shares

Group	2015 No. of shares ('000)	2014 No. of shares ('000)
Issued ordinary shares at beginning of the year	564,161	553,848
Effect of scrip dividend shares issued	2,955	2,902
Effect of share options exercised	3,073	2,676
Weighted average number of ordinary shares during the year	570,189	559,426

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2015 was based on profit attributable to ordinary shareholders of $69,291,000 (2014: $67,639,000), and a weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 575,979,847 (2014: 565,508,120), calculated as follows:

Profit attributable to ordinary shareholders (diluted)

Group	2015 $'000	2014 $'000
Profit attributable to ordinary shareholders	69,291	67,639

Weighted-average number of ordinary shares

Group	2015 No. of shares ('000)	2014 No. of shares ('000)
Weighted average number of ordinary share (basic)	570,189	559,426
Potential ordinary shares issuable under share options	5,791	6,082
Weighted average number of ordinary shares (diluted) during the year	575,980	565,508

At 31 December 2015, 4,878,000 options (2014: 713,000) were excluded from the diluted weighted-average number of ordinary shares calculation as their effect would have been anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

Notes To The Financial Statements

Year ended 31 December 2015

20 OPERATING SEGMENTS

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chairman reviews internal management reports regularly. The following summary describes the operations in each of the Group's reportable segments:

Healthcare services	:	The operations of medical clinics and other general medical services; provision of health insurance, trading in pharmaceutical and nutraceutical products and diagnostic equipment, and provision of management and consultancy services.
Hospital services	:	The provision of specialised medical services and operation of hospital and business of medical laboratory and imaging centre.
Investment holdings	:	Investment holding.

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Chairman. Segment profit is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities operating within these businesses.

Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise current tax and deferred tax liabilities and assets.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Notes To The Financial Statements

Year ended 31 December 2015

20 OPERATING SEGMENTS *(CONT'D)*

Information about reportable segments

	Healthcare services		Hospital services		Investment holdings		Total	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Revenue and expenses								
External revenue	160,504	140,073	268,385	250,821	12,782	14,727	441,671	405,621
Inter-segment revenue	2,473	1,995	16,785	15,138	11,878	13,847	31,136	30,980
Finance expenses	(95)	(58)	–	–	–	–	(95)	(58)
Depreciation of property, plant and equipment	(3,298)	(2,694)	(5,441)	(4,172)	(196)	(194)	(8,935)	(7,060)
Reportable segment profit before tax	13,044	12,293	63,209	60,811	9,176	10,763	85,429	83,867
Reportable segment assets	630,895	581,003	134,588	134,152	559,859	433,750	1,325,342	1,148,905
Capital expenditure	26,644	4,132	7,925	13,551	123,805	191,469	158,374	209,152
Reportable segment liabilities	144,868	145,533	54,055	59,587	440,903	363,927	639,826	569,047

Notes To The Financial Statements

Year ended 31 December 2015

20 OPERATING SEGMENTS *(CONT'D)*

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

Group	2015 $'000	2014 $'000
Revenues		
Total revenue for reportable segments	441,671	405,621
Elimination of inter-segment revenue	(31,136)	(30,980)
Consolidated revenue	410,535	374,641
Profit or loss		
Total profit for reportable segments	85,429	83,867
Adjustment for depreciation of property, plant and equipment	(3,822)	(2,586)
Consolidated profit before tax	81,607	81,281
Assets		
Total assets for reportable segments	1,325,342	1,148,905
Elimination of inter-segment assets	(511,202)	(493,878)
Unallocated amounts-current tax and deferred tax assets	790	–
Consolidated total assets	814,930	655,027
Liabilities		
Total liabilities for reportable segments	639,826	569,047
Elimination of inter-segment liabilities	(464,113)	(470,163)
Unallocated amounts-current tax and deferred tax liabilities	17,190	15,871
Consolidated total liabilities	192,903	114,755

Other material items

	Reportable segment totals $'000	Adjustments $'000	Consolidated totals $'000
2015			
Depreciation of property, plant and equipment	8,935	3,822	12,757
2014			
Depreciation of property, plant and equipment	7,060	2,586	9,646

The hospital building at North Bridge Road is owned by a subsidiary and classified as investment property in the subsidiary's standalone financial statements. In accordance with the Group's accounting policies, investment property is measured at fair value and not depreciated.

For the preparation of the consolidated financial statements, the hospital building is reclassified from investment property to property, plant and equipment as the building is used in the supply of hospital services by the Group. Accordingly, the carrying value of the hospital building is depreciated over its useful life in the consolidated financial statements of the Group.

The amount of $3,822,000 (2014: $2,586,000) relates to the depreciation of the hospital building for the year ended 31 December 2015.

Notes To The Financial Statements

Year ended 31 December 2015

20 OPERATING SEGMENTS *(CONT'D)*

Geographical segments

With respect to the presentation of geographical segment information, the Group's segments are mainly managed and operating in Singapore. Accordingly, the Group does not consider it meaningful to allocate revenues, assets and capital expenditure to specific geographical segments.

Major customer

There is no customer within the segments that represents more than 10% of the Group's revenue.

21 ACQUISITION OF SUBSIDIARIES

(i) Acquisition of International SOS (MC Holdings) Pte Ltd

On 16 October 2015, the Group's subsidiary, Raffles Surgicentre Pte Ltd, acquired 55% equity interest in International SOS (MC Holdings) Pte Ltd (MCH) for a cash consideration of $32,661,000.

This joint venture with International SOS is to enhance and expand the services of ten clinics operating under MCH in China, Vietnam and Cambodia. With this joint venture, the Group will become a regional healthcare provider with clinical facilities serving patients in thirteen cities across Asia.

From 17 October 2015 to 31 December 2015, MCH contributed revenue of $9.3 million to the Group's results. Had the acquisition occurred on 1 January 2015, management estimates that consolidated revenue would have increased by $45 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same had the acquisition occurred on 1 January 2015. The contribution of the profits from the date of acquisition and had the acquisition occurred on 1 January 2015 is not material to the Group.

The Group has granted the non-controlling shareholders a call and put option over the remaining 45% interest in MCH (see note 14).

(ii) Acquisition of Zui Wa Kai Medical Corporation

On 4 September 2015, the Group's subsidiary, RSM Ltd, acquired 100% interest in Zui Wa Kai Medical Corporation (ZWK) for a cash consideration of $132,000.

The Group see this as an opportunity to extend the Raffles brand of care to the Japanese market. Japan is an advanced healthcare economy and the Group is excited at the prospects of starting operations there.

The contribution from ZWK to the consolidation revenue and profit for the year is not material.

Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred:

	MCH $'000	ZWK $'000	Total $'000
Cash paid	32,661	132	32,793
Total consideration transferred	32,661	132	32,793

Acquisition-related costs

The Group incurred acquisition-related costs of $355,000 on legal fees and due diligence cost. These costs have been included in "other operating expenses".

Notes To The Financial Statements

Year ended 31 December 2015

21 ACQUISITION OF SUBSIDIARIES *(CONT'D)*

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	MCH $'000	ZWK $'000	Total $'000
Property, plant and equipment	3,216	–	3,216
Intangible assets	5,075	–	5,075
Inventories	825	–	825
Trade and other receivables	31,642	–	31,642
Cash and cash equivalents	2,948	59	3,007
Deferred tax assets	793	–	793
Trade and other payables	(32,694)	–	(32,694)
Deferred tax liabilities	(1,289)	–	(1,289)
Total identifiable net assets	10,516	59	10,575

Net cash arising from acquisition of subsidiaries

	MCH $'000	ZWK $'000	Total $'000
Purchase consideration settled in cash	32,661	132	32,793
Cash and cash equivalent acquired	(2,948)	(59)	(3,007)
Net cash outflow	29,713	73	29,786

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Intangible assets - customer relationship	*Multi-period excess earnings method:* The multi-period excess earnings method consider the present value of net cash flows related to contributory assets.

Fair values measured on a provisional basis

The fair value of MCH's intangible assets (customer relationship) has been determined provisionally pending completion of the finalised purchase price allocation exercise.

If new information obtained within one year from the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

Notes To The Financial Statements

Year ended 31 December 2015

21 ACQUISITION OF SUBSIDIARIES *(CONT'D)*

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	MCH $'000	ZWK $'000	Total $'000
Total consideration transferred	32,661	132	32,793
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	4,732	–	4,732
Fair value of identifiable net assets	(10,516)	(59)	(10,575)
Goodwill	26,877	73	26,950

The goodwill is attributable mainly to overseas market access and synergies expected to be achieved from integrating the acquired companies into the Group's healthcare business. None of the goodwill recognised is expected to be deductible for tax purposes.

22 OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Within 1 year	13,218	8,300	7,440	6,058
Between 1 and 5 years	18,272	9,735	8,780	7,323
More than 5 years	1,134	–	–	–
	32,624	18,035	16,220	13,381

The leases typically run for an initial period of 3-10 years, with an option to renew the lease after that date. For renewed leases, the lease payments are determined based on the prevailing market rent at the point of renewal.

Leases as lessor

The Group leases out its investment properties. The future minimum lease receivables under non-cancellable leases are as follows:

Group	2015 $'000	2014 $'000
Within 1 year	1,410	1,882
Between 1 and 5 years	758	779
	2,168	2,661

During the year, $2,310,000 (2014: $3,490,000) was recognised as rental income pertaining to investment properties held by the Group. Direct expenses in relation to this rental income were as follows:

Group	2015 $'000	2014 $'000
Income-generating property	161	163

Notes To The Financial Statements

Year ended 31 December 2015

23 COMMITMENTS

At 31 December 2015, commitments contracted but not provided for by the Group in the financial statements amounted to $115,447,000 (2014: $40,660,000). This relates to properties development expenditure for Raffles Hospital Extension, Raffles Holland V and the development of a new clinic management system.

24 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel compensation

In addition to their salaries, the Group also provides non-cash benefits to directors and executives.

Key management personnel participate in the Employee Share Option Scheme. 900,000 (2014: 980,000) share options were granted to the key management personnel of the Company during the year. The share options that were granted during the year were on the same terms and conditions as those offered to other employees of the Company as described in note 11. At the reporting date, 2,850,000 (2014: 2,805,000) of the share options granted to the directors of the Company were outstanding.

Key management personnel compensation comprised:

Group	2015 $'000	2014 $'000
Short-term employee benefits	12,555	11,790
Directors' fees	401	344
Share-based benefits	415	338
	13,371	12,472

25 SUBSIDIARIES

Company	2015 $'000	2014 $'000
Investments in subsidiaries	41,655	40,437
Amounts due from subsidiaries	377,310	380,909
	418,965	421,346

Amounts due from subsidiaries form part of the Company's net investment in subsidiaries. The amounts due from subsidiaries are unsecured, interest-free and settlement is neither planned nor likely to occur in the foreseeable future. As the amount is, in substance, a part of the Company's net investment in the entities, it is stated at cost, less accumulated impairment loss.

Notes To The Financial Statements

Year ended 31 December 2015

25 SUBSIDIARIES *(CONT'D)*

Details of subsidiaries are as follows:

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2015 %	2014 %
[1]Raffles Hospital Pte Ltd	Provision of general and specialised medical services and operation of a hospital	Singapore	100	100
[1]Raffles Diagnostica Pte Ltd	Operation of medical laboratory and imaging centre	Singapore	100	100
[1]Raffles Medical Properties Pte Ltd and its subsidiaries:	Investment holding	Singapore	100	100
[1]Raffles Hospital Properties Pte Ltd	Property owner	Singapore	100	100
[2]MP Clementi Pte Ltd	Investment holding (dormant)	Singapore	100	–
[1]Raffles Research Labs Pte Ltd	Research & experimental development on Biotechnology, Life & Medical Science	Singapore	100	100
[1]Raffles Chinese Medicine Pte Ltd	Provision of general medical services, acupuncture and acupressure	Singapore	100	100
[1]Raffles Japanese Clinic Pte Ltd and its subsidiaries:	Operation of medical clinics and provision of medical services	Singapore	80	80
[2]RJC Ltd	Investment holding	Japan	80	80
[2]RSM Ltd	Provision of medical support and consultancy services	Japan	40.8	–
[2]Zui Wa Kai Medical Corporation	Operation of medical clinics and provision of medical services	Japan	–[12]	–
[1]Raffles Health Pte Ltd	Trading in pharmaceutical and nutraceutical products and diagnostic equipment	Singapore	100	100
[1]Aptitude [2003] Pte Ltd	Provision of advisory and consultancy services and developing IT solutions	Singapore	100	100
[1]Raffles Medical International Pte Ltd and its subsidiaries:	Investment holding	Singapore	100	100
[4]Raffles Medical Group (Hong Kong) Limited and its subsidiaries:	Investment holding and provision of medical and dental services	Hong Kong	100	100
[4]Coors Consultants Limited	Provision of consultancy services	Hong Kong	100	100

Notes To The Financial Statements

Year ended 31 December 2015

25 SUBSIDIARIES *(CONT'D)*

Details of subsidiaries are as follows: *(cont'd)*

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2015 %	2014 %
[4]Medical Properties Limited	Investment holding, provision of medical services and hospital operation	Hong Kong	100	100
[5]Renguang Management Consultancy (Shanghai) Co. Ltd	Management consultancy	China	100	100
[5]Shanghai Rui He Clinic Co. Ltd	Operation of medical clinics and provision of medical services	China	– [12]	– [12]
[1]Raffles Health Insurance Pte Ltd	Provision of health and related insurance	Singapore	100	100
[2]PT Raffles Medika Indonesia	Provision of hospital and healthcare management and consultancy services	Indonesia	100[3]	100[3]
Raffles SurgiCentre Pte Ltd	Provision of general and specialised medical services and operation of a hospital	Singapore	100[1]	100[2]
[6]International SOS (MC Holdings) Pte Ltd and its subsidiaries	Provision of the usage of trade name, trademark and administration, training, network services and marketing services to related companies, and investment holding	Singapore	55	–
[7]Beijing International (SOS) Clinic	Provides medical services through operation of medical clinics	China	55	–
[7]Nanjing International (SOS) Clinic	Provides medical services through operation of medical clinics	China	55	–
[7]Tianjin International (SOS) Clinic	Provides medical services through operation of medical clinics	China	55	–
[8]International SOS Vietnam Co., Ltd.	Provides medical consultation and evacuation services	Vietnam	55	–
[9]AEA International SOS (Cambodia) Ltd	Provides medical services through operation of medical clinics	Cambodia	55	–
[10]International SOS (HK) Limited and its subsidiary	Provision of medical emergency assistance services, the sale of medical kits and investment holding	Hong Kong	55	–
[11]Shenzhen International SOS Clinic	Provision of clinical services	China	55	–

Notes To The Financial Statements

Year ended 31 December 2015

25 SUBSIDIARIES *(CONT'D)*

Details of subsidiaries are as follows: *(cont'd)*

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2015 %	Effective equity interest held by the Group 2014 %
[1]Raffles Medical China Pte Ltd and its subsidiaries:	Investment holding and provision of medical services and hospital operation	Singapore	100	100
[2]Shenzhen Investments Pte Ltd	Investment holding (dormant)	Singapore	100	100
Shanghai Capital Pte Ltd	Investment holding	Singapore	100[1]	100[2]
[2]Shanghai Qihua Hospital Co. Ltd.	Development of hospital	China	70	–
[1]RMG Capital Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
[1]Asian Healthcare Capital Management Pte Ltd	Property owner	Singapore	100	100
[2]International Medical Investment Co., Ltd	Investment holding (dormant)	British Virgin Islands	100	100

1 Audited by KPMG LLP, Singapore
2 Not required to be audited
3 Shares of this subsidiary are partially held in trust by a director and an employee of the subsidiary
4 Audited by Lawrence Cheung C.P.A. Company Limited., Hong Kong
5 Audited by Shanghai Deking Certified Public Accountants Co., Ltd
6 Audited by Ernst & Young LLP, Singapore
7 Audited by Horizon CPA Limited
8 Audited by Ernst & Young Vietnam Limited
9 Audited by BDO (Cambodia) Limited
10 Audited by Ernst & Young, Hong Kong
11 Audited by Shenzhen Zhongrui Tai Accounting Firm
12 The Group does not hold any ownership interests in two structured entities, Shanghai Rui He Clinic Co. Ltd and Zui Wa Kai Medical Corporation. However, based on the terms of agreements under which these entities were established, the Group receives returns related to their operations and net assets and has the current ability to direct these entities' activities that most significantly affect these returns.

KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

Notes To The Financial Statements

Year ended 31 December 2015

25 SUBSIDIARIES *(CONT'D)*

Non-controlling interests in subsidiaries

The following subsidiaries have non-controlling interests (NCI) that are material to the Group.

Name	Principal places of business/ Country of incorporation	Ownership interests held by NCI 2015	2014
Raffles Japanese Clinic Pte Ltd (RJC)	Singapore	20%	20%
International SOS (MC Holdings) Pte Ltd (MCH)	Singapore	45%	–
Shanghai Qihua Hospital Co. Ltd (SQH)	China	30%	–

The following summarised financial information for the above subsidiaries are prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

2015	RJC $'000	MCH $'000	SQH $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
Revenue	15,588	9,380	–			
Profit/(Loss)	1,915	(479)	(74)			
OCI	–	(64)	(987)			
Total comprehensive income	1,915	(543)	(1,061)			
Attributable to NCI:						
- Profit/(Loss)	383	(216)	(22)	(405)	–	(260)
- OCI	–	(29)	(296)	(11)	–	(336)
- Total comprehensive income	383	(245)	(318)	(416)	–	(596)
Non-current assets	2,463	8,530	41,821			
Current assets	10,015	33,537	1,481			
Non-current liabilities	(108)	(1,284)	–			
Current liabilities	(3,519)	(30,811)	–			
Net assets	8,851	9,972	43,302			
Net assets attributable to NCI	1,770	4,487	12,991	(286)	(40)	18,922
Cash flows from/(used in) operating activities	806	749	(1,061)			
Cash flows used in investing activities	(214)	(44)	(41,821)			
Cash flows (used in)/from financing activities	(500)	–	44,363			
Net increase in cash and cash equivalents	92	705	1,481			

Notes To The Financial Statements

Year ended 31 December 2015

25 SUBSIDIARIES *(CONT'D)*

Non-controlling interests in subsidiaries (cont'd)

2014	RJC $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
Revenue	14,156	–		
Profit	1,616	–		
OCI	–	–		
Total comprehensive income	1,616	–		
Attributable to NCI:				
- Profit/(Loss)	323	–	–	323
- OCI	–	–	–	–
- **Total comprehensive income**	323	–	–	323
Non-current assets	1,148	–		
Current assets	9,040	–		
Non-current liabilities	(96)	–		
Current liabilities	(2,656)	–		
Net assets	7,436	–		
Net assets attributable to NCI	1,487	–	(15)	1,472
Cash flows from operating activities	2,254	–		
Cash flows used in investing activities	(344)	–		
Cash flows used in financing activities	(700)	–		
Net increase in cash and cash equivalents	1,210	–		

26 SUBSEQUENT EVENTS

(a) Dividends

The directors proposed a one-tier tax exempt final dividend of 4.5 cents (2014: 4.0 cents) per share amounting approximately to $25,877,000 (2014: $22,566,000), which is based on the number of shares outstanding as at the end of the financial year. The dividends have not been provided for and there are no income tax consequences.

(b) Share Split

The directors proposed share split of every one issued and paid up share in the Company into three shares. Following the implementation of the proposed share split and assuming that there is no change in the number of issued shares from that as at the date of the report, the Company will have 1,725,752,247 issued shares. This is based on the 575,250,749 issued shares that the Company has as at the date of the report. This is subject to the approval of the Singapore Exchange Securities Trading Limited and the approval of Shareholders at a general meeting.

Shareholdings Statistics

As at 14 March 2016

Class of shares - Ordinary shares
Voting rights - 1 vote per ordinary share

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 14 March 2016, approximately 47.9% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	280	3.58	10,043	0.00
100 – 1,000	1,414	18.09	874,741	0.15
1,001 - 10,000	4,907	62.79	16,841,985	2.93
10,001 - 1,000,000	1,193	15.27	45,743,881	7.95
1,000,001 and above	21	0.27	512,055,099	88.97
	7,815	100.00	575,525,749	100.00

TWENTY LARGEST SHAREHOLDERS
As shown in the Register of Members and Depository Register

No.	Name of Shareholder	No. of Shares	%
1	Raffles Medical Holdings Pte Ltd	211,489,896	36.75
2	Loo Choon Yong	57,182,612	9.94
3	Citibank Nominees Singapore Pte Ltd	46,346,941	8.05
4	DBS Nominees Pte Ltd	35,428,992	6.16
5	Raffles Nominees (Pte) Ltd	29,582,253	5.14
6	DBSN Services Pte Ltd	29,575,969	5.14
7	S & D Holdings Pte Ltd	18,713,363	3.25
8	BNP Paribas Securities Services	18,705,770	3.25
9	United Overseas Bank Nominees Pte Ltd	16,849,950	2.93
10	HSBC (Singapore) Nominees Pte Ltd	14,416,274	2.50
11	UOB Nominees (2006) Pte Ltd	8,283,350	1.44
12	Tan Tiang Lee	4,574,658	0.79
13	Asian Medical Foundation Ltd	4,412,399	0.77
14	Bank of Singapore Nominees Pte Ltd	4,115,512	0.72
15	Yii Hee Seng	2,765,412	0.48
16	Morgan Stanley Asia (S) Securities Pte Ltd	2,028,100	0.35
17	DB Nominees (S) Pte Ltd	1,996,944	0.35
18	Lee Pineapple Company Pte Ltd	1,639,300	0.28
19	Tan Soo Nan	1,432,000	0.25
20	OCBC Nominees Singapore Pte Ltd	1,342,404	0.23
		510,882,099	88.77

The Company does not have any treasury shares.

Shareholdings Statistics

As at 14 March 2016

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	%	Deemed Interest	%	Total Interest	%
Dr Loo Choon Yong[1]	57,224,612	9.94	239,001,437	41.53	296,226,049	51.47
Raffles Medical Holdings Pte Ltd	219,773,246	38.19	–	–	219,773,246	38.19

Notes:

1 *Dr Loo Choon Yong is deemed to be interested in an aggregate of 239,001,437 shares held through Raffles Medical Holdings Pte Ltd in which he is a director and shareholder of, S & D Holdings Pte Ltd in which he is a director and shareholder of, and his spouse, Mdm Leong Lai Chee.*

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 27th Annual General Meeting (AGM) of Raffles Medical Group Ltd (the Company) will be held at **Rooms 300-301, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593,** on **Wednesday, 20 April 2016** at **11.30 a.m.** for the purpose of considering and, if thought fit, passing with or without modification, the following resolutions as Ordinary Resolutions:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement, Audited Financial Statements for the year ended 31 December 2015 and the Auditors' Report thereon. **[Resolution 1]**

2. To declare a one-tier tax exempt final dividend of 4.5 Singapore cents per share for the year ended 31 December 2015 (2014: 4.0 Singapore cents per share). **[Resolution 2]**

3. To approve Directors' Fees ($339,200) for the year ended 31 December 2015 (2014: $287,600). **[Resolution 3]**

4. To re-elect Mr Eric Ang Teik Lim, who is retiring in accordance with Article 92 of the Company's Constitution, and who, being eligible, will offer himself for re-election. **[Resolution 4]**

5. To re-elect Mr Lim Beng Chee, who is retiring in accordance with Article 92 of the the Company's Constitution, and who, being eligible,will offer himself for re-election. **[Resolution 5]**

6. To re-elect Dr Wee Beng Geok, who is retiring by rotation in accordance with Article 93 of the Company's Constitution, and who, being eligible, will offer herself for re-election. **[Resolution 6]**

7. To re-elect Professor Lim Pin, who is retiring pursuant to section 153(6) of the Singapore Companies Act, Chapter 50, which was in force immediately before 3 January 2016, and who, being eligible, will offer himself for re-election. **[Resolution 7]**

8. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 8]**

AS SPECIAL BUSINESS

9. Authority to Allot and Issue Shares

That pursuant to Section 161 of the Singapore Companies Act, Chapter 50, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST), authority be and is hereby given to the Directors of the Company to:

(a) (i) Allot and issue shares and convertible securities in the capital of the Company whether by way of rights, bonus or otherwise; and / or

(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) warrants, debentures or other instruments convertible into shares,

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

(b) (Notwithstanding that the authority conferred by this Resolution may have ceased to be in force) Issue shares and convertible securities in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

Provided That:

(1) The aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (Subject to such manner of calculation as may be prescribed by the SGX-ST) For the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) New shares arising from the conversion or exercise of convertible securities;

(ii) New shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards, which are outstanding or subsisting at the time this Resolution is passed; and

(iii) Any subsequent bonus issue or consolidation or sub-division of shares.

(3) In exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Company's Constitution for the time being of the Company; and

(4) (Unless revoked or varied by the Company in general meeting) The authority conferred by this Resolution shall continue in force until the conclusion of the next 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. **[Resolution 9]**

Notice of Annual General Meeting

10. Authority to Allot and Issue Shares Under the Raffles Medical Group Share Option Scheme

That pursuant to Section 161 of the Singapore Companies Act, Chapter 50, the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the Raffles Medical Group Share Option Scheme (the Scheme) and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of such options under the Scheme, provided that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company from time to time. **[Resolution 10]**

11. The Proposed Renewal of Share Buy Back Mandate

That:

(a) For the purposes of Sections 76C and 76E of the Singapore Companies Act, Chapter 50, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued fully paid ordinary shares in the capital of the Company (Shares), not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) An on-market purchase of Shares (On-Market Share Buy Back), transacted on the SGX-ST through the ready market or the special trading counter on SGX-ST trading system or on any other securities exchange on which the Shares may for the time being be listed and quoted (Other Exchange), through one or more duly licensed stock brokers appointed by the Company for the purpose; and / or

(ii) An off-market purchase of Shares (Off-Market Equal Access Share Buy Back) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchanges as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the Share Buy Back Mandate);

(b) Unless varied or revoked by Shareholders in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) The date on which the next AGM of the Company is held; or

(ii) The date by which the next AGM of the Company is required by law to be held;

(c) In this Resolution:

"Average Closing Price" means the average of the last dealt prices of a Share for the five consecutive market days on which the Shares are transacted on the SGX-ST immediately preceding the date of a On-Market Share Buy Back by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Equal Access Share Buy Back, and deemed to be adjusted, in accordance with the Listing Manual of the SGX-ST, for any corporate action that occurs after the relevant five-market day period;

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for an Off-Market Equal Access Share Buy Back, stating the purchase price (which shall not be more than five per cent (5%) above the Average Closing Price of the Shares, excluding related expenses of the purchase or acquisition) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Equal Access Share Buy Back;

"Maximum Percentage" means that the number of issued Shares representing ten per cent (10%) of the issued Shares of the Company as at the date of the passing of this Resolution; and

"Maximum Price" in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

(i) In the case of an On-Market Share Buy Back of a Share, more than five per cent (5%) of the Average Closing Price (as defined above) of the Share;

(ii) And in the case of an Off-Market Equal Access Share Buy Back of a Share, more than five per cent (5%) of the Average Closing Price of the Share; and

(d) The Directors of the Company and / or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and / or he may consider expedient or necessary to give effect to the transactions contemplated and / or authorised by this Resolution. **[Resolution 11]**

12. Authority to Issue Ordinary Shares Pursuant to the Raffles Medical Group Ltd Scrip Dividend Scheme

That authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of ordinary shares as may be required to be allotted and issued pursuant to the Raffles Medical Group Ltd Scrip Dividend Scheme. **[Resolution 12]**

13. The Proposed Share Split of Each Ordinary Share in the Capital of the Company into Three (3) Ordinary Shares

That:

(a) On and with effect from the books closure date to be determined by the Directors of the Company, each ordinary share in the capital of the Company be subdivided into three (3) ordinary shares in the capital of the Company; and

Notice of Annual General Meeting

13. The Proposed Share Split of Each Ordinary Share in the Capital of the Company into Three (3) Ordinary Shares (cont'd)

(b) The Directors of the Company and each of them be and are hereby authorised to complete and do all acts and things and to sign, execute, complete and deliver all such documents, deeds and instruments as they may consider necessary or expedient to give effect to this Resolution as they may think fit in the interests of the Company.

[Resolution 13]

BY ORDER OF THE BOARD

Kimmy Goh / Mary Khoo
Company Secretaries
Singapore, 5 April 2016

Explanatory Notes:

Ordinary Resolution 3 above, if passed, is to seek approval for the payment of up to $339,200 to all Directors as Directors' Fees for the year ended 31 December 2015.

In relation to Ordinary Resolution 4 above, Mr Eric Ang Teik Lim is considered an Independent Director and will, upon re-election, continue to serve as a member of the Audit & Risk Committee.

In relation to Ordinary Resolution 5 above, Mr Lim Beng Chee is considered an Independent Director.

In relation to Ordinary Resolution 6 above, Dr Wee Beng Geok is considered an Independent Director and will, upon re-election, continue to serve as the Chairman of the Nomination & Compensation Committee.

In relation to Ordinary Resolution 7 above, Professor Lim Pin is considered an Independent Director and will, upon re-election, continue to serve as a member of the Nomination & Compensation Committee.

Ordinary Resolution 9 above, if passed, will authorise the Directors of the Company from the date of the above Meeting until the date of the next AGM to allot and issue shares and convertible securities in the Company up to an amount not exceeding in total 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, for the time being for such purposes as they consider would be in the interest of the Company, provided that the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders pursuant to this Resolution shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company, for the time being.

Ordinary Resolution 10 above, if passed, will authorise the Directors to issue shares in the capital of the Company pursuant to the exercise of the options under the Raffles Medical Group Share Option Scheme provided that the aggregate number of shares to be issued does not exceed 15% of the total number of shares issued by the Company at any time.

Ordinary Resolution 11 above, if passed, will renew the Share Buy Back Mandate to permit the Company to purchase or otherwise acquire its issued ordinary shares on the terms and subject to the conditions of the Resolution. Further details are set out in the letter to shareholders which is enclosed with the Company's Annual Report.

Ordinary Resolution 12 above, if passed, will authorise the Directors of the Company to issue ordinary shares pursuant to the Raffles Medical Group Ltd Scrip Dividend Scheme to members who have elected to receive scrip in lieu of cash in respect of any dividend to which the said Scrip Dividend Scheme is applied.

Ordinary Resolution 13 above, if passed, will authorise the Directors to complete and do all acts and things and to sign, execute, complete and deliver all such documents, deeds and instruments as they may consider necessary or expedient to give effect to the proposed subdivision of each ordinary share in the capital of the Company into three (3) ordinary shares in the capital of the Company. Further details are set out in the letter to shareholders which is enclosed with the Company's Annual Report.

Notes:

1. (a) A member, who is not a relevant intermediary, is entitled to appoint not more than two proxies to attend, speak and vote on his behalf at the meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each proxy in the form of proxy.

(b) A member, who is a relevant intermediary, is entitled to appoint more than two proxies to attend, speak and vote at the AGM, 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. Relevant intermediary has the meaning ascribed to it in section 181 of the Singapore Companies Act, Chapter 50 which means:

(i) A banking corporation licensed under the Banking Act, Chapter 19, or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
(ii) A capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act, Chapter 289, and who holds shares in that capacity; or
*(iii) The Central Provident Fund (**CPF**) Board established by the CPF Act, Chapter 36, in respect of shares purchased on behalf of CPF investors.*

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 585, North Bridge Road, Raffles Hospital, #11-00, Singapore 188770, not less than 48 hours before the time fixed for holding the Meeting.

4. A corporation which is a member may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with section 179 of the Singapore Companies Act, Chapter 50.

5. Personal Data Privacy: Where a member of the Company submits an instrument appointing a proxy(ies) and / or representative(s) to attend, speak and vote at the AGM and / or any adjournment thereof, the member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 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) to comply with any applicable laws, listing rules, regulations and / or guidelines (collectively, the Purposes); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and / or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and / or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and / or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

RafflesMedicalGroup

Company Registration No. 198901967K
(Incorporated in Singapore)

IMPORTANT
(a) Relevant intermediaries as defined in section 181 of the Singapore Companies Act, Chapter 50, may appoint more than two proxies to attend, speak and vote at the AGM.
(b) CPF / SRS investors who have used their CPF monies to buy Raffles Medical Group Ltd shares should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.
(c) Please read the notes to the Proxy Form.

Personal Data Privacy
By submitting an instrument appointing proxy(ies) and / or representative(s), the member, the proxy(ies) and the representative(s) accept and agree to the personal data privacy terms set out in the Notice of the Annual General Meeting dated 5 April 2016.

ANNUAL GENERAL MEETING

PROXY FORM

I/We ______________________________ (Name) ____________________ (NRIC / Passport / Co Reg No.)
of ____ (Address)
being a member/members of Raffles Medical Group (the **Company**) hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

And/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my / our proxy / proxies to attend, speak and vote for me / us on my / our behalf, at the Annual General Meeting (**AGM**) of the Company to be held at **Rooms 300-301, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593,** on **Wednesday, 20 April 2016** at **11.30 a.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 hereunder. If no specific direction as to voting is given, the proxy / proxies may vote or abstain from voting at his / her / their discretion.

No.	RESOLUTIONS	No. of Votes For*	No. of Votes Against*
ORDINARY BUSINESS			
1.	Adoption of the Directors' Statement, Audited Financial Statements for the year ended 31 December 2015 and Auditors' Report thereon		
2.	Approval of Final Dividend of 4.5 Singapore cents per share for the year ended 31 December 2015		
3.	Approval of Directors' Fees		
4.	Re-election of Mr Eric Ang Teik Lim, who is retiring in accordance with Article 92 of the Company's Constitution		
5.	Re-election of Mr Lim Beng Chee, who is retiring in accordance with Article 92 of the Company's Constitution		
6.	Re-election of Dr Wee Beng Geok, who is retiring by rotation in accordance with Article 93 of the Company's Constitution		
7.	Re-election of Professor Lim Pin, who is retiring pursuant to section 153(6) of the Singapore Companies Act, Chapter 50, which was in force immediately before 3 January 2016		
8.	Re-appointment of KPMG LLP as Auditors		
SPECIAL BUSINESS			
9.	Authority to Allot and Issue Shares		
10.	Authority to Allot and Issue Shares Under the Raffles Medical Group Share Option Scheme		
11.	The Proposed Renewal of Share Buy Back Mandate		
12.	Authority to Issue Ordinary Shares Pursuant to the Raffles Medical Group Ltd Scrip Dividend Scheme		
13.	The Proposed Share Split of Each Ordinary Share in the Capital of the Company into Three (3) Ordinary Shares		

* *Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (√) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.*

Dated this ________ day of ________________ 2016

Total Number of Shares Held *(Please see Note 1)*

____
Signature of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Fold this Flap for sealing

Notes to Proxy Form:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register, 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.
2. (a) A member, who is not a relevant intermediary, is entitled to appoint not more than two proxies to attend, speak and vote on his behalf at the meeting. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

   (b) A member, who is a relevant intermediary, is entitled to appoint more than two proxies to attend, speak and vote at the AGM, 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 proxy form. Relevant intermediary has the meaning ascribed to it in section 181 of the Singapore Companies Act, Chapter 50.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a notarially certified copy thereof) must be deposited at the Company's registered office at 585, North Bridge Road, Raffles Hospital, #11-00, Singapore 188770, not less than 48 hours before the time fixed for the AGM.
5. A corporation which is a member may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with section 179 of the Singapore Companies Act, Chapter 50.
6. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the 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.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited (CDP) to the Company.

Fold Here

Affix
Stamp
Here
Please

The Company Secretaries
Raffles Medical Group Ltd
585 North Bridge Road
#11-00 Raffles Hospital
Singapore 188770

Fold Here

RafflesMedicalGroup

Company Registration No. 198901967K
585 North Bridge Road
Raffles Hospital #11-00
Singapore 188770
Telephone : (65) 6311 1111
Fascimile : (65) 6338 1318
www.rafflesmedicalgroup.com