ASIAMEDIC LIMITED

THE CHOICE HEALTHCARE PROVIDER IN SINGAPORE

2018 ANNUAL REPORT

CORPORATE CULTURE

A team oriented organisation that is conducive to long term employment which is passionate, nurturing and upholds mutual respect that embraces family spirit

VISION & MISSION

VISION

The choice healthcare provider in Singapore

MISSION

Providing holistic solutions through integrated application of the latest medical technologies to prevent and detect early illnesses to achieve positive experiences and clinical outcomes for our patients

VALUES & BRAND PROMISE

COMPETENCE

Commitment to ensuring the highest professional standards of service and expertise

CONVENIENCE

Commitment to providing timely, appropriate and personalised healthcare information and continuity of care in an integrated one-stop wellness and diagnostic centre

CARE

Commitment to helping our clients navigate their health risks and needs through practical and personalised clinical solutions and strategies

CONFIDENCE

Commitment to ensuring patient confidence with a focus on safety, consistent processes and standards based on continuous service and clinical quality improvement and innovation

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ASIAMEDIC BUSINESS UNITS

ASIAMEDIC WELLNESS ASSESSMENT CENTRE

AsiaMedic Wellness Assessment Centre provides extensive preventive health screening and assessment services to help patients diagnose early signs of health warnings with subsequent intervention and behavioural treatment follow-ups.

We call our team of highly qualified and experienced doctors, nurses and staff *Medical Health Navigators*. Patients can be assured of receiving quality medical attention complete with personalised healthcare solutions targeted at the specific individual's lifestyle. Equipped with the best cutting-edge evidence-based medical knowledge and technology, AsiaMedic have stayed true to the philosophy of early diagnosis, pre-symptomatic disease detection and prevention, successfully treating patients with desirable clinical outcomes and experiences.

Our track record is testament to our competence as we have been duly appointed by Health Promotion Board to deliver myopia and school health screening to pre-school and secondary school students in Singapore. AsiaMedic's presence in community health screening continues to grow and now spans across all spectrum of age groups, from pre-schoolers to elderly adults. The latest programs AsiaMedic is involved in include human papilloma virus vaccination for secondary school students, primary school student's health screening, obesity screening in secondary schools and institutes of higher learning, community health screening and coaching as well as Project Silver Screen.

ASIAMEDIC DIAGNOSTIC IMAGING CENTRE

Diagnostic imaging involves the use of non-invasive procedures to generate images of the body's internal anatomy and functions that can be recorded on film or digitized for display on a video monitor. Diagnostic imaging procedures facilitate the early diagnosis and treatment of diseases and disorders and may reduce unnecessary invasive procedures, often minimizing the costs for patients. We offer the full suite of general and advanced imaging services which include MRI, CT, bone densitometry (DEXA), ultrasound, mammography, and X-ray. Our comprehensive range of radiological examinations includes cardiovascular radiology, musculoskeletal radiology, neuroradiology, ear nose & throat (ENT) radiology, breast and body radiology. These services are provided through our subsidiaries of The Orchard Imaging Centre Pte Ltd and AsiaMedic Heart & Vascular Centre Pte Ltd. Our integrated RIS PACS system enables physicians' easy and convenient access to the diagnostic scans and reports to cater to the growing demands of medical care in Singapore.

ASIAMEDIC BUSINESS UNITS

ASIAMEDIC POSITRON EMISSION TOMOGRAPHY/COMPUTED TOMOGRAPHY (PET/CT) CENTRE

PET/CT imaging is used for diagnosis, staging, localisation and monitoring progress of cancer. The AsiaMedic Positron Emission Tomography/Computed Tomography (PET/CT) Centre is one of Singapore's first independent PET/CT centres that is not affiliated with any hospital. The Centre provides cardiac and cancer imaging with one of the industry's most reliable and sought-after GE Discovery ST PET/CT scanner, which incorporates a PET scanner with a multi-slice Computed Tomography (CT) scanner.

ASIAMEDIC ASTIQUE THE AESTHETIC CLINIC

Being part of AsiaMedic, Astique upholds the Group's philosophy of providing our patients with the highest professional standards of service and expertise. As a boutique aesthetic clinic, Astique offers a wide range of premium medical aesthetic treatments efficiently within the shortest turnaround time. Effective medical aesthetics solutions are specially customised to meet the specific beauty needs of our patients who are at different phases of their lives. We are committed towards this journey with our patients to help them look and feel good, enhancing their confidence and realising their aspirations. Patients can enjoy minimally invasive treatments administered by our medical professionals amidst a tranquil setting. Some of these treatments include laser skin treatments, non-surgical facelifts, fillers, non-invasive body contouring and various skincare products.

The clinic continually upgrades its technology and services to provide our patients with the best in aesthetic healthcare. Our latest treatment solutions include HIFU, thread lift and Dual Yellow Laser.

COMPLETE HEALTHCARE INTERNATIONAL

Complete Healthcare International (CHI) is an integrated medical centre that is dedicated to providing comprehensive healthcare of the highest standard to international and local clientele in a caring, professional and attentive environment.

CHI provides a holistic approach with various areas of interest such as general and travel medicine, women, men and children's health, as well as nutritional medicine. CHI also aims to create a distinctly privileged healthcare experience for its patients with its team of highly qualified doctors, nurses and staff, coming from Singapore and overseas and bringing with them diverse experiences.

As part of its strategy to increase presence in Singapore, CHI has relocated from Rochester Park to Orchard Road, Shaw House. With this move, CHI will be able to offer a multidisciplinary approach of family medicine that brings together diagnosis, treatment, care, management and health promotion under one roof.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I present to you the annual report for the financial year ended 31 December 2018 ("FY2018"). As the new Non-Executive Chairman of the Board, I am pleased to have been appointed to the Board with effect from 22 March 2019.

Following my appointment, Mr Tan Soo Kiat stepped down as Non-Executive Chairman. I would like to thank Mr Tan for holding the mantle of Non-Executive Chairman over the years. Mr Tan has agreed to remain on the Board as a Non-Executive Director. I would like to take this opportunity to thank our former Directors, Dr Hong Hai, Mr Guo Wenfei and Mr Koh Boon How for their invaluable contributions to the Group. We welcome Mr Chua Keng Woon to the Board. Mr Chua has extensive experience in corporate finance.

I would also like to thank and acknowledge the contributions made by our past CEO, Mr Choo Kin Poo. The Board appointed Dr Wong Kae Thong as Acting Chief Operating Officer with effect from 8 April 2019. Dr Wong brings with her a mix of medical training and commercial experience. Dr Wong will report to the Board and will take on some of the responsibilities of a CEO while the Board continues its search for a new CEO.

FY2018 remained a challenging year for AsiaMedic as we continued to face weak demand in our Imaging business. The Group's revenue for FY2018 remained flat at around S$18.8 million and as a result of additional impairments and provisions, the Group incurred a loss after tax of S$4.8 million. Excluding the impact of impairments and provision, income tax expenses, and acquisition expenses, the Group's loss for FY2018 would have been S$2.0 million as compared to S$2.1 million in the previous year.

CHAIRMAN'S STATEMENT

IMAGING BUSINESS

Our loss was mainly attributed to the performance of the Imaging business. During the year, we saw a decline in the volume of scans as competition intensified. We were also affected by a shortage of radiologists. As a result, the revenue from our Imaging business decreased. Nevertheless, in order for AsiaMedic to maintain its service level and deliver value and optimal care for our customers and patients, our operational expenses were kept relatively unchanged. As a result, Imaging business recorded operating losses for FY2018. In view of the operating losses and taking a prudent approach, we recorded additional impairment for imaging equipment and provision of de-installation totaling S$1.0 million.

We recognize the need for the Imaging business to evolve to stay relevant and competitive. One of the steps taken was the recruitment of a radiologist with sub-specialty in neurology in the second half of FY2018 to improve the clinical capability of the Imaging business. In addition, we upgraded our picture archive and communication system which is a computer network for digitized radiologic images to enable our customers to view scan images and reports online. We have also started to provide scanning services to a hospital in the last quarter of FY2018 which will help to increase the utilization rate of our equipment in FY2019.

WELLNESS BUSINESS

The performance of our executive health screening business remained stable in FY2018. Our onsite health screening business, however, delivered an improved performance. The combined revenue increased by 14% to S$8.1 million. We made a large stride in the onsite business by partnering Health Promotion Board to deliver myopia and school health screening to pre-school and secondary school students in Singapore. AsiaMedic's presence in community health screening continues to grow and now spans across all spectrum of age groups, from preschoolers to elderly adults. The latest programs AsiaMedic is involved in includes human papilloma virus vaccination for secondary school students, health screening for primary school students, obesity screening in secondary schools and institutes of higher learning, community health screening and coaching, as well as Project Silver Screen. These projects will continue to be executed in FY2019 to provide a steady revenue stream for the Group.

OTHER BUSINESSES

Our Aesthetic business delivered a steady performance in FY2018. Complete Healthcare International's (CHI) revenue decreased in FY2018 which resulted in a higher operating loss. Similar to the approach we have taken for our Imaging business, we recorded additional impairment for the remaining balance of its goodwill on acquisition of S$1.0 million. We have relocated the CHI clinic to Shaw House in January 2019 following the expiry of CHI's lease in Rochester Park and hope to see operational synergies amongst AsiaMedic's businesses located at Shaw House.

LIQUIDITY RESOURCES

In FY2018, the Company entered into a S$5.0 million unsecured interest-bearing loan facility agreement with its controlling shareholder, Luye Medical Group Pte Ltd. The Group has obtained loans totaling S$3.0 million which helped to alleviate the Group's cashflow requirements. We would like to take this opportunity to thank our controlling shareholder for the financial support extended to us. The Group is evaluating various other funding options to strengthen its financial position.

OUTLOOK

As the new Chairman of the Board, I look forward to working closely with the fellow board members to bring fresh perspective to the Group's long-term development. The Board will also provide the relevant support to our newly promoted Acting COO and the rest of the management team so that the Group can perform despite the intensified competition and rising costs environment. We are making various efforts to reach out to more patients and clients. The Group will focus its resources on rebuilding key relationships with its patients and clients through proactive marketing strategies. We will also continue to implement plans to enhance our customer service and clinical standards to deliver a greater customer experience and satisfaction for our patients and clients.

The Wellness and Aesthetic businesses are expected to maintain their performances as a result of our key strength in delivering quality patient care and services and our dedication in meeting the needs of patients and clients. As CHI commences operations in Shaw House, we hope to see some operational synergies amongst all the businesses in AsiaMedic although we may not be able to retain some existing patients with the relocation. The Group's overall performance was affected by the Imaging business which will continue to face intense competition on pricing and market share. We are evaluating all options considering the many elements involved in the process, including the impact on our patients, customers and other stakeholders, both internal and external.

CHAIRMAN'S STATEMENT

CORPORATE GOVERNANCE

The Singapore Code of Corporate Governance (the "Code") continues to evolve. A revised Code was published in 2018 and will take effect for the financial year commencing from 1 January 2019. While the Company is only required to report based on the new Code in the next annual report, the Company has reviewed and implemented measures to comply with the new Code, where applicable. Our corporate governance report is set out in this annual report.

SUSTAINABILITY REPORT

The Company has published the sustainability report for 2017 through the SGXNet in December 2018. This year, we will be publishing our sustainability report for 2018 through the SGXNet by 31 May 2019.

IN APPRECIATION

I would like to express my appreciation to the Board of Directors, for their invaluable guidance and support. On behalf of the Board, I would like to thank all our stakeholders: shareholders, clients, business partners and staff for their continuous support and commitment. We remain committed to improving value for our stakeholders.

CHARLES WANG
Chairman

BOARD OF DIRECTORS

CHARLES WANG CHONG GUANG

Non-Executive Chairman

Mr Wang has more than 25 years of experience in corporate finance, mergers and acquisitions, and financial management, of which, close to 20 years have been spent with publicly-listed and private companies in the healthcare industry.

Mr Wang began his career with Kingston Smith Chartered Accountants from 1988 to 1993, where his last held position was Assistant Audit Manager. He then joined Coopers & Lybrand (subsequently merged with Price Waterhouse to become PriceWaterhouse Coopers) in Hong Kong in October 1993 as a Corporate Finance Manager.

In December 1995, Mr Wang joined Hanson Pacific Limited, the Asia Pacific headquarters of Hanson Plc, an industrial conglomerate which was previously listed in the United Kingdom, as a Finance Director. In June 1999, Mr Wang joined Asia Renal Care Limited, a healthcare services company which specialised in providing kidney dialysis services in the Asia Pacific region, as the Chief Financial Officer. In December 2008, Mr Wang joined Tongjitang Chinese Medicine Limited, a company which was previously listed on the New York Stock Exchange which specialised in the manufacturing and distribution of modern Chinese medicine, as the Chief Financial Officer.

Mr Wang was subsequently appointed as the Chief Financial Officer of Trauson Holdings Company Limited, a company previously listed on the Hong Kong Stock Exchange, from November 2010 to January 2012. Mr Wang was subsequently the Chief Financial Officer of China NT Pharma Group Company Limited, a company listed on the Hong Kong Stock Exchange which specialized in the manufacturing and distribution of pharmaceutical products, from July 2012 to February 2015. As the Chief Financial Officer of previous companies that Mr Wang served at, Mr Wang was responsible for, among others, finance, mergers & acquisitions, information technology, company secretarial and investor relations functions of these companies. Mr Wang joined the Luye Medical Group as the Chief Financial Officer in February 2015 and subsequently became the Group Chief Executive Officer in April 2017. From February 2015 to December 2016, Mr Wang was also concurrently holding the appointment of Group Vice President of Luye Pharma, where he had overall responsibility for Luye Pharma's merger & acquisitions and capital market activities, including equity and debt-related issuances outside of the PRC.

Mr Wang obtained a Bachelors Degree in Economics (Honours) from the University of Leeds in 1988. He is also a member of the Institute of Chartered Accountants of England and Wales since 1991.

MR TAN SOO KIAT

Non-Executive Director

Mr Tan brings with him over 17 years of experience in the banking and finance industry. He is a director of Intergate Pte Ltd, a company engaged in the provision of corporate advisory services. These include fund raising exercises, mergers & acquisitions, risk management and due diligence. Mr Tan is also currently the Lead Independent Director of Dyna-Mac Holdings Ltd and an independent director of Nam Lee Pressed Metal Industries Limited. Mr Tan was formerly the Chief Operating Officer and Executive Director of Goodpack Limited, General Manager (Finance) and Executive Director of Progen Holdings Ltd, Vice President (Finance) of Pacific Century Regional Developments Limited and Treasurer of the investment banking arm of DBS Bank Ltd. Mr Tan obtained a Bachelor's Degree in Commerce (Accounting) from University of Otago, New Zealand, in 1983. He is a member of Chartered Accountants Australia and New Zealand.

BOARD OF DIRECTORS

MR GOH KIAN CHEE

Lead Independent Director

Mr Goh is presently an Independent Director of IndoFood Agri Resources Limited and HL Global Enterprises Limited.

Mr Goh started his career as an audit trainee with Goldblatt & Co (UK). He joined American International Assurance Pte Ltd in 1981 as an Accounting Supervisor. In 1982, he became a Regional Internal Auditor in Mobil Oil Singapore Pte Ltd and rose to the position of Regional Credit and Insurance Manager in 1987. In 1990, he was seconded to Mobil Petrochemicals International Ltd where he served as Regional Accounting Manager and later, as the Controller of the Asia Pacific region till 2000. Mr Goh was the Regional Vice President & Controller as well as an Executive Director of John Hancock International Pte Ltd. from 2000 to 2004. He was a Consultant at the National University of Singapore, Centre For the Arts from November 2005 to October 2018. He was also an Independent Director of China Minzhong Food Corporation Limited from October 2013 to March 2017.

Mr Goh has a Bachelor of Arts (Hons) degree in Accounting and Economics from Middlesex University, United Kingdom.

MR CHUA KENG WOON

Independent Director

Mr Chua has over 16 years of experience in the banking and finance industry. He served as an advisor to Secured Capital Singapore Pte Ltd, a company engaged in mezzanine financing services, from January to November 2018. From 2008 to 2016, Mr Chua was with Canaccord Genuity Singapore Pte Ltd (formerly known as Collins Stewart Pte. Limited). He last held the position of Senior Director, Equity Capital Market and was primarily involved in corporate advisory and fund raising activities for companies. Prior to that, Mr Chua had held various posts as Associate Director of Capital Market Group in Phillip Securities Pte Ltd, Assistant Vice President, Corporate Finance in Hong Leong Finance Limited, Manager, Corporate Finance in UOB Asia Limited, Manager in Capital Equity Markets in DBS, Bank Limited, as well as Senior Officer – Inspectorate Department in the Stock Exchange of Singapore.

Mr Chua graduated from Nanyang Technological University with a Bachelor of Business Degree majoring in Financial Analysis in 1996. He is a CFA charterholder and member of CFA Institute.

SENIOR MANAGEMENT AND CLINICAL LEADERS

DR WONG KAE THONG

Acting Chief Operating Officer
Medical Director, AsiaMedic Wellness Assessment Centre
General Manager, Complete Healthcare International
MD, MRCPCh, MMed (Paed), Dip (Pall Med)

Dr Wong is a graduate of the University of Western Ontario, Canada. She is a general practitioner with special interests in preventive medicine, palliative medicine, women's and children's health.

Dr Wong has been involved in preventive health and wellness care for individual and corporate clients at AsiaMedic Wellness Assessment Centre since year 2007. She is also in charge of Complete Healthcare International (CHI), a clinic delivering premium family medical care to clients.

In year 2016, together with the team, under Dr Wong's leadership, AsiaMedic has made a large stride by partnering Health Promotion Board (HPB) to deliver myopia and school health screening to pre-school and secondary school students in Singapore. AsiaMedic's presence in community health screening continues to grow and now spans across all spectrum of age groups, from pre-schoolers to elderly adults. The latest programs AsiaMedic is involved in include human papilloma virus vaccination for secondary school students, primary school students health screening, obesity screening in secondary schools and institutes of higher learning, community health screening and coaching as well as Project Silver Screen.

DR CELINE LEONG

Medical Director
Asiamedic Astique The Aesthetic Clinic
MBBS (Singapore), Graduate Diploma in Family Medicine (Singapore)

Dr Leong obtained her medical degree from the National University of Singapore. Her post-graduate qualifications include a Graduate Diploma in Family Medicine (GDFM) and Diploma in Aesthetic Medicine. She is also a member of the American Academy of Aesthetic Medicine. Dr Leong has practised full-time aesthetic medicine with an established aesthetic group practice since 2010. She has attained certificates of competency in administering dermal fillers, chemical peels, and performing laser treatments for hair removal, fractional skin resurfacing, and intense pulsed light, among others. She continues to further herself in overseas conferences and workshops to keep up with the latest advances in aesthetic medicine. Dr Leong's special interest is in lasers, botox and fillers. She believes that a holistic approach combining safe and effective procedures with an appropriate daily skincare regime will help everyone look their best.

DR CLARISSE CHONG

Head of Department and Senior Consultant Radiologist
MBBS, FRCR (UK), FAMS, AM (Mal), MBA

Dr Chong is the Head of Department & Senior Consultant Radiologist at The Orchard Imaging Centre. She has special interests in Breast imaging (Breast Radiology, Breast MRI and Image guided intervention), Teleradiology and Quality Improvement.

She graduated from the Faculty of Medicine at the National University of Singapore in 1984 and received her Fellowship of the Royal College of Radiologists (UK) in 1992. She is accredited as a Specialist in Diagnostic Radiology and is a Fellow of Academy of Medicine, Singapore since 2002. Following that, Dr Chong received her Masters of Business Administration in 2006.

Dr Chong has over 20 years of experience in both the private and public hospital settings and has been a Visiting Consultant at KK Women's and Children's Hospital, Singapore since 2016. Beside clinical work, Dr Chong has also contributed to the start-up of several radiology centres in Singapore and Malaysia.

MR STANLEY WOO

Group Financial Controller
B. Com.

Mr Woo holds a Bachelor of Commerce degree from the University of Melbourne. He oversees the Group's finance, accounting and taxation functions. He has more than 31 years of accounting and auditing experience. Mr Woo is a member of the Institute of Singapore Chartered Accountants.

FINANCIAL HIGHLIGHTS

	2014	2015	2016	2017	2018
	S$	S$	S$	S$	S$
Revenue	18,794,823	20,199,418	20,573,255	19,015,381	18,828,662
Profit/(Loss) before taxation	467,384	(1,873,457)	(2,029,304)	(4,228,107)	(4,043,913)
Profit/(Loss) for the year	646,012	(1,734,384)	(1,628,206)	(4,226,687)	(4,774,824)
Net profit/(loss) after tax attributable to owners of the Company	669,911	(1,779,182)	(1,628,440)	(4,226,687)	(4,774,824)
Share capital and reserves	13,954,793	12,183,313	13,381,895	9,138,913	4,376,695
	Cents	Cents	Cents	Cents	Cents
Earnings per share – Basic	0.20	(0.53)	(0.42)	(1.08)	(1.22)
– Diluted	0.20	(0.53)	(0.42)	(1.08)	(1.22)
Net asset value per share	4.12	3.59	3.43	2.34	1.12

GROUP STRUCTURE

SUBSIDIARIES (100%)

The Orchard Imaging Centre Pte Ltd
AsiaMedic Heart & Vascular Centre Pte Ltd
AsiaMedic PET/CT Centre Pte Ltd
AsiaMedic Wellness Assessment Centre Pte Ltd
Complete Healthcare International Pte Ltd
AsiaMedic Astique The Aesthetic Clinic Pte Ltd
AMC Healthcare Pte Ltd*
AsiaMedic Eye Centre Pte Ltd*

ASSOCIATE (33%)

Positron Tracers Pte Ltd

* Inactive

FINANCIAL REVIEW

The Group's revenue decreased by S$187,000 or 1% from S$19.0 million for the year ended 31 December 2017 ("**FY2017**") to S$18.8 million for the year ended 31 December 2018 ("**FY2018**"). The decrease was due mainly to lower revenue from the imaging business as a result of increased competition and lower specialist visitations by private patients. The revenue of our subsidiary, Complete Healthcare International ("**CHI**"), also decreased. However, these decreases were partially offset by higher revenue from the wellness business.

Other income increased from S$316,000 in FY2017 to S$342,000 in FY2018 due mainly to higher government grants received and rental income.

Consumables used decreased by S$125,000 or 6% due mainly to the lower revenue from the imaging and international clinic businesses. Personnel expenses increased by S$142,000 or 1% due mainly to higher headcount in the wellness business. Depreciation decreased by S$339,000 or 23% due mainly to certain property, plant and equipment being fully depreciated. Laboratory and consultancy fees increased by S$147,000 or 8% due mainly to the engagement of external radiologists during the year. Finance costs increased by S$13,000 or 16% due mainly to the shareholder's loans obtained in FY2018. Other operating expenses decreased by S$692,000 or 23% due to the absence of the expenses for the lapsed acquisition of LuyeEllium Healthcare Co., Ltd in FY2018. Such expenses amounted to S$598,000 in FY2017. Impairments were made for the imaging plant and equipment of $700,000 and the goodwill on acquisition of CHI of $1 million. Additional accrual of S$320,000 was made for the reinstatement of imaging plant and equipment. The share of results of associate increased by S$56,000 or 17% due to its higher sales. The Group also wrote-off deferred tax assets of $731,000.

As a result, the Group recorded a loss for the year of S$4.8 million in FY2018 compared to a loss of S$4.2 million in FY2017. Excluding the impact of impairments and provision, income tax expense, and acquisition expenses, the Group's loss for FY2018 would have been S$2 million (FY2017: S$2.1 million).

NON-CURRENT ASSETS

Non-current assets decreased from S$9.4 million as at 31 December 2017 to S$6.5 million as at 31 December 2018 due mainly to depreciation of property, plant and equipment and impairment of plant and equipment, goodwill and write off deferred tax assets.

CURRENT ASSETS

Current assets increased from S$6.4 million as at 31 December 2017 to S$6.5 million as at 31 December 2018 due mainly to the increase in trade receivables. Trade receivables increased from S$1.1 million as at 31 December 2017 to S$1.6 million as at 31 December 2018 due mainly to health screening projects.

CURRENT LIABILITIES

Current liabilities decreased from S$5.9 million as at 31 December 2017 to S$5 million as 31 December 2018 due mainly to the decrease in trade payables. The decrease in trade payables from $1.6 million as at 31 December 2017 to S$1.2 million as at 31 December 2018 was due mainly to the payment for purchase of medical equipment offset by additional accrual of removal cost pertaining to a MRI machine which is no longer in use.

NET CURRENT ASSETS

Net current assets increased from S$483,000 as at 31 December 2017 to S$1.5 million as at 31 December 2018.

NON-CURRENT LIABILITIES

Non-current liabilities increased from S$730,000 as at 31 December 2017 to S$3.7 million as at 31 December 2018 due mainly to shareholder's loans of S$3 million from Luye Medical Group Pte Ltd and additional provision for equipment reinstatement. This was partially offset by the repayment of bank loans and borrowings and obligations under finance leases.

CASH FLOW

The Group has a cash outflow from operating activities of S$2 million in FY2018 compared to an outflow of S$1.1 million in FY2017 due mainly to the changes in working capital. Cash flows from financing activities increased due mainly to the shareholder's loans of S$3 million obtained in FY2018, partially offset by lower repayments of obligations under finance leases and loans and borrowings and lower cash security requirements.

CORPORATE GOVERNANCE REPORT

The Board of Directors of AsiaMedic Limited (the "Company") is committed to ensuring that high standards of corporate governance and transparency are practised for the interest of all shareholders. This report describes the corporate governance framework and practices of the Company with specific reference made to each of the principles of the Code of Corporate Governance 2012 (the "Code") pursuant to Rule 710 of the Listing Manual (Section B: Rules of Catalist) (the "Catalist Rules") of the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the financial year ended 31 December 2018 ("FY2018"). The Monetary Authority of Singapore issued the revised Code (the "2018 Code") on 6 August 2018 which will take effect for annual reports covering financial years commencing from 1 January 2019. Nevertheless, the Company has also reviewed and implemented measures to comply with the 2018 Code, where appropriate. The Company confirms that it has adhered to the principles and guidelines of the Code and the 2018 Code (where applicable), and has specified each area of non-compliance, where appropriate. The Company will continue to improve its systems and corporate governance processes in compliance with the Code. There are other sections in this Annual Report which contain information required by the Code. Hence, shareholders should read this Annual Report in entirety.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: 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 the Management remains accountable to the Board.

The Board of Directors (the "Board") comprises four Directors having the appropriate mix of core competencies and diversity of experience to direct and lead the Company in FY2018. As at the date of this report, the Board comprises the following members:

Mr Charles Wang Chong Guang	Non-Executive Chairman (appointed on 22 March 2019)
Mr Tan Soo Kiat	Non-Executive Director (re-designated from Non-Executive Chairman to Non-Executive director on 22 March 2019)
Mr Goh Kian Chee	Lead Independent Director
Mr Chua Keng Woon	Independent Director (appointment on 15 August 2018)

Guideline 1.1
Board's role

The primary role of the Board is to lead and control the Group. It provides entrepreneurial leadership, sets the strategies of the Group (comprising the Company and its subsidiaries), and sets directions and goals for the Management (comprising the key executive officers of the Group). The Board also reviews to ensure that the Group has the necessary financial and human resources in place to meet the goals and objectives. The Board supervises the Management and monitors performance of these goals to enhance shareholders' value. The Board is responsible for the overall corporate governance of the Group including setting its strategic direction, establishing goals for the Management and monitoring the achievement of these goals. The Board also considers sustainability issues. The Board has adopted internal guidelines governing matters that require the Board's approval. The Board believes that enhancing focus on sustainability will place the Group in a better position to create value for shareholders while looking after the broader stakeholder community.

CORPORATE GOVERNANCE REPORT

Guidelines 1.2 and 1.5
Directors' roles and responsibilities, and internal guidelines on matters requiring Board's approval

Besides matters which are specifically required to be approved by the Board by statutes, the Company's Constitution, and the Catalist Rules, material transactions that require the Board's approval, amongst others, are:

(a) corporate strategies and initiatives;

(b) acquisitions, disposals, investments, and divestments of assets (which include equity, debt, business undertakings, and options to acquire/dispose of assets);

(c) internal controls, audit, risk management, and corporate governance practices;

(d) financial plans and budgets;

(e) capital structure and funding decisions;

(f) financial reports (including financial statements announcements and Annual Reports);

(g) accounting, financial, and remuneration policies and practices;

(h) material contracts, guarantees and commitments;

(i) conflicts of interest (where permitted by the Company's Constitution), related party transactions, and interested person transactions; and

(j) resolutions and corresponding documentation to be put forward to shareholders at general meetings.

All Directors are obliged to exercise due diligence and independent judgment, and make decisions objectively in the interests of the Group.

Guideline 1.3
Delegation of authority to Board Committees

As at the date of this report, the Board comprises four members, of whom two are Non-Executive Directors and two are Independent Directors.

	Board		Board Committees		
Name of Director	**Non-Executive Directors**	**Independent Directors**	**ARMC**	**RC**	**NC**
Mr Charles Wang Chong Guang	Chairman	–	–	–	–
Mr Tan Soo Kiat	Member	–	Member	Member	Member
Mr Goh Kian Chee	–	Lead Independent Director	Chairman	Chairman	Member
Mr Chua Keng Woon	–	Member	Member	Member	Chairman

The Board has formed the Audit and Risk Management Committee ("**ARMC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively, the "Board Committees" or individually, a "Board Committee") to assist in carrying out and discharging its duties and responsibilities efficiently and effectively.

These Board Committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis. The effectiveness of each Board Committee is also constantly reviewed by the Board.

CORPORATE GOVERNANCE REPORT

Guideline 1.4
Meetings of Board and Board Committees

The following table discloses the number of meetings held for Board and Board Committees and the attendance of the Directors in FY2018:

	Board	ARMC	RC	NC
Number of meetings held	5	2	1	3
		Number of meetings attended		
Mr Tan Soo Kiat[(1)]	5	2	1	3
Mr Goh Kian Chee[(2)]	5	2	1	3
Dr Hong Hai[(3)]	3	2	1	3
Mr Guo Wenfei[(4)] (Alternate Director: Mr Koh Boon How)[(5)]	4	NA	NA	NA
Mr Chua Keng Woon[(6)]	2	NA	NA	NA
Mr Charles Wang Chong Guang[(7)]	NA	NA	NA	NA

(1) Mr Tan Soo Kiat was first appointed as a Director on 3 June 2015 and was last re-elected as a Director on 23 April 2018.

(2) Mr Goh Kian Chee was appointed RC Chairman on 15 August 2018. Mr Goh was first appointed as a Director on 27 February 2006 and was last re-elected as a Director on 24 April 2017.

(3) Dr Hong Hai retired as Independent Director and RC and NC Chairman effective on 14 August 2018.

(4) Mr Guo Wenfei resigned as Non-Executive Director effective on 3 January 2019.

(5) Mr Koh Boon How ceased to be the Alternate Director to Mr Guo Wenfei effective on 3 January 2019 following the resignation of Mr Guo Wenfei.

(6) Mr Chua Keng Woon was appointed Independent Director and NC Chairman effective on 15 August 2018.

(7) Mr Charles Wang Chong Guang was appointed as Non-Executive Chairman effective on 22 March 2019.

While the Board considers Directors' attendance at Board meetings as important, it should not be the only criterion to measure their contributions. The Board also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group.

The Constitution of the Company provides for Directors to conduct meetings by teleconferencing or videoconferencing. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. The Board and Board Committees may also make decisions through circular resolutions.

Guidelines 1.6 and 1.7
Orientation, briefings, updates and trainings for Directors

The Company has in place an orientation process. A new incoming Director is issued a formal letter of appointment setting out his duties and obligations.

The new Director will also be briefed by the other Directors and the Management on the Group's strategic direction, corporate governance practices, business and organisation structure, and industry-specific knowledge. The new Director will also be introduced to the senior management to facilitate independent communication channels between the new Director and the senior management. Mr Chua Keng Woon who was appointed by the Board on 15 August 2018 had undergone the orientation process.

Mr Chua's directorship in the Company is his first directorship appointment in a listed company. Mr Charles Wang Chong Guang's directorship in the Company is his first directorship appointment in a listed company. Pursuant to Practice Note 4D of the Catalist Rules effective from 1 January 2019, a director who has no prior experience as a director of a listing applicant listed on the SGX-ST must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. In exceptional circumstances, first-time directors assessed by the issuer's nominating committee to possess relevant experience need not attend the mandatory training. As Mr Chua was appointed in August 2018, the appointment of Mr Chua is not subject to the new Practice Note 4D. Mr Wang was appointed in March 2019 and is subject to the new Practice Note 4D.

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Nevertheless, the NC has assessed whether Mr Chua and Mr Wang should undergo the mandatory training and arrived at the following conclusion.

Mr Chua is a Chartered Financial Analyst and has more than 20 years' extensive experience in regulating and providing corporate finance advisory to listed companies. He has held various positions in the banking and finance corporations, including the SGX-ST, investment banks and corporate finance houses. Having considered Mr Chua's qualifications and experience, the NC was of the view that he need not undergo the mandatory training prescribed for first time director of a listed company.

Mr Wang was the chief financial officer of several companies listed on the Hong Kong Stock Exchange since 2008. To enhance his knowledge about the SGX-ST and its rules and regulations, Mr Wang intends to attend the relevant trainings held by the Singapore Institute of Directors in FY2019.

The NC reviews and makes recommendations on the training and professional development programs to the Board as and when applicable.

On at least a half yearly basis, and as and when appropriate, the Board is briefed:

(1) by the Company Secretary and/or the external auditors on the financial, legal and regulatory requirements which include the following:

   (a) directors' duties in respect of the Group's financial statements;

   (b) enhanced provisions under the Catalist Rules;

   (c) amendments to the Companies Act, Chapter 50;

   (d) Code of Corporate Governance; and

   (e) financial reporting standards relevant to the Group.

(2) by the Management on the business environment and outlook for the Group's operations.

BOARD COMPOSITION AND BALANCE

Principle 2: 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.

Guidelines 2.1 and 2.2
Independent element of the Board

The Board consists of four Directors, two of whom are Non-Executive Directors and two are Independent Directors, one of them being the Lead Independent Director.

The Company satisfies the requirement of the Code as half of the Board is made up of Independent Directors.

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Guidelines 2.3 and 2.4
Independence of Directors

The criterion for independence is based on the definition given in the Code. The Code has defined 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 director's independent business judgment with a view to the best interests of the Group. The independence of each Director is reviewed annually by the NC, based on the definition of independence as stated in the Code.

The independence of Mr Goh Kian Chee and Mr Chua Keng Woon as Independent Directors are reviewed by the NC. Both Mr Goh and Mr Chua have confirmed their independence and that they do not have any 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 their independent judgement with a view to the best interests of the Company. The NC has determined that the Independent Directors constructively challenge and help develop proposals on strategy and review the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance. The NC considers both Mr Goh and Mr Chua are independent. Mr Goh and Mr Chua have abstained from the NC's deliberations of their respective independence.

Mr Goh has served as Independent Director for more than nine years. The Board has reviewed the assessment and recommendation of the NC on Mr Goh's independence and undertaken a rigorous review of the same. The Board is of the view that Mr Goh has engaged the Board in constructive discussion, his contributions are relevant and reasoned, and he has demonstrated independent judgement in his deliberations at Board and Board Committee meetings. The Board recognises that Mr Goh has over time developed significant insights in the Group's business and operations, accumulated a wealth of institutional memory for the orderly transfer of such knowledge and provided significant and valuable contribution objectively to the Board as a whole. Hence, the Board considers Mr Goh independent and that his length of services has not affected his independence. Mr Goh has abstained from the Board's review of his independence.

There are no other relationships or circumstances as stated in the Code that would deem an Independent Director not to be independent.

Guidelines 2.5 & 2.6
Composition and competency of the Board

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience and collectively possess the necessary core competencies for effective functioning and informed decision-making. The NC also considers the renewal of the Board for good governance.

Guideline 2.7
Role of Non-Executive Directors

During the year, the Non-Executive Directors constructively challenge and help develop both the Group's short-term and long-term business strategies. The Management's progress and performance in implementing such agreed business strategies are monitored by the Non-Executive Directors.

Guideline 2.8
Regular meetings of Non-Executive Directors

During the year, the Non-Executive Directors communicated among themselves without the presence of the Management as and when a need arose. The Company also benefited from the Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board Committee meetings.

Led by the Lead Independent Director, the Non-Executive Directors meet without the presence of the Management at least once a year.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: 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.

Guideline 3.1
Separate roles of Chairman and Chief Executive Officer

Mr Charles Wang was appointed the Non-Executive Chairman of the Board on 22 March 2019. Prior to that, Mr Tan Soo Kiat was the Non-Executive Chairman of the Board.

Mr Choo Kin Poo was the Chief Executive Officer ("CEO") until 1 March 2019. As announced by the Company on 22 March 2019, Dr Wong Kae Thong (who has been with the Group since 2007) will be taking on the role of the Acting Chief Operating Officer ("Acting COO") with effect from 8 April 2019. The Board is still continuing its search of internal and external candidates for a new CEO.

The roles of the Chairman and CEO (and Acting COO in the interim) are separate and distinct, each having his own areas of responsibilities. The Company's CEO (and Acting COO in the interim) heads the Management and is responsible for the day-to-day management and business affairs of the Group. The Company's CEO (and Acting COO in the interim) reports to the Board and is responsible for ensuring that policies and strategies adopted by the Board are implemented.

Guideline 3.2
Roles and Responsibilities of the Chairman

The Chairman chairs the meetings of the Board and ensures effectiveness of the Board including setting agenda for Board meetings with input from the Management, and ensures there is sufficient allocation of time for thorough discussion of each agenda item, promoting open environment for debate, and ensuring that all the Directors are able to speak freely and contribute effectively. Mr Tan Soo Kiat was the Chairman in FY2018.

Guidelines 3.3 and 3.4
Lead Independent Director

Mr Goh Kian Chee is the Lead Independent Director. Shareholders may contact Mr Goh at the Company's general meetings.

Mr Goh and Mr Chua had meetings periodically without the presence of other Directors. Feedback had been provided to Mr Tan Soo Kiat after such meetings.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Guideline 4.1
Nominating Committee

The NC comprises three members, a majority of whom are independent. The members of the NC are:

Mr Chua Keng Woon	Chairman	Independent Director
Mr Goh Kian Chee	Member	Lead Independent Director
Mr Tan Soo Kiat	Member	Non-Executive Director

CORPORATE GOVERNANCE REPORT

Guideline 4.2
NC's responsibilities

The NC has written terms of reference, under which the key functions of the NC are as follows:

(a) review of succession plans for directors and key management, in particular, the Chairman and the CEO (as well as the Acting COO);

(b) develop a process for evaluation of the performance of the Board, its Board Committees and Directors, and undertake assessment of the effectiveness of the Board, Board Committees and Directors, including reviewing multiple board representations of directors where applicable;

(c) review the training and professional development programs for the Board;

(d) recommend to the Board the appointment and re-appointment of Directors; and

(e) assess the independence of Independent Directors.

The NC will review Board succession plans for Directors, and will seek to refresh the Board membership in an orderly manner where it deems applicable.

Guideline 4.3
Determining Directors' independence

Each Director completes a checklist to confirm his independence on an annual basis. The NC has reviewed the independence of the Directors as mentioned under guidelines 2.3 and 2.4 above.

Guideline 4.4
Multiple board representations

The NC considers and it is of the view that it would not be appropriate to set a limit on the number of directorships that a Director may hold because Directors have different capabilities, and the nature of the organisations in which they hold appointments and the kind of committees on which they serve are of different complexities, and for each Director to personally determine the demands of his or her competing directorships and obligations and assess the number of directorships they could hold and serve effectively.

Guideline 4.5
Alternate Directors

Mr Koh Boon How was an Alternate Non-Executive Director to Mr Guo Wenfei until Mr Guo's resignation effective on 3 January 2019. Mr Koh Boon How ceased to be the Alternate Director to Mr Guo following the resignation of Mr Guo.

Guideline 4.6
Process for the selection and appointment and re-appointment of Directors

The NC will conduct an annual review of the composition of the Board in terms of the size and mix of skills and qualifications of Board members. It may, if it deems appropriate, recommend the appointment of additional directors to strengthen the composition of the Board or as part of ongoing Board renewal process. The NC will review and identify the desired competencies for a new appointment.

Where there is a resignation or retirement of an existing director, the NC will re-evaluate the Board composition to assess the competencies for the replacement. Once the NC has determined the desired competencies for an additional or replacement director to complement the skills and competencies of the existing Directors, it will submit its recommendations to the Board for approval. Candidates are first sourced through a network of contacts and identified based on the established criteria. Recommendations from the Directors and the Management are the usual source for potential candidates. Where applicable, search through external search consultants can be considered.

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The NC will shortlist candidates and conduct formal interviews with each of them to assess their suitability and to verify that the candidates are aware of the expectations and the level of commitment required. The sponsor will also interview the candidates for their suitability as directors. Finally, the NC will make recommendations on the appointment(s) to the Board for approval.

The Constitution of the Company requires a Director appointed by the Board to hold office only until the next Annual General Meeting and shall be eligible for re-election. Accordingly, Mr Chua Keng Woon and Mr Charles Wang Chong Guang who were appointed by the Board on 15 August 2018 and 22 March 2019 respectively will retire at the forthcoming annual general meeting ("AGM") pursuant to Regulation 88 of the Constitution of the Company. Mr Chua and Mr Wang have consented to stand for re-election at the forthcoming AGM.

The Constitution of the Company requires one-third of the Board to retire from office at each AGM. Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every 3 years. Mr Goh Kian Chee will retire by rotation at the forthcoming AGM pursuant to Regulation 89 of the Constitution of the Company. Mr Goh has consented to stand for re-election at the forthcoming AGM.

Guideline 4.7
Key information on Directors

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

Other key information of each member of the Board including directorships and chairmanships in other listed companies, other major appointments, and academic/professional qualifications can be found in the Board of Directors' profile section of the Annual Report.

BOARD PERFORMANCE

Principle 5: 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.

Guidelines 5.1 and 5.2
Conduct of Board performance

The NC examines the Board's size to satisfy that it is appropriate for effective decision making, taking into account the nature and scope of the Group's operations.

The NC has reviewed and evaluated the performance of the Board as a whole, taking into consideration the attendance record at the meetings of the Board and Board Committees and also the contribution of each Director to the effectiveness of the Board. Notwithstanding that some of the Directors have multiple board representations, the NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group.

This process includes having the Directors complete a performance evaluation form seeking their evaluation on various aspects of board performance, such as the Board's level of governance, effective delegation to the Board Committees, leadership and accountability, which are the same performance criteria used in previous evaluation. The individual Directors also complete a self and peer assessment form. The Company Secretary compiles the Board and individual Directors' evaluation into a consolidated report. The report is discussed at the NC meeting and also shared with the entire Board.

The NC has reviewed the evaluations of the Board and individual Directors and is satisfied that the Board and each of the Board Committees have been effective in the conduct of its duties and the Directors have each contributed to the effectiveness of the Board and the Board Committees.

CORPORATE GOVERNANCE REPORT

Guideline 5.3
Evaluation of individual Director

The individual Director is assessed on his knowledge of the Group's business and operations, business acumen, knowledge of corporate governance, contribution and engagement, communication and integrity. The Chairman will act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors.

Where a Director has multiple board representations, the NC will evaluate whether or not the Director is able to carry out and has been adequately carrying out his duties as a Director of the Company. For the current year, the Board is satisfied that each Director has allocated sufficient time and resources to the affairs of the Company.

ACCESS TO INFORMATION

Principle 6: 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.

Guidelines 6.1 and 6.2
Board's access to information

All Directors are from time to time furnished with information concerning the Group to enable them to be fully cognizant of the decisions and actions of the Management. The Board has unrestricted access to the Group's records and information. As a general rule, Board and Board Committee papers are circulated at least three business days prior to the meeting. The Board receives quarterly management financial statements which includes explanations on material variances between projections and actual results.

The Management are available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at Board meetings, or by external consultants engaged on specific projects.

Guideline 6.3
Board's access to Company Secretary

The Board has separate and independent access to the Company Secretary and the Management at all times in carrying out their duties. The Company Secretary attends all meetings of the Board and the Board Committees of the Company, and ensures that relevant Board and Board Committee procedures are followed and that applicable rules and regulations are complied with. The minutes of all Board and Board Committee meetings are circulated to the Board.

Guideline 6.4
Appointment and removal of Company Secretary

The appointment and removal of the Company Secretary is subject to the approval of the Board.

Guideline 6.5
Board's access to independent professional advice

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

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his remuneration.

Guidelines 7.1 and 7.2
Remuneration Committee

The RC comprises three members, all of whom are Non-Executive and a majority of whom are Independent Directors, including the Chairman of the RC. The members of the RC are:

Mr Goh Kian Chee	Chairman	Lead Independent Director
Mr Chua Keng Woon	Member	Independent Director
Mr Tan Soo Kiat	Member	Non-Executive Director

The RC carried out their duties in accordance with the terms of reference which include the following among other things:

(a) review and recommend to the Board a framework for remuneration for the Directors, CEO, and key management personnel of the Group;

(b) review and recommend Directors' fees for Non-Executive Directors (including Independent Directors) for approval at the AGM;

(c) determine specific remuneration packages for each executive director (if applicable), CEO, as well as key management personnel;

(d) review the Group's obligations arising in the event of termination of the executive directors', CEO's and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and

(e) review the remuneration of employees who are immediate family members of Directors or the CEO to ensure that the remuneration of each of such employee commensurates with his or her duties and responsibilities, and no preferential treatment is given to him or her.

All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits in-kind, will be covered by the RC. Each RC member will abstain from voting on any resolution in respect of his remuneration package.

The recommendations of the RC will be submitted to the Board for endorsement. The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expenses of such services shall be borne by the Company.

There are no termination and retirement benefits that may be granted to the CEO or any key management personnel.

With reference to (e) above, Mr Goh abstained from the review of the remuneration of his daughter who is an employee of the Company. Please refer to Guideline 9.4 for further information.

Guideline 7.3
RC's access to expert advice on remuneration matters

The RC may seek expert advice on Directors' remuneration matters when necessary.

Guideline 7.4
Service contract

There are currently no Executive Directors. Each of the CEO and key management personnel has an employment contract with the Company which can be terminated by either party giving notice of resignation/termination. Each appointment is on an ongoing basis and no onerous or over-generous removal clauses are contained in the letter of employment.

LEVEL, MIX AND DISCLOSURE OF REMUNERATION

Principle 8: 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.

Guideline 8.1
Remuneration of executive directors and key management personnel

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and in comparable companies.

There are currently no executive directors. The CEO and key management personnel are paid a basic salary and a performance-related variable bonus pursuant to their respective service agreements. The factors for paying the bonus are the Group's performance and the performance of the personnel which contributed to the Group's performance.

The RC has reviewed the remuneration framework of the key management personnel to ensure that their compensation aligns with the long term interest of the Group.

Guideline 8.2
Long-term incentive scheme

The Company has in place share incentive schemes, namely the AsiaMedic Share Award Scheme and the AsiaMedic Employee Share Option Scheme 2016. The RC has reviewed and is satisfied that the existing remuneration structure for key management personnel for their fixed and variable components would continue to be adequate in incentivising performance without being over-excessive.

Guideline 8.3
Remuneration of Non-Executive Directors

Non-Executive and Independent Directors do not have service contracts. Their fee comprises a basic retainer fee and additional fees for appointment to Board Committees in accordance with their level of responsibilities as chairman or member of the Board Committees or other additional duties.

The RC has reviewed the fee structure for the Non-Executive Directors and Independent Directors as being reflective of their responsibilities and work commitments and recommends the Directors' fee for FY2018 for shareholders' approval at the Company's AGM.

Guideline 8.4
Contractual provisions

The Company does not have any contractual provisions in the employment contracts for the Company to reclaim incentive components of remuneration from CEO or key management personnel. The Board is of the view that as the Group pays bonuses based on the actual performance (and not on forward-looking results or targets) of the operating unit as well as the individual. Hence, "claw-back" provisions are not relevant nor appropriate.

CORPORATE GOVERNANCE REPORT

DISCLOSURE OF REMUNERATION

Principle 9: 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.

Guidelines 9.1, 9.2 and 9.3
Remuneration report

The remuneration of the Directors and CEO of the Company for FY2018 are as follows:

	Directors' fee %	Salary %	Bonus %	Other benefits %	Total %
Non-Executive Directors					
Mr Tan Soo Kiat	100%	–	–	–	100%
Mr Guo Wenfei(1)	100%	–	–	–	100%
Independent Directors					
Mr Goh Kian Chee	100%	–	–	–	100%
Dr Hong Hai(2)	100%	–	–	–	100%
Mr Chua Keng Woon(3)	100%	–	–	–	100%
Chief Executive Officer					
Choo Kin Poo(4)	–	89%	–	11%	100%

(1) Resigned effective on 3 January 2019
(2) Retired effective on 14 August 2018
(3) Appointed effective on 15 August 2018
(4) Resigned effective on 1 March 2019

The aggregate Directors' fee for FY2018 was S$151,000. The fee of each Director was below S$100,000. The remuneration band of Mr Choo Kin Poo, the CEO of the Company, for FY2018 was below S$250,000.

Top five key management personnel

The Code recommends that the remuneration of at least the top five key management personnel (who are not Directors or the CEO) be shown in bands of S$250,000. However, the Company believes that it is not in the best interests of the Company to disclose the details of the remuneration of each of the top five key management personnel given the highly competitive industry conditions.

Under the Group's organizational structure, there were only four top key management personnel (who are not Directors or the CEO) in FY2018. The aggregate total remuneration paid to the top four key management personnel amounted to S$1,347,240 for FY2018.

Guideline 9.4
Employee related to Directors/CEO

The Group does not have any employee who is an immediate family member of a Director or CEO whose remuneration exceeded S$50,000 in FY2018. Mr Goh Kian Chee's daughter is an employee of the Company. However, her remuneration does not exceed S$50,000 in FY 2018.

Guideline 9.5
Employee share scheme

The AsiaMedic Employee Share Option Scheme, approved at an extraordinary general meeting held on 19 January 2016 was put in place to allow the Company to have flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees. No options or shares were issued for FY2018.

Guideline 9.6
Link between remuneration and performance

The performance of all staff (including key management personnel) are evaluated annually. Key performance indicators of key management personnel include their departmental performance, operational efficiencies and cost controls. The overall assessment of the key management personnel as well as their remuneration package are submitted to the RC for review.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Guideline 10.1
Accountability for Company's performance, position and prospects

The Board is accountable to the shareholders and is mindful of its obligations to ensure compliance with the Catalist Rules. The Directors have each signed the respective undertaking in the form set out in Appendix 7H of the Catalist Rules to undertake to use their best endeavours to comply with the Catalist Rules and to procure that the Company shall so comply. The Directors have also procured a similar undertaking by the CEO and the Group Financial Controller ("GFC") in their capacity as Executive Officers.

In presenting the Group's annual and half yearly financial statements to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Group's performance, position and prospects.

Guideline 10.2
Compliance with legislative and regulatory requirements

The Board also reviews regulatory compliance reports from the Management to ensure that the Group complies with the relevant regulatory requirements.

Guideline 10.3
Management accounts

The Management provides members of the Board with management accounts which present a balanced and understandable assessment of the Group's monthly performance, position and prospects on at least a quarterly basis.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: 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 the 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.

Guidelines 11.1 and 11.2
Risk management and internal controls system

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of operational, financial and compliance risks. The Board approves the key management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instils the right risk focused culture throughout the Group for effective risk governance.

The Board has approved a Group Risk Management Framework for the identification of key risks within the business which is aligned with the ISO 31000:2009 Risk Management framework.

Management's responsibilities in risk management

The Management reports to the ARMC on the Group's risk profile, the status of risk mitigation action plans and updates on the following areas:

- Assessment of the Group's key risks by major business units and risk categories.
- Identification of specific risk owners who are responsible for the risks identified.
- Description of the processes and systems in place to identify and assess risks.
- Status and changes in action plan undertaken to manage key risks.
- Description of the risk monitoring and escalation processes and also the control systems in place.

Annual review of risk management and internal control systems

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

In order to obtain assurance that the risks are managed adequately and effectively, the Board had reviewed an overview of the risks which the Group is exposed to, as well as an understanding of what counter-measures and internal controls are in place to manage them.

The Management is responsible for designing, implementing and monitoring the risk management and internal control systems in accordance with the policies on risk management and internal controls.

The Board has obtained a written confirmation from the CEO and the GFC that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the internal controls established and maintained are adequate and effective in addressing the operational, financial, compliance, and information technology risks faced by the Group.

CORPORATE GOVERNANCE REPORT

Guideline 11.3
Board's comment on adequacy and effectiveness of internal controls

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, whistle blowing policy and reviews performed by the Management, the Board and relevant Board Committees, the Board is of the opinion that the Group's risk management and internal control systems are adequate and effective to address the financial, operational, compliance and information technology controls for FY2018. The ARMC concurs with the Board's opinion based on their reviews of audit findings on internal controls and risks with the internal and external auditors and the whistle blowing policy and procedures which are in place.

The Board notes that the system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Guideline 11.4
Risk Committee

The ARMC assists the Board in its risk oversight to ensure that a review of the effectiveness of the Group's material internal controls, including financial, operational and compliance controls and risk management systems, is conducted annually.

AUDIT AND RISK MANAGEMENT COMMITTEE

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

Guideline 12.1
Audit and Risk Management Committee membership

The Audit and Risk Management Committee ("ARMC") comprises three members, all of whom are Non-Executive and the majority of whom are Independent Directors. The ARMC comprises the following members:

Mr Goh Kian Chee	Chairman	Lead Independent Director
Mr Chua Keng Woon	Member	Independent Director
Mr Tan Soo Kiat	Member	Non-Executive Director

Guidelines 12.2 and 12.8
Expertise of ARMC members

Widely experienced in regional management and finance, Mr Goh (the ARMC Chairman) had previously held senior executive positions with large multinational companies. The other members of the ARMC have extensive experience in accounting, corporate finance, business management and strategic planning. The Board is satisfied that the members of the ARMC have recent and relevant accounting or related financial management expertise or experience to discharge the ARMC's functions.

CORPORATE GOVERNANCE REPORT

Guidelines 12.3 and 12.4
Roles, responsibilities and authorities of ARMC

The ARMC functions under the terms of reference which set out the following among other things:

(a) to review the audit plans of both the internal and external auditors;

(b) to review the auditors' reports and their evaluation of the Group's system of internal controls;

(c) to review the co-operation given by the Group's officers to the internal and external auditors;

(d) to review the financial statements of the Group with external auditors and to receive assurance from the CEO and the CFO (or equivalent) before submission to the Board;

(e) to review the effectiveness and adequacy of the internal audit and finance functions and co-operation given by the Management to the internal and external auditors;

(f) to nominate and review the appointment of the internal and external auditors;

(g) to review the independence and audit quality indicators of the external auditors and make recommendations to the Board on the appointment, re-appointment and removal of the external auditors;

(h) to review interested person transactions and potential conflicts of interest; and

(i) to review arrangements by which the staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting.

The ARMC also reviewed the key audit matters ("KAMs") set out in the external auditor's report for FY2018. The external auditor has identified the KAMs as (i) impairment assessment on goodwill, (ii) impairment assessment on property, plant and equipment, and (iii) impairment assessment on investment in subsidiaries and amounts due from subsidiaries.

The ARMC considered and evaluated the methodology and key assumptions applied by the Management in the impairment assessment on goodwill. The ARMC reviewed the appropriateness and reasonableness of the underlying assumptions applied in determining the recoverable amount of the cash generating units identified in the impairment assessment on goodwill.

The ARMC considered and evaluated the methodology and key assumptions applied by the Management in the impairment assessment on property, plant and equipment. The ARMC reviewed the appropriateness and reasonableness of the underlying assumptions applied in determining the recoverable amount of the cash generating units identified in the impairment assessment on property, plant and equipment.

The ARMC considered and evaluated the methodology and key assumptions applied by the Management in the impairment assessment on investment in subsidiaries and amounts due from subsidiaries. The ARMC reviewed the appropriateness and reasonableness of the underlying assumptions applied in determining the recoverable amount of the subsidiaries identified in the impairment assessment on investment in subsidiaries and amounts due from subsidiaries.

The ARMC is satisfied that the methodologies and key assumptions applied by the Management to the impairment assessment on goodwill, the carrying value of property, plant and equipment, and investment in subsidiaries and amounts due from subsidiaries were appropriate.

The ARMC has the power to conduct or authorise investigations into any matter within the ARMC's scope of responsibility. The ARMC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

CORPORATE GOVERNANCE REPORT

Each member of the ARMC shall abstain from voting on any resolutions in respect of matters he is interested in.

The ARMC has full access to and co-operation of the Management and has full discretion to invite any Director, employee or consultant to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

Guideline 12.5
Meeting with external and internal auditors without presence of the Management

The ARMC meets with both the internal and external auditors without the presence of the Management at least once a year.

Guideline 12.6
Independence of external auditors

The external auditors of the Group are Ernst & Young LLP. They are registered with the Accounting and Corporate Regulatory Authority and a suitable audit firm in accordance with Rule 712 of the Catalist Rules. A different auditor has been appointed for the Group's associated company. The name of the auditor is disclosed in the financial statements. The Board and the ARMC are satisfied that the appointment of different auditor for its associated company would not compromise the standard and effectiveness of the audit of the Group, and accordingly, Rule 716 of the Catalist Rules has been complied with.

The ARMC considers the external auditors' findings and where necessary sought further confirmation or explanation from the Management. On the key audit matters mentioned by the external auditors, the ARMC discussed with the external auditors and the Management, and deemed that the list of key audit matters has been appropriately addressed and disclosed in the financial statements.

The ARMC is also satisfied with the adequacy of the scope and quality of the audits reviews performed by the external auditors. The ARMC has recommended that Ernst & Young LLP be nominated for re-appointment as auditors at the forthcoming AGM.

Guideline 12.7
Whistle-blowing

The Company has in place a whistle-blowing policy which is published in the handbook of human resources department. The handbook clearly defines the scope of the whistle-blowing and sets out the procedures for raising concern or making a complaint and the process of investigation and dealing with the outcome of the investigation.

Staff are free to bring complaints to the attention of their supervisors and department heads, the human resources manager, or any of the senior management. The recipient of such complaints shall forward them promptly to the ARMC Chairman. Staff also can choose to send the complaint directly to the ARMC Chairman. The ARMC Chairman will treat all information received confidentially and protect the identity of all whistle-blowers. Following investigation and evaluation of a complaint, the ARMC Chairman shall report to the ARMC on recommended disciplinary or remedial action, if any. The action determined by the ARMC to be appropriated shall then be brought to the Board or to appropriate members of senior management for authorization and implementation respectively.

The policy is communicated to all staff of the Group as part of the Company's efforts to promote awareness of fraud control.

Guideline 12.8
ARMC to keep abreast of changes to accounting standards

In addition to the activities undertaken to fulfil its responsibilities, the ARMC is kept up to date by the management, external and internal auditors on changes to financial reporting and accounting standards, the SGX-ST rules and other codes and regulations which can have an impact on the Group's business and financial statements.

Guideline 12.9
Partners or directors of the Company's auditing firm

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the ARMC.

CORPORATE GOVERNANCE REPORT

INTERNAL AUDIT

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

Guidelines 13.1 and 13.2
Internal auditors

Guideline 13.5
Adequacy and effectiveness of internal audit function

Guidelines 13.3 and 13.4
Internal audit function

The Company outsources its internal audit function to Yang Lee & Associates. The internal auditors report directly to the ARMC and internal control weaknesses identified during the internal audit reviews and the recommended corrective actions are reported to the ARMC periodically.

The ARMC reviews and approves the internal audit scope and plan to ensure that there is sufficient coverage of the Group's activities. It also oversees the implementation of the internal audit plan and ensures that the management provides the necessary co-operation to enable the internal auditors to perform its function.

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

The ARMC reviews the adequacy of the internal audit function annually to ensure that the internal audits are performed effectively. The ARMC is satisfied that the internal auditors are staffed by qualified and experienced personnel.

The internal auditors completed one review during FY2018 in accordance with the internal audit plan approved by the ARMC with reference to the Group Risk Management Framework. The internal auditors also audited the interested person transactions entered into under the general mandate adopted by the Company in April 2017. During the review, the internal auditors have unfettered access to the relevant documents, records, properties and personnel of the Group. The findings and recommendations of the internal auditors, the management's responses, and the management's implementation of the recommendations have been reviewed and approved by the ARMC. The ARMC is of the view that the internal audit function is independent, effective and adequately resourced.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: 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.

Guideline 14.1
Sufficient information to shareholders

In line with the continuous obligations of the Company pursuant to the Catalist Rules, the Board's policy is that all shareholders be informed of all major developments that impact the Group.

The Group also maintains a website at http://www.asiamedic.com.sg at which shareholders can access information on the Group. The website provides, inter alia, corporate announcements, press releases and profiles of the Group.

Information is disseminated to shareholders on a timely basis through:

(a) SGXNET announcements and news releases;

(b) Annual Reports issued to all shareholders;

(c) press releases on major developments of the Group;

(d) notices of and explanatory notes for the AGMs and extraordinary general meetings ("EGMs"); and

(e) the Company's website at www.asiamedic.com.sg, where shareholders can access information on the Group.

In accordance with the Catalist Rules of the SGX-ST, the Company does not practise selective disclosure and price sensitive information is publicly released on an immediate basis where required under the Listing Rules.

Guideline 14.2
Providing opportunity for shareholders to participate and vote at general meetings

To facilitate participation by Shareholders, all general meetings of the Company are held in Singapore. Shareholders have the opportunity to participate effectively in and to vote at general meetings of Shareholders.

Guideline 14.3
Proxies for nominee companies

The Company will have separate resolutions at general meetings on each distinct issue. The Company's Constitution allows a member (other than a relevant intermediary as defined in Section 181 of the Companies Act) to appoint one or two proxies to attend and vote at its general meetings. The Companies Act allows relevant intermediaries which include CPF agent banks nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF agent banks' proxies.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Guidelines 15.1 and 15.2
Timely information to and engagement with shareholders

The Company's AGMs are the principal forums for dialogue with shareholders. The Chairmen of the various Board Committees are normally available at the meetings to answer any question relating to the work of the Board Committees. The external auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

Guideline 15.3
Regular dialogue with shareholders

Shareholders are encouraged to attend the AGMs and the EGMs to ensure a high level of accountability and to stay apprised of the Group's strategy and goals. Notices of the meetings will be advertised in the newspapers and announced on the SGXNET. Minutes of meetings are also taken.

CORPORATE GOVERNANCE REPORT

Guideline 15.4
Soliciting and understanding views of shareholders

All Directors, including chairpersons of the ARMC, NC and RC are encouraged to be present at the AGM. At the AGM, shareholders are given the opportunity to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters.

Guideline 15.5
Dividend

The details of dividend payment to shareholders will be disclosed via the release of the announcements through SGXNET. For FY2018, no dividend is declared or recommended due to the performance of the Group. The Company does not have a policy on payment of dividend. The Board will consider the Group's level of cash and retained earnings and projected working capital requirements, capital expenditure and investments in proposing a dividend.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: 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.

Guideline 16.1
Effective shareholders' participation

All resolutions at the forthcoming AGM would be put to vote by poll. This will allow greater transparency and more equitable participation by shareholders. Voting and vote tabulation procedures are disclosed at the general meetings. The poll results will be read out to shareholders immediately after vote tabulations. The result of the resolutions is also announced after the general meetings via SGXNET.

The Company does not consider voting in absentia by remote means as this may only be possible with legislative changes to effect and recognise remote voting. The Company's constitution allowing appointment of proxies as mentioned above allows a shareholder who is absent from a general meeting to exercise his vote in absence through his proxy or proxies.

Guideline 16.2
Separate resolutions at general meetings

The Company will have separate resolutions at general meetings on each distinct issue.

Guideline 16.3
Attendance of Chairman of the Board and Board Committees at general meetings

The Directors, including the chairpersons of each of the Board Committees are available at the meetings to address shareholders' queries. The external auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

Guideline 16.4
Minutes of general meetings

The minutes of the general meetings are taken and are available to shareholders for their inspection upon request.

CORPORATE GOVERNANCE REPORT

Guideline 16.5
Results of resolutions by poll

All resolutions at general meetings are put to vote by electronic poll. Voting and vote tabulation procedures are disclosed at the general meetings. Votes cast for, or against, each resolution will be read out at shareholders immediately after vote tabulations. The total numbers of votes cast for or against the resolutions are also announced after the general meetings via SGXNET.

DEALINGS IN SECURITIES

In line with Rule 1204(19) of the Catalist Rules, the Company does not deal in its own shares one month before the announcement of the Group's half-year and year-end financial statements. The Company issues circulars to its Directors and staff to remind them that (i) they should not deal in shares of the Company on short-term considerations or if they are in possession of unpublished material price-sensitive information; and (ii) they are required to report on their dealings in shares of the Company. The Directors and staff are also reminded of the prohibition in dealing in shares of the Company one month before the announcement of the Group's half-year and year-end financial statements. The restriction in dealings in securities is also extended to directors, employees and staff of the subsidiary companies.

INTERESTED PERSON TRANSACTIONS

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Brookline Medical Pte. Ltd.	Nil	S$224,000 (Provision of imaging services under the general mandate)

Saved as disclosed, there were no other reportable interested person transactions.

MATERIAL CONTRACTS

Saved as disclosed, there were no material contracts entered into by the Company or any of its subsidiary companies involving the interest of the Directors or a controlling shareholder.

NON-SPONSOR FEES

There were no non-sponsor fees paid in FY2018.

DIRECTORS' STATEMENT

The Directors hereby present their statement to the members together with the audited consolidated financial statements of AsiaMedic Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2018.

1. Opinion of the Directors

In the opinion of the Directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

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

2. Directors

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

Charles Wang Chong Guang	Non-Executive Chairman	(Appointed on 22 March 2019)
Tan Soo Kiat	Non-Executive Director	(Re-designated on 22 March 2019)
Goh Kian Chee	Lead Independent Director	
Chua Keng Woon	Independent Director	(Appointed on 15 August 2018)

3. Arrangements to enable Directors to acquire shares and debentures

Except as described in section 5 and 6 below, 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 object is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. Directors' interests in shares and debentures

The following Directors, who held office at the end of financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of Director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Tan Soo Kiat	–	–	8,000,000	8,000,000
Guo Wenfei	2,000,000	2,000,000	–	–
Koh Boon How	1,500,000	1,500,000	–	–
Share options of the Company				
Goh Kian Chee	150,000	150,000	–	–

DIRECTORS' STATEMENT

Tan Soo Kiat's deemed interest arises from ordinary shares held in a nominee account.

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

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

5. AsiaMedic Employee Share Option Scheme

At an extraordinary general meeting held on 19 January 2016, shareholders approved the "AsiaMedic Employee Share Option Scheme 2016" for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible employees, Directors and consultant radiologists.

The scheme is administered by the Remuneration Committee.

The options that are granted under the scheme may have exercise prices that are set at the market price or at a discount to the market price (subject to a maximum discount of 20%). Options which are fixed at the market price may be exercised after the first anniversary of the date of grant while options exercisable at a discount to the market price may only be exercised after the second anniversary from the date of grant. Options granted under the scheme will have a life span of up to 10 years. Options are forfeited if the grantee leaves the Group.

No share options under the scheme were granted during the financial year.

Date of grant	Balance at 1 Jan 2018	Aggregate options lapsed/ forfeited during the financial year	Balance at 31 Dec 2018	Exercise price	Discount to prevailing market price
15 Jun 2016	1,674,000	(150,000)	1,524,000	$0.056	11.1%

The exercisable period for the employee share options scheme granted in 2016 is 15 June 2016 to 14 June 2026. Particulars of employee share options scheme granted in 2016 were set out in the Directors' statement for the financial year ended 31 December 2016.

The information on Director of the Company still participating in the scheme is as follows:

Name of Grantee	Options granted during the financial year under review	Aggregate options granted since commencement of scheme to the end of the financial year under review	Aggregate options exercised/lapsed since commencement of the scheme to the end of the financial year under review	Aggregate options outstanding as at the end of the financial year under review
Goh Kian Chee	–	150,000	–	150,000

Mr Goh Kian Chee did not participate in any deliberation or decision in respect of the options granted to him.

DIRECTORS' STATEMENT

Since the commencement of the scheme till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company and their associates (as defined in the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited).
- No grantee has received 5% or more of the total options available under the scheme.
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporations have been granted.

6. AsiaMedic Share Award Scheme

The Company has a remuneration scheme known as the "AsiaMedic Share Award Scheme" pursuant to approval obtained from its shareholders at an extraordinary general meeting held on 30 April 2011.

The scheme is administered by the Remuneration Committee. No award has been granted since the adoption of the scheme.

7. Audit and Risk Management Committee

The Audit Committee of the Company was re-designated the Audit and Risk Management Committee (ARMC) on 28 February 2014 to better reflect its risk oversight responsibilities. The ARMC carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors
- Reviewed the half yearly and annual financial statements and the independent auditor's report on the annual financial statements of the Group and the Company and to receive assurance from Chief Executive Officer and the Group Financial Controller before their submission to the Board of Directors
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARMC
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor
- Reviewed the nature and extent of non-audit services provided by the external auditor
- Recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit
- Reported actions and minutes of the ARMC to the Board of Directors with such recommendations as the ARMC considered appropriate
- Reviewed interested person transactions in accordance with the requirements of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited

DIRECTORS' STATEMENT

The ARMC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor.

The ARMC convened two meetings during the year with full attendance from all members.

The ARMC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the ARMC are disclosed in the Corporate Governance Report.

8. Auditor

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

On behalf of the board of Directors:

Charles Wang Chong Guang
Director

Goh Kian Chee
Director

Singapore

28 March 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASIAMEDIC LIMITED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Impairment assessment of goodwill

The Group recorded goodwill of $1.6 million and $524,000 arising from the acquisition of Complete Healthcare International ("CHI") and AsiaMedic Astique The Aesthetic Clinic ("AATAC") respectively in 2013. For impairment testing purpose, as disclosed in Note 14 to the financial statements, the goodwill had also been allocated to CHI and AATAC which are the respective cash generating units ("CGU"). Following management's impairment assessment, an impairment charge of $1.0 million was recorded for CHI for the year ended 31 December 2018.

In determining the recoverable amounts of the respective CGU, management used a value-in-use calculation that was based on budgets and forecasted cash flows. The estimation of the recoverable amount was dependent on certain estimates such as expected cash flows, growth rates and discount rates. Accordingly, we have identified this as a key audit matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASIAMEDIC LIMITED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

– obtained an understanding of management's process in their determination of recoverable amounts of the CGUs;

– tested the reasonableness of the inputs, data and methodology used by management to derive the recoverable amounts of the CGU by comparing to historical data, financial budgets approved by the board and external data such as growth rate. We discussed with management to obtain an understanding of the business environment to corroborate our testing of the reasonableness of the data used by management;

– involved our internal valuation specialist to assist us in the evaluation of the reasonableness of discount rate applied in the value-in-use model;

– reviewed the results of the impairment assessment performed by management by comparing the carrying values of the CGU to their respective recoverable amounts, and assessed if the carrying amounts exceed the recoverable amounts; and

– assessed the adequacy of the disclosures in Note 14 to the financial statements.

Impairment assessment on property, plant and equipment

The carrying value of the Group's property, plant and equipment ("PPE"), which consist principally of medical equipment, amounted to $3.9 million as of 31 December 2018. PPE is tested for impairment whenever there are indications of impairment. Following management's impairment assessment, $0.7 million impairment charge was recorded for the year ended 31 December 2018.

The carrying value of the Group's PPE was significant to our audit due to its magnitude and the significant management judgment involved in the impairment assessment. The estimation of the recoverable amount was dependent on certain estimates such as expected cash flows, growth rates and discount rates. Accordingly, we have identified this as a key audit matter.

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

– obtained an understanding of management's process and their determination of recoverable amounts;

– tested the reasonableness of the inputs and data used by management to derive the recoverable amounts by comparing to historical data, financial budgets approved by the board and external data such as growth rate. We also discussed with management to obtain an understanding of the business environment to corroborate our testing of the reasonableness of the data used by management;

– involved our internal valuation specialist to assist us in the evaluation of the reasonableness of discount rate applied in the value-in-use model;

– reviewed the results of the impairment assessment performed by management by comparing the carrying values of the assets to their respective recoverable amounts, and checked management's computation in recognizing impairment losses for those plants and equipment whose carrying amounts exceeded the recoverable amounts; and

– assessed the adequacy of the disclosures in Note 10 to the financial statements.

Impairment assessment on investment in subsidiaries and amount due from subsidiaries

The Company has investment in subsidiaries amounting to $0.4 million net of impairment losses of $1.6 million, and amounts due from subsidiaries amounting to $1.8 million net of impairment loss of $5.0 million as at 31 December 2018 respectively. The impairment assessment on investment in subsidiaries and amount due from subsidiaries were significant to our audit due to the magnitude and significant management judgment involved in the impairment assessment process. Accordingly, we have identified this as a key audit matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASIAMEDIC LIMITED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Management performed impairment assessment for subsidiaries with indicators of impairment. Based on management's assessment, impairment charge of $1.6 million was recorded to write down the carrying amount of the investments in subsidiaries during the year.

For impairment assessment on investment in subsidiaries, we performed the following procedures, amongst others:

– obtained an understanding of management's process in their determination of recoverable amounts of the investment in subsidiaries;

– tested the reasonableness of the inputs, data and methodology used by management to derive the recoverable amounts by comparing to historical data of the subsidiaries, financial budgets approved by the board and external data such as growth rate. We discussed with management to obtain an understanding of the business environment to corroborate our testing of the reasonableness of the data used by management;

– involved our internal valuation specialist to assist us in the evaluation of the reasonableness of discount rate applied in the value-in-use model; and

– reviewed the results of the impairment assessment performed by management by comparing the carrying values of the investments in subsidiaries to their respective recoverable amounts, and checked management's computation in recognizing impairment losses when their carrying amounts exceeded the recoverable amounts.

The Company provided for expected credit loss ("ECL") on the amounts due from subsidiaries based on the general approach. Based on management's assessment, an ECL allowance of $5.0 million was recgonised on the amounts due from its subsidiaries during the year.

For impairment assessments on amounts due from subsidiaries, we performed the following procedures, amongst others:

– obtained an understanding and reviewed the key data sources used in the ECL model;

– checked the appropriateness of the Company's assumptions in the determination of significant increase in credit risk and the resultant basis of classification of exposures into various stages under the ECL general approach;

– discussed with management and corroborated the assumptions using historical data and publicly available information where available, in relation to the estimation of default rate and loss exposure at default used by the Company, and consideration of forward looking adjustments; and

– checked arithmetic computation of the loss allowance used in the ECL model

We assessed the adequacy of the disclosures investment in subsidiaries and amounts due from subsidiaries in Note 11 and 18 to the financial statements.

Other information

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASIAMEDIC LIMITED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASIAMEDIC LIMITED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Ng Boon Heng.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

28 March 2019

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
Revenue	4	18,828,662	19,015,381
Other income	5	341,770	316,355
Items of expense			
Consumables used		(1,986,310)	(2,110,825)
Personnel expense	31	(11,072,170)	(10,930,153)
Depreciation of property, plant and equipment	10	(1,152,244)	(1,491,132)
Operating lease expenses		(2,085,210)	(2,062,602)
Maintenance of equipment		(882,834)	(862,210)
Laboratory and consultancy fees		(2,026,000)	(1,878,654)
Finance costs	6	(96,662)	(83,586)
Other operating expenses		(2,287,925)	(2,980,042)
Impairments and provisions	7	(2,020,447)	(1,500,000)
Share of results of associate		395,457	339,361
Loss before tax	7	(4,043,913)	(4,228,107)
Income tax (expense)/credit	8	(730,911)	1,420
Loss for the year attributable to owners of the Company		(4,774,824)	(4,226,687)
Loss per share (cents per share)			
Basic	9	(1.22)	(1.08)
Diluted	9	(1.22)	(1.08)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	2018	2017
	$	$
Loss for the year	(4,774,824)	(4,226,687)
Other comprehensive income		
Item that has been reclassified from profit or loss		
Foreign currency translation	–	(43,325)
Total comprehensive income for the year attributable to owners of the Company	(4,774,824)	(4,270,012)

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

BALANCE SHEETS

AS AT 31 DECEMBER 2018

	Note	Group		Company	
		2018	2017	**2018**	2017
		$	$	**$**	$
Non-current assets					
Property, plant and equipment	10	3,980,301	5,413,506	43,035	96,129
Investment in subsidiaries	11	–	–	406,547	1,971,207
Investment in associate	12	1,844,898	1,713,441	181,500	181,500
Intangible asset	13	–	4,395	–	–
Goodwill	14	523,864	1,524,311	–	–
Deferred tax assets	15	–	730,911	–	–
Reinstatement asset	23	143,758	–	–	–
		6,492,821	9,386,564	631,082	2,248,836
Current assets					
Inventories	16	240,878	294,080	–	–
Trade receivables	17	1,645,016	1,078,506	–	–
Other receivables and deposits	18	679,555	759,467	2,243,443	4,286,795
Prepayments		272,912	160,004	44,836	27,373
Cash pledged as security	19	714,562	931,484	–	–
Cash and short term deposits	20	2,946,069	3,176,082	1,341,795	1,158,424
		6,498,992	6,399,623	3,630,074	5,472,592
Current liabilities					
Trade payables	21	1,172,526	1,606,104	–	–
Other payables and accruals	22	1,945,066	2,045,670	752,918	1,083,719
Deferred income	24	1,221,933	1,207,183	–	–
Loans and borrowings	25	77,011	127,240	–	–
Obligations under finance leases	26	539,388	689,298	–	–
		4,955,924	5,917,047	752,918	1,325,271
Net current assets		1,543,068	482,576	2,877,156	4,147,321
Non-current liabilities					
Provision for reinstatement	23	545,310	241,552	241,552	241,552
Loans and borrowings	25	–	76,955	–	–
Obligations under finance leases	26	91,316	630,704	–	–
Loans from controlling shareholder	27	3,000,000	–	3,000,000	–
Deferred tax liabilities	15	22,568	22,568	–	–
		3,659,194	730,227	3,241,552	241,552
Net assets		4,376,695	9,138,913	266,686	6,396,157
Equity attributable to owners of the Company					
Share capital	28	24,761,027	24,761,027	24,761,027	24,761,027
Treasury shares	29	(2,866)	(2,866)	(2,866)	(2,866)
Other reserves	30	(586,333)	(598,939)	74,400	61,794
Accumulated losses		(19,795,133)	(15,020,309)	(24,565,875)	(18,423,798)
Total equity		4,376,695	9,138,913	266,686	6,396,157

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Attributable to owners of the Company				
	Share capital	Other reserves	Treasury shares	Accumulated losses	Total share capital and reserves
	$	$	$	$	$
Group					
Balance at 31 December 2016 and 1 January 2017	24,761,027	(582,644)	(2,866)	(10,793,622)	13,381,895
Loss for the year	–	–	–	(4,226,687)	(4,226,687)
Other comprehensive income					
– Foreign currency translation	–	(43,325)	–	–	(43,325)
Total comprehensive income for the year	–	(43,325)	–	(4,226,687)	(4,270,012)
Grant of equity-settled share options to employees	–	27,030	–	–	27,030
Balance at 31 December 2017	24,761,027	(598,939)	(2,866)	(15,020,309)	9,138,913
Loss for the year	–	–	–	(4,774,824)	(4,774,824)
Total comprehensive income for the year	–	–	–	(4,774,824)	(4,774,824)
Grant of equity-settled share options to employees	–	12,606	–	–	12,606
Balance at 31 December 2018	24,761,027	(586,333)	(2,866)	(19,795,133)	4,376,695

	Share capital	Other reserves	Treasury shares	Accumulated losses	Total
	$	$	$	$	$
Company					
Balance at 31 December 2016 and 1 January 2017	24,761,027	34,764	(2,866)	(13,694,600)	11,098,325
Loss for the year	–	–	–	(4,729,198)	(4,729,198)
Total comprehensive income for the year	–	–	–	(4,729,198)	(4,729,198)
Grant of equity-settled share options to employees	–	27,030	–	–	27,030
Balance at 31 December 2017	24,761,027	61,794	(2,866)	(18,423,798)	6,396,157
Loss for the year	–	–	–	(6,142,077)	(6,142,077)
Total comprehensive income for the year	–	–	–	(6,142,077)	(6,142,077)
Grant of equity-settled share options to employees	–	12,606	–	–	12,606
Balance at 31 December 2018	24,761,027	74,400	(2,866)	(24,565,875)	266,686

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	2018	2017
	$	$
Cash flows from operating activities		
Loss before tax	(4,043,913)	(4,228,107)
Adjustments:		
Depreciation of property, plant and equipment	1,152,244	1,491,132
Impairment of goodwill	1,000,447	–
Amortisation of intangible asset	4,395	13,186
Gain on disposal of property, plant and equipment	(3,500)	(7,000)
Property, plant and equipment written off	2,050	5,313
Impairment loss on property, plant and equipment	700,000	1,500,000
(Write-back)/impairment loss on trade receivables	(1,890)	1,890
Currency realignment	–	(43,325)
Interest expense	96,662	83,586
Interest income	(4,090)	(28,896)
Grant of equity-settled share options to employees	12,606	27,030
Expenses in connection with the proposed acquisition[1]	–	597,553
Share of results of associate	(395,457)	(339,361)
Cost for de-installation of plant and equipment	320,000	–
Operating cash flows before changes in working capital	(1,160,446)	(926,999)
Changes in working capital:		
Decrease in inventories	53,202	15,289
Increase in trade receivables, other receivables and deposits, and prepayments	(597,616)	(88,769)
Increase in trade and other payables	140,558	179,729
Increase in deferred income	14,750	252,599
Cash flows used in operations	(1,549,552)	(568,151)
Income tax paid	–	(97)
Payment of proposed acquisition expenses	(461,740)	(578,510)
Net cash flows used in operating activities	(2,011,292)	(1,146,758)
Cash flows from investing activities		
Interest received	4,090	28,896
Dividend received from associate	264,000	–
Purchase of property, plant and equipment	(794,089)	(343,006)
Proceeds from disposal of property, plant and equipment	3,500	7,000
Repayment of long-term loan from an associate	–	288,560
Payments for purchase of non-controlling interests' stakes	–	(527,275)
Net cash flows used in investing activities	(522,499)	(545,825)
Cash flows from financing activities		
Decrease/(increase) in cash pledged as security	216,922	(476,734)
Interest paid	(96,662)	(83,586)
Loans from controlling shareholder	3,000,000	–
Repayment of obligations under hire purchase and loans and borrowings	(816,482)	(1,479,207)
Net cash flows from/(used in) financing activities	2,303,778	(2,039,527)
Net decrease in cash and short term deposits	(230,013)	(3,732,110)
Cash and short term deposits at 1 January	3,176,082	6,908,192
Cash and short term deposits at 31 December	2,946,069	3,176,082

[1] The proposed acquisition of LuyeEllium Healthcare Co., Ltd. lapsed and ceased on 31 August 2018.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. Corporate information

AsiaMedic Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist of the Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at 350 Orchard Road, #08-00 Shaw House, Singapore 238868.

The principal activities of the Company are those relating to investment holding and the provision of management services. The principal activities of the subsidiaries and associate are set out in Note 11 and 12 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

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

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

The financial statements are presented in Singapore Dollars (SGD or $).

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

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

New accounting standards effective on 1 January 2018

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.3 ***Standards issued but not yet effective***

SFRS(I) *9 Financial Instruments*

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

Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The Group's financial assets mainly comprises of trade receivables, other receivables and deposits, cash pledged as security and cash and short term deposits. The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018. The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired. Upon adoption of SFRS(I) 9, the Group is not required to recognise any additional material impairment on the Group's financial assets.

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

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

The Group is in the business of rendering diagnostic imaging and radiology services, health screening and medical wellness services, specialised medical services, and medical aesthetic services to customers. There are no contracts with material variable consideration, rights of return and service-type warranty provided to customers.

The adoption of SFRS(I) 15 did not have a material effect on the financial performance or position of the Group and the Company. No corresponding material tax impact to the Group arising from the adoption of SFRS(I) 15 is expected.

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

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

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

Description	Effective for annual periods beginning on or after
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates And Joint Ventures*	1 January 2019
Annual improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for SFRS(I) 16, the Directors expect that the adoption of the standard above will have no material impact on the financial statements in the period of initial application. The nature of the impending change in accounting policy on adoption of SFRS(I) 16 is described below:

SFRS(I) 16 Leases

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

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

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

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

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

SFRS (I) 16 also requires the Group to re-assess the classification of a sub-lease, as an operating or finance lease, with reference to the right-of-use asset, arising from the head lease, not with reference to the underlying asset.

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

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets of and lease liabilities of $8,741,000 respectively for its leases previously classified as operating leases. The Group also expects to classify all of its subleases as finance lease having considered its requirements of SFRS(I) 16. The Group expects to de-recognise the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease; recognise any difference between the right-of-use asset and the net investment in the sub-lease in profit or loss and retain the lease liability relating to the head lease in its balance sheet, which represents the lease payments owed to the head lessor.

2.4 ***Basis of consolidation and business combinations***

(a) *Basis of consolidation*

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

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

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

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

(b) *Business combinations and goodwill*

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

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

(b) *Business combinations and goodwill (cont'd)*

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

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

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

2.5 ***Foreign currency***

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

(a) *Transactions and balances*

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

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

(b) *Consolidated financial statements*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.6 ***Property, plant and equipment***

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

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

Leasehold improvements	–	6 years
Furniture, fittings, fixtures and office equipment	–	3 to 6 years
Medical equipment	–	3 to 10 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

2.7 ***Intangible assets***

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.7 ***Intangible assets (cont'd)***

Customer relationship

Customer related intangible assets are acquired through business combinations and measured at fair value as at the date of acquisition. Subsequently, customer related intangible assets are amortised on a straight-line basis over their estimated useful lives of 5 years.

2.8 ***Impairment of non-financial assets***

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

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

Impairment losses of continuing operations are recognised in profit or loss.

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

2.9 ***Subsidiaries***

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

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less any impairment losses.

2.10 ***Associates***

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

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

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

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

2.10 ***Associates (cont'd)***

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

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

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

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

Upon loss of significant influence over the associate, the Group measures the retained interest at its fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date of the equity method was discontinued is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses.

2.11 ***Financial instruments***

(a) ***Financial assets***

Initial recognition and measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.11 ***Financial instruments (cont'd)***

(a) ***Financial assets (cont'd)***

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

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

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

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

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.11 ***Financial instruments (cont'd)***

(a) ***Financial assets (cont'd)***

De-recognition

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

(b) ***Financial liabilities***

Initial recognition and measurement

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

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

Subsequent measurement

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

De-recognition

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

(c) ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.12 ***Impairment of financial assets***

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

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

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

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

2.13 ***Cash and short term deposits***

Cash and short term deposits comprise cash on hand and at bank, and short term deposits placed with financial institutions that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.14 ***Inventories***

Inventories, comprising medical supplies, are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a first-in, first-out basis.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.15 ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

2.16 ***Government grants***

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss as "Other income".

2.17 ***Borrowing costs***

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

2.18 ***Employee benefits***

Defined contribution plans

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

Employee share option scheme

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.19 ***Leases***

As lessee

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

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

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

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as sub-lease income. The accounting policy for sub-lease income is set out in Note 2.20(c).

2.20 ***Revenue***

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

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

(a) *Rendering of services*

The Group renders diagnostic imaging and radiology services, health screening and medical wellness services, specialised medical services, and medical aesthetic services to customers.

Revenue is recognised when the services are rendered to the customers, either over time or at a point in time, depending on the contractual terms.

(b) *Interest income*

Interest income is recognised using the effective interest method.

(c) *Sub-lease income*

Sub-lease income is recognised on a straight-line basis over the lease terms of ongoing leases.

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

2.21 ***Taxes***

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

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

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

– In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.21 ***Taxes (cont'd)***

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

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

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

(c) *Sales tax*

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

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

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

2.22 ***Share capital and share issuance expenses***

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

2.23 ***Treasury shares***

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.24 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.24 ***Contingencies (cont'd)***

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

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

3. Significant accounting judgements and estimates

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

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

Key sources of estimation uncertainty

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

(a) *Impairment of goodwill*

As disclosed in Note 14 to the financial statements, the recoverable amounts of the cash generating units which goodwill have been allocated to are determined based on value in use calculations. The value in use calculations are based on discounted cash flow models. The recoverable amount is most sensitive to the discount rates and the forecasted annual growth rates used during the discounted cash flow period. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 14 to the financial statements.

During the financial year, impairment loss of $1,000,447 was recognised on the carrying amount of goodwill allocated to Complete Healthcare International Pte Ltd ("CHI") (2017: $Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

Key sources of estimation uncertainty (cont'd)

(b) *Impairment of property, plant and equipment*

The Group assesses at each reporting period whether there is an indication that its property, plant and equipment may be impaired. The assessment requires an estimation of the recoverable amount of the property, plant and equipment. This requires the Group to make an estimate of the expected cash flows from operating the property, plant and equipment and to choose a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amount is most sensitive to the discount rates and the forecasted annual growth rates used during the discounted cash flow period. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 10 to the financial statements.

The carrying value of the Group's property, plant and equipment as at 31 December 2018 was $3,980,301 (2017: $5,413,506). During the financial year, the Group recorded an impairment loss on property, plant and equipment of $700,000 (2017: $1,500,000).

(c) *Impairment of investment in subsidiaries*

The Company's investment in subsidiaries amounted to $406,547 as at 31 December 2018. The investment in subsidiaries is tested for impairment whenever there are indications of impairment. Management has identified indicators of impairment on the investment in Complete Healthcare International Pte Ltd.

Following management's impairment assessment, impairment amounting to $1.6 million (FY2017: $506,000) was recorded to write down the carrying amounts of the investments in subsidiaries.

As disclosed in Note 11 to the financial statements, the recoverable amounts of investment in subsidiaries have been determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate and forecasted annual growth rates used during the discounted cash flow period. The key assumptions applied in the determination of the value in use are disclosed and further explained in Note 11 to the financial statements.

(d) *Amounts due from subsidiaries*

The Company's amounts due from subsidiaries amounted to $1,801,084 as at 31 December 2018. The amounts due from subsidiaries was tested for impairment under the expected credit loss model ("ECL"). The Company uses a provision matrix to calculate ECLs for amounts due from subsidiaries. The provision rates are based on factors that affect the collectability of the accounts including historical payment patterns of the subsidiaries, as well as the cash flow position of the subsidiaries.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

Management has identified indicators of impairment on the investment in Complete Healthcare International Pte Ltd and the amounts due from The Orchard Imaging Centre Pte Ltd and AsiaMedic PET/CT Centre Pte Ltd

Following management's impairment assessment, management has identified indicators of impairment on the amounts due from The Orchard Imaging Centre Pte Ltd and AsiaMedic PET/CT Centre Pte Ltd. Impairment amounting to $5.0 million (FY2017: $4.0 million) was recorded to write down the carrying amounts of the amounts due from subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. Revenue

Revenue represents fees for diagnostic imaging and radiology services, health screening and medical wellness services, general medical services and treatment, and medical aesthetic services and related products, net of discounts. In the rendering of these services and sales of these products, there are no variable considerations noted in the contracts with customers.

Disaggregation of revenue

	Group	
	2018	2017
	$	$
Major product or service lines:		
Health screening and medical wellness services	8,097,144	6,960,317
Diagnostic imaging and radiology services	7,039,786	8,191,921
General medical services and treatment	2,458,476	2,548,105
Medical aesthetic services and sales of aesthetic goods	2,289,622	2,291,628
	19,885,028	19,991,971
Less: elimination of intercompany transactions	(1,056,366)	(976,590)
	18,828,662	19,015,381
Timing of transfer of goods or services:		
At a point in time	18,828,662	19,015,381

5. Other income

	Group	
	2018	2017
	$	$
Grant income	200,207	183,702
Sub-lease income	123,943	99,887
Interest income	4,090	28,896
Other income	13,530	3,870
	341,770	316,355

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. Finance costs

Finance costs represents interest expense on obligations under finance leases and loans and borrowings.

7. Loss before tax

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

	Group	
	2018	2017
	$	$
Audit fees	114,000	122,000
Non-audit fees	–	214,000
Foreign exchange gain (net)	–	(34,868)
Gain on disposal of property, plant and equipment	(3,500)	(7,000)
Property, plant and equipment written off	2,050	5,313
(Write-back)/impairment loss on trade receivables	(1,890)	1,890
Proposed acquisition fees	–	597,553
Impairments and provisions:		
– Impairment of goodwill	1,000,447	–
– Impairment of property, plant and equipment	700,000	1,500,000
– Cost for de-installation of plant and equipment	320,000	–

8. Income tax expense/(credit)

The major components of income tax expense/(credit) for the years ended 31 December 2018 and 2017 are:

	Group	
	2018	2017
	$	$
Income statement		
Current income tax		
– Over provision in respect of previous years	–	(1,420)
Deferred tax		
– Reversal of deferred tax assets	730,911	–
Income tax expense/(credit) recognised in profit or loss	730,911	(1,420)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. Income tax expense/(credit) (cont'd)

A reconciliation between the tax expense/(credit) and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 is as follows:

	Group	
	2018	2017
	$	$
Loss before tax	(4,043,913)	(4,228,107)
Tax calculated at a tax rate of 17% (2017: 17%)	(687,465)	(718,778)
Adjustments:		
Share of results of associate	(67,228)	(57,691)
Non-deductible expenses	511,188	567,101
Income not subject to taxation	(15,100)	(7,436)
Over provision in respect of prior years:		
– income tax	–	(1,420)
Reversal of deferred tax assets	730,911	–
Deferred tax assets not recognised	351,818	304,935
Effect of partial tax exemption and tax relief	(92,370)	(92,144)
Others	(843)	4,013
Income tax expense/(credit) recognised in profit or loss	730,911	(1,420)

9. Loss per share

Basic earnings per share amounts are calculated by dividing loss for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

There were no dilutive potential ordinary shares. Share options are not included in the calculation of the diluted loss per share because they are anti-dilutive.

The following table reflects the loss and share data used in the computation of basic earnings per share for the years ended 31 December:

	Group	
	2018	2017
	$	$
Loss for the year attributable to owners of the Company	(4,774,824)	(4,226,687)

	Number of shares	Number of shares
Weighted average number of ordinary shares for basic and diluted earnings per share computation	390,588,125	390,588,125

10. Property, plant and equipment

Group	Leasehold improvements	Furniture, fittings, fixtures, and office equipment	Medical equipment	Asset under construction	Total
	$	$	$	$	$
Cost:					
At 1 January 2017	3,190,180	2,140,138	12,242,367	–	17,572,685
Additions	1,690	491,165	181,509	41,642	716,006
Disposals	–	–	(3,857)	–	(3,857)
Write offs	–	(30,400)	(12,500)	–	(42,900)
At 31 December 2017 and 1 January 2018	3,191,870	2,600,903	12,407,519	41,642	18,241,934
Additions	63,168	119,173	189,408	49,340	421,089
Disposals	–	(35,000)	–	–	(35,000)
Write offs	–	(8,248)	(20,182)	–	(28,430)
Transfers	–	41,642	–	(41,642)	–
At 31 December 2018	3,255,038	2,718,470	12,576,745	49,340	18,599,593
Accumulated depreciation and impairment loss:					
At 1 January 2017	2,237,818	1,917,300	5,723,622	–	9,878,740
Depreciation charge for the year	306,050	156,050	1,029,032	–	1,491,132
Disposals	–	–	(3,857)	–	(3,857)
Write offs	–	(30,400)	(7,187)	–	(37,587)
Impairment loss	380,118	–	1,119,882	–	1,500,000
At 31 December 2017 and 1 January 2018	2,923,986	2,042,950	7,861,492	–	12,828,428
Depreciation charge for the year	121,427	200,807	830,010	–	1,152,244
Disposals	–	(35,000)	–	–	(35,000)
Write offs	–	(7,998)	(18,382)	–	(26,380)
Impairment loss	–	–	700,000	–	700,000
At 31 December 2018	3,045,413	2,200,759	9,373,120	–	14,619,292
Net carrying amount:					
At 31 December 2017	267,884	557,953	4,546,027	41,642	5,413,506
At 31 December 2018	209,625	517,711	3,203,625	49,340	3,980,301

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. Property, plant and equipment (cont'd)

Company	Leasehold improvements	Furniture, fittings, fixtures, and office equipment	Asset under construction	Total
	$	$	$	$
Cost:				
At 1 January 2017	246,943	247,338	–	494,281
Additions	–	1,970	41,642	43,612
Write offs	–	(12,400)	–	(12,400)
At 31 December 2017 and 1 January 2018	246,943	236,908	41,642	525,493
Additions	–	1,960	–	1,960
Transfers	–	41,642	(41,642)	–
At 31 December 2018	246,943	280,510	–	527,453
Accumulated depreciation:				
At 1 January 2017	154,697	245,376	–	400,073
Depreciation charge for the year	40,503	1,188	–	41,691
Disposals	–	(12,400)	–	(12,400)
At 31 December 2017 and 1 January 2018	195,200	234,164	–	429,364
Depreciation charge for the year	40,259	14,795	–	55,054
At 31 December 2018	235,459	248,959	–	484,418
Net carrying amount:				
At 31 December 2017	51,743	2,744	41,642	96,129
At 31 December 2018	11,484	31,551	–	43,035

Impairment of assets

The following impairment assessment happened during the financial year ended 31 December 2018:

During the financial year, AsiaMedic PET/CT Centre Pte Ltd ("PET") and AsiaMedic Heart & Vascular Centre Pte Ltd ("AHVC"), subsidiaries providing diagnostic imaging services, carried out a review of the recoverable amount of its property, plant and equipment. An impairment loss of $700,000 for medical equipment was recognised in "Impairments and provisions" line item of profit or loss for the financial year ended 31 December 2018. The recoverable amount of the medical equipment was based on their value in use and the pre-tax discount rate used was 10.5%.

In the previous financial year, The Orchard Imaging Centre Pte Ltd, a subsidiary providing diagnostic imaging services, carried out a review of the recoverable amount of its property, plant and equipment and an impairment of $1,500,000 for medical equipment and leasehold improvement were recognised. The recoverable amount of the medical equipment and leasehold improvement were based on their value in use and the pre-tax discount rate used was 11%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. Property, plant and equipment(cont'd)

Impairment of assets (cont'd)

Key assumptions used in the value in use calculations

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

*Pre-tax discount rate*s – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Growth rates – Projected growth rates used do not exceed the projected growth rates in gross domestic product (GDP) and inflation rate forecasts for Singapore, as well as the historical growth rates achieved by the Group and the Company.

Sensitivity to changes in assumptions

With regards to the assessment of value in use for PET and AHVC, the carrying amount of property, plant and equipment exceed the estimated recoverable amount. On the assessment for the current financial year, management has made possible changes to the above key assumptions for the recoverable amount as discussed below:

Growth rates – Management recognises that changes in the forecasted annual revenue growth can have a significant effect to the estimated long-term growth rate of PET and AHVC. A reduction in the forecasted annual revenue growth rate would result in further impairment.

During the financial year, the Group wrote off property, plant and equipment with a carrying value of $2,050 (2017: $5,313) arising from usual wear and tear of the assets.

Assets under finance leases

Included in property, plant and equipment are medical equipment with a net carrying amount of $1,195,250 (2017: $2,646,917) which are under finance leases (Note 26).

Purchase of property, plant and equipment by other means

There were acquisitions of property, plant and equipment by the Group with a total cost of $421,089 (2017: $343,006) by cash.

As at 31 December 2017, there was an amount payable for acquisitions of property, plant an equipment of $373,000 which was paid in the financial year ended 31 December 2018.

11. Investment in subsidiaries

	Company	
	2018	2017
	$	$
Unquoted shares, at cost	4,695,573	4,695,573
Impairment losses	(4,289,026)	(2,724,366)
	406,547	1,971,207

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. Investment in subsidiaries (cont'd)

The movement of the allowance account used to record impairment is as follows:

	Company	
	2018	2017
	$	$
At 1 January	2,724,366	2,218,000
Charge for the year	1,564,660	506,366
At 31 December	4,289,026	2,724,366

The Company has the following subsidiaries as at 31 December:

Name of subsidiary (Country of incorporation)	Principal activities	Effective equity interest held by the Group	
		2018	2017
		%	%
Held by the Company			
AMC Healthcare Pte Ltd[1] (Singapore)	Inactive	100	100
AsiaMedic Eye Centre Pte Ltd[1] (Singapore)	Inactive	100	100
The Orchard Imaging Centre Pte Ltd[1] (Singapore)	Provision of diagnostic imaging and radiology services	100	100
AsiaMedic Wellness Assessment Centre Pte Ltd[1] (Singapore)	Provision of health screening and medical wellness services	100	100
AsiaMedic PET/CT Centre Pte Ltd[1] (Singapore)	Provision of diagnostic imaging and radiology services	100	100
AsiaMedic Heart & Vascular Centre Pte Ltd[1] (Singapore)	Provision of diagnostic imaging and radiology services	100	100
Complete Healthcare International Pte Ltd[1] (Singapore)	Provision of primary care medical services	100	100
Held by the AsiaMedic Wellness Assessment Centre Pte Ltd			
AsiaMedic Astique The Aesthetic Clinic Pte Ltd[1] (Singapore)	Provision of medical aesthetic services and sale of related products	100	100

[1] Audited by Ernst & Young LLP, Singapore

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. Investment in subsidiaries (cont'd)

Impairment testing of investment in subsidiaries

During the financial year, management performed an impairment test for the investment in Complete Healthcare International Pte Ltd as the subsidiary has been making losses. An impairment of $1,564,660 was recognised during the financial year ended 31 December 2018 to write down this subsidiary to its recoverable amount.

The recoverable amount of the investment in Complete Healthcare International Pte Ltd has been determined based on a value in use calculation using cash flow projection from financial budgets approved by management covering a six-year period (2017: five-year period). The pre-tax discount rate applied to the cash flow projection is 10.5% (2017: 11.0%).

The cash flow projection of six-year period is consistent with the remaining lease term of the Group's current principal place of business.

12. Investment in associate

	Group		Company	
	2018	2017	**2018**	2017
	$	$	**$**	$
Positron Tracers Pte Ltd	1,844,898	1,713,441	181,500	181,500

Name of associate (Country of incorporation)	Principal activities	Proportion (%) of ownership interest	
		2018	2017
		%	%
Positron Tracers Pte Ltd [1] (Singapore)	Manufacturing and sale of fludeoxyglucose (FDG) and other radioactive isotopes	33	33

[1] Audited by KPMG LLP, Singapore

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. Investment in associate (cont'd)

The summarised financial information of Positron Tracers Pte Ltd, based on its FRS financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements is as follows:

Summarised balance sheet

	Positron Tracers Pte Ltd	
	2018	2017
	$	$
Current assets	5,793,571	5,269,266
Non-current assets	466,313	554,235
Total assets	6,259,884	5,823,501
Total liabilities	(669,285)	(631,256)
Net assets	5,590,599	5,192,245
Proportion of Group's ownership	33%	33%
Group's share of net assets	1,844,898	1,713,441
Carrying amount of the investment	1,844,898	1,713,441

Summarised statement of comprehensive income

	Positron Tracers Pte Ltd	
	2018	2017
	$	$
Revenue	3,289,133	2,942,372
Profit after tax representing total comprehensive income for the year	1,198,354	1,028,368

13. Intangible asset

	Group	
	2018	2017
	$	$
Cost:		
At 1 January and 31 December	65,930	65,930
Accumulated amortisation:		
At 1 January	61,535	48,349
Charge for the year	4,395	13,186
At 31 December	65,930	61,535
Net book value:		
At 31 December	–	4,395

Customer relationship has been identified as intangible asset arising from the acquisition of Complete Healthcare International Pte Ltd and has been fully amortised during the year.

Amortisation of intangible asset is included in "Other operating expenses" in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. Goodwill

	Group	
	2018	2017
	$	$
Cost:		
At 1 January	2,124,311	2,124,311
Accumulated impairment:		
At 1 January	600,000	600,000
Impairment for the year	1,000,447	–
At 31 December	1,600,447	600,000
Net book value:		
At 31 December	523,864	1,524,311

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to its respective cash-generating units ("CGU"), as follows:

	2018	2017
	$	$
Complete Healthcare International Pte Ltd ("CHI")	–	1,000,447
AsiaMedic Astique the Aesthetic Clinic Pte Ltd ("AATAC")	523,864	523,864
	523,864	1,524,311

The recoverable amounts of the CGUs have been determined based on the value in use calculations using cash flow projections from financial budgets approved by management covering a six-year period (FY2017: five-year period). The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the projection period of six-year and five-year for the financial year ended 31 December 2018 and 2017 respectively, are as follows.

	CHI		AATAC	
	2018	2017	**2018**	2017
	%	%	**%**	%
Growth rates[1]	–	0.5	–	0.0
Pre-tax discount rates	10.5	10.0	10.0	10.0

[1] During the financial year, cash flow projection of six-year period is used to calculate the recoverable amounts of the CGUs. This is consistent with the expected remaining lease term of the Group's current principal place of business. Accordingly, the Group has not extrapolated its cash flow projections beyond the six-year period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. Goodwill (cont'd)

Impairment testing of goodwill (cont'd)

Key assumptions used in the value in use calculations

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

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Growth rates – Projected growth rates used do not exceed the projected growth rates in gross domestic product (GDP) and inflation rate forecasts for Singapore, as well as the historical growth rates achieved by the Group and the Company.

Sensitivity to changes in assumptions

With regards to the assessment of value in use for AATAC, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount. Therefore, no impairment loss was recognised to the carrying amount of goodwill for AATAC in the current and previous financial years.

For CHI, in the prior year, the estimated recoverable amount exceeded the carrying amount of goodwill. On the assessment this year, management has determined that the carrying amount of goodwill exceeds its estimated recoverable amount. Accordingly, a full impairment on the goodwill allocated to CHI has been recognised.

During the financial year, an impairment loss of $1,000,447 was recognised to the carrying amount of goodwill attributable to CHI (2017: $Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15. Deferred tax

	Group	
	2018	2017
	$	$
Deferred tax liabilities		
Differences in depreciation for tax purposes	(22,568)	(22,568)
Deferred tax assets		
Unutilised tax losses and capital allowances carried forward	–	730,911

At the end of the reporting period, the Group has unutilised tax losses and capital allowances of approximately $8,598,000 (2017: $6,662,000), and $14,338,000 (2017: $10,683,000) respectively that are available for offset against future taxable profits of the companies in which the losses and capital allowances arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses and allowances is subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation of Singapore.

16. Inventories

	Group	
	2018	2017
	$	$
Medical supplies	240,878	294,080
Inventories recognised as an expense in profit or loss	1,393,226	1,462,392

17. Trade receivables

	Group		Company	
	2018	2017	**2018**	2017
	$	$	**$**	$
Due from third parties	1,645,016	1,080,396	–	–
Allowance for impairment:				
– Third parties	–	(1,890)	–	–
	1,645,016	1,078,506	–	–
Trade receivables, net	1,645,016	1,078,506	–	–
Add: Other receivables and deposits (Note 18)	679,555	759,467	2,243,443	4,286,795
Add: Cash pledged as security (Note 19)	714,562	931,484	–	–
Add: Cash and short term deposits (Note 20)	2,946,069	3,176,082	1,341,795	1,158,424
Total financial assets carried at amortised cost	5,985,202	5,945,539	3,585,238	5,445,219

Trade receivables due from third parties are unsecured, non-interest bearing and are generally on 60 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. Trade receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $734,542 (2017: $468,587) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	Group	
	2018	2017
	$	$
Trade receivables past due:		
Less than 30 days	391,502	348,006
30 to 60 days	177,025	68,645
61 to 90 days	30,429	29,624
More than 90 days	135,586	22,312
	734,542	468,587

Receivables that are impaired

Trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment is as follows:

	Group		Company	
	2018	2017	**2018**	2017
	$	$	**$**	$
Due from third parties – nominal amounts	–	1,890	–	–
Less: Allowance for impairment				
– Third parties	–	(1,890)	–	–
	–	–	–	–
Movement in allowance accounts:				
At 1 January	1,890	5,529	–	–
Charge for the year	–	1,890	–	–
Reversal during the year	(1,890)	(5,529)	–	–
At 31 December	–	1,890	–	–

These receivables are not secured by any collateral or credit enhancements.

Concentration of credit risk relating to expected credit losses of trade receivables is limited due to the Group's many varied debtors. These debtors mainly consist of public and private clinics and hospitals, private businesses, and government agencies. The recorded expected credit losses is based on Group's historical experience in the collection of trade receivables, adjusted with forward-looking estimates and other macroeconomic conditions. Due to these factors, management believes that no additional credit risk beyond amounts provided for the expected credit losses is inherent in the Group's trade receivables.

18. Other receivables and deposits

	Group		Company	
	2018	2017	**2018**	2017
	$	$	**$**	$
Deposits	544,100	585,345	309,545	373,138
Other debtors	135,455	174,122	132,814	173,717
Amounts due from subsidiaries	–	–	18,346,986	15,285,842
Allowance for impairment:				
– Due from subsidiaries	–	–	(16,545,902)	(11,545,902)
	679,555	759,467	2,243,443	4,286,795

Receivables that are impaired

The movement of the allowance account used to record the impairment is as follows:

	Group		Company	
	2018	2017	**2018**	2017
	$	$	**$**	$
At 1 January	–	31,431	11,545,902	7,781,700
Charge for the year	–	–	5,000,000	3,992,081
Reversal during the year	–	–	–	(227,879)
Written off	–	(31,431)	–	–
At 31 December	–	–	16,545,902	11,545,902

During the financial year, the amounts due from subsidiaries were tested for impairment under the expected credit loss model ("ECL"). The Company uses a provision matrix to calculate ECLs for amounts due from subsidiaries. The provision rates are based on factors that affect the collectability of the accounts including historical payment patterns of the subsidiaries, as well as the cash flow position of the subsidiaries.

Following management's impairment assessment, management has identified indicators of impairment on the amounts due from certain subsidiaries. Impairment amounting to $5.0 million (FY2017: $4.0 million) was recorded to write down the carrying amounts of the amounts due from subsidiaries.

19. Cash pledged as security

This relates to security provided for performance of contracts and a merchant credit card account facility.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. Cash and short term deposits

	Group		Company	
	2018	2017	**2018**	2017
	$	$	**$**	$
Cash at banks and on hand	2,946,069	2,160,341	1,341,795	548,964
Short term deposits	–	1,015,741	–	609,460
	2,946,069	3,176,082	1,341,795	1,158,424

Cash at banks earn interest at floating rates based on the daily bank deposit rates.

Short term deposits are placed with financial institutions for varying periods of between one month and six months depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates ranging from 0.20% to 1.00% (2017: 0.35% to 1.20%) per annum.

Cash and short term deposits denominated in foreign currencies at the balance sheet date are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	$	$	**$**	$
United States Dollars	5,459	5,352	5,459	5,352

21. Trade payables

	Group		Company	
	2018	2017	**2018**	2017
	$	$	**$**	$
Due to third parties	1,172,526	1,606,104	–	–
Add: Other payables and accruals (Note 22)	1,945,066	2,045,670	752,918	1,083,719
Add: Obligations under finance leases (Note 26)	630,704	1,320,002	–	–
Add: Loans and borrowings (Note 25)	77,011	204,195	–	–
Add: Loans from controlling shareholder (Note 27)	3,000,000	–	3,000,000	–
Total financial liabilities carried at amortised cost	6,825,307	5,175,971	3,752,918	1,083,719

Trade payables are unsecured, non-interest bearing and are normally settled on 60-day terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. Other payables and accruals

	Group		Company	
	2018	2017	**2018**	2017
	$	$	**$**	$
Other payables	653,754	741,613	422,497	588,181
Accrued operating expenses	1,291,312	1,304,057	330,421	495,538
	1,945,066	2,045,670	752,918	1,083,719

23. Provision for reinstatement

	Group		Company	
	2018	2017	**2018**	2017
	$	$	**$**	$
Provision for reinstatement cost				
As at 1 January and 31 December	241,552	241,552	241,552	241,552
Provision for de-installation of plant and equipment				
At 1 January	–	–	–	–
Arose during the financial year	303,758	–	–	–
At 31 December	303,758	–	–	–
Total provisions at 31 December	545,310	241,552	241,552	241,552

Provision for reinstatement cost arose from leases of premises. The provision for reinstatement cost is provided based on quotations by third parties.

Provision for de-installation of plant and equipment arose from the medical equipment of The Orchard Imaging Centre Pte Ltd (“Imaging entity”). The provision for de-installation of plant and equipment is provided based on quotations by third parties.

24. Deferred income

Deferred income relates to payments for services received in advance from customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. Loans and borrowings

	Maturity	Group 2018 $	Group 2017 $
Current:			
3.20% fixed rate SGD bank loan	15 January 2018	–	10,417
1.25% below Enterprise Base Rate SGD bank loan	14 June 2018	–	43,500
0.5% below Enterprise Base Rate SGD bank loan	12 December 2019	77,011	73,323
		77,011	127,240
Non-current:			
0.5% below Enterprise Base Rate SGD bank loan	12 December 2019	–	76,955
		–	76,955
		77,011	204,195

The loans are secured by corporate guarantees of the Company.

A reconciliation of liabilities arising from financing activities is as follows:

	2017 $	Cash flows $	Non-cash change: Others $	2018 $
Loans and borrowings				
– Current	127,240	(127,184)	76,955	77,011
– Non-current	76,955	–	(76,955)	–
Obligations under finance leases				
– Current	689,298	(689,298)	539,388	539,388
– Non-current	630,704	–	(539,388)	91,316
	1,524,197	(816,482)	–	707,715

The “Others” column relates to reclassification of non-current portion of loans and borrowings including obligations under finance leases due to passage of time.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26. Obligations under finance leases

The Group has finance lease arrangements for certain medical equipment as at the end of the reporting period. The discount rate implicit in the leases is between 1.45% and 1.55% (2017: 1.45% and 1.55%) per annum.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group			
	2018		2017	
	Minimum payments	**Present value of minimum payments**	Minimum payments	Present value of minimum payments
	$	**$**	$	$
Not later than one year	549,948	539,388	726,192	689,298
Later than one year but not later than five years	91,627	91,316	641,575	630,704
Total minimum lease payments	641,575	630,704	1,367,767	1,320,002
Less: Amounts representing finance charges	(10,871)	–	(47,765)	–
Present value of minimum lease payments	630,704	630,704	1,320,002	1,320,002

These obligations are secured by a charge over leased assets. The net book value of assets under finance lease is disclosed in Note 10. The finance leases are also secured by corporate guarantees of the Company (Note 33(c)). Finance lease obligations are repayable in instalments and will fully mature in 2020.

27. Loans from controlling shareholder

During the year, the Company entered into a $5,000,000 loan facility with Luye Medical Group Pte Ltd (the "lender"). The lender is a controlling shareholder of the Group and the Company.

The loan facility is unsecured and bears an interest rate of not exceeding the annual average prime lending rates of 3 pre-determined financial institutions. The maturity dates of the loans are 12 months from the date of the respective disbursements.

The availability period of the loan facility is 24 months from 1 March 2018 (date of loan approval). As at 31 December 2018, the Company has drawn down loans amounting to $3,000,000 under 3 separate disbursement dates of $1,000,000 each. The maturity dates of the loans have been extended by a period of 24 months from 13 March 2019, 18 September 2019 and 30 December 2019 ("initial maturity dates") to 12 March 2021, 17 September 2021 and 29 December 2021 ("extended maturity dates") respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28. Share capital

	Group and Company			
	2018		2017	
	No. of shares	**$**	No. of shares	$
Issued and fully paid ordinary shares:				
As at 1 January and 31 December	390,588,125	24,761,027	390,588,125	24,761,027

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

The Company has an employee share option scheme under which options to subscribe for the Company's ordinary shares have been granted to certain employees, Directors and consultant radiologists of the Group (Note 31).

29. Treasury shares

	Group and Company			
	2018		2017	
	No. of shares	**$**	No. of shares	$
As at 1 January and 31 December	100,000	2,866	100,000	2,866

Treasury shares relate to ordinary shares of the Company that are held by the Company.

The Company did not acquire any shares in the Company in the current and previous financial years. The total amount paid to acquire the shares is presented as a component within shareholders' equity.

No treasury shares were re-issued by the Company in the current and previous financial years.

30. Other reserves

	Foreign currency translation reserve	Put options granted to non-controlling interests	Capital reserve	Employee share option scheme reserve	Total
	$	$	$	$	$
2018					
At 1 January	–	(652,544)	(8,189)	61,794	(598,939)
Grant of equity-settled share options to employees	–	–	–	12,606	12,606
At 31 December	–	(652,544)	(8,189)	74,400	(586,333)
2017					
At 1 January	43,325	(652,544)	(8,189)	34,764	(582,644)
Foreign currency translation	(43,325)	–	–	–	(43,325)
Grant of equity-settled share options to employees	–	–	–	27,030	27,030
At 31 December	–	(652,544)	(8,189)	61,794	(598,939)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. Other reserves (cont'd)

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of a foreign operation whose functional currency was different from that of the Group's presentation currency.

Capital reserve

Capital reserve comprises the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attributed to the owners of the Company.

31. Personnel expense

	Group	
	2018	2017
	$	$
Salaries and bonuses	7,877,310	8,778,192
Central Provident Fund contributions	858,634	869,085
Share-based payments (Employee share option scheme)	12,606	27,030
Other short-term benefits	2,323,620	1,255,846
	11,072,170	10,930,153

Included in personnel expense is compensation of key management personnel as disclosed in Note 32(b).

Equity-settled employee share option scheme

The Company has an employee share option scheme for certain employees, directors and consultant radiologists of the Group. The options that are granted under the scheme may have exercise prices that are set at the market price or at a discount to the market price (subject to a maximum discount of 20%). Options which are fixed at the market price may be exercised after the first anniversary of the date of grant while options exercisable at a discount to the market price may only be exercised after the second anniversary from the date of grant. Options granted under the scheme will have a life span of up to 10 years. Options are forfeited/lapsed if the grantee leaves the Group or if the performance targets are not met.

31. Personnel expense (cont'd)

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the financial year:

	2018		2017	
	No.	**WAEP**	No.	WAEP
		$		$
Outstanding at 1 January	1,674,000	0.056	3,263,000	0.056
– Forfeited	(150,000)	0.056	(1,589,000)	0.056
Outstanding at 31 December	1,524,000	0.056	1,674,000	0.056
Exercisable at 31 December	–	–	–	–

– The share options were granted on 15 June 2016.

– The weighted average remaining contractual life for these options is 7.0 years (2017: 7.6 years).

– The validity period of the options granted is as follows:

i. 150,000 (FY2017: 300,000) – 5 years from the date of grant *

ii. 1,374,000 (FY2017: 1,374,000) – 10 years from the date of grant

• These represent share options granted to the Independent Directors which have a maximum validity period of five (5) years under Section 77 of the Companies Act, Chapter 50, of Singapore.

– The share options granted are subject to a vesting schedule as follows:

(a) two (2) years after the date of grant for up to 33% of the shares over which the share options are exercisable;

(b) three (3) years after the date of grant for up to 66% (including (a) above) of the shares over which the share options are exercisable; and

(c) four (4) years after the date of grant for up to 100% (including (a) and (b) above) of the shares over which the share options are exercisable.

– As at 31 December 2018 and 2017, no share options have pre-set performance conditions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

31. Personnel expense (cont'd)

Movement of share options during the financial year (cont'd)

The fair value was calculated using the Binomial Option Pricing Method. The following table lists the inputs to the model:

	2016
Dividend yield (%)	0.000
Expected volatility (%)	97.870
Weighted average risk-free interest rate (% p.a.)	1.720
Expected life of options (years)	7.870
Weighted average share price ($)	0.060

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

32. Related party transactions

(a) ***Sale and purchase of goods and services***

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2018	2017
	$	$
Purchase of consumables from an associate	519,420	516,420
Medical services rendered by a subsidiary of controlling shareholder	1,000	–
Medical services rendered to subsidiaries of controlling shareholder	(228,744)	(238,509)

32. Related party transactions (cont'd)

(b) ***Compensation of key management personnel***

	Group	
	2018	2017
	$	$
Salaries and bonuses	1,435,762	1,344,003
Central Provident Fund contributions	73,276	66,067
Other short-term benefits	29,718	44,644
Directors' fee	151,000	151,000
Share-based payments (Employee share option plans)	15,321	15,399
	1,705,077	1,621,113
Comprise amounts paid to:		
– *Directors of the Company:*		
– Fee	151,000	151,000
– Share-based payments (Employee share option scheme)	1,817	3,634
– *Other key management personnel*	1,552,260	1,466,479
	1,705,077	1,621,113

The remuneration of key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

33. Commitments

(a) ***Operating lease commitments – as lessee***

The Group has entered into operating leases of premises for use as office and clinics. The leases have remaining lease terms of approximately 0.9 to 6 years (2017: 0.9 to 2.1 years).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2018	2017
	$	$
Not later than one year	1,680,703	1,815,250
Later than one year but not later than five years	2,956,497	175,500
	4,637,200	1,990,750

33. Commitments (cont'd)

(b) ***Operating lease commitments – as lessor***

The Group has entered into a sub-lease agreement on its rented property. The non-cancellable lease has a remaining lease term of approximately 3 years (2017: 0.9 years).

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2018	2017
	$	$
Not later than one year	128,172	55,811
Later than one year but not later than five years	234,982	–
	363,154	55,811

(c) ***Corporate guarantees***

Financial support has been given to certain subsidiaries having:

	Company	
	2018	2017
	$	$
Deficiencies in shareholders' funds	15,549,000	11,530,000
Current liabilities in excess of current assets	19,452,000	16,273,000

The Company has provided corporate guarantees of $707,715 (2017: $1,524,197) to financial institutions for finance leases and term loans taken by subsidiaries. As at year end, the Company does not expect these guarantees to be called upon.

34. Fair values of financial instruments

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximates of fair value

Management has determined that the carrying amounts of cash and short term deposits, trade and other receivables, and trade and other payables, based on their notional amounts, reasonably approximate their fair values because they are short-term in nature. The carrying amounts of loans and borrowings, obligations under finance leases, and loans from controlling shareholder reflect the corresponding fair values because they are re-priced to or approximate market interest rates near the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk and liquidity risk. The Board of Directors reviews and approves policies and procedures for the management of these risks and they are summarised below. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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

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

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

– Internal credit rating;

– External credit rating;

– Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;

– Actual or expected significant changes in the operating results of the debtor;

– Significant increases in credit risk on other financial instruments of the same debtor;

– Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and

– Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

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

– There is significant financial difficulty of the debtor;

– A breach of contract, such as a default or past due event;

– It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or

– There is disappearance of an active market for that financial asset because of financial difficulty.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 180 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables, using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers with similar payment patterns. The expected credit losses incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Information regarding loss allowance movement of trade receivable are disclosed in Note 17. During the current financial year, no allowance for impairment was made.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its cash and short term deposits placed with reputable banks as well as interest-bearing loans and borrowings. Interest-bearing loans and borrowings are contracted with the objective of minimising interest burden by carefully evaluating the relative benefits between fixed rate and variable rate loans whilst maintaining an acceptable debt maturity profile.

Sensitivity analysis for interest rate risk

At the end of the reporting period if the interest rates had been 100 basis points lower/higher with all other variables held constant, the Group's loss before tax would have been $5,483 lower/higher (2017: $34,093 lower/higher) arising mainly as a result of lower/higher interest income from cash and deposit balances and lower/higher interest expense on floating rate loans and borrowings and loans from controlling shareholder.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. Financial risk management objectives and policies (cont'd)

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group monitors its liquidity risk and maintains a level of cash and short term deposits deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. The Group entered into a loan facility with a controlling shareholder on 1 March 2018 in order to finance the Group's operations. Information about the loans from controlling shareholder is disclosed in Note 27.

Analysis of financial instruments by remaining contractual maturities

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

	One year or less	One to five years	Total
	$	$	$
Group			
2018			
Financial assets:			
Trade receivables	1,640,965	–	1,640,965
Other receivables and deposits	679,555	–	679,555
Cash pledged as security	714,562	–	714,562
Cash and short term deposits	2,946,069	–	2,946,069
Total undiscounted financial assets	5,981,151	–	5,981,151
Financial liabilities:			
Loans from controlling shareholder	–	3,000,000	3,000,000
Trade payables	1,068,268	–	1,068,268
Other payables and accruals	1,878,046	–	1,878,046
Obligations under finance leases	549,948	91,627	641,575
Loans and borrowings	79,131	–	79,131
Total undiscounted financial liabilities	3,575,393	3,091,627	6,667,020
Total net undiscounted financial assets/(liabilities)	2,405,758	(3,091,627)	(685,869)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

	One year or less $	One to five years $	Total $
Group			
2017			
Financial assets:			
Trade receivables	1,078,506	–	1,078,506
Other receivables and deposits	759,467	–	759,467
Cash pledged as security	931,484	–	931,484
Cash and short term deposits	3,176,082	–	3,176,082
Total undiscounted financial assets	5,945,539	–	5,945,539
Financial liabilities:			
Trade payables	1,520,600	–	1,520,600
Other payables and accruals	2,000,172	–	2,045,670
Obligations under finance leases	726,192	641,575	1,367,767
Loans and borrowings	133,461	78,989	212,450
Total undiscounted financial liabilities	4,380,425	720,564	5,146,487
Total net undiscounted financial assets/(liabilities)	1,565,114	(720,564)	799,052

	One year or less $	One to five years $	Total $
Company			
2018			
Financial assets:			
Other receivables and deposits	2,243,443	–	2,243,443
Cash and short term deposits	1,341,795	–	1,341,795
Total undiscounted financial assets	3,585,238	–	3,585,238
Financial liability:			
Other payables and accruals	685,898	–	685,898
Total undiscounted financial liability	685,898	–	685,898
Total net undiscounted financial assets	2,899,340	–	2,899,340
2017			
Financial assets:			
Other receivables and deposits	4,286,795	–	4,286,795
Cash and short term deposits	1,158,424	–	1,158,424
Total undiscounted financial assets	5,445,219	–	5,445,219
Financial liability:			
Other payables and accruals	1,038,221	–	1,038,221
Total undiscounted financial liability	1,038,221	–	1,038,221
Total net undiscounted financial assets	4,406,998	–	4,406,998

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. Segment reporting

For management purposes, the Group regards the rendering of diagnostic imaging and radiology services, health screening and medical wellness services, general medical services and treatment, and medical aesthetic services as a single segment. Management has not identified any business or operating units separately for purpose of making decisions about resource allocation and performance assessment.

The Group's revenue is derived from operations located in Singapore.

37. Capital management

Capital includes debt and equity items.

The Group reviews and manages its capital structure to maximise shareholder's returns taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2018 and 31 December 2017.

38. Comparative figures

Certain comparative figures in the financial statements have been reclassified to conform with current year presentation.

The reclassifications are as follows:

	As previously reported	Reclassification	As reclassified
2017			
Income statement			
Operating lease expenses	2,171,911	(109,309)	2,062,602
Maintenance of equipment	835,670	26,540	862,210
Other operating expenses	2,897,273	82,769	2,980,042

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Directors on 28 March 2019.

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2019

Issued & Paid-Up Capital	:	S$24,761,027
Number & Class of Shares (Excluding Treasury Shares)	:	390,488,125 Ordinary Shares
Voting Rights	:	One Vote per Ordinary Share
Treasury Shares & Percentage	:	100,000 Ordinary Shares (0.03%)

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No of shareholders	%	No of shares	%
1 – 99	5	0.20	170	0.00
100 – 1,000	92	3.68	82,798	0.02
1,001 – 10,000	928	37.11	5,659,080	1.45
10,001 – 1,000,000	1,431	57.22	154,470,677	39.56
1,000,001 and above	45	1.80	230,275,400	58.97
GRAND TOTAL	**2,501**	**100.00**	**390,488,125**	**100.00**

LIST OF 20 LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	LUYE MEDICAL GROUP PTE LTD	95,431,396	24.44
2	DBS NOMINEES PTE LTD	16,519,800	4.23
3	OCBC SECURITIES PRIVATE LTD	10,093,500	2.59
4	MAYBANK KIM ENG SECURITIES PTE.LTD.	9,438,000	2.42
5	TAN GUEK MING	8,467,598	2.17
6	LISTIAWATI	7,454,000	1.91
7	CITIBANK NOMS SPORE PTE LTD	7,425,300	1.90
8	PHILLIP SECURITIES PTE LTD	4,312,000	1.10
9	UNITED OVERSEAS BANK NOMINEES P L	4,260,300	1.09
10	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	3,947,300	1.01
11	LEE EE @ LEE ENG	3,754,400	0.96
12	OCBC NOMINEES SINGAPORE PTE LTD	3,624,300	0.93
13	DBS VICKERS SECURITIES (S) PTE LTD	3,431,000	0.88
14	RAFFLES NOMINEES(PTE) LIMITED	3,127,600	0.80
15	LEE YUEN SHIH	3,000,000	0.77
16	LAW PENG KWEE	2,600,300	0.67
17	GOH CHAI SENG OR LOW CHOON NAI	2,600,000	0.67
18	YEO TIOW CHING	2,400,000	0.61
19	LEE CHYE ONN @SOW CHYE ONN	2,300,000	0.59
20	GOH CHAI SIN	2,250,000	0.58
	TOTAL	**196,436,794**	**50.31**

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2019

SHAREHOLDINGS HELD BY THE PUBLIC

Percentage of shareholdings held by the public is approximately 73.13%, and therefore, Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited is complied with.

SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders)

	Direct Interest	%(1)	Deemed Interest	%(1)
Luye Medical Group Pte. Ltd.(2)	95,431,396	24.44	–	–
Luye Medical Investment Pte. Ltd.(3)	–	–	95,431,396	24.44
Luye Life Sciences Group Ltd(4)	–	–	95,431,396	24.44
Nelumbo Investments Limited(5)(7)	–	–	95,431,396	24.44
Ginkgo (PTC) Limited(6)(8)	–	–	95,431,396	24.44
Shorea LBG(8)	–	–	95,431,396	24.44
The Asoka Trust(7)	–	–	95,431,396	24.44
Liu Dianbo(7)(8)	–	–	95,431,396	24.44
Wang Cuilian(7)	–	–	95,431,396	24.44
Aona Liu(7)	–	–	95,431,396	24.44
Alina W Liu(7)	–	–	95,431,396	24.44

Notes:

(1) Based on 390,488,125 shares in the issued ordinary share capital of the Company (excluding 100,000 treasury shares).

(2) Luye Medical Group Pte. Ltd. holds its shares in the Company directly.

(3) Luye Medical Investment Pte. Ltd. holds 100% of the issued and paid-up share capital of Luye Medicals Group Pte. Ltd. and is deemed to have an interest in the shares held by Luye Medicals Group Pte. Ltd. by virtue of Section 4 of the Securities and Futures Act (Chapter 289) of Singapore ("**SFA**").

(4) Luye Life Sciences Group Ltd holds 100% of the issued and paid-up share capital of Luye Medical Investment Pte. Ltd. Luye Medical Investment Pte. Ltd. is deemed to have an interest in the shares held by Luye Medicals Group Pte. Ltd. by virtue of Section 4 of the SFA. Accordingly, Luye Life Sciences Group Ltd is deemed to have an interest in the shares held by Luye Medicals Group Pte. Ltd. by virtue of Section 4 of the SFA.

(5) Nelumbo Investments Limited holds 70% of the issued and paid up share capital of Luye Life Sciences Group Ltd. Luye Life Sciences Group Ltd is deemed to have an interest in the shares held by Luye Medicals Group Pte. Ltd. by virtue of Section 4 of the SFA. Accordingly, Nelumbo Investments Limited is deemed to have an interest in the shares held by Luye Medicals Group Pte. Ltd. by virtue of Section 4 of the SFA.

(6) The shares representing 100% of the issued and paid up share capital of Nelumbo Investments Limited are held by Ginkgo (PTC) Limited as trustee of The Asoka Trust. Nelumbo Investments Limited is deemed to have an interest in the shares held by Luye Medicals Group Pte. Ltd. by virtue of Section 4 of the SFA. Accordingly, Ginkgo (PTC) Limited is deemed to have an interest in the shares held by Luye Medicals Group Pte. Ltd. by virtue of Section 4 of the SFA.

(7) The shares representing 100% of the issued and paid up share capital of Nelumbo Investments Limited are the trust property of The Asoka Trust. The settlor of The Asoka Trust is Mr Liu Dianbo. The beneficiaries of The Asoka Trust are Mr Liu Dianbo, his spouse Mdm Wang Cuilian, and his daughters Ms Aona Liu and Ms Alina W Liu. Nelumbo Investments Limited is deemed to have an interest in the shares held by Luye Medicals Group Pte. Ltd. by virtue of Section 4 of the SFA. Accordingly, The Asoka Trust and the beneficiaries of The Asoka Trust are deemed to have an interest in the shares held by Luye Medicals Group Pte. Ltd. by virtue of Section 4 of the SFA.

(8) Shorea LBG holds 100% of the issued and paid up share capital of Ginkgo (PTC) Limited and is in turn wholly-owned by Mr Liu Dianbo. Ginkgo (PTC) Limited is deemed to have an interest in the shares held by Luye Medicals Group Pte. Ltd. by virtue of Section 4 of the SFA. Accordingly, each of Shorea LBG and Mr Liu Dianbo are deemed to be indirectly interested in the shares that Ginkgo (PTC) Limited has an interest in.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of AsiaMedic Limited (the "**Company**") will be held at 350 Orchard Road, #10-01 Shaw House, Singapore 238868 on Monday, 29 April 2019 at 9.30 a.m. to transact the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2018 and the Directors' Statement and Auditor's Report thereon.
(Resolution 1)

2. To re-elect Mr Chua Keng Woon, a Director retiring pursuant to Regulation 88 of the Constitution of the Company.
(Resolution 2)

Mr Chua will upon re-election, remain as Chairman of the Nominating Committee and a member of the Remuneration Committee and Audit and Risk Management Committee. He will be considered independent for the purpose of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) (the "Catalist Rules") of the Singapore Exchange Securities Trading Limited ("SGX-ST").

3. To re-elect Mr Charles Wang Chong Guang, a Director retiring pursuant to Regulation 88 of the Constitution of the Company.
(Resolution 3)

4. To re-elect Mr Goh Kian Chee, a Director retiring pursuant to Regulation 89 of the Constitution of the Company.
(Resolution 4)

Mr Goh will upon re-election, remain as Chairman of the Audit and Risk Management Committee and Remuneration Committee, and a member of the Nominating Committee. He will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

5. To approve Directors' fee of S$151,000 for the financial year ended 31 December 2018 (2017: S$151,000).
(Resolution 5)

6. To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.
(Resolution 6)

SPECIAL BUSINESS

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

7. **Authority to issue shares and instruments convertible into shares**

"That pursuant to Section 161 of the Companies Act, Chapter 50 and the Catalist Rules, approval be and is hereby given to the Directors of the Company, to:

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

(ii) make or grant offers, agreements or options (collectively, "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 in their absolute discretion deem fit;

NOTICE OF ANNUAL GENERAL MEETING

(b) issue Shares in pursuance of any Instruments made or granted by the Directors while the authority was in force (notwithstanding the authority conferred by this Resolution may have ceased to be in force) provided always that:

(i) 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 100% of the total number of issued Shares, excluding treasury shares and subsidiary holdings, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed 50% of the total number of issued Shares excluding treasury shares and subsidiary holdings, and for the purpose of this Resolution, the total number of issued Shares excluding treasury shares and subsidiary holdings shall be the Company's total number of issued Shares excluding treasury shares and subsidiary holdings at the time this Resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

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

(ii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST, the Monetary Authority of Singapore or the Sponsor of the Company) and the Constitution for the time being of the Company;

(iii) In this Resolution, "subsidiary holdings" shall have the meaning ascribed to it in the Catalist Rules; and

(iv) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier;

(c) the Directors be and are hereby authorised to do any and all acts which they deem necessary and expedient in connection with paragraphs (a) and (b) above."

(Resolution 7)

8. **Renewal of the Share Purchase Mandate**

"That the Directors of the Company be and are hereby authorised to make purchases of issued and fully-paid ordinary shares in the capital of the Company ("Shares") from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to 10% of the total number of issued ordinary Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) as at the date of passing of this Resolution at the price of up to but not exceeding the Maximum Price, in accordance with the "Guidelines on Share Purchases" set out in the Annexure to the Appendix of this Annual Report and this Share Purchase Mandate shall continue in force until (i) the date that the next annual general meeting of the Company is held; (ii) the date that the next annual general meeting of the Company is required by law to be held; (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied; or (iv) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated, whichever is the earliest.

In this Ordinary Resolution, "Maximum Price" means the maximum price at which the Shares can be purchased pursuant to the Share Purchase Mandate, which shall not exceed the sum constituting 5% above the average closing price of the Shares over the period of five (5) trading days in which transactions in the Shares on the SGX-ST were recorded, in the case of a market purchase, before the day on which such purchase is made, and in the case of an off-market purchase, immediately preceding the date of offer by the Company, as the case may be, and adjusted for any corporate action that occurs after the relevant five (5) day period."

(Resolution 8)

NOTICE OF ANNUAL GENERAL MEETING

9. **Authority to grant awards and to allot and issue shares under the AsiaMedic Share Award Scheme**

"That the Directors of the Company be and are hereby authorised to offer and grant awards in accordance with the provisions of the AsiaMedic Share Award Scheme (the "Share Award Scheme") and to allot and issue from time to time such number of fully-paid shares as may be required to be issued pursuant to the vesting of the awards under the Share Award Scheme provided always that the aggregate number of shares which may be issued or transferred pursuant to awards granted under the Share Award Scheme, when added to (i) the number of shares issued and issuable and/or transferred and transferable in respect of all awards granted thereunder; and (ii) all shares issued and issuable and/or transferred and transferable in respect of all options granted or awards granted under the AsiaMedic Employee Share Option Scheme 2016 or any other share incentive schemes or share plans adopted by the Company and for the time being in force shall not exceed 25% of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the relevant date of award, and subject to such adjustments as may be made to the Share Award Scheme as a result of any variation in the capital structure of the Company."

(Resolution 9)

10. **Authority to grant options and to allot and issue shares under the AsiaMedic Employee Share Option Scheme 2016**

"That the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the AsiaMedic Share Option Scheme 2016 (the "AsiaMedic ESOS") and to allot and issue from time to time such number of shares as may be required to be issued pursuant to the exercise of the options under the AsiaMedic ESOS provided always that the aggregate number of shares in respect of which options may be granted under the AsiaMedic ESOS shall not exceed 15% of the total issued capital (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the relevant date of grant of option, and when added to the number of shares issued and issuable and/or transferred and transferable in respect of (a) all shares available under the AsiaMedic ESOS and (b) all shares, options or awards granted under the AsiaMedic Share Award Scheme or any other share option scheme, share award scheme or share incentive scheme of the Company then in force, shall not exceed 25% of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the relevant date of grant of option, and subject to such adjustments as may be made to the AsiaMedic ESOS as result of any variation in the capital structure of the Company."

(Resolution 10)

11. **Proposed renewal of the IPT General Mandate**

"THAT:–

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Catalist Rules, for the renewal of the IPT General Mandate (which was obtained at the extraordinary general meeting of the Company held on 24 April 2017) for the Company and/or its Subsidiaries, to enter into any of the transactions falling within the types of Interested Person Transactions described in the Appendix to this Notice of Annual General Meeting with any party who falls within the classes of interested persons as described in the Appendix, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for the Interested Person Transactions as set out in the Appendix (the "IPT General Mandate");

(b) the IPT General Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the next Annual General Meeting of the Company is held or is required by law to be held; and

(c) the Directors be and are hereby authorised to take such steps, approve all matters and enter into all such transactions, arrangements and agreements and execute all such documents and notices as may be necessary or expedient for the purposes of giving effect to the IPT General Mandate as such Directors or any of them may deem fit or expedient or to give effect to this ordinary resolution."

(Resolution 11)

NOTICE OF ANNUAL GENERAL MEETING

ANY OTHER BUSINESS

12. To transact any other business which may be properly be transacted at an annual general meeting.

Dated this 12 April 2019

BY ORDER OF THE BOARD
Foo Soon Soo (Ms)
Company Secretary

Notes:

1. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
2. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy/proxies must be deposited at the registered office of the Company at 350 Orchard Road, #08-00 Shaw House, Singapore 238868 not later than 72 hours before the time set for the meeting.

Explanatory Notes:

1. Resolution 7 – If passed, will enable the Directors to issue shares in the Company up to 100% of the total number of issued shares and instruments convertible into shares excluding treasury shares in the capital of the Company (in the case of issuance other than on a pro-rata basis to existing shareholders, such aggregate number of shares not to exceed 50% of the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company) for such purposes as they consider to be in the interests of the Company.
2. Resolution 8 – If passed, will empower the Directors, from the date of the above meeting until the next annual general meeting, to repurchase Shares by way of market purchases or off-market purchases of up to 10% of the issued ordinary share capital of the Company (excluding treasury shares and subsidiary holdings) at such price up to the Maximum Price. Information relating to this proposed Resolution is set out in the Appendix A attached to the Annual Report.
3. Resolution 9 – If passed, will empower the Directors to offer and grant awards in accordance with the AsiaMedic Share Award Scheme and to allot and issue shares in the capital of the Company pursuant to the granting of awards under such scheme, which when added to the number of shares issued under any other share incentive schemes, share plans or option schemes adopted by the Company shall not shall not exceed 25% of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the relevant date of award.
4. Resolution 10 – If passed, will empower the Directors to offer and grant options in accordance with the AsiaMedic Share Option Scheme 2016 and to allot and issue shares in the capital of the Company pursuant to the exercise of options under such scheme which shall not exceed 15% of the total issued capital (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the relevant date of grant of option, and when added to the number of shares issued under any other share incentive schemes or share plans adopted by the Company shall not shall not exceed 25% of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the relevant date of grant of option.
5. Resolution 11 – If passed, will allow the Company and/or its Subsidiaries to enter into transactions with interested persons as defined in Chapter 9 of the Catalist Rules of the SGX-ST. Please refer to the Appendix B attached to the Annual Report for more information on the scope of the IPT General Mandate.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents) 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.

Sponsor statement:
This notice has been prepared by the Company and reviewed by the Company's sponsor, Xandar Capital Pte Ltd (the "**Sponsor**"), for compliance with the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this notice including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements made, opinions expressed or reports contained in this notice. This notice has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor assume no responsibility for the contents of this notice including the correctness of any of the statements made, opinions expressed or reports contained in this notice.

Contact person for the Sponsor: Ms Pauline Sim (Registered Professional, Xandar Capital Pte Ltd)
Address: 3 Shenton Way #24-02 Shenton House, Singapore 068805
Telephone number: (65) 6319 4954

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ASIAMEDIC LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No: 197401556E

IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend the meeting and vote.
2. For investors who have used their CPF monies and/or SRS monies to buy shares in AsiaMedic Limited, this Annual Report is forwarded to them at the request of their CPF and/or SRS Approved Nominees.
3. This Proxy Form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

ANNUAL GENERAL MEETING

PROXY FORM

(You are advised to read the notes on the next page before completing this form)

I/We, ____

of ____

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

Name	Address	NRIC / Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

as my/our proxy/proxies, to vote for me/us on my/our behalf at the Annual General Meeting ("AGM") of the Company to be held at 350 Orchard Road, #10-01 Shaw House, Singapore 238868 on Monday, 29 April 2019 at 9.30 a.m. and at any adjournment thereof. The proxy/proxies is/are 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 will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

No.	Ordinary Resolutions	For	Against
1	Adoption of the audited financial statements for the financial year ended 31 December 2018 and the Directors' Statement and Auditor's Report thereon		
2	Re-election of Mr Chua Keng Woon as Director retiring pursuant to Regulation 88 of the Company's Constitution		
3	Re-election of Mr Charles Wang Chong Guang as Director retiring pursuant to Regulation 88 of the Company's Constitution		
4	Re-election of Mr Goh Kian Chee as Director retiring pursuant to Regulation 89 of the Company's Constitution		
5	Approval of Directors' fee for the financial year ended 31 December 2018		
6	Re-appointment of Ernst & Young LLP as Auditors		
7	Authority to issue shares and instruments convertible into shares		
8	Renewal of the Share Purchase Mandate		
9	Authority to grant awards and to allot and issue shares under the AsiaMedic Share Award Scheme		
10	Authority to grant options and to allot and issue shares under the AsiaMedic Employee Share Option Scheme 2016		
11	Renewal of the IPT General Mandate		

All Resolutions put to the vote shall be decided by way of poll.

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

Dated this __________ day of ______________ 2019.

Total Number of Shares Held

____

Signature(s) of Member(s) / Common Seal

Notes:

1. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
2. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 (the "Companies Act").
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy/proxies must be deposited at the registered office of the Company at 350 Orchard Road, #08-00 Shaw House, Singapore 238868 not later than 72 hours before the time set for the meeting.
5. The instrument appointing a proxy/proxies must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy/ proxies is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
6. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the meeting in order for the Depositor to be entitled to attend and vote at the meeting. A Depositor shall not be regarded as a member of the Company entitled to attend the meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the meeting.
7. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the meeting in person. CPF and SRS Investors who are unable to attend the meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the meeting.
8. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy/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.
9. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with its Constitution and Section 179 of the Companies Act.
10. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she should insert that number of shares. If the member has shares registered in his/her name in the Register of Members (maintained by or on behalf of the Company), he/she should insert that number of shares. If the member has shares entered against his/her name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

    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.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and /or representative(s) to attend, speak and vote at the meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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CORPORATE INFORMATION

BOARD OF DIRECTORS
Mr Charles Wang Chong Guang (Non-Executive Chairman)
Mr Tan Soo Kiat (Non-Executive Director)
Mr Goh Kian Chee (Lead Independent Director)
Mr Chua Keng Woon (Independent Director)

AUDIT AND RISK MANAGEMENT COMMITTEE
Mr Goh Kian Chee (Chairman)
Mr Chua Keng Woon
Mr Tan Soo Kiat

NOMINATING COMMITTEE
Mr Chua Keng Woon (Chairman)
Mr Goh Kian Chee
Mr Tan Soo Kiat

REMUNERATION COMMITTEE
Mr Goh Kian Chee (Chairman)
Mr Chua Keng Woon
Mr Tan Soo Kiat

REGISTRAR AND SHARE TRANSFER OFFICE
KCK CorpServe Pte Ltd
333 North Bridge Road
#08-00 K H KEA Building
Singapore 188721

COMPANY SECRETARY
Ms Foo Soon Soo

AUDITORS
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge: Mr Ng Boon Heng
(Date of appointment: since financial year ended 31 December 2018)

REGISTERED OFFICE
350 Orchard Road
#08-00 Shaw House
Singapore 238868
Tel: (65) 6789 8888
Fax: (65) 6738 4136
Email: info@asiamedic.com.sg
Website: www.asiamedic.com.sg

PRINCIPAL BANKERS
DBS Bank Ltd
Hong Leong Finance Limited

CATALIST SPONSOR
Xandar Capital Pte Ltd
3 Shenton Way
#24-02 Shenton House
Singapore 068805

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(Co. Reg. No. 197401556E)
350 Orchard Road
#08-00 Shaw House
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