ASIAMEDIC LIMITED

THE CHOICE HEALTHCARE PROVIDER IN SINGAPORE

ANNUAL REPORT 2016

CONTENTS

OUR 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

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

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

OUR CORE SERVICES

WELLNESS AND PREVENTIVE MANAGEMENT

Health Risk Assessments and Screenings, Anti-Aging and Health Risk Management programmes for optimised healthy aging and wellness.

COLLABORATIVE HEALTH MANAGEMENT

Collaborative partnership with medical specialists and hospitals located both locally and overseas.

ADVANCED DIAGNOSTIC IMAGING

General and sub-specialty CT and MRI imaging such as Cardiovascular, Neuroradiological, ENT and Musculoskeletal imagings. PET/CT imaging for diagnosis, staging, localisation and monitoring progress of cancer.

ASIAMEDIC'S BUSINESS UNITS

ASIAMEDIC WELLNESS ASSESSMENT CENTRE

The AsiaMedic Wellness Assessment Centre provides extensive preventive health screening plans to help patients diagnose early signs of health warnings with subsequent intervention and behavioural treatment follow-ups. Operated by highly qualified and experienced 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, we have stayed true to our 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 the Health Promotion Board (HPB) to conduct nationwide health screening for designated secondary schools for their school-based health screening and vision screening for Singapore's kindergartens and childcare centres as part of the National Myopia Prevention Programme.

ASIAMEDIC ADVANCED IMAGING CENTRE

The AsiaMedic Advanced Imaging Centre operates from The Orchard Imaging Centre and The Heart & Vascular Centre. Leveraging on the leading technology of a 128-slice CT scanner and three Magnetic Resonance Imaging (MRI) scanners, the Centre works with a number of esteemed healthcare partners through an integrated RIS PACS system to offer patients all forms of advanced imaging services. From cardiology, neuroradiology and ENT to DEXA, mammography and ultrasound, patients can go through the necessary advanced imaging procedures in comfort and confidence knowing we are constantly upgrading our technology to stay at the forefront of the industry. Some of the latest technological innovations that we feature include the C-web basic.

ASIAMEDIC POSITRON EMISSION TOMOGRAPHY (PET) CENTRE

The AsiaMedic Positron Emission Tomography (PET) Centre is one of Singapore's first independent PET 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. The scanner delivers 2D and 3D imaging, enabling patients to get clear and comprehensive cancer diagnosis and staging images, making us a cut above the rest.

ASIAMEDIC'S BUSINESS UNITS

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. Events like Zeltiq CoolConsult Day held in August 2016 and Dual Yellow Consultation Day have raised our industry profile.

COMPLETE HEALTHCARE INTERNATIONAL (CHI)

Complete Healthcare International (CHI), the family medicine practice is dedicated to providing comprehensive health care of the highest standard to our international and local clientele in a caring, professional and attentive environment.

"Chi" refers to energy flow or life force in the Asian context, and the practice aims providing 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.

Set against the serene and idyllic backdrop of Rochester Park, CHI aims to create a distinctly privileged healthcare experience for its patients with its team of highly qualified doctors (General Practitioners), nurses and staff, coming from Singapore and overseas and bringing with them diverse experiences.

As testament to CHI's accomplishment in the local healthcare industry, we have been invited by AXA to be their partner in an exclusive collaboration to provide their insurance beneficiaries with regular medical and wellbeing health talks, as well as enjoy high profile presence in the Expatriate Associations and Chambers of Commerce.

CHAIRMAN'S STATEMENT

Dear Shareholders,

2016 was a year marked by lingering challenges, which was characterised by uncertainties and sluggish growth in the global economic environment. Despite this, AsiaMedic Limited ("AsiaMedic" or the "Group") has remained focused on consolidating its various business segments, while working on expanding its customer base.

PERFORMANCE REVIEW

In FY2016, the Group's revenue remained stable, increasing 2% to S$20.6 million as compared to FY2015. This was mainly attributed to higher revenue contribution from health screening services due to new large scale on-site contracts secured, which was partially offset by lower revenue from the imaging business due to a drop in medical tourists from the region caused by the economic slowdown and increased competition. Separately, revenue contributed by our Complete Healthcare International ("CHI") clinic also fell as a result of a reduction in expatriate patients.

During the year in review, the Group also recorded impairment of goodwill which arose from the acquisition of CHI in 2013. As a result, the Group reported a loss of S$1.6 million in FY2016 against a loss of S$1.7 million in the previous year.

KEY DEVELOPMENTS IN FY2016

Nevertheless, we attained significant achievements in a few of our business segments during the year. We forged several collaborations with prominent partners under our CHI clinic that helped us create a distinct corporate profile and raised our visibility greatly. As part of our effort to participate actively in various community healthcare programmes, we took part in the French Chamber of Commerce Smart Health Project 2016/2017, which saw our medical professionals engage in meaningful exchanges and interactions with other corporate parties on four aspects of the Singapore healthcare industry with a special focus on French medical solutions. The four aspects covered were healthcare accessibility and affordability, value-based care and innovation, preventive care, as well as seamless care and silver economy.

On the same note, we also partnered leading assurer, AXA Insurance to educate their insurance beneficiaries through a series of regular medical and wellbeing health talks held at designated offices or in hotel conference rooms. Our engagement with AXA Insurance comprised about two talks monthly with a wide range of topics covered, including cancer, vascular health, food allergies and intolerances, as well as active ageing for men and women.

Separately, our Wellness Assessment Centre was also awarded two health screening tenders by the Health Promotion Board ("HPB") to carry out vision screening in kindergartens and childcare centres as part of the National Myopia Prevention Programme, and conduct school-based health screening for designated secondary schools. To date, we have screened 1,552 kindergartens and childcare centres, and 130 secondary schools. The Group's strategic move towards focusing on bigger on-site projects instead of multiple small ones has delivered a positive outcome as our on-site revenue went up immensely.

As such, we have taken steps to form an on-site team to perform these projects at multiple sites on a daily basis. Towards this end, we have ramped up efforts to seal corporate deals as we closed 120 new contracts during the year. Concurrently, where individual patients were concerned, we also actively approached dependents of existing corporate clients as part of our marketing plan to enlarge our current customer base.

In FY2016, we implemented measures to boost the efficiency of our Advanced Imaging Centre to produce a faster turnaround time, as we saw growing demand from restructured and private hospitals for advanced imaging. With the intention to capitalise on this rising demand, we developed new technological innovations and improved our IT infrastructure, such as C-web basic and upgraded to RIS-PAC to enhance the experience and convenience of patients and physicians who utilise our services.

These initiatives have produced encouraging results as we experienced an increase in the number of advanced imaging patients and overall referral from restructured hospitals. Following this development, we will continue to expand our local and international customer base despite an increasingly competitive and saturated imaging market. We will strive to be at the forefront of the medical imaging arena as we continually upgrade ourselves to remain as the preferred imaging facility for patients.

CHAIRMAN'S STATEMENT

Additionally, we also divested our entire 15.24% stake in Cryoviva Singapore Pte Ltd ("Cryoviva") as part of our plan to streamline our operations. Cryoviva's principal business is cord blood and stem cell banking, which is not the Group's core business. As such, the disposal of Cryoviva enabled us to better focus on growing our primary segments. Along the same line, we increased our stakes in subsidiaries, CHI and Astique The Aesthetic Clinic, following the exercise of put options by the non-controlling interests in both centres. With the realignment of our interests, we believe we are well-positioned to tap on the growing potential of the healthcare industry.

OUTLOOK

We expect the operating environment to continue to be challenging as uncertainties ensue. Despite this, we believe that there is a continual demand for quality diagnostic imaging and wellness services in Singapore as the local government raises spending on healthcare while the increasing demands of an ageing population spurs the need for quality medical services and facilities.

However, we anticipate that hiring doctors who suit our patients' requirements will be challenging, given the current tight labour market. As we strive towards building continuity of care for our patients and patient loyalty, we are constantly reviewing our terms to attract more quality medical talents. We also foresee that the expatriate community will contract as more companies hire locally to cut cost. As such, we will work towards onboarding more local patients.

Concurrently, the Group is also reviewing several capital expenditure plans, including the possible relocation of clinics and upgrading of medical equipment. Additionally, we are actively exploring acquisition opportunities to build synergistic partnerships that can benefit our business. As announced on 20 January 2017, we have entered into a term sheet to acquire the entire share capital of LuyeEllium Healthcare Co., Ltd, a South Korean medical services company that provides hospital management services to hospitals in South Korea and China, which also operates a post-partum centre in Busan, South Korea. We believe that such an acquisition will allow the Group to expand its range of healthcare services to include the provision of non-clinical support and consultancy services to medical institutions, as well as widen its geographical reach in South Korea and China. Moving forward, we will also continue to explore acquisition opportunities with organisations that present potential synergy with our business.

IN APPRECIATION

I would like to extend a warm welcome to Mr. Choo Kin Poo, who joined us in June 2016 as the Group Chief Executive Officer. Mr. Choo brings with him over 18 years of experience in strategy planning, business development, and mergers and acquisitions in the healthcare industry. We look forward to his contribution and working together with him to bring the Group to a new level of success.

On the same note, I would also like to take this opportunity to extend my gratitude to the Board of Directors for their invaluable insights and guidance, and a big thank you to our shareholders, customers and business associates who have supported us staunchly over the years. Finally, I would also like to acknowledge and appreciate our management and staff who have worked hard and stayed committed to our cause throughout this journey. We look forward to creating greater value for our stakeholders in the years ahead.

TAN SOO KIAT
Non-Executive Chairman

CEO'S STATEMENT

As uncertainty persisted in the global economy and political situation, we continue to implement a series of initiatives to strengthen our market position. We see this as a strategic period for us to consolidate our business, so as to be well-poised to capture any opportunities that may come along during these times.

FORWARD STRATEGIES CUSTOMISED TO MARKET TRENDS

In view of the current situation, we have launched measures with a three-year plan starting FY2017. These programmes are mainly focused on organisation restructuring, business transformation and staff development.

Where organisation restructuring is concerned, we are taking steps to streamline the structure of our subsidiaries, so as to further enhance the synergies between various functions and business units, as well as allow for better integration within the organisation. Through this exercise, the Group hopes to better maximise its resources to achieve optimal efficiency and productivity. With a seamless process flow within the organisation, we will be able to provide consistent standard of services and effective solutions to our patients.

Concurrently, we are also looking to transform our business with plans in place to partner referral clinics to develop an integrated and seamless diagnostic solution for our treatment centre. This will enable us to enlarge our patient base as we tap on our partners' patient networks.

Along the same line, the Group will be enhancing its medical concierge service to bring in more foreign patients. Currently, our core patient base is made up of mostly foreign patients, who are expatriates or travel tourists. Our foreign patients enjoy our customised medical solutions and premium healthcare services amidst a tranquil upmarket setting. As such, we hope to capitalise on our strength to widen our patient base with our unique selling point.

In this aspect, we will also be developing an ecosystem that starts from the process of early screening to specialist diagnosis, followed by treatment and primary care. We hope to instill confidence in our patients that we can see them through their entire healthcare needs and forge trusting relationships with them as we provide them with the most suitable treatments for their specific situation.

Finally, the most important element in our strategic plan is to focus on staff development. At AsiaMedic, our people determine our results and as such, we place much emphasis on developing our talents through regular training courses. Our programmes are specially tailored to equip administrative and management staff, as well as medical professionals with the latest skills and knowledge to enable them to excel in their individual areas of work.

With regard to this aspect, we have developed a management trainee scheme that is specially targeted to realise the full potential of highly regarded staff. In order to qualify for the leadership development programme, the trainee must be a full-time permanent staff who has served AsiaMedic for a minimum of 2 years and has achieved above average performance consistently in his/her last 2 appraisal ratings.

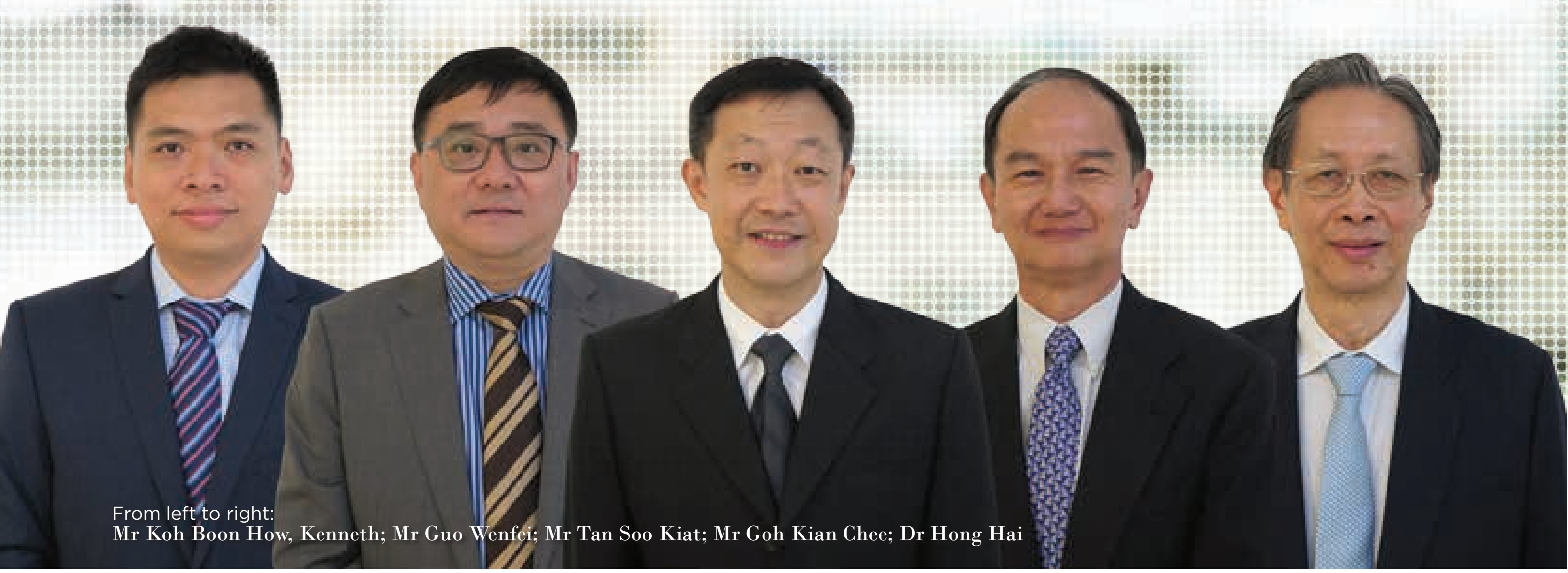
High potential staff will be trained in different management skills and given the opportunity to take on various job scopes, so as to equip them with an overview of the entire gamut of functions within the organisation. Through some of our talent retention strategies, these selected talents will embark on a career path that takes them from clinical and administrative functions to management responsibilities. We believe that when an individual has operational knowledge, he/she will be in a better position to lead the organisation.

On the same note, we have high regards for Nurses' Day, which falls on 1 August every year. This is a day where nurses around the world are celebrated for their dedication and commitment towards patients. Nurses' Day is always celebrated with much fanfare at AsiaMedic. In FY16, we thanked our nurses for their hard work and contribution to the organisation with a buffet spread and notes of gratitude written by students from NUS high School.

ACKNOWLEDGEMENTS

With this, I would like to take this opportunity to thank our management and staff for their hard work and dedication towards AsiaMedic over the years. I would also like to thank our business associates and patients, as well as shareholders, who have been supporting us all this while. Thank you and I look forward to journeying on this meaningful road ahead with you in the years to come.

BOARD OF DIRECTORS



From left to right:
Mr Koh Boon How, Kenneth; Mr Guo Wenfei; Mr Tan Soo Kiat; Mr Goh Kian Chee; Dr Hong Hai

MR TAN SOO KIAT
Non-Executive Chairman

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 one other SGX-listed company.

Mr Tan was formerly the Chief Operating Officer and Executive Director of Goodpack Limited, General Manager 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 the University of Otago, New Zealand, in 1983. He is a Chartered Accountant with the New Zealand Institute of Chartered Accountants.

MR GUO WENFEI
Non-Executive Director

Mr Guo has extensive experience in the pharmaceutical and healthcare industry in China. He has been the Chief Executive Officer of Luye Medical Group (China) since his appointment in 2014. Prior to that, Mr Guo spent over ten years as Vice-President of Marketing at Shandong Luye Pharma Co., Ltd. He was formerly the General Manager at Hong Kong-listed China NT Pharma Group, Business Manager at SmithKline Beecham, Vice-Director at Zhongwei International Medical Centre, and the Physician-in-Charge at Yantaishan Hospital in China.

He currently serves as President of Luye Ellium Healthcare Co., Ltd. and Shanghai Luye Dima Medical Investment Co., Ltd. Mr Guo graduated from Shandong Medical University with a degree in Clinical Medicine.

BOARD OF DIRECTORS

MR GOH KIAN CHEE
Lead Independent Director

Mr Goh is presently a Consultant at the National University of Singapore (NUS), Centre For The Arts. He is also an Independent Director of Indofood Agri Resources Ltd. and China Minzhong Food Corporation 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 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. Before his present role in NUS, Mr Goh was the Regional Vice President & Controller as well as an Executive Director of John Hancock International Pte Ltd.

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

MR KOH BOON HOW, KENNETH
Alternate Non-Executive Director to Mr Guo Wenfei

Mr Koh is the Deputy Chief Financial Officer of Luye Pharma Group Ltd ("Luye"). He started as an Audit Associate in KPMG Malaysia in Dec 2004 and was subsequently transferred to work in KPMG Singapore, where he was later promoted to Audit Assistant Manager. During his stint at KPMG, he was involved in the audits of a number of SGX-listed companies.

Mr Koh joined Luye as the Group Finance Manager in 2010. He was subsequently promoted to Deputy Chief Financial Officer in 2014. Mr Koh also handles mergers and acquisitions and other corporate transactions. In 2014, he assisted in Luye's IPO on the Hong Kong Stock Exchange. Mr Koh is a member of CPA Australia.

DR HONG HAI
Independent Director

Dr Hong is an Adjunct Professor at the Nanyang Business School and a Senior Fellow of the Institute of Advanced Studies at the Nanyang Technological University (NTU) in Singapore. He is an independent director of Poh Tiong Choon Logistics Ltd. He was previously an independent director of YTL Starhill Global Reit Management Ltd and China Merchant Holdings (Pacific) Ltd, Dean (2003-2007) and Professor (2003-2013) at the College of Business, NTU, and President and Chief Executive Officer of Haw Par Corporation Limited (1990 – 2003).

Dr Hong holds Master's degrees from Harvard and Cambridge Universities and PhDs from Carnegie-Mellon University and the London School of Economics. He is a registered traditional Chinese medicine physician (MD, Beijing University of Chinese Medicine) and practises part-time at the Renhai Clinic and the Public Free Clinic.

SENIOR MANAGEMENT AND CLINICIAN LEADERS

MR CHOO KIN POO
Chief Executive Officer
B.Med (Aus), MPH (UK)

Mr Choo held various leadership positions in private and public healthcare organisation, including Hygieia Pharmaceutical and National Healthcare Group. He has accomplished in driving strategy and business development initiatives that have generated outstanding returns and outcomes.

Mr Choo is currently providing leadership and oversight to Healthe Care Australia Pty Ltd and LuyeEllium Healthcare Co. Ltd (Korea) at the Board level. Possessing unique combination of public and private organization and business leadership, he is always ready to build, transform and improve the organization to achieve its vision and missions.

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 25 years of accounting and auditing experience. Mr Woo is a member of the Institute of Singapore Chartered Accountants.

DR WONG KAE THONG
Medical Director
Wellness Assessment Centre
MD, MRCPCh, MMed (Paed)

Dr Wong is a graduate of the University of Western Ontario, Canada. She is a general practitioner who has special interests in preventive health screening, travel medicine, and women's and children's health. She has practised medicine in rural settings and paediatric medicine in hospital settings. Dr Wong has been involved in preventive health and wellness care for individual and corporate patients since 2005.

DR KEVIN CHEN
Consultant Radiologist
Clinical Director – Advanced Imaging Centre
MB ChB, MRCP, FRCR, FAMS

Dr Chen graduated from the University of Bristol Medical School in the UK. He is a member of the Royal College of Physicians (London), a Fellow of the Royal College of Radiologists and a Fellow of the Academy of Medicine, Singapore. Prior to joining AsiaMedic, Dr Chen was a consultant radiologist at the Singapore General Hospital where he was a director of the Advanced Imaging Centre and the SingHealth Centre for Non-Invasive Advanced Cardiovascular Imaging. He has a special interest in cardiovascular imaging and has completed a Fellowship in this radiological sub-specialty at the Cleveland Clinic Foundation, Ohio, USA.

DR MATTHEW YAP
Managing Director
AsiaMedic Astique The Aesthetic Clinic
MBBS (Singapore), Diploma (American Academy of Aesthetic Medicine)

Dr Yap graduated from the National University of Singapore. He is a member of the American Academy of Aesthetic Medicine. He has 14 years of working experience as a doctor of which 8 years were in aesthetic medicine. He has attended numerous international conferences and masterclass workshops. He is a key opinion leader in the aesthetic industry and a master injector of Botox and dermal fillers. He is highly sought after for his meticulous aesthetic eye and skillful precision. He has a special interest in Botox, dermal fillers, lasers, skincare and Coolsculpting fat reduction. His mission is to help all achieve a natural and balanced beauty with minimally invasive, non-surgical procedures.

SENIOR MANAGEMENT AND CLINICIAN LEADERS

MR JONATHAN JOSEPH TAN

Chief Operating Officer
Dip. Psy (Dist), B.Sc Psy (Hons), B.Sc Eng (Hons), B.A Mgt (Hons), Master of International Business, Master of Health Admin, M.Sc Innovation (High Merit), D.Th.

Prior to his current appointment as Chief Operating Officer at AsiaMedic, Mr Tan held several leadership positions in both the public and private sectors, including senior management roles in Healthway Medical Group, National Healthcare Group, and Société Générale de Surveillance. A veteran in the healthcare sector, Mr Tan has extensive local and regional experience in various aspects of healthcare management from corporate and strategic planning, operations, P & L oversight and business development.

Apart from his official appointments, Lt Colonel (NS) Tan has extensive leadership experience through his service with the Singapore Armed Forces and the Singapore Civil Defence Force and is actively involved in community service, serving on the Board of Governors of the HomeTeamNS by the Ministry of Home Affairs. A strong proponent of academic sharing to promote best industry practices, Mr Tan was also appointed as the Consultant for Healthcare Initiatives at the Singapore Management University, where he has spoken at numerous local and international healthcare conferences. Mr Tan completed his studies under various scholarships in Singapore, US, UK and Australia. He holds fellowships and membership with a number of professional associations, including The British Psychological Society, American Psychological Association, Singapore Institute of Directors, Australian Institute of Management, and the American Association for Financial Management.

He left the Group in October 2016.

DR KIM HAYES

Medical Director
Complete Healthcare International
MBBS, DRCOG, FRACGP

Dr Hayes graduated from Monash University, Melbourne in 1990. She is a Fellow of the Royal Australian College of General Practitioners and a Fellow of the Australian College of Nutritional and Environmental Medicine. She has a Diploma from the Faculty of Family Planning, London School of Obstetrics and Gynecology and a Diploma of the Royal Australian College of Obstetrics and Gynecology.

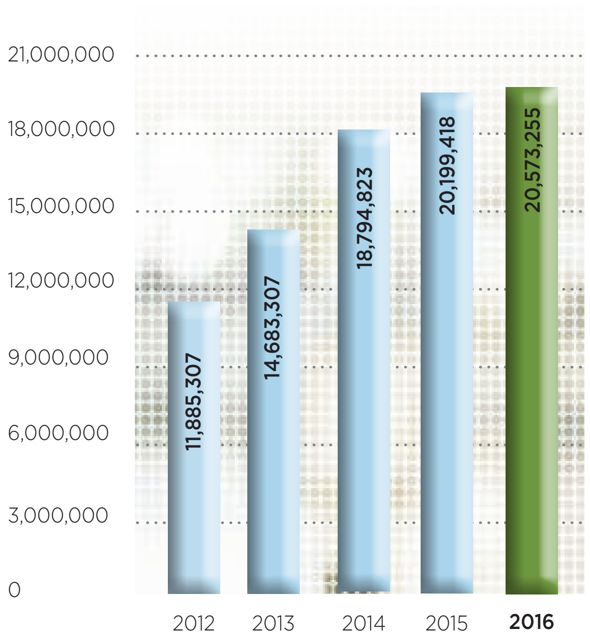
Dr Hayes has worked as a family doctor in the UK and also in rural Victoria, Australia. In Singapore, she worked as a GP looking after families from the expatriate community. She has vast experience in general and behavioral medicine. She has also a very keen interest in nutritional and environmental medicine.

She left the Group in December 2016.

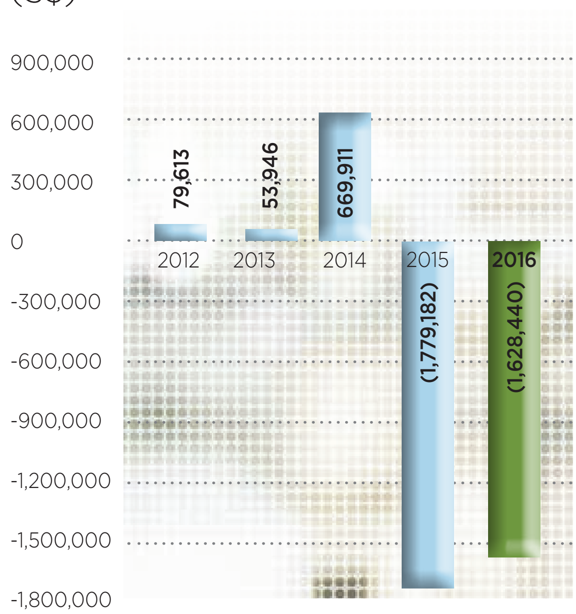
FINANCIAL HIGHLIGHTS

	2012 S$	2013 S$	2014 S$	2015 S$	2016 S$
Revenue	11,885,307	14,683,307	18,794,823	20,199,418	**20,573,255**
Profit/(Loss) before taxation	52,884	(58,115)	467,384	(1,873,457)	**(2,029,304)**
Profit/(Loss) for the year	33,923	64,654	646,012	(1,734,384)	**(1,628,206)**
Net profit/(loss) after tax attributable to owners of the Company	79,613	53,946	669,911	(1,779,182)	**(1,628,440)**
Share capital and reserves	13,715,610	13,575,783	13,954,793	12,183,313	**13,381,895**
	Cents	Cents	Cents	Cents	**Cents**
Earnings per share – Basic	0.02	0.02	0.20	(0.53)	**(0.42)**
– Diluted	0.02	0.02	0.20	(0.53)	**(0.42)**
Net asset value per share	4.09	4.00	4.12	3.59	**3.43**

REVENUE
(S$)



NET PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO OWNERS OF THE COMPANY
(S$)



FINANCIAL REVIEW

The Group's revenue increased by S$374,000 or 2% from S$20.2 million for the financial year ended 31 December 2015 ("**FY2015**") to S$20.6 million for the financial year ended 31 December 2016 ("**FY2016**"). The increase was due mainly to higher revenue from health screening services partly offset by lower revenue from the imaging business.

Other income increased by S$5,000 or 1% in FY2016 due mainly to higher grant income which was offset by a lower sub-lease income.

Personnel expense increased by S$2.1 million or 21% due mainly to higher clinical headcount to support the health screening business. Maintenance of equipment expenses increased by S$227,000 or 48% due to the expiry of the warranty period of equipment acquired in previous years. Finance costs decreased by S$37,000 or 21% due mainly to settlement of hire purchase liabilities and bank loans. The increase in other operating expenses of $156,000 or 6% was due mainly to expenses incurred in relation to the proposed acquisition of LuyeEllium Healthcare Co., Ltd (please refer to the Company's announcement dated 20 January 2017 for further details). Impairments, provisions and fair value adjustments in FY2016 relate mainly to the impairment of goodwill arising from the acquisition of Complete Healthcare International Pte Ltd in 2013. The share of results of associates improved in FY2016 due to the divestment of Cryoviva Singapore which was loss-making. The tax credit is due to the recognition of deferred tax assets of the Group's unutilised capital allowances and unabsorbed tax losses.

As a result of the lower revenue from imaging business and impairment of goodwill, the Group recorded a loss of S$1.6 million for FY2016 compared with a loss of S$1.7 million for FY2015.

GROUP STRUCTURE

EQUITY INTEREST	
100%	**SUBSIDIARIES** The Orchard Imaging Centre Pte Ltd AsiaMedic Heart & Vascular Centre Pte Ltd AsiaMedic PET/CT Centre Pte Ltd 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*
33%	**ASSOCIATE** Positron Tracers Pte Ltd

* Inactive

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 2016 ("FY2016"). The Company confirms that it has adhered to the principles and guidelines of the Code and has specified each area of non-compliance. 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 its entirety.

BOARD MATTERS

The Board's Conduct of its 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 and an Alternate Director having the appropriate mix of core competencies and diversity of experience to direct and lead the Company. As at the date of this report, the Board comprises the following members:

Mr Tan Soo Kiat	Non-Executive Chairman
Mr Goh Kian Chee	Lead Independent Director
Dr Hong Hai	Independent Director
Mr Guo Wenfei	Non-Executive Director
Mr Koh Boon How	Alternate Non-Executive Director to Mr Guo Wenfei

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.

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);

CORPORATE GOVERNANCE REPORT

(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.

The present Board comprises four members. Of the four Board members, two are Non-Executive Directors and two are Independent Directors.

	Board		Board Committees		
Name of Director	**Non-Executive Directors**	**Independent Directors**	**Audit and Risk Management Committee**	**Remuneration Committee**	**Nominating Committee**
Mr Tan Soo Kiat	Chairman		Member	Member	Member
Mr Guo Wenfei (Alternate Director: Mr Koh Boon How)	Member	–	–	–	–
Mr Goh Kian Chee	–	Lead Independent Director	Chairman	Member	Member
Dr Hong Hai	–	Member	Member	Chairman	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.

The following table discloses the number of meetings held for Board and Board Committees and the attendance of all Directors in FY2016:

	Board	**Audit and Risk Management Committee**	**Remuneration Committee**	**Nominating Committee**
Number of meetings held	7	2	2	2
		Number of meetings attended		
Mr Tan Soo Kiat	7	2	2	2
Mr Goh Kian Chee	7	2	2	2
Dr Hong Hai	5	2	2	2
Mr Guo Wenfei (Alternate Director: Mr Koh Boon How)	4	NA	NA	NA

NA – Not member of the Board Committee

CORPORATE GOVERNANCE REPORT

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.

Orientation, Briefings, Updates and Professional Development Provided for Directors in FY2016

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 Group's strategic direction, 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.

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.

As new Directors, Mr Guo Wenfei and Mr Koh Boon How have been provided letters of appointment as Directors and the appropriate briefing on the roles and responsibilities as a director of a listed company.

CORPORATE GOVERNANCE REPORT

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.

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.

Mr Goh Kian Chee was appointed by the Board on 5 February 2016 as Lead Independent Director.

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 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.

In its annual review of the Board's composition, the Board has identified and appointed Mr Guo Wenfei as a new member of the Board on 5 February 2016 whose experience in healthcare management expands the Board's mix of competencies.

The independence of Dr Hong Hai and Mr Goh Kian Chee as Independent Directors are reviewed by the NC. Both Dr Hong and Mr Goh 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 Dr Hong and Mr Goh continue to be independent. Dr Hong and Mr Goh 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 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 exercised independent judgement. 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 to provide significant and valuable contribution objectively to the Board as a whole. 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 rigorous review of his independence.

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

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

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

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.

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.

The Chairman is primarily responsible for the effective working of the Board.

Mr Tan Soo Kiat was appointed Non-Executive Chairman of the Board on 5 February 2016. 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 Choo Kin Poo was appointed the Chief Executive Officer ("CEO") on 13 June 2016. As CEO, Mr Choo is responsible for carrying out the strategies and policies as established by the Board and for the overall management, development and financial performance of the Group. Before the CEO's appointment, Mr Tan Soo Kiat assisted the Board in supervising the operations of the Group in consultation with the Board. With the CEO's appointment, the roles of the Chairman and CEO are distinct and separate.

Nevertheless, as two of the members of the Board (namely Mr Guo Wenfei and his Alternate Director, Mr Kenneth Koh) and the CEO of the Company are also employees of Luye Medicals Group Pte Ltd (the controlling shareholder of the Company) or its related corporations, the Company has appointed Mr Goh Kian Chee as its Lead Independent Director. Shareholders may contact Mr Goh at the Company's general meetings.

BOARD MEMBERSHIP

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

The Nominating Committee ("NC") comprises three members, a majority of whom are independent. The members of the NC are:

Dr Hong Hai	Chairman	Independent Director
Mr Goh Kian Chee	Member	Lead Independent Director
Mr Tan Soo Kiat	Member	Non-Executive Director

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;

(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.

CORPORATE GOVERNANCE REPORT

Succession Planning for the Board

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.

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.

Selection, 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.

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.

Mr Guo Wenfei was identified by the NC as a candidate which complements the Board's skill and competence with his experience in healthcare management and was recommended for appointment as a Director. Mr Guo was appointed a Non-Executive Director on 5 February 2016.

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 and Dr Hong Hai will retire by rotation at the forthcoming AGM pursuant to the Constitution of the Company and has consented to stand for re-election. They were last re-elected on 26 April 2016.

Mr Koh Boon How is an Alternate Non-Executive Director to Mr Guo Wenfei. He is an employee of the controlling shareholder and is familiar with the Group's affairs.

CORPORATE GOVERNANCE 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.

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. The Company Secretary compiles the 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.

ACCESS TO INFORMATION

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

All Directors 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.

The Board has separate and independent access to the Company Secretary and the Management at all times in carrying out their duties. The appointment and removal of the Company Secretary is subject to the approval of the Board. 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 Committees meetings are circulated to the Board.

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 fulfill their duties and responsibilities as Directors.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

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.

The Remuneration Committee ("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:

Dr Hong Hai	Chairman	Independent Director
Mr Goh Kian Chee	Member	Lead 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 and key management personnel of the Group;

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

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

(d) review the Group's obligations arising in the event of termination of the executive directors' 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 key management personnel.

CORPORATE GOVERNANCE REPORT

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.

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.

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

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.

There are currently no executive directors. The 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 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 FY2016 for shareholders' approval at the Company's AGM.

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.

Remuneration of Directors and CEO

The remuneration of the Directors and CEO of the Company for FY2016 is as follows:

Below S$250,000	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	100%	–	–	–	100%
Chief Executive Officer					
Choo Kin Poo[(2)]	–	96%	–	4%	100%

(1) Appointed on 5 February 2016

(2) Appointed on 13 June 2016

The aggregate Directors' fee for FY2016 was S$175,960. Directors' fees are disclosed on a named basis in bands of S$250,000 and not to the nearest thousand dollars, in the interest of the Company to maintain confidentiality.

CORPORATE GOVERNANCE REPORT

Remuneration of the CEO and 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 the CEO and its top five key management personnel given the highly competitive industry conditions.

The aggregate total remuneration paid to the top five key management personnel amounted to S$1,381,592 for FY2016.

Immediate Family Member of Directors or 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 FY2016.

ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the 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.

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

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, AND INTERNAL AUDIT

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.

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

Risk Management and Internal Controls

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.

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.

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 FY2016.

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 Group Financial Controller 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.

Opinion on Adequacy of Internal Controls

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the Management, the Board and relevant Board Committees, the ARMC and the Board are 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 FY2016.

The Board notes that 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.

Internal Audit

The Company outsources its internal audit function to Yang Lee & Associates. The internal auditors ("IA") 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 IA to perform its function.

The IA is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

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

The IA completed two reviews during FY2016 in accordance with the internal audit plan approved by the ARMC with reference to the Group Risk Management Framework. During the reviews, the IA has unfettered access to the relevant documents, records, properties and personnel of the Group. The findings and recommendations of the IA, the Management's responses, and the Management's implementation of the recommendations have been reviewed and approved by the ARMC.

CORPORATE GOVERNANCE REPORT

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.

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
Dr Hong Hai	Member	Independent Director
Mr Tan Soo Kiat	Member	Non-Executive Director

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.

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 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 Group's Management to the 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 has the power to conduct or authorise investigations into any matters 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.

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.

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

CORPORATE GOVERNANCE REPORT

External Audit

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. Different auditors have been appointed for the Group's associated companies. The names of these auditors are disclosed in the financial statements. The Board and the ARMC are satisfied that the appointment of different auditors for its associated companies 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 Management, and deemed that the list of key audit matters has been appropriately addressed and disclosed in the financial statements.

The ARMC reviews the independence and audit quality indicators of the external auditors. The ARMC has recommended that Ernst & Young LLP be nominated for re-appointment as auditors at the forthcoming AGM.

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, general manager, Human Resources Manager, or CEO. 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.

SHAREHOLDER RIGHTS, COMMUNICATION WITH SHAREHOLDERS, AND CONDUCT OF SHAREHOLDER MEETINGS

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.

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.

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.

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.

CORPORATE GOVERNANCE REPORT

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 practice selective disclosure and price sensitive information is publicly released on an immediate basis where required under the Listing Rules

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.

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.

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.

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 are 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 allow a shareholder who is absent from a general meeting to exercise his vote in absence through his proxy or proxies.

The details of dividend payment to shareholders will be disclosed via the release of the announcements through SGXNET. For FY2016, no dividend is declared or recommended due to the performance of the Group.

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.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$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 S$100,000)
Mr Tan Soo Kiat (Non-Executive Director)	Private placement of 9,000,000 ordinary shares for a consideration of S$495,000 on 21 January 2016, pursuant to shareholders' approval obtained on 19 January 2016	No shareholders' mandate has been obtained
Mr Koh Boon How (Alternate Non-Executive Director)	Private placement of 2,500,00 ordinary shares or a consideration of S$137,500 on 21 January 2016, pursuant to shareholders' approval obtained on 19 January 2016	No shareholders' mandate has been obtained

On 20 January 2017, the Company has entered into a binding term sheet for the proposed acquisition of the entire share capital of LuyeEllium Healthcare Co., Ltd. One of the vendors of LuyeEllium Healthcare Co., Ltd is Luye Medicals Group Pte Ltd, a controlling shareholder of the Company. The proposed acquisition of the entire share capital of LuyeEllium Healthcare Co., Ltd., if proceed, will be subject to the approval of independent shareholders of the Company.

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

MATERIAL CONTRACTS

On 20 January 2017, the Company has entered into a binding term sheet for the proposed acquisition of the entire share capital of LuyeEllium Healthcare Co., Ltd, a South Korean medical services company that provides hospital management services to hospitals in South Korea and China, and also owns and operates a post-partum centre in Busan, South Korea. The aggregate consideration for the proposed acquisition is S$42,168,000 to be satisfied by the allotment and issuance of new ordinary shares in the capital of the Company.

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-AUDIT FEES AND NON-SPONSOR FEES

There were no non-audit fees paid to the external auditors in FY2016.

The non-sponsor fees paid to the sponsor in FY2016 amounted to S$25,000 in relation to the proposed acquisition of the entire share capital of LuyeEllium Healthcare Co., Ltd.

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 statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2016.

1. Opinion of the Directors

In the opinion of the Directors,

(i) The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 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:

Tan Soo Kiat	Non-Executive Chairman	
Guo Wenfei	Non-Executive Director	(appointed 05 February 2016)
Goh Kian Chee	Lead Independent Director	
Hong Hai @ Huang Hai	Independent Director	
Koh Boon How	Alternate Non-Executive Director to Guo Wenfei	(appointed 05 February 2016)

3. Arrangements to enable Directors to acquire shares and debentures

Except as disclosed in section 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.

On 21 January 2016, the Company undertook a private placement of 9,000,000 ordinary shares for a consideration of S$495,000 to Mr Tan Soo Kiat and 2,500,000 ordinary shares for a consideration of S$137,500 to Mr Koh Boon How, pursuant to shareholders' approval obtained on 19 January 2016.

On 11 March 2016, Mr Tan Soo Kiat and Mr Koh Boon How each sold 1,000,000 ordinary shares to Mr Guo Wenfei for a total consideration of S$132,000.

DIRECTORS' STATEMENT

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 or date of appointment**	**At the end of financial year**	**At the beginning of financial year or date of appointment**	**At the end of financial year**
Ordinary shares of the Company				
Tan Soo Kiat	–	–	–	8,000,000
Guo Wenfei	–	2,000,000	–	–
Koh Boon How	–	1,500,000	–	–
Share options of the Company				
Goh Kian Chee	–	150,000	–	–
Dr Hong Hai	–	150,000	–	–

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 2017.

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

5. 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 reports and 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 financial statements and the 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 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, independence, objectivity and audit quality indicators 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

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.

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

6. AsiaMedic Employee Share Option Scheme 2016

At an extraordinary general meeting 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 participants. The eligible participants are the 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 if the grantee leaves the Group.

The scheme is administered by the Remuneration Committee.

During the financial year, the Company granted 4,789,000 share options to certain employees, Directors and consultant radiologists under the scheme on 15 June 2016.

The exercise price of the options was S$0.056 and was set at a discount of 11.1% to the prevailing market price.

DIRECTORS' STATEMENT

The validity period of the options is as follows:

i. 2,040,000 share options – 5 years from the date of grant*

ii. 2,749,000 share options – 10 years from the date of grant

* These represent share options granted to the Independent Directors and consultant radiologists which have a maximum validity period of 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.

Out of the 4,789,000 share options, 890,000 share options have pre-set performance conditions. The actual share options vested will depend on the level of achievement against the pre-set performance conditions.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the scheme as at 31 December 2016 are as follows:

Exercisable period	Exercise price	Number of options
15 June 2018 to 14 June 2021	S$0.056	1,946,000
15 June 2018 to 14 June 2026	S$0.056	1,317,000

The information on Directors of the Company 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 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	–	150,000
Dr Hong Hai	150,000	150,000	–	150,000

Mr Goh Kian Chee and Dr Hong Hai did not participate in any deliberation or decision in respect of the options granted to them.

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.
- No grantee has received 5% or more of the total options available under the scheme.
- No options that entitled the holder to participate, by virtue of the options, in any share issue of any other corporations have been granted.

7. 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.

8. Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of Directors:

Tan Soo Kiat
Director

Goh Kian Chee
Director

Singapore
22 March 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASIAMEDIC LIMITED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Report on the audit of the financial statements

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 2016, 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.

Opinion

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 Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 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 procedures, including the procedures performed to address the matters below, provide the basis for our opinion on the accompanying financial statements.

Impairment of goodwill & investment in subsidiaries

The Group recorded goodwill of S$1.6 million arising from the acquisition of Complete Healthcare International ("CHI") in 2013 and goodwill amounting to S$524,000 in relation to the acquisition of AsiaMedic Astique The Aesthetic Clinic ("AATAC") was recorded by the Group in 2013. For impairment testing purpose, as disclosed in Note 13 to the financial statements, the goodwill had also been allocated to CHI and AATAC which are the respective cash generating units ("CGU").

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASIAMEDIC LIMITED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Company's investment in subsidiaries amounted to S$2.5 million as at 31 December 2016. The carrying values of investment in subsidiaries are tested for impairment whenever there are indications of impairment. As at 31 December 2016, management has identified indicators of impairment for the carrying amount of the investment in subsidiary, CHI.

In determining the recoverable amounts of the respective CGU, management used a value-in-use calculation that was based on budgets and forecasted cashflows. The assumptions and methodologies used by the Group and the Company, in particular those assumptions relating to discount rates and the growth rates have the most significant effect on the determination of the recoverable amounts. Given the sensitivity of the assumptions and the level of management judgement involved, we have identified impairment assessment on goodwill and investment in CHI 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 impairment assessment process and their determination of recoverable amount of the CGUs;
- tested the reasonableness of the inputs, data and methodology used by management to derive the recoverable amounts for the CGU by comparing to historical data, financial budgets approved by 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 and investment in CHI to their respective recoverable amounts, and assessed if the carrying amounts exceed the recoverable amounts; and
- assessed the appropriateness of disclosures in Note 10 to the financial statements, given the sensitivity of the key assumptions to the determination of the recoverable amounts.

Carrying value of property, plant and equipment

The carrying value of the Group's property, plant and equipment ("PPE"), which consist principally of medical equipment, amounted to S$7.7 million as of 31 December 2016. PPE is tested for impairment whenever there are indications of impairment. Following management's impairment assessment, no impairment was recorded for the year ended 31 December 2016.

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 cashflows, growth rates and discount rates. Accordingly, we have identified this as a key audit matter.

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

- obtained an understanding of management's impairment assessment process and their determination of recoverable amounts; and
- 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 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.

The Group's disclosures relating to property, plant and equipment are included in Note 9 to the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASIAMEDIC LIMITED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Other information

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASIAMEDIC LIMITED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

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

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

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

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

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

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

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 Tan Swee Ho.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
22 March 2017

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 $	2015 $
Revenue	4	20,573,255	20,199,418
Other income		802,616	797,685
Items of expense			
Consumables used		(2,281,971)	(2,314,054)
Personnel expense	30	(11,784,804)	(9,704,970)
Depreciation of property, plant and equipment	9	(1,595,144)	(1,557,771)
Operating lease expenses		(2,117,213)	(2,142,530)
Maintenance of equipment		(703,329)	(476,409)
Laboratory and consultancy fees		(1,925,794)	(1,982,570)
Finance costs	5	(139,986)	(177,197)
Other operating expenses		(2,667,564)	(2,511,026)
Impairments, provisions and fair value adjustments		(495,402)	(2,170,855)
Share of results of associates		306,032	166,822
Loss before tax	6	(2,029,304)	(1,873,457)
Income tax credit	7	401,098	139,073
Loss for the year		(1,628,206)	(1,734,384)
Attributable to:			
Owners of the Company		(1,628,440)	(1,779,182)
Non-controlling interests		234	44,798
		(1,628,206)	(1,734,384)
Loss per share (cents per share)			
Basic	8	(0.42)	(0.53)
Diluted	8	(0.42)	(0.53)

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 2016

	2016 **$**	2015 $
Loss for the year	(1,628,206)	(1,734,384)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	(10,053)	7,702
Total comprehensive income for the year	(1,638,259)	(1,726,682)
Attributable to:		
Owners of the Company	(1,638,493)	(1,771,480)
Non-controlling interests	234	44,798
Total comprehensive income for the year	(1,638,259)	(1,726,682)

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Group		Company	
		2016	2015	**2016**	2015
		$	$	**$**	$
Non-current assets					
Property, plant and equipment	9	7,693,945	8,672,575	94,208	149,840
Investment in subsidiaries	10	–	–	2,477,573	2,568,161
Investment in associates	11	1,662,640	1,554,608	470,060	668,060
Intangible asset	12	17,581	30,767	–	–
Goodwill	13	1,524,311	2,124,311	–	–
Deferred tax assets	14	730,911	357,818	–	–
		11,629,388	12,740,079	3,041,841	3,386,061
Current assets					
Inventories	15	309,369	296,793	–	–
Trade receivables	16	942,194	1,390,510	–	–
Other receivables and deposits	17	809,792	868,455	4,616,622	1,767,698
Prepayments		153,217	141,469	28,925	44,255
Cash pledged as security	18	274,750	–	–	–
Cash and short term deposits	19	7,088,192	5,642,145	4,815,901	4,207,641
		9,577,514	8,339,372	9,461,448	6,019,594
Current liabilities					
Trade payables	20	1,096,590	1,035,228	–	–
Other payables and accruals	21	1,696,930	1,270,093	724,000	639,535
Provisions	22	241,552	365,552	241,552	241,552
Deferred income	23	954,584	548,260	–	–
Current tax liabilities		1,517	–	–	–
Put options granted to non-controlling interests	26	807,862	761,544	439,412	–
Loans and borrowings	24	279,377	438,527	–	–
Obligations under finance leases	25	1,199,883	1,429,863	–	–
		6,278,295	5,849,067	1,404,964	881,087
Net current assets		3,299,219	2,490,305	8,056,484	5,138,507
Non-current liabilities					
Loans and borrowings	24	204,142	483,519	–	–
Obligations under finance leases	25	1,320,002	2,519,885	–	–
Deferred tax liabilities	14	22,568	52,090	–	–
		1,546,712	3,055,494	–	–
Net assets		13,381,895	12,174,890	11,098,325	8,524,568
Equity attributable to owners of the Company					
Share capital	27	24,761,027	21,950,527	24,761,027	21,950,527
Treasury shares	28	(2,866)	(2,866)	(2,866)	(2,866)
Other reserves	29	(582,644)	(599,166)	34,764	–
Accumulated losses		(10,793,622)	(9,165,182)	(13,694,600)	(13,423,093)
		13,381,895	12,183,313	11,098,325	8,524,568
Non-controlling interests		–	(8,423)	–	–
Total equity		13,381,895	12,174,890	11,098,325	8,524,568

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 2016

	Attributable to owners of the Company						
	Share capital $	Other reserves $	Treasury shares $	Accumulated losses $	Total share capital and reserves $	Non-controlling interests $	Total equity $
Group							
Balance at 1 January 2015	21,950,527	(606,868)	(2,866)	(7,386,000)	13,954,793	(11,221)	13,943,572
Loss for the year	–	–	–	(1,779,182)	(1,779,182)	44,798	(1,734,384)
Other comprehensive income							
– Foreign currency translation	–	7,702	–	–	7,702	–	7,702
Total comprehensive income for the year	–	7,702	–	(1,779,182)	(1,771,480)	44,798	(1,726,682)
Dividend declared to non-controlling interest	–	–	–	–	–	(42,000)	(42,000)
Balance at 31 December 2015 and 1 January 2016	21,950,527	(599,166)	(2,866)	(9,165,182)	12,183,313	(8,423)	12,174,890
Loss for the year	–	–	–	(1,628,440)	(1,628,440)	234	(1,628,206)
Other comprehensive income							
– Foreign currency translation	–	(10,053)	–	–	(10,053)	–	(10,053)
Total comprehensive income for the year	–	(10,053)	–	(1,628,440)	(1,638,493)	234	(1,638,259)
Acquisition of non-controlling interests without a change in control	–	(8,189)	–	–	(8,189)	8,189	–
Additional placement of ordinary shares	2,810,500	–	–	–	2,810,500	–	2,810,500
Grant of equity-settled share options to employees	–	34,764	–	–	34,764	–	34,764
Balance at 31 December 2016	24,761,027	(582,644)	(2,866)	(10,793,622)	13,381,895	–	13,381,895

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 2016

	Share capital $	Other reserves $	Treasury shares $	Accumulated losses $	Total $
Company					
Balance at 1 January 2015	21,950,527	–	(2,866)	(12,086,452)	9,861,209
Loss for the year	–	–	–	(1,336,641)	(1,336,641)
Total comprehensive income for the year	–	–	–	(1,336,641)	(1,336,641)
Balance at 31 December 2015 and 1 January 2016	21,950,527	–	(2,866)	(13,423,093)	8,524,568
Loss for the year	–	–	–	(271,507)	(271,507)
Total comprehensive income for the year	–	–	–	(271,507)	(271,507)
Additional placement of ordinary shares	2,810,500	–	–	–	2,810,500
Grant of equity-settled share options to employees	–	34,764	–	–	34,764
Balance at 31 December 2016	24,761,027	34,764	(2,866)	(13,694,600)	11,098,325

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016 $	2015 $
Cash flows from operating activities		
Loss before tax	(2,029,304)	(1,873,457)
Adjustments:		
Depreciation of property, plant and equipment	1,595,144	1,557,771
Changes resulting from re-measurement of put options granted to non-controlling interests	46,317	193,000
Fair value (gain)/loss on contingent consideration payable to non-controlling interest	(35,915)	178,000
Impairment of goodwill	600,000	–
Amortisation of intangible asset	13,186	13,186
(Gain)/loss on disposal of property, plant and equipment	(28,233)	1,253
Property, plant and equipment written off	328	4,442
Impairment loss on property, plant and equipment	–	96,362
Impairment loss on bad and doubtful receivables	34,133	1,346,033
Gain on disposal of investment in associate	(50,000)	–
Currency realignment	(10,053)	7,702
Interest expense	139,986	177,197
Interest income	(59,186)	(39,466)
Impairment loss on convertible loan receivables	–	228,884
Grant of equity-settled share options to employees	34,764	–
Expenses in connection with proposed acquisition (Note 38)	148,544	–
Share of results of associates	(306,032)	(166,822)
Operating cash flows before changes in working capital	93,679	1,724,085
Changes in working capital:		
Increase in inventories	(12,576)	(23,550)
Decrease in trade and other receivables, accrued revenue and prepayments	475,097	88,535
Increase/(decrease) in trade and other payables	267,514	(8,233)
Increase in deferred income	406,324	27,379
Cash flows from operations	1,230,038	1,808,216
Income tax paid	–	(566)
Net cash flows generated from operating activities	1,230,038	1,807,650
Cash flows from investing activities		
Interest received	59,186	39,466
Purchase of property, plant and equipment	(612,729)	(317,440)
Proceeds from disposal of property, plant and equipment	46,035	400,850
Proceed from disposal of investment in associate	50,000	–
Proceeds from divestment of convertible loans	–	302,543
Short term loan receivables	–	(498,613)
Repayment of long-term loan from an associate	198,000	396,000
Investment in an associate	–	(125,000)
Payment of proposed acquisition expenses (Note 38)	(51,856)	–
Net cash flows generated (used in)/from investing activities	(311,364)	197,806

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 2016

	2016 **$**	2015 $
Cash flows from financing activities		
(Increase)/decrease in short term deposit pledged as security	(274,750)	300,000
Interest paid	(139,986)	(177,197)
Repayment of obligations under hire purchase and loans and borrowings	(1,868,391)	(2,746,075)
Proceeds from private placement	2,810,500	–
Net cash flows from/(used in) financing activities	527,373	(2,623,272)
Net increase/(decrease) in cash and short term deposits	1,446,047	(617,816)
Cash and short term deposits at 1 January	5,642,145	6,259,961
Cash and short term deposits at 31 December	7,088,192	5,642,145

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 2016

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 are set out in Note 10 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

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 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition for Deferred Tax Assets for Unrealised Losses*	1 January 2017
Improvements to FRSs (December 2016) – Amendments to FRS 112: Classifications of the Scope of the Standard	1 January 2017
Improvements to FRSs (December 2016) – Amendments to FRS 28: Measuring an Associate or Joint Venture at Fair Value	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions	1 January 2018
FRS 116 Leases	1 January 2019
Amendments to FRS 110 & FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	*Date to be determined*

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards 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 FRS 109, FRS 115 and FRS 116 are described below:

<u>FRS 115 *Revenue from Contracts with Customers*</u>

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

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

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

FRS 109 requires the Group to record expected credit losses on all its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Group expects some impact on its equity due to the unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any differences between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increasing total assets and total liabilities, EBITDA and gearing ratio.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

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

(a) *Basis of consolidation (cont'd)*

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(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.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

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.

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)*

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 ***Transactions with non-controlling interests***

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

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

2.6 ***Foreign currency***

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

(a) Transactions and balances

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

2.6 ***Foreign currency (cont'd)***

(b) Consolidated financial statements

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

2.7 ***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	–	5 to 10 years

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 derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 ***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 2016

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

2.8 ***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.

2.9 ***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.

2.10 ***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 separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

2.11 ***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 is accounted as 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

2.11 *Associates (cont'd)*

Under the equity method, the investment in associates is carried in the statement of financial position 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.

2.12 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets 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 assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

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

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

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives, including separated embedded derivatives are also classified as held for trading.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

De-recognition

A financial asset is derecognised 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 has been recognised directly in other comprehensive is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

2.12 *Financial instruments (cont'd)*

(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.

Financial liabilities are recognised initially at fair value plus 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 rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

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

2.13 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

2.13 ***Impairment of financial assets (cont'd)***

Assets carried at amortised cost (cont'd)

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.14 ***Cash and short term deposits***

Cash and short term deposits comprise cash at bank and on hand, 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.

2.15 ***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.

2.16 ***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 economic resources 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

2.17 ***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 may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income".

2.18 ***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.

2.19 ***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 and 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.

2.20 ***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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

2.20 ***Leases (cont'd)***

As lessee (cont'd)

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 assets are classified as operating leases. Initial direct costs incurred in negotiating and operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.21 ***Revenue***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty.

(a) *Rendering of services*

Revenue from the rendering of specialised healthcare services and healthcare consultancy and management services is recognised as and when services are rendered.

(b) *Interest income*

Interest income is recognised using the effective interest method.

(c) *Rental income*

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

2.22 ***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.

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

2.22 ***Taxes (cont'd)***

(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.

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.

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

2.22 ***Taxes (cont'd)***

(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.

2.23 ***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.

2.24 ***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.

2.25 ***Contingencies***

A contingent liability is:

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

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

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

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

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

Contingent liabilities 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 medical equipment*

The Group assesses at each reporting period whether there is an indication that its medical equipment may be impaired. The assessment requires an estimation of the recoverable amount of the medical equipment. This requires the Group to make an estimate of the expected cash flows from operating the medical equipment and to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying value of the Group's medical equipment was $6,518,745 (2015: $7,087,121). No impairment loss was recorded in the Group relating to medical equipment.

(b) *Impairment of goodwill*

As disclosed in Note 13 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 budgeted growth rates. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 13 to the financial statements.

The carrying amount of goodwill as at 31 December 2016 is $1,524,311 (2015: $2,124,311).

4. Revenue

Revenue represents services rendered and sales of medications and related products, net of discounts.

5. Finance costs

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

6. Loss before tax

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

	Group	
	2016	2015
	$	$
Interest income	(59,186)	(39,466)
Audit fees:		
– Auditor of the Company	117,000	110,000
– Other auditors	–	8,167
Grant income	(379,414)	(261,233)
Rental income	(360,687)	(491,697)
Net foreign exchange gain	(68)	(29,526)
Property, plant and equipment written off	328	4,442
(Gain)/loss on disposal of property, plant and equipment	(28,233)	1,253
Impairments, provisions and fair value adjustments:		
– Impairment of goodwill	600,000	–
– (Write-back of provisions)/provisions on closure of clinic	(65,000)	220,362
– Gain on disposal of associate	(50,000)	–
Impairment loss on convertible loan receivables	–	228,884
Impairment loss on bad and doubtful receivables	34,133	1,346,033
Fair value (gain)/loss on contingent consideration payable to non-controlling interest	(35,915)	178,000
Changes resulting from re-measurement of put options granted to non-controlling interests	46,317	193,000

7. Income tax credit

The major components of income tax credit for the years ended 31 December 2016 and 2015 are:

	Group	
	2016	2015
	$	$
Income statement		
Current income tax		
– Current income taxation	1,517	11,444
– Under provision in respect of previous years	–	11,587
Deferred tax		
– Origination and reversal of temporary differences	(378,241)	(162,104)
– Over provision in respect of previous years	(24,374)	–
Tax credit recognised in profit or loss	(401,098)	(139,073)

7. Income tax credit (cont'd)

The reconciliation between the tax credit and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2016 and 2015 is as follows:

	Group	
	2016	2015
	$	$
Loss before tax	(2,029,304)	(1,873,457)
Tax calculated at a tax rate of 17%	(344,982)	(318,488)
Adjustments:		
Share of results of associates	(52,025)	(28,360)
Non-deductible expenses	254,502	376,486
Income not subject to taxation	(23,610)	(4,797)
(Over)/under provision in respect of prior years:		
– income tax	–	11,587
– deferred tax	(24,374)	–
Utilisation of tax benefits previously not recognised	(9,515)	(225,930)
Deferred tax assets not recognised	1,912	47,080
Effect of partial tax exemption and tax relief	(34,994)	(2,861)
Benefit of previously unrecognised tax losses	(161,828)	–
Others	(6,184)	6,210
Tax credit recognised in profit or loss	(401,098)	(139,073)

8. 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	
	2016	2015
	$	$
Loss for the year attributable to owners of the Company	(1,628,440)	(1,779,182)
	Number of shares	**Number of shares**
Weighted average number of ordinary shares for basic earnings per share computation	387,673,917	338,988,125

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

9. Property, plant and equipment

Group	Leasehold improvements $	Furniture, fittings, fixtures, and office equipment $	Medical equipment $	Total $
Cost:				
At 1 January 2015	2,997,680	2,047,084	9,161,677	14,206,441
Additions	313,060	82,792	2,794,898	3,190,750
Disposals	–	(37,920)	–	(37,920)
Write offs	–	(15,619)	(85,000)	(100,619)
At 31 December 2015 and 1 January 2016	3,310,740	2,076,337	11,871,575	17,258,652
Additions	17,820	138,132	478,692	634,644
Disposals	–	–	(92,888)	(92,888)
Write offs	(138,380)	(74,331)	(15,012)	(227,723)
At 31 December 2016	3,190,180	2,140,138	12,242,367	17,572,685
Accumulated depreciation and impairment loss:				
At 1 January 2015	1,639,316	1,495,033	3,929,589	7,063,938
Depreciation charge for the year	327,065	293,674	937,032	1,557,771
Impairment loss	96,362	–	–	96,362
Disposals	–	(35,817)	–	(35,817)
Write offs	–	(14,010)	(82,167)	(96,177)
At 31 December 2015 and 1 January 2016	2,062,743	1,738,880	4,784,454	8,586,077
Depreciation charge for the year	313,456	252,422	1,029,266	1,595,144
Disposals	–	–	(75,086)	(75,086)
Write offs	(138,381)	(74,002)	(15,012)	(227,395)
At 31 December 2016	2,237,818	1,917,300	5,723,622	9,878,740
Net carrying amount:				
At 31 December 2015	1,247,997	337,457	7,087,121	8,672,575
At 31 December 2016	952,362	222,838	6,518,745	7,693,945

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

Company	Leasehold improvements $	Furniture, fittings, fixtures, and office equipment $	Total $
Cost:			
At 1 January 2015	246,943	307,075	554,018
Disposals	–	(37,920)	(37,920)
At 31 December 2015 and 1 January 2016	246,943	269,155	516,098
Additions	–	1,378	1,378
Write offs	–	(23,195)	(23,195)
At 31 December 2016	246,943	247,338	494,281
Accumulated depreciation:			
At 1 January 2015	73,362	260,594	333,956
Depreciation charge for the year	40,784	27,335	68,119
Disposals	–	(35,817)	(35,817)
At 31 December 2015 and 1 January 2016	114,146	252,112	366,258
Depreciation charge for the year	40,551	16,131	56,682
Write offs	–	(22,867)	(22,867)
At 31 December 2016	154,697	245,376	400,073
Net carrying amount:			
At 31 December 2015	132,797	17,043	149,840
At 31 December 2016	92,246	1,962	94,208

Purchase of property, plant and equipment (non-cash) by means of finance leases, loans and borrowings.

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $Nil (2015: $2,560,250) by means of finance leases and $21,915 through utilization of a deposit with vendor (2015: $313,060 through drawdown of loans and borrowings). The cash outflow on acquisition of property, plant and equipment amounted $612,729 (2015: 317,440).

Impairment of assets

During the financial year, the Group wrote off property, plant and equipment with a carrying value of $328 (2015: $4,442) 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 $4,904,502 (2015: $5,640,917) which are under finance leases (Note 25).

10. Investment in subsidiaries

	Company	
	2016	2015
	$	$
Unquoted shares, at cost	4,695,573	4,256,161
Impairment losses	(2,218,000)	(1,688,000)
	2,477,573	2,568,161

The Company has the following subsidiaries as at 31 December:

Name of subsidiary (Country of incorporation)	Principal activities	Cost of investment		Effective equity interest held by the Group	
		2016	2015	**2016**	2015
		$	$	**%**	%
Held by the Company					
AMC Healthcare Pte Ltd[1] (Singapore)	Provision of healthcare services and healthcare consultancy and management services	548,000	548,000	100	100
AsiaMedic Eye Centre Pte Ltd[1] (Singapore)	Inactive	903,129	903,129	100	100
The Orchard Imaging Centre Pte Ltd[1] (Singapore)	Provision of diagnostic imaging and radiology services	503,257	503,257	100	100
Wellness Assessment Centre Pte Ltd[1] (Singapore)	Provision of health screening and medical wellness services	300,371	300,371	100	100
AsiaMedic PET/CT Centre Pte Ltd[1] (Singapore)	Provision of diagnostic imaging and radiology services	243,109	243,109	100	100
AsiaMedic Heart & Vascular Centre Pte Ltd[1] (Singapore)	Provision of diagnostic imaging and radiology services	103,047	103,047	100	100
Complete Healthcare International Pte Ltd[1] (Singapore)	Provision of specialised medical services	2,094,660	1,655,248	100	80
		4,695,573	4,256,161		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

10. Investment in subsidiaries (cont'd)

Name of subsidiary (Country of incorporation)	Principal activities	Effective equity interest held by the Group 2016 %	2015 %
Held by the 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	70
AsiaMedic CytoLife Pte Ltd[(2)] (Singapore)	Struck off	100	100
Held by the AMC Healthcare Pte Ltd			
AsiaMedic China Co., Ltd (People's Republic of China)	Undergoing voluntary liquidation	100	100

(1) Audited by Ernst & Young LLP, Singapore

(2) AsiaMedic CytoLife Pte Ltd was struck off from the register of companies in January 2017

Contingent consideration arrangement

Pursuant to the terms of the acquisition of Complete Healthcare International Pte Ltd ("CHI"), the Company and the vendor had agreed to the following adjustments in respect of the contingent consideration paid by the Company to the vendor of $957,920 in 2014:

(a) If the aggregate profit before tax ("PBT") of CHI's Rochester Park clinic in respect of all of the financial years ended 31 December for 2013, 2014 and 2015 is positive and is less than S$957,920, the vendor shall pay to the Company an amount equal to the shortfall between the sum of $957,920 and the 3 years' PBT ("Aggregate 3 Years' PBT") (subject to a cap of S$957,920); and

(b) If the Aggregate 3 Years' PBT is positive and is more than S$957,920, the Company shall pay to the vendor an amount equal to the Aggregate 3 Years' PBT (subject to a cap of S$1,140,000).

As at 31 December 2015, the fair value of the contingent consideration was estimated to be $713,248. The fair value of the contingent consideration as at 31 December 2016 decreased by $35,915 to $677,333. The change in the fair value was reflected in profit or loss during the financial year.

The contingent consideration of $957,920 was paid in 2014 and a receivable of $280,587 (2015: $244,672) (Note 17) was recognised as at 31 December 2016.

11. Investment in associates

	Group		Company	
	2016	2015	**2016**	2015
	$	$	**$**	$
Positron Tracers Pte Ltd	1,662,640	1,554,608	470,060	668,060

Name of associate (Country of incorporation)	**Principal activities**	**Proportion (%) of ownership interest**	
		2016	2015
		%	%
Positron Tracers Pte Ltd[(1)] (Singapore)	Manufacturing and sale of fludeoxyglucose (FDG) and other radioactive isotopes	33	33
Cryoviva Singapore Pte Ltd[(2)] (Singapore)	Provision of cord blood banking services.	–	15.24

(1) Audited by KPMG LLP, Singapore

(2) Audited by Kong, Lim & Partners LLP, Singapore in 2016

Cryoviva Singapore Pte Ltd was not individually material to the Group. It was disposed of during the financial year ended 31 December 2016. Information about the Group's investment in the company is as follows:

	2015
	$
Loss after tax representing total comprehensive income for the year	1,168,192

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	
	2016	2015
	$	$
Current assets	5,275,636	4,762,685
Non-current assets	389,135	513,507
Total assets	5,664,771	5,276,192
Current liabilities representing total liabilities	(1,500,892)	(2,039,687)
Net assets	4,163,879	3,236,505
Proportion of Group's ownership	33%	33%
Group's share of net assets	1,374,080	1,068,048
Loan to associate	288,560	486,560
Carrying amount of the investment	1,662,640	1,554,608

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11. Investment in associates (cont'd)

Summarised statement of comprehensive income

	Positron Tracers Pte Ltd	
	2016	2015
	$	$
Revenue	3,068,956	3,157,295
Profit after tax representing total comprehensive income for the year	927,370	1,262,850

12. Intangible asset

	Group	
	2016	2015
	$	$
Cost:		
At 1 January and 31 December	65,930	65,930
Accumulated amortisation:		
At 1 January	35,163	21,977
Charge for the year	13,186	13,186
At 31 December	48,349	35,163
Net book value:		
At 31 December	17,581	30,767

Customer relationship has been identified as intangible asset arising from the acquisition of Complete Healthcare International Pte Ltd and has a remaining amortisation period of 2 years (2015: 3 years).

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

13. Goodwill

	Group	
	2016	2015
	$	$
Cost:		
At 1 January	2,124,311	2,124,311
Accumulated impairment:		
At 1 January	–	–
Impairment for the year	600,000	–
At 31 December	600,000	–
Net book value:		
At 31 December	1,524,311	2,124,311

13. Goodwill (cont'd)

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to its respective cash-generating units ("CGU") namely Complete Healthcare International Pte Ltd ("CHI") and AsiaMedic Astique The Aesthetic Clinic Pte Ltd ("AATAC"), as follows:

	2016	2015
	$	$
Complete Healthcare International Pte Ltd	1,000,447	1,600,447
AsiaMedic Astique the Aesthetic Clinic Pte Ltd	523,864	523,864
	1,524,311	2,124,311

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 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 five-year period are as follows:

	Complete Healthcare International Pte Ltd		**AsiaMedic Astique the Aesthetic Clinic Pte Ltd**	
	2016	2015	**2016**	2015
	%	%	**%**	%
Growth rates	0.5	0.0	0.0	0.0
Pre-tax discount rates	10.0	9.2	12.0	9.2

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 are in line with, and do not exceed, the projected growth rates in gross domestic product (GDP) and inflation rate forecasts for Singapore.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

13. Goodwill (cont'd)

Impairment testing of goodwill (cont'd)

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.

For CHI, in the prior year, the estimated recoverable amount exceeded the carrying amount of goodwill by $701,000. On assessment this year, management has determined that the carrying amount of goodwill exceeds its estimated recoverable amount by approximately $600,000. Consequently, any adverse changes in a key assumption would result in a further impairment loss. The implication of the key assumption for the recoverable amount is discussed below:

Growth rates – Management recognises that changes in the expatriate population can have a significant effect to the estimated long-term growth rate of 0.5% (2015: 0%) of CHI. A reduction in the long-term growth rate would result in further impairment.

Impairment loss recognised

During the financial year, an impairment loss was recognised to write-down the carrying amount of goodwill attributable to Complete Healthcare International Pte Ltd. The impairment loss of $600,000 (2015: nil) has been recognised in profit or loss under the line item "Impairments, provisions and fair value adjustments".

14. Deferred tax

	Group	
	2016	2015
	$	$
Deferred tax liabilities		
Deferred tax arising on intangible asset from acquisition of subsidiary	–	(11,208)
Differences in depreciation for tax purposes	(22,568)	(40,882)
	(22,568)	(52,090)
Deferred tax assets		
Differences in depreciation for tax purposes	730,911	357,818
	730,911	357,818

At the end of the reporting period, the Group has unutilised tax losses and capital allowances of approximately $4,403,000 (2015: $3,809,000), and $2,342,000 (2015: $2,013,000) 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.

15. Inventories

	Group	
	2016	2015
	$	$
Medical supplies	309,369	296,793
Inventories recognised as an expense in profit or loss	1,655,168	1,660,418

16. Trade receivables

	Group		Company	
	2016	2015	**2016**	2015
	$	$ (Restated)	**$**	$
Due from third parties	947,723	1,394,490	–	–
Allowance for impairment:				
– third parties	(5,529)	(3,980)	–	–
	942,194	1,390,510	–	–
Trade receivables, net	942,194	1,390,510	–	–
Add:				
Other receivables (Note 17)	809,792	868,455	4,616,622	1,767,698
Cash pledged as security (Note 18)	274,750	–	–	
Cash and short term deposits (Note 19)	7,088,192	5,642,145	4,815,901	4,207,641
Total loans and receivables	9,114,928	7,901,110	9,432,523	5,975,339

Trade receivables due from third parties are unsecured, non-interest bearing and are generally on 30 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.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $349,668 (2015: $830,151) 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	
	2016	2015
	$	$
Trade receivables past due:		
Less than 30 days	243,267	310,911
30 to 60 days	51,393	204,531
61 to 90 days	27,362	149,269
More than 90 days	27,646	165,440
	349,668	830,151

16. Trade receivables (cont'd)

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	
	2016	2015	**2016**	2015
	$	$	**$**	$
Due from third parties – nominal amounts	5,529	74,521	–	–
Less: Allowance for impairment				
– Third parties	(5,529)	(3,980)	–	–
	–	70,541	–	–
Movement in allowance accounts:				
At 1 January	3,980	3,645	–	–
Charge for the year	5,529	2,425	–	–
Reversal during the year	(3,980)	–	–	–
Written off	–	(2,090)	–	–
At 31 December	5,529	3,980	–	–

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

17. Other receivables and deposits

	Group		Company	
	2016	2015	**2016**	2015
	$	$	**$**	$
		(Restated)		
Deposits	546,277	579,786	374,070	383,108
Other debtors	14,359	43,997	184,103	35,129
Amount due from non-controlling interest of a subsidiary*	280,587	244,672	280,587	244,672
Due from subsidiaries	–	–	11,590,993	9,521,405
Allowance for impairment:				
– Due from subsidiaries	–	–	(7,781,700)	(8,416,616)
– Third parties	(31,431)	–	(31,431)	–
	809,792	868,455	4,616,622	1,767,698

Receivables that are impaired

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
At 1 January	–	–	8,416,616	7,086,438
Charge for the year	31,431	–	–	1,330,178
Reversal during the year	–	–	(58,233)	–
Written off	–	–	(576,683)	–
At 31 December	31,431	–	7,781,700	8,416,616

* The non-controlling interest of a subsidiary has exercised the option to sell all of the shares held by the non-controlling interest in the subsidiary before the year end (see Note 26).

18. Cash pledged as security

As at 31 December 2016, the Group has cash pledged as security for the provision of health screening services pursuant to contract terms.

19. Cash and short term deposits

	Group		Company	
	2016	2015	**2016**	2015
	$	$	**$**	$
Cash at banks and on hand	2,416,608	2,299,838	724,405	865,334
Short term deposits	4,671,584	3,342,307	4,091,496	3,342,307
	7,088,192	5,642,145	4,815,901	4,207,641

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 0.35% to 1.70% (2015: 0.95% to 1.70%) per annum.

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

	Group		Company	
	2016	2015	**2016**	2015
	$	$	**$**	$
United States Dollars	14,544	17,734	5,790	5,523

20. Trade payables

	Group		Company	
	2016	2015	**2016**	2015
	$	$	**$**	$
		(Restated)		
Due to third parties	1,096,590	1,035,228	–	–
Trade payables	1,096,590	1,035,228	–	–
Add:				
Other payables and accruals (Note 21)	1,696,930	1,270,093	724,000	639,535
Obligations under finance leases (Note 25)	2,519,885	3,949,748	–	–
Loans and borrowings (Note 24)	483,519	922,046	–	–
Put options granted to non-controlling interests (Note 26)	807,862	761,544	439,412	–
Total financial liabilities carried at amortised cost	6,604,786	7,938,659	1,163,412	639,535

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

21. Other payables and accruals

	Group		Company	
	2016	2015	**2016**	2015
	$	$	**$**	$
		(Restated)		(Restated)
Other payables	445,152	342,613	268,810	252,980
Accrued operating expenses	1,251,778	927,480	455,190	386,555
	1,696,930	1,270,093	724,000	639,535

22. Provisions

	Group		Company	
	2016	2015	**2016**	2015
	$	$	**$**	$
Provision for reinstatement cost				
At 1 January	281,552	241,552	241,552	241,552
Arose during the financial year	–	40,000	–	–
Payment	(24,000)	–	–	–
Reversal	(16,000)	–	–	–
At 31 December	241,552	281,552	241,552	241,552
Provision for onerous contract on non-cancellable lease				
At 1 January	84,000	–	–	–
Arose during the financial year	–	84,000	–	–
Payment	(35,000)	–	–	–
Reversal	(49,000)	–	–	–
At 31 December	–	84,000	–	–
Total provisions at 31 December	241,552	365,552	241,552	241,552

Provision for reinstatement cost arose on the leases of office and clinics. The provision for reinstatement cost is provided based on actual quotation by third parties.

Provision for onerous contract on non-cancellable lease arose due to the closure of Complete Healthcare International's East Coast clinic. The provision provided is based on the lease agreement.

During the financial year, the Group wrote-back the over provision of reinstatement cost of $16,000 (2015: nil) and onerous contract on non-cancellable lease of $49,000 (2015: nil) after agreement with the respective parties.

23. Deferred income

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

24. Loans and borrowings

	Maturity	Group 2016 $	Group 2015 $
Current:			
2.86% fixed rate SGD bank loan	2017	–	165,750
3.20% fixed rate SGD bank loan	2017	125,000	125,000
1.25% below Enterprise Base Rate SGD bank loan	2017	84,427	81,101
0.5% below Enterprise Base Rate SGD bank loan	2017	69,950	66,676
		279,377	438,527
Non-current:			
3.20% fixed rate SGD bank loan	15 January 2018	10,417	135,417
1.25% below Enterprise Base Rate SGD bank loan	14 June 2018	43,486	127,913
0.5% below Enterprise Base Rate SGD bank loan	12 December 2019	150,239	220,189
		204,142	483,519
		483,519	922,046

The loans are secured by corporate guarantees of the Company.

25. 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% (2015: 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 2016 Minimum payments $	Group 2016 Present value of minimum payments $	Group 2015 Minimum payments $	Group 2015 Present value of minimum payments $
Not later than one year	1,266,476	1,199,883	1,541,745	1,429,863
Later than one year but not later than five years	1,367,767	1,320,002	2,634,242	2,519,885
Total minimum lease payments	2,634,243	2,519,885	4,175,987	3,949,748
Less: Amounts representing finance charges	(114,358)	–	(226,239)	–
Present value of minimum lease payments	2,519,885	2,519,885	3,949,748	3,949,748

These obligations are secured by a charge over leased assets. The net book value of assets under finance lease is disclosed in Note 9. The finance leases are also secured by corporate guarantees of the Company (Note 32(d)). Finance lease obligations are repayable in instalments and will fully mature in 2020.

26. Put options granted to non-controlling interests

Put option liabilities arose as a result of the acquisition of subsidiaries whereby the non-controlling interests of the subsidiaries have been granted the option to sell their shares to the Group.

Put Option A:

The put option represents the option granted to the non-controlling interest of Complete Healthcare International Pte Ltd ("CHI") to require the Company to purchase all of the shares held by the non-controlling interest at the option price determined by a pre-determined formula. The option price is 6.5 times of the non-controlling interest's share of CHI's net tangible assets and profit after taxation, by reference to the latest available audited financial statements of CHI at the time of exercise.

The minority shareholder has given notice to exercise the put option during the financial year. Pursuant to the exercise of the put option, the Company and the minority shareholder have entered into a settlement agreement on 23 February 2017. Accordingly, the Company will acquire 20 ordinary shares representing 20% equity interest in CHI from the minority shareholder at a total cash consideration of S$439,412.

As at 31 December 2016, the present value of the redemption amount was $439,412 (2015: $378,980), with changes in the re-measurement reflected in profit or loss of $60,432 (2015: $183,000). The change was accounted for as an increase (2015: increase) in current liability with a corresponding debit (2015: debit) to profit or loss.

Put option B:

The put option represents an option granted to the non-controlling interest of AsiaMedic Astique The Aesthetic Clinic Pte Ltd ("AATAC") to require the Group to purchase all of the shares held by the non-controlling interest at the option price determined by a pre-determined formula. The option price is 7 times the non-controlling interest's share of AATAC's earnings before interest costs and taxation, by reference to the latest available audited financial statements of AATAC at the time of exercise.

The minority shareholder has given notice to exercise the put option during the financial year. Pursuant to the exercise of the put option, the Company and the minority shareholder have entered into a settlement agreement on 31 January 2017. Accordingly, the Company will acquire 3 ordinary shares representing 30% equity interest in AATAC from the minority shareholder at a total cash consideration of S$368,450.

As at 31 December 2016, the present value of the redemption amount was $368,450 (2015: $382,564), with changes in the re-measurement reflected in the profit or loss of $14,114 (2015: $10,000). The change was accounted for as a decrease (2015: increase) in current liability with a corresponding credit (2015: debit) to profit or loss.

27. Share capital

	Group and Company			
	2016		2015	
	No. of shares	**$**	No. of shares	$
Issued and fully paid ordinary shares:				
As at 1 January	339,088,125	21,950,527	339,088,125	21,950,527
Issued for cash	51,500,000	2,810,500	–	–
As at 31 December	390,588,125	24,761,027	339,088,125	21,950,527

27. Share capital (cont'd)

The Company issued 51,500,000 new ordinary shares on 21 January 2016 in connection with a private placement.

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.

28. Treasury shares

	Group and Company			
	2016		2015	
	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.

29. Other reserves

	Foreign currency translation reserve $	Put options granted to non-controlling interests $	Capital reserve $	Employee share option scheme reserve $	Total $
2016					
At beginning of the year	53,378	(652,544)	–	–	(599,166)
Foreign currency translation	(10,053)	–	–	–	(10,053)
Acquisition of non-controlling interests without a change in control	–	–	(8,189)	–	(8,189)
Grant of equity-settled share options to employees	–	–	–	34,764	34,764
At end of the year	43,325	(652,544)	(8,189)	34,764	(582,644)

29. Other reserves (cont'd)

	Foreign currency translation reserve $	Put options granted to non-controlling interests $	Capital reserve $	Employee share option scheme reserve $	Total $
2015					
At beginning of the year	45,676	(652,544)	–	–	(606,868)
Foreign currency translation	7,702	–	–	–	7,702
At end of the year	53,378	(652,544)	–	–	(599,166)

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is 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.

30. Personnel expense

	Group	
	2016 $	2015 $
Salaries and bonuses	9,637,714	8,329,252
Central Provident Fund contributions	912,068	711,556
Share-based payments (employee share option plans)	34,764	–
Other short-term benefits	1,200,258	664,162
	11,784,804	9,704,970

Included in personnel expense is compensation of key management personnel as disclosed in Note 31(b).

Equity-settled employee share option scheme

The Company has an employee share option scheme for all the 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.

30. 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:

	2016	
	No.	**WAEP $**
Outstanding at 1 January	–	–
– Granted	4,789,000	0.056
– Forfeited	(1,526,000)	0.056
Outstanding at 31 December	3,263,000	0.056
Exercisable at 31 December	–	–

- The weighted average remaining contractual life for these options is 7.4 years.

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

  i. 2,040,000 share options – 5 years from the date of grant *

  ii. 2,749,000 share options – 10 years from the date of grant

  * These represent share options granted to the Independent Directors and consultant radiologists 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.

- Out of the 4,789,000 share options, 890,000 share options have pre-set performance conditions. The actual share options vested will depend on the level of achievement against the pre-set performance conditions.

- The weighted average fair value of options granted during year was $0.042.

30. Personnel expense (cont'd)

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

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

	2016
Dividend yield (%)	0.00
Expected volatility (%)	97.87
Weighted average risk-free interest rate (% p.a.)	1.72
Expected life of options (years)	7.87
Weighted average share price ($)	0.06

The Group and the Company recognised total expenses of $34,764 related to equity-settled share-based payment transactions during the year.

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.

31. 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	
	2016	2015
	$	$
Purchase of consumables from an associate	522,360	555,540

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

	Group	
	2016	2015
	$	$
Salaries and bonuses	1,393,394	1,092,954
Central Provident Fund contributions	70,344	69,538
Share-based payments (employee share option plans)	6,974	–
Other short-term benefits	32,926	17,553
Directors' fee	175,960	146,895
	1,679,598	1,326,940
Comprise amounts paid to:		
– Directors of the Company:		
– Fee	175,960	146,895
– Share-based payments (employee share option plans)	767	–
– Other key management personnel	1,502,871	1,180,045
	1,679,598	1,326,940

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

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32. Commitments

(a) *Capital commitments*

Capital expenditure contracted for as at the end of the reporting period but not recognized in the financial statements are as follows:

	Group	
	2016	2015
	$	$
Capital commitments in respect of property, plant and equipment	–	99,800

(b) *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 1.75 to 2 years.

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

	Group	
	2016	2015
	$	$
Not later than one year	2,090,019	2,052,228
Later than one year but not later than five years	1,986,990	3,405,444
	4,077,009	5,457,672

(c) *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 1.80 years.

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

	Group	
	2016	2015
	$	$
Not later than one year	67,392	350,173
Later than one year but not later than five years	56,160	123,552
	123,552	473,725

(d) *Corporate guarantees*

The Company has provided a corporate guarantee of $3,002,867 (2015: $4,558,781) 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.

33. Fair value of assets and liabilities

(a) *Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;

Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group and Company 2016 $ Fair value measurements at the end of the reporting period using		
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices** (Level 2)	**Significant unobservable inputs** (Level 3)
Recurring fair value measurements			
Asset			
Contingent consideration due from non-controlling interest	–	280,587	–
	–	280,587	–

	Group and Company 2015 $ **Fair value measurements at the end of the reporting period using**		
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices** (Level 2)	**Significant unobservable inputs** (Level 3)
Recurring fair value measurements			
Asset			
Contingent consideration due from non-controlling interest	–	244,752	–
	–	244,752	–

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33. Fair value of assets and liabilities (cont'd)

(c) ***Level 2 fair value measurements***

The following is a description of the valuation techniques and inputs used in the fair value measurements for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Contingent consideration due from non-controlling interest

Contingent consideration due from non-controlling interest refers to the contingent consideration arrangement described in Note 10. Value of the consideration is measured by the aggregate profit before tax of Complete Healthcare International Pte Ltd ("CHI") for all the financial years ended 31 December 2013, 2014 and 2015 less the contingent consideration payment of $957,920 paid in 2014.

(d) ***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, 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, and obligations under finance leases reflect the corresponding fair values because they are repriced to or approximate market interest rates near the end of the reporting period.

34. 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 Company's maximum exposure to credit risk is the carrying amount of loans and receivables as indicated in Note 16. It is the Group's policy to minimise credit risk by dealing with creditworthy third parties and financial institutions.

At the end of the reporting period, there were no significant concentrations of credit risk for the Group, while almost all of the Company's receivables were balances with subsidiaries.

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash at bank and short term deposits are placed with or entered into with reputable financial institutions with high credit ratings.

Information regarding financial assets that are either past due or impaired is disclosed in Note 16.

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

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)/profit net of taxation would have been $61,112 lower/higher (2015: $53,553 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.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group 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.

Analysis of financial instruments by remaining contractual maturities

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

	One year or less $	One to five years $	Total $
Group			
2016			
Financial assets:			
Trade receivables	942,194	–	942,194
Other receivables	809,792	–	809,792
Cash pledged as security	274,750	–	274,750
Cash and short term deposits	7,088,192	–	7,088,192
Total undiscounted financial assets	9,114,928	–	9,114,928
Financial liabilities:			
Trade payables	1,096,590	–	1,096,590
Other payables and accruals	1,696,930	–	1,696,930
Obligations under finance leases	1,266,476	1,367,767	2,634,243
Loans and borrowings	294,399	212,220	506,619
Put options granted to non-controlling interests	807,862	–	807,862
Total undiscounted financial liabilities	5,162,257	1,579,987	6,742,244
Total net undiscounted financial assets/(liabilities)	3,952,671	(1,579,987)	2,372,684

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

Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	One year or less $ (Restated)	One to five years $	Total $ (Restated)
Group			
2015			
Financial assets:			
Trade receivables	1,390,510	–	1,390,510
Other receivables	868,455	–	868,455
Cash and short term deposits	5,642,145	–	5,642,145
Total undiscounted financial assets	7,901,110	–	7,901,110
Financial liabilities:			
Trade payables	1,035,228	–	1,035,228
Other payables and accruals	1,270,093	–	1,270,093
Obligations under finance leases	1,541,745	2,634,242	4,175,987
Loans and borrowings	465,946	505,635	971,581
Put options granted to non-controlling interests	761,544	–	761,544
Total undiscounted financial liabilities	5,074,556	3,139,877	8,214,433
Total net undiscounted financial assets/(liabilities)	2,826,554	(3,139,877)	(313,323)

	One year or less $	One to five years $	Total $
Company			
2016			
Financial assets:			
Other receivables	4,616,622	–	4,616,622
Cash and short term deposits	4,815,901	–	4,815,901
Total undiscounted financial assets	9,432,523	–	9,432,523
Financial liabilities:			
Other payables and accruals	724,000	–	724,000
Put options granted to non-controlling interests	439,412	–	439,412
Total undiscounted financial liabilities	1,163,412	–	1,163,412
Total net undiscounted financial assets	8,269,111	–	8,269,111
2015			
Financial assets:			
Other receivables	1,767,698	–	1,767,698
Cash and short term deposits	4,207,641	–	4,207,641
Total undiscounted financial assets	5,975,339	–	5,975,339
Financial liabilities:			
Other payables and accruals	639,535	–	639,535
Total undiscounted financial liabilities	639,535	–	639,535
Total net undiscounted financial assets	5,335,804	–	5,335,804

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. Segment reporting

For management purposes, the Group regards the rendering of specialised healthcare services and healthcare consultancy and management 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.

36. Capital management

Capital includes 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 2016 and 31 December 2015.

37. Use of proceeds from private placement

The Company issued 51,500,000 new ordinary shares on 21 January 2016 in connection with a private placement. The net proceeds have been utilized as follows:

Use of proceeds	Net proceeds S$'000	Amount utilised S$'000	Balance S$'000
Purchase of medical and other equipment, as well as for upgrading of operational facilities	2,810	250	2,560

The use of proceeds is in accordance with the stated use and is in accordance with the percentage allocated.

38. Subsequent event

On 20 January 2017, the Company entered into a binding term sheet for the proposed acquisition of the entire share capital of LuyeEllium Healthcare Co., Ltd ("Target"), a South Korean medical services company, for a consideration of $42,168,000. The consideration will be satisfied by the allotment and issuance of 527,100,000 new ordinary shares of the Company at an issue price of $0.080 per share.

As at 30 June 2016, the Target had an unaudited net profit after tax for the six months then ended, of KRW1.55 billion (equivalent to S$1.80 million[1]), and the net asset value and net tangible assets of the Target was approximately KRW3.85 billion (equivalent to S$4.51 million[1]).

Should the proposed acquisition be undertaken, Luye Medicals Group Pte Ltd's interest in the Company will increase from 24.44% to 50.61%. It will subsequently be seeking a waiver from the Securities Industry Council of its obligation under Rule 14 of the Singapore Code on Take-overs and Mergers, which requires it to make a mandatory general offer for all the remaining issued shares in the Company not already owned.

[1] Based on the closing exchange rate of S$1.00 to KRW854 as at 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

39. Comparative figures

Certain comparative figures have been reclassified to conform to current year's presentation.

	2015	
	As restated $	As previously reported $
Statement of financial position		
Current assets		
Trade receivables	1,390,510	1,425,518
Other receivables and deposits	868,455	833,447
Current liabilities		
Trade payables	1,035,228	814,254
Other payables and accruals	1,270,093	1,491,067

40. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Directors on 22 March 2017.

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2017

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	0.19%	170	0.00%
1,00 – 1,000	97	3.62%	88,998	0.02%
1,001 – 10,000	969	36.21%	5,939,280	1.52%
10,001 – 1,000,000	1,568	58.60%	168,836,177	43.24%
1,000,001 and above	37	1.38%	215,623,500	55.22%
Total	**2,676**	**100.00%**	**390,488,125**	**100.00%**

LIST OF 20 LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	LUYE MEDICALS GROUP PTE LTD	95,431,396	24.44%
2	DBS NOMINEES PTE LTD	21,023,700	5.38%
3	OCBC SECURITIES PRIVATE LTD	13,580,700	3.48%
4	TAN GUEK MING	8,467,598	2.17%
5	MAYBANK KIM ENG SECS PTE LTD	7,371,000	1.89%
6	CITIBANK NOMS S'PORE PTE LTD	5,825,300	1.49%
7	PHILLIP SECURITIES PTE LTD	5,239,400	1.34%
8	LISTIAWATI	4,531,900	1.16%
9	RAFFLES NOMINEES (PTE) LTD	3,870,100	0.99%
10	OCBC NOMINEES SINGAPORE	3,544,400	0.91%
11	DBS VICKERS SECS (S) PTE LTD	3,461,000	0.89%
12	UNITED OVERSEAS BANK NOMINEE	3,357,000	0.86%
13	LEE YUEN SHIH	3,000,000	0.77%
14	LAW PENG KWEE	2,350,300	0.60%
15	TAN POH SOON	2,255,500	0.58%
16	CIMB SEC (S'PORE) PTE LTD	2,147,000	0.55%
17	YEO TIOW CHING	2,100,000	0.54%
18	GOH CHAI SIN	2,000,000	0.51%
19	GUO WENFEI	2,000,000	0.51%
20	LIM KIAN HONG (LIN JIAN HONG)	2,000,000	0.51%
	Total	**193,556,294**	**49.57%**

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2017

SHAREHOLDINGS HELD BY THE PUBLIC

Percentage of shareholdings held by the public is approximately 72.62%, 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)

Substantial Shareholders	No. of Shares Direct Interest	%[1]	Deemed Interest	%[1]
Luye Medicals Group Pte. Ltd.	95,431,396	24.44	–	–
Luye Medicals Investment Pte. Ltd.[2]	–	–	95,431,396	24.44
Luye Group Ltd[3]	–	–	95,431,396	24.44
Nelumbo Investments Limited[4]	–	–	95,431,396	24.44
The Asoka Trust[5]	–	–	95,431,396	24.44
Liu Dianbo[6]	–	–	95,431,396	24.44
Wang Cuilian[6]	–	–	95,431,396	24.44
Aona Liu[6]	–	–	95,431,396	24.44
Alina W Liu[6]	–	–	95,431,396	24.44

Notes:

(1) Based on the Company's issued ordinary share capital of 390,488,125 shares.

(2) Luye Medicals Investment Pte. Ltd. holds 100% of the issued and paid up share capital of Luye Medicals Group Pte. Ltd. and is deemed interested in the shares that Luye Medicals Group Pte. Ltd. has an interest in.

(3) Luye Group Ltd holds 100% of the issued and paid up share capital of Luye Medicals Investment Pte. Ltd. and is deemed to be interested in the shares that Luye Medicals Investment Pte. Ltd. has an interest in.

(4) Nelumbo Investments Limited holds 70% of the issued and paid up share capital of Luye Group Ltd and is deemed to be interested in the shares that Luye Group Ltd has an interest in.

(5) The shares representing 100% of the issued and paid up share capital of Nelumbo Investments Limited are held as trust property of The Asoka Trust. Accordingly, The Asoka Trust is deemed interested in the shares that Nelumbo Investments Limited has an interest in.

(6) Liu Dianbo, Wang Cuilian, Aona Liu and Alina W Liu are the beneficiaries under The Asoka Trust and are deemed to be interested in the shares that The Asoka Trust 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 Private Lounge, Level 2, Raffles Town Club, 1 Plymouth Avenue, Singapore 297753 on 24 April 2017 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 2016 and the Directors' Statement and Auditor's Report thereon. **(Resolution 1)**

2. To re-elect Mr Goh Kian Chee, a Director retiring pursuant to Regulation 89 of the Constitution of the Company. **(Resolution 2)**

   Mr Goh will, upon re-election as Director of the Company, remain as Chairman of the Audit and Risk Management Committee and a member of the Remuneration and Nominating Committees. 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 Dr Hong Hai, a Director retiring pursuant to Regulation 89 of the Constitution of the Company. **(Resolution 3)**

   Dr Hong will, upon re-election as Director of the Company, remain as a member of the Audit and Risk Management Committee and Chairman of the Remuneration and Nominating Committees. He will be considered independent for the purpose of Rule 704(7) of the Catalist Rules of the SGX-ST.

4. To approve Directors' fee of S$175,960 for the financial year ended 31 December 2016 (2015: S$146,895). **(Resolution 4)**

5. To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

SPECIAL BUSINESS

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

6. 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, 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 for the purpose of this Resolution, the total number of issued Shares excluding treasury shares shall be the Company's total number of issued Shares excluding treasury shares 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 Rules of Catalist; 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; and

(iii) 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 6)**

7. 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 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.

NOTICE OF ANNUAL GENERAL MEETING

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 7)**

8. **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) 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 8)**

9. **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) 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) 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 9)**

ANY OTHER BUSINESS

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

Dated this 7 April 2017

BY ORDER OF THE BOARD
Foo Soon Soo
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

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 6, if passed, will enable the Directors to issue shares in the Company up to 100% of the total number of issued 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 in the capital of the Company) for such purposes as they consider to be in the interests of the Company.

2. Resolution 7, 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 at such price up to the Maximum Price. Information relating to this proposed Resolution is set out in the Appendix attached to the Annual Report.

3. Resolution 8, 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) of the Company on the day preceding the relevant date of award.

4. Resolution 9, if passed, will empower the Directors to offer and grant options in accordance with the AsiaMedic Share Option Scheme 2016 and to 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) 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) of the Company on the day preceding the relevant date of grant of option.

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.

NOTICE OF ANNUAL GENERAL MEETING

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

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

ANNUAL GENERAL MEETING PROXY FORM

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

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.

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 Private Lounge, Level 2, Raffles Town Club, 1 Plymouth Avenue, Singapore 297753 on 24 April 2017 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 2016 and the Directors' Statement and Auditors' Report thereon		
2	Re-election of Mr Goh Kian Chee as Director retiring pursuant to Regulation 89 of the Company's Constitution		
3	Re-election of Dr Hong Hai as Director retiring pursuant to Regulation 89 of the Company's Constitution		
4	Approval of Directors' fee for the financial year ended 31 December 2016		
5	Re-appointment of Ernst & Young LLP as Auditors		
6	Authority to issue shares and instruments convertible into shares		
7	Renewal of the Share Purchase Mandate		
8	Authority to grant awards and to allot and issue shares under the AsiaMedic Share Award Scheme		
9	Authority to grant options and to allot and issue shares under the AsiaMedic Employee Share Option Scheme 2016		

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 ________________ 2017.

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.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Mr Tan Soo Kiat (Non-Executive Chairman)
Mr Guo Wenfei (Non-Executive Director)
Mr Goh Kian Chee (Lead Independent Director)
Dr Hong Hai (Independent Director)
Mr Koh Boon How (Alternate Non-Executive Director to Mr Guo Wenfei)

AUDIT AND RISK MANAGEMENT COMMITTEE
Mr Goh Kian Chee (Chairman)
Dr Hong Hai
Mr Tan Soo Kiat

NOMINATING COMMITTEE
Dr Hong Hai (Chairman)
Mr Goh Kian Chee
Mr Tan Soo Kiat

REMUNERATION COMMITTEE
Dr Hong Hai (Chairman)
Mr Goh Kian Chee
Mr Tan Soo Kiat

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