



TALKMED GROUP LIMITED
(Company Registration No. 201324565Z)

UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH QUARTER AND THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

PART I - INFORMATION REQUIRED FOR FULL YEAR RESULTS ANNOUNCEMENTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) The Directors of TalkMed Group Limited (the “**Company**”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the fourth quarter and the financial year ended 31 December 2019 (“**Q4 2019**” and “**FY 2019**” respectively). The comparative periods in this announcement are the fourth quarter and the financial year ended 31 December 2018 (“**Q4 2018**” and “**FY 2018**” respectively).

The Group	Q4 2019 \$'000 (Unaudited)	Q4 2018 \$'000 (Unaudited)	Increase / (Decrease) %	FY 2019 \$'000 (Unaudited)	FY 2018 \$'000 (Audited)	Increase / (Decrease) %
Revenue	22,103	18,964	16.6%	75,919	61,278	23.9%
Other items of income						
Interest income	354	554	(36.1%)	1,307	982	33.1%
Other income	9	5	80.0%	74	104	(28.8%)
Other items of expense						
Employee benefits expense	(6,292)	(5,886)	6.9%	(25,145)	(20,468)	22.9%
Cost of share-based payments to employees	20	(134)	(114.9%)	(220)	(537)	(59.0%)
Operating lease expense	(10)	(513)	(98.1%)	(37)	(1,904)	(98.1%)
Depreciation of right-of-use assets ⁽¹⁾	(486)	-	N.M	(1,961)	-	N.M
Depreciation of plant and equipment	(364)	(94)	287.2%	(1,464)	(376)	289.4%
Other operating expenses	(1,555)	(1,091)	42.5%	(6,074)	(3,939)	54.2%
Share of results of associate	(250)	(444)	(43.7%)	(1,050)	(1,137)	(7.7%)
Profit before tax	13,529	11,361	19.1%	41,349	34,003	21.6%
Income tax expense	(2,677)	(2,235)	19.8%	(8,543)	(6,789)	25.8%
Profit for the period/year	10,852	9,126	18.9%	32,806	27,214	20.5%

Note:-

⁽¹⁾ Please refer to Note 5 for more details on the adoption of SFRS(I) 16 Leases on 1 January 2019.

N.M = not meaningful

1(a)(i) The Directors of TalkMed Group Limited (the “**Company**”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the fourth quarter and the financial year ended 31 December 2019 (“**Q4 2019**” and “**FY 2019**” respectively). The comparative periods in this announcement are the fourth quarter and the financial year ended 31 December 2018 (“**Q4 2018**” and “**FY 2018**” respectively).

The Group	Q4 2019 \$'000 (Unaudited)	Q4 2018 \$'000 (Unaudited)	Increase / (Decrease) %	FY 2019 \$'000 (Unaudited)	FY 2018 \$'000 (Audited)	Increase / (Decrease) %
Attributable to:						
Owners of the Company	11,577	9,594	20.7%	35,751	28,908	23.7%
Non-controlling interests	(725)	(468)	54.9%	(2,945)	(1,694)	73.8%
Profit for the period/year	10,852	9,126	18.9%	32,806	27,214	20.5%
Other comprehensive income: Items that may be reclassified subsequently to profit or loss						
Foreign currency translation	(5)	-	N.M	175	-	N.M
Share of other reserve of associate	-	-	N.M	398	-	N.M
Other comprehensive income for the period/year, net of tax	(5)	-	N.M	573	-	N.M
Total comprehensive income for the period/year	10,847	9,126	18.9%	33,379	27,214	22.7%
Attributable to:						
Owners of the Company	11,602	9,594	20.9%	36,354	28,908	25.8%
Non-controlling interests	(755)	(468)	61.3%	(2,975)	(1,694)	75.6%
Total comprehensive income for the period/year	10,847	9,126	18.9%	33,379	27,214	22.7%

N.M = not meaningful

1(a)(ii) The Group’s net profit includes the following charges:

The Group	Q4 2019 \$'000 (Unaudited)	Q4 2018 \$'000 (Unaudited)	Increase / (Decrease) %	FY 2019 \$'000 (Unaudited)	FY 2018 \$'000 (Audited)	Increase / (Decrease) %
Finance costs on unwinding of discount adjustment of loans to subsidiaries	(68)	(57)	19.3%	(272)	(127)	114.2%
Finance costs on lease liabilities ⁽¹⁾	(39)	-	N.M	(122)	-	N.M

Note:-

⁽¹⁾ Please refer to Note 5 for more details on the adoption of SFRS(I) 16 Leases on 1 January 2019.

N.M = not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31/12/2019 \$'000 (Unaudited)	31/12/2018 \$'000 (Audited)	31/12/2019 \$'000 (Unaudited)	31/12/2018 \$'000 (Audited)
ASSETS				
Non-current assets				
Plant and equipment	4,891	4,227	-	-
Right-of-use assets ⁽¹⁾	3,848	-	-	-
Investment in subsidiaries	-	-	14,508	7,188
Investment in associate	2,887	3,404	11,399	11,524
Loans to subsidiaries	-	-	8,056	7,649
Prepaid operating expenses	18	4	-	-
	11,644	7,635	33,963	26,361
Current assets				
Inventories	856	282	-	-
Prepaid operating expenses	610	648	24	25
Trade and other receivables	12,267	8,714	17,118	15,851
Cash and short-term deposits	80,698	73,993	1,037	1,057
	94,431	83,637	18,179	16,933
Total assets	106,075	91,272	52,142	43,294
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	3,034	1,980	60	3
Other liabilities	3,412	3,980	154	150
Lease liabilities ⁽¹⁾	1,774	-	-	-
Income tax payable	8,548	6,775	-	-
	16,768	12,735	214	153
Net current assets	77,663	70,902	17,965	16,780
Non-current liabilities				
Other liabilities	126	87	-	-
Lease liabilities ⁽¹⁾	2,119	-	-	-
Loans from non-controlling shareholder to subsidiaries	5,371	5,099	-	-
	7,616	5,186	-	-
Total liabilities	24,384	17,921	214	153
Net assets	81,691	73,351	51,928	43,141

Note:-

⁽¹⁾ Please refer to Note 5 for more details on the adoption of SFRS(I) 16 Leases on 1 January 2019.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31/12/2019 \$'000 (Unaudited)	31/12/2018 \$'000 (Audited)	31/12/2019 \$'000 (Unaudited)	31/12/2018 \$'000 (Audited)
Equity attributable to owners of the Company				
Share capital	22,438	22,273	22,438	22,273
Merger reserve	(2,311)	(2,311)	-	-
Share-based payments reserve	938	883	938	883
Other reserve	2,258	1,869	-	-
Foreign currency translation reserve	(290)	(495)	-	-
Retained earnings	60,072	51,547	28,552	19,985
	83,105	73,766	51,928	43,141
Non-controlling interests	(1,414)	(415)	-	-
Total equity	81,691	73,351	51,928	43,141
Total equity and liabilities	106,075	91,272	52,142	43,294

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

(a) the amount repayable in one year or less, or on demand;

None

(b) the amount repayable after one year;

None

(c) whether the amounts are secured or unsecured; and

None

(d) details of any collaterals.

None

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	Q4 2019 \$'000 (Unaudited)	Q4 2018 \$'000 (Unaudited)	FY 2019 \$'000 (Unaudited)	FY 2018 \$'000 (Audited)
Operating Activities				
Profit before tax	13,529	11,361	41,349	34,003
<u>Adjustments for:</u>				
Depreciation of plant and equipment	364	94	1,464	376
Depreciation of right-of-use assets ⁽¹⁾	486	-	1,961	-
(Reversal)/cost of share-based payments, net	(20)	134	220	537
Finance costs on unwinding of discount adjustment of loans to subsidiaries	68	57	272	127
Finance costs on lease liabilities ⁽¹⁾	39	-	122	-
Interest income	(354)	(554)	(1,307)	(982)
Share of results of associate	250	444	1,050	1,137
Currency re-alignment	(85)	-	(85)	-
Operating cash flows before changes in working capital	14,277	11,536	45,046	35,198
Changes in working capital				
(Increase)/decrease in inventories	(15)	8	(574)	(115)
(Increase)/decrease in prepaid operating expenses	(126)	587	24	(370)
Increase in trade and other receivables	(5,220)	(2,983)	(3,683)	(40)
Increase in trade and other payables	27	263	1,054	399
(Decrease)/increase in other liabilities	(882)	552	(529)	1,398
Total changes in working capital	(6,216)	(1,573)	(3,708)	1,272
Cash flows generated from operations	8,061	9,963	41,338	36,470
Interest received	281	351	1,437	949
Interest paid on lease liabilities ⁽¹⁾	(39)	-	(122)	-
Income tax paid	(835)	(1,459)	(6,770)	(7,340)
Net cash flows generated from operating activities	7,468	8,855	35,883	30,079
Investing Activities				
Purchase of plant and equipment	(36)	(3,611)	(2,128)	(3,929)
Proceeds from return of capital from associate	-	-	125	-
Net cash flows used in investing activities	(36)	(3,611)	(2,003)	(3,929)
Financing Activities				
Proceeds from issuance of shares by subsidiary to non-controlling shareholder	1,883	-	1,883	-
Dividends paid on ordinary shares	-	-	(27,142)	(28,008)
Loans from non-controlling shareholder to subsidiaries	-	2,800	-	4,800
Payment for principal portion of lease liabilities ⁽¹⁾	(471)	-	(1,916)	-
Net cash flows generated from/(used in) financing Activities	1,412	2,800	(27,175)	(23,208)
Net increase in cash and cash equivalents	8,844	8,044	6,705	2,942
Cash and cash equivalents at beginning of the period/year	71,854	65,949	73,993	71,051
Cash and cash equivalents at end of the period/year	80,698	73,993	80,698	73,993

Note:-

⁽¹⁾ Please refer to Note 5 for more details on the adoption of SFRS(I) 16 Leases on 1 January 2019.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group (Unaudited)	Attributable to owners of the Company							Total equity \$'000
	Share capital \$'000	Merger reserve \$'000	Share- based payments reserve \$'000	Other reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Non- controlling interests \$'000	
	Balance at 1 January 2019	22,273	(2,311)	883	1,869	(495)	51,547	
Profit for the year	-	-	-	-	-	35,751	(2,945)	32,806
<u>Other comprehensive income</u>								
Foreign currency translation	-	-	-	-	205	-	(30)	175
Share of other reserve of associate	-	-	-	398	-	-	-	398
Other comprehensive income for the year, net of tax	-	-	-	398	205	-	(30)	573
Total comprehensive income for the year	-	-	-	398	205	35,751	(2,975)	33,379
<u>Distributions to and contributions by owners</u>								
Dividends on ordinary shares	-	-	-	-	-	(27,142)	-	(27,142)
Share-based payments	-	-	220	-	-	-	-	220
Vesting of performance shares	165	-	(165)	-	-	-	-	-
Contribution of capital by non-controlling shareholder	-	-	-	-	-	-	1,883	1,883
<u>Changes in ownership interests in subsidiary</u>								
Acquisition of non-controlling interests without a change in control	-	-	-	(9)	-	(84)	93	-
Balance at 31 December 2019	22,438	(2,311)	938	2,258	(290)	60,072	(1,414)	81,691

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group (Audited)	Attributable to owners of the Company							
	Share capital	Merger reserve	Share-based payments reserve	Other reserve	Foreign currency translation reserve	Retained earnings	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2018	22,273	(2,311)	346	2,006	(632)	50,647	181	72,510
Profit for the year, representing total comprehensive income for the year	-	-	-	-	-	28,908	(1,694)	27,214
<u>Distributions to and contributions by owners</u>								
Dividends on ordinary shares	-	-	-	-	-	(28,008)	-	(28,008)
Share-based payments	-	-	537	-	-	-	-	537
Fair value adjustment for loans from non-controlling shareholder to subsidiaries	-	-	-	-	-	-	1,098	1,098
Other adjustment	-	-	-	(137)	137	-	-	-
Balance at 31 December 2018	22,273	(2,311)	883	1,869	(495)	51,547	(415)	73,351

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Company (Unaudited)	Attributable to owners of the Company			
	Share capital \$'000	Share-based payments reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2019	22,273	883	19,985	43,141
Profit for the year, representing total comprehensive income for the year	-	-	35,709	35,709
<u>Distributions to and contributions by owners</u>				
Dividends on ordinary shares	-	-	(27,142)	(27,142)
Share-based payments	-	220	-	220
Vesting of performance shares	165	(165)	-	-
Balance at 31 December 2019	22,438	938	28,552	51,928

The Company (Audited)	Share capital \$'000	Share-based payments reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2018	22,273	346	20,447	43,066
Profit for the year, representing total comprehensive income for the year	-	-	27,546	27,546
<u>Distributions to and contributions by owners</u>				
Dividends on ordinary shares	-	-	(28,008)	(28,008)
Share-based payments	-	537	-	537
Balance at 31 December 2018	22,273	883	19,985	43,141

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There are no changes in the Company's share capital since 30 September 2019. As at 31 December 2019 and 31 December 2018, there were no treasury shares held by the Company and there were no subsidiary holdings.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Number of ordinary shares	
	31/12/2019	31/12/2018
Total number of issued shares	1,314,501,723	1,314,286,000

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no shares held as treasury shares as at 31 December 2019 and 31 December 2018.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no subsidiary holdings.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except for the adoption of the SFRS(I)s and Amendments to SFRS(I)s applicable for the financial period beginning on or after 1 January 2019 and as disclosed in paragraph 5 below, the same accounting policies and methods of computation have been applied. Except as disclosed in paragraph 5, the adoption of new SFRS(I)s and Amendments to SFRS(I)s did not have any material effect on the financial performance or position of the Group and the Company.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

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 the financial period beginning on or after 1 January 2019.

The Group adopted SFRS(I) 16 *Leases* on 1 January 2019, using the modified retrospective approach, without restating prior years' information. On adoption of SFRS(I) 16, the Group has chosen, on a lease-by-lease basis, to measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019. The effects of the adoption of SFRS(I) 16 have been reflected in the financial statements for FY 2019.

The net book value of right-of-use assets and lease liabilities amounted to \$3.85 million and \$3.89 million respectively as of 31 December 2019. Except for the adoption of SFRS(I) 16, the adoption of the other new standards that are effective on 1 January 2019 has no material impact on the financial statements.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

The Group	Q4 2019 (Unaudited)	Q4 2018 (Unaudited)	FY 2019 (Unaudited)	FY 2018 (Audited)
Profit attributable to owners of the Company (\$'000)	11,577	9,594	35,751	28,908
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,314,501,723	1,314,286,000	1,314,422,526	1,314,286,000
Basic earnings per share (cents)	0.88	0.73	2.72	2.20
Weighted average number of ordinary shares used in the computation of diluted earnings per share	1,314,676,993	1,314,798,335	1,314,718,437	1,314,798,335
Diluted earnings per share (cents)	0.88	0.73	2.72	2.20

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31/12/2019 (Unaudited)	31/12/2018 (Audited)	31/12/2019 (Unaudited)	31/12/2018 (Audited)
Net asset value attributable to owners of the Company (\$'000)	83,105	73,766	51,928	43,141
Net asset value per ordinary share at end of the financial period (cents)	6.32 ⁽¹⁾	5.61 ⁽²⁾	3.95 ⁽¹⁾	3.28 ⁽²⁾

⁽¹⁾ The calculation of net asset value per ordinary share was based on 1,314,501,723 shares as at 31 December 2019.

⁽²⁾ The calculation of net asset value per ordinary share was based on 1,314,286,000 shares as at 31 December 2018.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Performance Review

Q4 2019 and FY 2019

Revenue

In Q4 2019, revenue for the Group increased by \$3.14 million or 16.6% from \$18.96 million in Q4 2018 to \$22.10 million in Q4 2019.

The Group's revenue for FY 2019 was \$75.92 million, an increase of \$14.64 million or 23.9% from \$61.28 million for FY 2018.

The increase in revenue in both Q4 2019 and FY 2019 was mainly attributed to the increase in the number of patient visits.

Revenue derived from our 60%-owned subsidiary, Stem Med Pte. Ltd. ("**Stem Med**") for stem cell processing and storage services during the year amounted to \$2.17 million. This was an increase of \$0.84 million or 62.5% over last year.

Revenue derived from our 57%-owned subsidiary, CellVec Pte. Ltd. ("**CellVec**") for cellular and gene therapy services, amounted to \$0.48 million during FY 2019.

Revenue from our operations in Vietnam, which were carried out through our wholly-owned subsidiary, TalkMed Vietnam Pte. Ltd., amounted to \$0.17 million during FY 2019, a decrease of \$0.09 million or 35.0% compared to FY 2018.

Other items of income

Interest income

In Q4 2019, interest income decreased by \$0.20 million or 36.1%. The Group's interest income for FY 2019 was \$1.31 million, an increase of \$0.33 million or 33.1% from \$0.98 million in FY 2018.

The decrease in interest income in Q4 2019 was due to lower interest rates on fixed deposits as compared to the same period last year while the increase in FY 2019 was mainly due to the higher interest rates on fixed deposits during the first half of the year.

Performance Review (cont'd)

Other items of expense

Employee benefits expense

Employee benefits expense comprised remuneration paid to doctors, nurses as well as other support staff. These included salaries and wages, allowances, CPF contributions, bonuses and staff benefits.

In Q4 2019, employee benefits increased by \$0.40 million or 6.9% from \$5.89 million in Q4 2018 to \$6.29 million in Q4 2019.

Employee benefits for FY 2019 increased by \$4.68 million or 22.9% from \$20.47 million in FY 2018 to \$25.15 million in FY 2019.

The increase in employee benefits expense in both Q4 2019 and FY 2019 was mainly due to an increase in staff salaries, higher bonuses paid out and additional staff recruited during the year to support growing business activities.

Cost of share-based payments to employees

Share-based payments to employees related mainly to:

- Options that were granted on 11 May 2017 and 10 May 2019 under the Company's employee share option scheme; and
- Performance shares that were granted on 11 May 2017 under the Company's performance share plan.

In Q4 2019, the Group recorded a net reversal of \$0.02 million in respect of share-based payments to employees. This was mainly due to the forfeiture of share options and performance shares held by an employee who has resigned during the period.

The Group's cost of share-based payments to employees for FY 2019 was \$0.22 million, a decrease of \$0.32 million or 59.0% from \$0.54 million in FY 2018. This was mainly due to the reversal of share-based payments for employees who have resigned during the year and forfeited the unvested share options and performance shares held.

Operating lease expense

In Q4 2019, operating lease expense decreased by \$0.50 million or 98.1% from \$0.51 million in Q4 2018 to \$0.01 million in Q4 2019.

Operating lease expense for FY 2019 decreased by \$1.86 million or 98.1% from \$1.90 million in FY 2018 to \$0.04 million in FY 2019.

The decrease in operating lease expense in both Q4 2019 and FY 2019 was due to the adoption of SFRS(I) 16 on 1 January 2019.

Depreciation of right-of-use assets

Following the adoption of SFRS(I) 16 on 1 January 2019, the Group recorded depreciation of right-of-use assets of \$0.49 million and \$1.96 million in Q4 2019 and FY 2019 respectively.

Performance Review (cont'd)

Other items of expense (cont'd)

Depreciation of plant and equipment

Depreciation of plant and equipment increased by \$0.27 million or 287.2% from \$0.09 million in Q4 2018 to \$0.36 million in Q4 2019.

Depreciation of plant and equipment for FY 2019 increased by \$1.08 million or 289.4% from \$0.38 million in FY 2018 to \$1.46 million in FY 2019.

The increase in depreciation of plant and equipment in both Q4 2019 and FY 2019 was mainly due to the purchase of plant and equipment by CellVec in the year.

Other operating expenses

Other operating expenses comprised mainly legal and professional fees, donation made, overseas travel expenses, utilities expenses, repair and maintenance costs as well as laboratory consumables and services fees.

In Q4 2019, other operating expenses increased by \$0.47 million or 42.5% from \$1.09 million in Q4 2018 to \$1.56 million in Q4 2019.

Other operating expenses for FY 2019 increased by \$2.13 million or 54.2% from \$3.94 million in FY 2018 to \$6.07 million in FY 2019.

The increase in other operating expenses in both Q4 2019 and FY 2019 was mainly due to an increase in such expenses incurred by CellVec.

Share of results of associate

The Group's share of loss after tax of its associate, Hong Kong Integrated Oncology Centre Holdings Limited ("HKH") was \$0.25 million and \$1.05 million in Q4 2019 and FY 2019 respectively. This was a decrease of \$0.19 million and \$0.09 million respectively when compared to the share of loss of \$0.44 million and \$1.14 million recorded in Q4 2018 and FY 2018 respectively.

Income tax expense

Income tax expense increased by \$0.44 million or 19.8% from \$2.24 million in Q4 2018 to \$2.68 million in Q4 2019 due to higher profits in Q4 2019. The effective tax rate for Q4 2019 was 19.8% as compared to 19.7% in Q4 2018.

Income tax expense for FY 2019 increased by \$1.75 million or 25.8% from \$6.79 million in FY 2018 to \$8.54 million in FY 2019 due to higher profits in FY 2019. The effective tax rate was 20.7% and 20.0% for FY 2019 and FY 2018 respectively.

Performance Review (cont'd)

Profit after tax

The Group recorded profit after tax of \$10.85 million in Q4 2019 as compared to \$9.13 million in Q4 2018, which represented an increase of \$1.72 million or 18.9%.

In FY 2019, the Group recorded profit after tax of \$32.81 million as compared to \$27.21 million in FY 2018, which represented an increase of \$5.60 million or 20.5%.

The increase in profit after tax in both Q4 2019 and FY 2019 was mainly due to an increase in revenue offset by an increase in employee benefits expense and other operating expenses.

Review of the Group's Financial Position

Non-current assets

The Group's non-current assets comprised plant and equipment, right-of-use assets, investment in associate and prepaid operating expenses. Non-current assets increased by \$4.01 million which was attributable to the following:

- Increase in the carrying amount of plant and equipment of \$0.66 million;
- Increase in right-of-use assets of \$3.85 million; and
- Increase in prepaid operating expenses of \$0.01 million.

These were partially offset by the decrease in the carrying amount of investment in associate of \$0.51 million which arose mainly from the share of loss of associate for FY 2019.

Current assets

Current assets comprised inventories, prepaid operating expenses, trade and other receivables and cash and short-term deposits. Current assets increased by \$10.79 million which was attributable to the increase in inventories of \$0.57 million, trade and other receivables of \$3.55 million and cash and short-term deposits of \$6.71 million, offset by a decrease in prepaid operating expenses of \$0.04 million.

The increase in cash and short-term deposits was mainly attributable to cash flows from operating activities while the increase in trade and other receivables was mainly due to higher outstanding balances from trade debtors as compared to the same corresponding period last year.

Current liabilities

Current liabilities comprised trade and other payables, other liabilities, lease liabilities and income tax payable. Current liabilities increased by \$4.03 million. Trade and other payables increased by \$1.05 million mainly due to higher trade payables. Lease liabilities increased by \$1.77 million with the adoption of SFRS(I) 16 on 1 January 2019. Income tax payable increased by \$1.77 million due to higher profits. Other liabilities decreased by \$0.56 million due to lower accrued operating expenses.

Non-current liabilities

Non-current liabilities comprised other liabilities, lease liabilities and loans from non-controlling shareholder to subsidiaries. Non-current liabilities increased by \$2.43 million mainly due to an increase in other liabilities of \$0.04 million, an increase in lease liabilities of \$2.12 million and an increase in loans from a non-controlling shareholder to subsidiaries of \$0.27 million (due to the unwinding of discount adjustment of loans from a non-controlling shareholder to subsidiaries).

Equity attributable to owners of the Company

The increase was mainly attributable to profits earned during the year.

Review of the Group's Financial Position (cont'd)

Non-controlling interests

This related to the:-

- (i) 40%⁽¹⁾, 46%⁽²⁾ and 64%⁽³⁾ non-controlling interests' share in the net equity of Stem Med, Stem Med Indonesia Pte. Ltd. and DrSG Cellular Wellness Pte. Ltd. ("**DrSG**") respectively;
- (ii) 43% non-controlling interests' share in the net equity of CellVec; and
- (iii) 40% non-controlling interests' share in the net equity of Sino-Singapore Hospital Management (Chongqing) Co., Ltd..

Note:-

- (1) Pursuant to the purchase of 157,896 shares (which represent 5% of the share capital of Stem Med) from a director of Stem Med by the Company and StemCord Pte. Ltd. ("**StemCord**") during the year, the Company and StemCord now hold 60% (previously 57%) and 40% (previously 38%) of the share capital of Stem Med respectively. The current 40% interest held by StemCord falls within the definition of non-controlling interests.
- (2) Stem Med owns 90% of SMI. By virtue of the Company's 60% interest in Stem Med, the Company effectively owns 54% of SMI and the remaining 46% falls within the definition of non-controlling interests.
- (3) Stem Med owns 60% of DrSG. By virtue of the Company's 60% interest in Stem Med, the Company effectively owns 36% of DrSG and the remaining 64% falls within the definition of non-controlling interests.

During the year, the Company's wholly-owned subsidiary, TalkMed China Pte. Ltd., had acquired 25 ordinary shares of its subsidiary, TalkMed Chongqing Pte. Ltd. ("TMCQ"), representing 25% of the total issued and paid-up share capital of TMCQ, from its minority shareholder, ZXJ2 Holdings Pte. Ltd.. As a result, the Group now owns and controls 100% of TMCQ.

Review of the Group's Cash Flows

Q4 2019

Operating activities

In Q4 2019, net cash flows from operating activities amounted to \$7.47 million. This comprised operating cash flows before changes in working capital of \$14.28 million and interest received of \$0.28 million, less net changes in working capital of \$6.22 million, interest paid of \$0.04 million and income tax paid of \$0.83 million. The net increase in working capital of \$6.22 million was mainly due to the following:

- Increase in inventories of \$0.01 million;
- Increase in prepaid operating expenses of \$0.13 million;
- Increase in trade and other receivables of \$5.22 million; and
- Decrease in other liabilities of \$0.88 million.

These were partially offset by the increase in trade and other payables of \$0.02 million.

Investing activities

Net cash flows used in investing activities of \$0.04 million was mainly attributable to the purchase of plant and equipment by CellVec and Stem Med.

Financing activities

Net cash flows generated from financing activities amounted to \$1.41 million. This was attributable to the proceeds of \$1.88 million from the issuance of shares to the non-controlling shareholder of a subsidiary offset by the payment for principal portion of lease liabilities of \$0.47 million.

Net increase in cash and cash equivalents

The above resulted in a net increase in cash and cash equivalents of \$8.84 million.

Review of the Group's Cash Flows (cont'd)

FY 2019

Operating activities

In FY 2019, net cash flows from operating activities amounted to \$35.88 million. This comprised operating cash flows before changes in working capital of \$45.05 million and interest received of \$1.43 million, less net changes in working capital of \$3.71 million, interest paid of \$0.12 million and income tax paid of \$6.77 million. The net increase in working capital of \$3.71 million was mainly due to the following:

- Increase in inventories of \$0.57 million;
- Increase in trade and other receivables of \$3.68 million; and
- Decrease in other liabilities of \$0.53 million.

These were partially offset by the following:

- Decrease in prepaid operating expenses of \$0.02 million; and
- Increase in trade and other payables of \$1.05 million.

Investing activities

Net cash flows used in investing activities of \$2.00 million was mainly attributable to the purchase of plant and equipment by Stem Med and CellVec of \$2.13 million, offset by the proceeds from return of capital from associate of \$0.13 million.

Financing activities

Net cash flows used in financing activities was \$27.18 million. This was attributable to the payment of dividends to shareholders of \$27.14 million and the payment for principal portion of lease liabilities of \$1.92 million, partially offset by the proceeds of \$1.88 million from the issuance of shares to the non-controlling shareholder of a subsidiary.

Net increase in cash and cash equivalents

The above resulted in net increase in cash and cash equivalents of \$6.70 million. Cash and cash equivalents totalled \$80.70 million as at 31 December 2019.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Our business is dependent to a large extent on the economic performance of Singapore and countries in South East Asia.

The Group is facing pressure on revenue from the competition arising from lower medical costs in our neighbouring countries.

In view of the recent outbreak of the COVID-19, our associate's numbers in the first quarter of 2020 would likely be affected given that Hong Kong has closed off some of its borders with China and the trend is likely to continue until the situation improves. The outbreak may also affect Singapore's operations.

11. If a decision regarding dividend has been made, the required information has been disclosed.

(a) Any dividend declared or recommended for the current financial period reported on

Yes, the Board has recommended a final dividend (the “**Final Dividend**”) in respect of FY 2019 as follows:

Name of dividend	Final Dividend
Dividend type	Cash
Dividend rate	\$0.013 per ordinary share
Tax rate	Tax exempt (one-tier)

The Company had also declared an interim cash dividend (one-tier tax exempt) of \$0.01 per ordinary share, which was paid on 22 August 2019.

(b) Any dividend declared for the corresponding period of the immediately preceding financial year

Yes.

Name of dividend	Final dividend
Dividend type	Cash
Dividend rate	\$0.01065 per ordinary share
Tax rate	Tax exempt (one-tier)

The Company had also declared an interim cash dividend (one-tier tax exempt) of \$0.00761 per ordinary share, which was paid on 24 August 2018.

(c) The date the dividend is payable

The proposed Final Dividend, if approved by the shareholders of the Company at the Annual General Meeting to be held on 20 April 2020, will be paid on 11 May 2020.

(d) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

NOTICES IS HEREBY GIVEN that, subject to the approval of the shareholders of the Company to the proposed Final Dividend at the Annual General Meeting to be held on 20 April 2020, the Share Transfer Books and Register of Member of the Company will be closed at 5:00 p.m. on 29 April 2020 for the purpose of determining entitlements of ordinary shareholders to the tax exempt (one-tier) Final Dividend of 1.283 Singapore cents per ordinary share for the financial year ended 31 December 2019.

Duly completed registrable transfers received by the Company’s Share Register, B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, up to 5:00 p.m. on 29 April 2020 will be registered before entitlements to the Final Dividend are determined. Members whose securities accounts with The Central Depository (Pte) Ltd. are credited with the Company’s ordinary shares as at 5:00 p.m. on 29 April 2020 will be entitled to the Final Dividend. Payment of the Final Dividend, if approved by the members at the Annual General Meeting to be held on 20 April 2020, will be made on 11 May 2020.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

Not applicable.

13. **If the Group has obtained a general mandate from the shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a general mandate from its shareholders for Interested Person Transactions pursuant to Rule 920(1)(a)(ii).

14. **Interested Person Transactions**

The Company and its subsidiaries had the following Interested Persons Transactions during FY 2019.

Name of Interested Persons	Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) \$'000	Aggregate value of all IPTs during the financial year under review conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$'000
Dr. Ang Peng Tiam	202	N.A.
P.T. Ang Medical Services Pte Ltd	873	N.A.
StemCord Pte Ltd ⁽¹⁾	522	N.A.

Note:

⁽¹⁾ Dr Ang is also a Director and a substantial shareholder of StemCord Pte Ltd ("StemCord") holding 17.35% in StemCord. Pursuant to Rule 904 of the Catalist Rules, charges by and payments made by StemCord on behalf of Stem Med and CellVec, subsidiaries of the Company, constitutes an interested person transaction.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR RESULTS ANNOUNCEMENT

15. **Segmented revenue and results for operating segments (of the group) presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Revenue by segment and geographical markets	FY 2019 \$'000 (Unaudited)	FY 2018 \$'000 (Audited)
Oncology services		
- Singapore	72,813	59,416
- Vietnam	167	257
- China/Hong Kong	290	270
Stem cell services		
- Singapore	1,256	1,156
- Malaysia	476	179
- Indonesia	335	-
- Vietnam	55	-
- Others	48	-
Cellular and gene therapy services		
- Singapore	479	-
	75,919	61,278

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to item 8.

17. Breakdown of sales as follows:-

	Group		Increase/ (Decrease) %
	31/12/2019 \$'000 (Unaudited)	31/12/2018 \$'000 (Audited)	
Sales reported for the first half year	35,466	26,118	35.8%
Operating profit after tax reported for first half year	14,167	10,892	30.1%
Sales reported for the second half year	40,453	35,160	15.1%
Operating profit after tax reported for second half year	18,639	16,322	14.2%

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

Please refer to item 11 for the Final Dividend recommended in respect of FY 2019.

Dividends declared and paid to the Company's shareholders		For the year ended 31 st December	Actual payment date	FY 2019 \$'000	FY 2018 \$'000
Final dividend	One-tier tax exempt	2017	9 May 2018		18,006
		2018	16 May 2019	13,997	
1 st interim dividend	One-tier tax exempt	2018	24 Aug 2018		10,002
		2019	22 Aug 2019	13,145	
				27,142	28,008
Proposed dividend to the Company's shareholders but not recognised as a liability as at					
				31/12/2019	31/12/2018
				\$'000	\$'000
Final dividend				17,089	13,997

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10).

The Group does not have any person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

20. Confirmation pursuant to Rule 720(1)

TalkMed Group Limited confirms that undertakings under Rule 720(1) have been obtained from all directors and executive officers in the format set out in form Appendix 7H.

PART III – ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 706

21. Acquisition of Equity Interests in Beijing Yachuang Siwei Investment Management Co., Ltd.

The Company's wholly-owned subsidiary, TalkMed China Pte. Ltd. ("TMC") has entered into an acquisition agreement (the "**Acquisition Agreement**") with Mr. Cui Tao (崔涛) (the "**Transferor**"), pursuant to which TMC will acquire 70% equity interests in Beijing Yachuang Siwei Investment Management Co., Ltd. (北京亚创四维投资管理有限公司) ("**Yachuang**") (the "**Acquisition**"). The purchase consideration for the Acquisition will be RMB 180,000 (equivalent to approximately S\$35,350).

Yachuang is a limited liability company established in Beijing, PRC on 5 April 2012. As at the date of the Acquisition, it has a registered capital of RMB 20 million, of which RMB 100,000 has been fully paid in by the Transferor.

Yachuang is principally engaged in the business of investment management, hospital management, and healthcare management and consultancy (excluding diagnosis and treatment). It is currently a dormant company.

The Consideration which will be payable in cash, was determined after arm's length negotiations between the parties, and arrived at on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the following factors:

- (a) net tangible assets of Yachuang of approximately RMB 93,122 (or approximately S\$18,288) based on its unaudited financial statements as at 30 September 2019; and
- (b) the strategic value of Yachuang as a PRC investment holding company which will allow the Group to own and utilise a PRC entity to hold its future acquisitions and healthcare related investments in the PRC, without the need to set up separate wholly foreign-owned enterprises in the PRC and undergo lengthy PRC approval processes for future acquisitions or investments in the PRC.

BY ORDER OF THE BOARD

Ang Peng Tiam
Chief Executive Officer
17 February 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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