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FULLERTON HEALTHCARE CORPORATION LIMITED AND ITS SUBSIDIARIES

(Incorporated in the Cayman Islands.
Registration No: 273542)

REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

FULLERTON HEALTHCARE CORPORATION LIMITED AND ITS SUBSIDIARIES

REPORT AND FINANCIAL STATEMENTS

C O N T E N T S

FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES

STATEMENT OF DIRECTORS

In the opinion of the directors, the consolidated financial statements and its accompanying notes of Fullerton Healthcare Corporation Limited and its subsidiaries (the "Group") as set out on pages 10 to 105 are drawn up so as to give a true and fair view of the financial position of the Group as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

On behalf of the board,

....
Michael Lim Choo San
Director

....
Dr Teh Kok Peng
Director

Date: 11 October 2021

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Deloitte & Touche LLP
Unique Entity No. T08LL0721A
6 Shenton Way
OUE Downtown 2
#33-00
Singapore 068809

Tel: +65 6224 8288
Fax: +65 6538 6166
www.deloitte.com/sg

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

FULLERTON HEALTHCARE CORPORATION LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Fullerton Healthcare Corporation Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, as set out on pages 10 to 105.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our audit report, the accompanying consolidated financial statements of the Group are properly drawn up in accordance with International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Qualified Opinion

As disclosed in Note 35 to the consolidated financial statements, in early May 2021, the Group received a complaint from an anonymous external party alleging improper conduct/business practice undertaken by an executive director of the Group in two countries where the Group provides medical services. The Company has commenced an investigation into these allegations ("Investigation") by engaging two external professional parties.

As at the date of our report, the Investigation is not yet complete, including responses from the aforementioned executive director and one relevant party which have not been received. Accordingly, we are unable to complete our audit procedures, including interview with one of the external professional parties on the Investigation. The outcome of the Investigation could provide other information or findings which may have an impact on the consolidated financial statements, including compliance with applicable laws and regulations.

Accordingly, we are unable to obtain sufficient appropriate audit evidence to determine whether any adjustments to and/or additional disclosures in the accompanying consolidated financial statements may be required.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *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 qualified opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

FULLERTON HEALTHCARE CORPORATION LIMITED

Report on the Audit of the Consolidated Financial Statements

Material Uncertainty Related to Going Concern

We draw attention to Note 30(d) to the financial statements, the Group is in a net current liabilities position of $122.8 million and net loss of $242.7 million. Borrowings of the Group amounted to $222.6 million, consisting of bank borrowings of $123.2 million and senior unsecured guaranteed bonds of $99.4 million. Of the total borrowings, $155.8 million are due in 2021 and $58.7 million are due in 2022. The Group also granted put options of $135.7 million to corporate investors in respect of Fullerton Health China Limited ("FHCL") and Fullerton China Hospital Limited ("FCHL") which are exercisable on or after 31 March 2022.

The Group is exposed to an increased liquidity risk in relation to their ability to fulfil the above and other obligations as and when they fall due for at least the next 12 months up to October 2022, which is premised on the Group's ability to successfully negotiate and raise additional funding by March 2022 and obtain continued support from the Group's lenders including compliance of covenants of loan agreements, among other measures of the Group as disclosed in Note 30(d) to the financial statements. These sources of funding include equity fundraising from investors, new bank loans, potential reduction of liabilities by way of conversion of certain liabilities into equity including put options granted to corporate investors in respect of FHCL and FCHL, and/or partial conversion of the convertible preference shares and perpetual securities issued by the Company into ordinary shares thereby reducing the amount of preference dividends and distributions payable thereon.

These conditions, along with other matters as set forth in Note 30(d) to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Nevertheless, for the reasons disclosed in Note 30(d) to the financial statements, management are of the view that it is appropriate for the financial statements to be prepared on a going concern basis. Our opinion is not modified in respect of this matter.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

FULLERTON HEALTHCARE CORPORATION LIMITED

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section and the Material Uncertainty Related to Going Concern, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How the matter was addressed in the audit
Impairment of assets	
Under IAS 36 *Impairment of Assets*, the Group is required to test goodwill for impairment at least annually or when indicators exist. This assessment requires the exercise of significant judgement about future market conditions, including discount rates, annual growth rates and terminal growth rates. The aggregated goodwill of the Group amounted to $470.0 million which constituted 33.2% of the Group's total assets at 31 December 2020. The key assumptions to the impairment test and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Note 3 and Note 15. In addition, investment in associates is tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. For the year ended 31 December 2020, the Group recorded accumulated impairment loss of $61.4 million to write down the carrying amount of the investment in associates to its recoverable amount as disclosed in Note 17. The determination of recoverable amount on the investment in associates involves management making judgement around the recoverable amount.	Our audit procedures focused on evaluating and challenging the key assumptions used by management in conducting the impairment review. These procedures included: • Understanding management's process and relevant controls over the preparation of the impairment analysis; • Using our valuation specialists to independently develop expectations for the key macro-economic assumptions used in the impairment analysis, in particular the discount rates, annual growth rates and terminal growth rates, and comparing the independent expectation to those used by management; • Using our valuation specialists to independently develop expectations on the recoverable amount of the underlying assets held by the associate; • Challenging the cash flow forecasts used, with comparison to recent performance and management's expectations and any subsequent adjusting events; and • Reviewing the historical accuracy of the Group cash flow forecasts by comparing the actual results against previous cash flow forecasts. We have also assessed the adequacy and appropriateness of the disclosures made in the consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

FULLERTON HEALTHCARE CORPORATION LIMITED

Key Audit Matters	How the matter was addressed in the audit
Valuation of derivatives	
As detailed in Note 23 and Note 28, the Group has three types of derivative liabilities, totaling $151.1 million as at 31 December 2020: 1) Put options written to corporate investors of an associate; 2) Put options written to non-controlling interests; and 3) Interest rate swaps. Valuation of the derivatives is based on a number of assumptions, the key ones being the future performance of the underlying entities and the discount rates. We focused on these assumptions due to the inherent judgement involved in determining these assumptions as disclosed in Note 3.	Our audit procedures focused on evaluating and challenging the key assumptions used by management in performing the valuation of the derivatives. These procedures included: • Understanding management's process and relevant controls over the valuation of derivatives; • Using our valuation specialists to independently develop expectations and challenge the key assumptions for the key macro-economic assumptions used in the valuation of the derivatives, in particular the discount rate, recent and future performance of the underlying entities, and comparing the independent expectation to those used by management; and • Assessing the reasonableness of management's interpretation of certain items to be included or excluded from the performance measures in determining if the agreed performance measures have been met. We have also assessed the adequacy and appropriateness of the disclosures made in the consolidated financial statements.
Insurance Contract Provisions – Provision for Incurred But Not Reported ("IBNR") claims	
As detailed in Note 19 "Insurance contract provisions" to the consolidated financial statements, the Group recorded an amount of $40.8 million of Incurred But Not Reported ("IBNR") claims from its Health Maintenance Organisation ("HMO") contracts. IBNR claims are based on the estimate ultimate cost of all claims incurred but not settled as at reporting date, whether reported or not.	Our audit procedures focused on reviewing and evaluating the work performed by component's auditors over IBNR valuation. These procedures included: • Using our internal actuary specialists in our evaluation of the work performed by HMO's auditors and external actuary specialist on the appropriateness and reasonableness of the methodology and estimates used by management; and • Understanding management's process and relevant controls over estimations and recording of IBNR claims. We have also assessed the adequacy and appropriateness of the disclosures made in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

FULLERTON HEALTHCARE CORPORATION LIMITED

Key Audit Matters	How the matter was addressed in the audit
Related Party Receivables	
As disclosed in Note 10 to the consolidated financial statements, other receivables from related parties comprise of $13.8 million and $84.4 million relating to advances made to a related party during the year ended 31 December 2019 and consideration receivable for sale of investment to another related party in 2018 respectively. As of 31 December 2019 in assessing the collectability of the receivables from related parties, the Group obtained letters of undertaking from the respective related parties (the "Related Parties") that repayment to the Group will take priority upon the occurrence of the sale of its assets, including an investment property held by the related party. As at the date of the audit report, such letters of undertaking were not provided by the Related Parties for 2020. Subsequent to year end, a notes purchase agreement was entered into between the original notes holders to the immediate holding company of the entity holding the investment property and a consortium of investment holding companies of private investors and property investment business (the "new notes holders"), for the sale of the notes together with a call option deed which grants an option to purchase the shares of the entity that holds the investment property. (Related Parties, immediate holding company and entity that holds the investment property are collectively referred to as "Related Party's Group"). The notes are also secured by, inter-alia, a charge ("Share Charge") over the shares in the entity that holds the investment property. As the notes are in default as to payment of the principal and interest by the immediate holding company since November 2020, the Share Charge and the call option may be exercised for the note holders to take legal and beneficial ownership of the investment property. In such a situation, the Related Party's Group may no longer have legal and beneficial ownership over the property and accordingly will not be able to realise any proceeds from its sale to repay the amounts owing to the Group ("Enforcement Event"). Subsequent to the end of the reporting period, as a result of the enforcement of Share Charge, the new notes holders have rights to 100% of the entity holding the investment property. Management assessed that the Enforcement Event coupled with the significant increase in credit risk of the Related Parties, cast significant doubt over the ability of the Related Parties to repay the outstanding balances. Accordingly, management recorded full credit loss allowance of $98.2 million on these receivables during the year.	Our audit procedures focused on evaluating the related party transactions and credit loss allowance included: • Inspecting records or documents on the significant related party transaction to ensure adequate disclosure of such transaction in the consolidated financial statements; • Challenging management's assessment of the credit loss allowance on the related party receivables and evaluating the evidence supporting the assessment; • Reviewing the evidence including the notes purchase agreements, call option deeds and publicly available announcements by one of the new notes holders supporting the Enforcement event and • Obtaining management representation letter on their collectability assessment. We have also assessed the adequacy and appropriateness of the disclosures made in the consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

FULLERTON HEALTHCARE CORPORATION LIMITED

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Statement of Directors set out on page 1 but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 issued a qualified opinion due to the matter highlighted in the Basis for Qualified Opinion.

Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to the matter.

Responsibilities of Management and Directors for the Consolidated Financial Statements

Management is responsible for the presentation of the consolidated financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISAs 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 consolidated financial statements.

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

a) Identify and assess the risks of material misstatement of the consolidated 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.

b) 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.

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

d) 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 consolidated 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.

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

f) 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 consolidated financial statements of the current year 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.

The engagement partner on the audit resulting in this independent auditor's report is Tsia Chee Wah.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

FULLERTON HEALTHCARE CORPORATION LIMITED

Restrictions on Audit Report

Our audit report on the financial statements is prepared solely for the Company and for the purpose of complying with the Company's obligation to provide the audited consolidated financial statements to the Trustee of the senior unsecured guaranteed bonds issued by the Company pursuant to the Trust Deed Constituting S$50,000,000 2.45 Per Cent. Senior Unsecured Guaranteed Bonds Due 2021 and the Trust Deed Constituting S$50,000,000 2.75 Per Cent. Senior Unsecured Guaranteed Bonds Due 2023 (the "Trustee") and for no other purpose.

The Company's disclosure of our audit report on the financial statements to the Trustee and via SGXNet is on the basis that (i) our audit report and the information in it should not be treated as sufficient, complete, adequate or suitable for the purposes of any other party as items of possible interest to any other party may not have been specially addressed; and (ii) we (inclusive of our partners, principals, and employees) have no responsibility for any decision of any other party nor any responsibility to advise or consult with any other party regarding possible use of the audit report in connection with any decisions, and we specifically disclaim our association with any such decisions.

To the fullest extent permitted by law and subject to the terms of this audit engagement, we (inclusive of our partners, principals and employees) neither owe nor accept any duty (whether in contract or in tort or howsoever arising, including without limitation, negligence and breach of statutory duty) nor assume any responsibility to the Company or any other party in respect of any loss, damage or expense of whatsoever nature arising from any other party's use of and reliance on the audit report and any other statements made by us relating to the audit. If any other party wishes to rely upon our audit report or any such information, they do so entirely at their own risk.

For the avoidance of doubt, the reference to "any other party" in this section includes without limitation, any person or entity who accesses our audit report on SGXNet, the Trustee, holders of bonds issued by the Company, existing and/or potential bidder(s) for shares in the Company and/or the Group, existing and/or potential investors in the Company and/or the Group (excluding legal shareholders of the Company as identified in the statutory register of shareholders (or such equivalent as is provided for under written law)), advisers to the aforesaid bidder(s) and/or investor(s), and existing and/or potential lenders to the Company and/or the Group.

Our audit report should not be referred to in any document or distributed to any other party without our prior written consent.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

11 October 2021

FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	145,905	75,949
Trade and other receivables	10	333,528	448,046
Inventories	11	5,946	5,376
Other assets	12	50,322	37,514
Short-term investments	13	52,189	26,212
		587,890	593,097
Non-current assets			
Property, plant and equipment	14	57,687	63,809
Right of use assets	20	101,097	90,553
Goodwill	15(a)	469,963	464,453
Intangible assets	15(b),(c)	141,916	149,946
Investment in associates	17	5,419	36,193
Other assets	12	4,973	12,265
Deferred income tax assets	7	37,463	18,809
Long-term investments	13	9,738	4,231
		828,256	840,259
Total assets		1,416,146	1,433,356
LIABILITIES			
Current liabilities			
Trade and other payables	18	294,661	186,663
Insurance contract provisions	19	205,112	194,404
Current income tax liabilities		23,095	3,611
Lease liabilities	21	31,241	23,237
Bank borrowings	22	105,759	79,123
Senior unsecured guaranteed bonds	25	49,871	–
Derivative liabilities	23	354	–
Put options over non-controlling interests	28	620	620
		710,713	487,658
Non-current liabilities			
Bank borrowings	22	17,485	38,534
Lease liabilities	21	83,924	81,954
Deferred income tax liabilities	7	39,252	44,139
Other long-term liabilities	24	7,159	21,200
Senior unsecured guaranteed bonds	25	49,512	98,967
Employee benefit obligations		5,277	5,462
Derivative liabilities	23	118,319	67,044
Put options over non-controlling interests	28	31,821	33,363
		352,749	390,663
Total liabilities		1,063,462	878,321
NET ASSETS		**352,684**	**555,035**

FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000
EQUITY			
Share capital and share premium	26(a)	165,120	229,214
Convertible preference shares	26(b)	328,931	328,931
Share option reserve	26(c)	5,665	5,665
Currency translation reserve		(975)	(25,134)
Other reserves	29	(24,477)	(65,132)
Accumulated losses		(486,556)	(207,462)
Perpetual securities	27	245,031	232,147
		232,739	498,229
Non-controlling interests		119,945	56,806
Total equity		**352,684**	**555,035**

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

FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000
Revenue	4	813,340	806,265
Other income	4(c)	42,489	15,354
Purchase of inventories		(17,098)	(23,659)
Cost of outsourced medical consultations		(365,437)	(434,441)
Employee compensation	5(a)	(202,407)	(190,663)
Other (losses) gains– net	6	(136,553)	18,835
Professional fees		(37,369)	(21,087)
Commission expenses		(30,146)	(26,395)
Depreciation of property, plant and equipment and right of use assets	14,20	(48,431)	(46,207)
Amortisation of intangible assets	15	(17,399)	(17,144)
Share of losses of associates – net	17	(6,494)	(5,444)
Finance costs	5(b)	(15,612)	(15,013)
Credit loss allowance on receivables from a related party	5(c)	(84,400)	–
Other expenses	5(d)	(106,717)	(55,827)
(Loss) Profit before income tax		(212,234)	4,574
Income tax expense	7(a)	(30,481)	(5,476)
Loss for the year		(242,715)	(902)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
For the financial year ended 31 December 2020

	Group	
	2020	**2019**
	$'000	**$'000**
Loss for the year	(242,715)	(902)
Other comprehensive (loss) income for the year, net of tax:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	22,851	1,642
Reclassification of exchange differences on disposal of subsidiary	–	(3,754)
Net fair value gain on debt investments measured at FVOCI	347	1,338
Item that will not be reclassified subsequently to profit or loss:		
Remeasurement of employee benefit obligations	(1,197)	(3,401)
Tax effect on remeasurement of employee benefit obligations	359	1,020
Net fair value gain on equity investments measured at FVOCI	112	–
Total comprehensive loss for the year	(220,243)	(4,057)
(Loss) Profit attributable to:		
Owners of the Company	(273,077)	(12,161)
Non-controlling interests	30,362	11,259
	(242,715)	(902)
Total comprehensive (loss) income attributable to:		
Owners of the Company	(251,249)	(16,410)
Non-controlling interests	31,006	12,353
	(220,243)	(4,057)

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

FULLERTON HEALTHCARE CORPORATION LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2020

	Note	Share capital and share premium	Convertible preference shares	Share option reserve	Convertible shares	Currency translation reserve	Other reserves	Perpetual securities	Accumulated losses	Total	Non-controlling interests ("NCI")	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2020		229,214	328,931	5,665	–	(25,134)	(65,132)	232,147	(207,462)	498,229	56,806	555,035
Transactions with owners												
Redemption of perpetual securities	27	–	–	–	–	–	(10,504)	(232,147)	–	(242,651)	–	(242,651)
Refinancing of perpetual securities	27	–	–	–	–	–	–	238,727	–	238,727	–	238,727
Transfer upon disposal of investments		–	–	–	–	–	30	–	(30)	–	–	–
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	124	124
Dividends paid to NCI		–	–	–	–	–	–	–	–	–	(9,150)	(9,150)
Disposal of interests in subsidiaries	33	–	–	–	–	2,104	52,248	–	1,764	56,116	41,159	97,275
Distribution to perpetual securities holders	27	(29,436)	–	–	–	–	–	6,304	–	(23,132)	–	(23,132)
Dividends paid to preference shares holders	26(b)	(42,409)	–	–	–	–	–	–	–	(42,409)	–	(42,409)
Share-based payment		–	–	–	–	–	5	–	–	5	–	5
Reclassification[1]		7,751	–	–	–	–	–	–	(7,751)	–	–	–
Other adjustments		–	–	–	–	–	(897)	–	–	(897)	–	(897)
Total		(64,094)	–	–	–	2,104	40,882	12,884	(6,017)	(14,241)	32,133	17,892
Total comprehensive (loss) income for the year												
(Loss) income for the year		–	–	–	–	–	–	–	(273,077)	(273,077)	30,362	(242,715)
Other comprehensive (loss) income for the year		–	–	–	–	22,055	(227)	–	–	21,828	644	22,472
Total		–	–	–	–	22,055	(227)	–	(273,077)	(251,249)	31,006	(220,243)
At 31 December 2020		165,120	328,931	5,665	–	(975)	(24,477)	245,031	(486,556)	232,739	119,945	352,684

[1] This relates to an over-recognition of clawback provision which has been reclassed to share premium during the year.

FULLERTON HEALTHCARE CORPORATION LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the financial year ended 31 December 2020

	Note	Share capital and share premium $'000	Convertible preference shares $'000	Share option reserve $'000	Convertible shares $'000	Currency translation reserve $'000	Other reserves $'000	Perpetual securities $'000	Accumulated losses $'000	Total $'000	Non-controlling interests ("NCI") $'000	Total equity $'000
At 1 January 2019		163,575	328,931	5,665	102,699	(21,546)	(63,779)	232,147	(195,267)	552,425	57,695	610,120
Transactions with owners												
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	105	105
Other adjustments		–	–	–	–	–	–	–	–	–	(2,160)	(2,160)
Dividends paid to NCI		–	–	–	–	–	–	–	–	–	(10,986)	(10,986)
Acquisition of additional interests in subsidiaries		–	–	–	–	–	(726)	–	–	(726)	(201)	(927)
Distribution to perpetual securities holders	27	(16,721)	–	–	–	–	–	–	–	(16,721)	–	(16,721)
Distribution to preference shares holders	26(b)	(20,339)	–	–	–	–	–	–	–	(20,339)	–	(20,339)
Conversion of convertible shares	26(a)	102,699	–	–	(102,699)	–	–	–	–	–	–	–
Total		65,639	–	–	(102,699)	–	(726)	–	–	(37,786)	(13,242)	(51,028)
Total comprehensive loss for the year												
Loss for the year		–	–	–	–	–	–	–	(12,161)	(12,161)	11,259	(902)
Other comprehensive loss for the year		–	–	–	–	(3,588)	(627)	–	(34)	(4,249)	1,094	(3,155)
Total		–	–	–	–	(3,588)	(627)	–	(12,195)	(16,410)	12,353	(4,057)
At 31 December 2019		**229,214**	**328,931**	**5,665**	**–**	**(25,134)**	**(65,132)**	**232,147**	**(207,462)**	**498,229**	**56,806**	**555,035**

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

FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2020

	2020	**2019**
	$'000	**$'000**
Cash flows from operating activities		
Net loss	(242,715)	(902)
Adjustments for:		
- Income tax expense	30,481	5,476
- Credit loss allowance on trade receivables	15,543	2,419
- Credit loss allowance on other receivables	25,302	492
- Credit loss allowance on receivable from a related party	84,400	–
- Credit loss allowance written back	(106)	(890)
- Trade receivables (payables) written off, net	2,224	–
- Depreciation of property, plant and equipment and right of use assets	48,431	46,207
- Amortisation of intangible assets	17,399	17,144
- Finance costs	15,612	15,013
- Interest and dividend income	(2,202)	(3,126)
- Gain on disposal of a subsidiary	–	(3,055)
- Gain on disposal of investments, net	(127)	(93)
- Net fair value gain on quoted investments	(108)	(123)
- Fair value loss (gain) on derivative liabilities	51,629	(44)
- Gain on changes in redemption value of put options over non-controlling interests	(1,542)	(1,968)
- Change in provision of claims IBNR	20,131	4,461
- Loss (Gain) on fair value changes on contingent consideration	46,217	(2,645)
- Loss on disposal of property, plant and equipment	163	86
- Property, plant and equipment written off	337	81
- Gain on termination and modification of leases	(154)	(661)
- Goodwill impairment and intangible assets written off	1,234	–
- Share of losses of associates – net	6,494	5,444
- Provision for impairment loss on investments	74	–
- Provision for (Reversal of) impairment loss of associates	38,904	(10,413)
	157,621	72,903
Changes in working capital:		
- Trade and other receivables	(11,850)	(76,790)
- Other current and non-current assets	(3,115)	(15,661)
- Inventories	(570)	(463)
- Trade and other payables and other long-term liabilities	39,448	8,877
- Insurance contract provision	(12,449)	37,047
Cash generated from operations	169,085	25,913
Income tax paid	(29,891)	(788)
Net cash from operating activities	139,194	25,125

FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the financial year ended 31 December 2020

		2020 $'000	2019 $'000
Cash flows from investing activities			
Interest and dividend income received		2,032	3,087
Additions to property, plant and equipment		(12,990)	(17,653)
Proceeds from sale of property, plant and equipment	Note B	140	1,697
Additions to intangible assets		(6,840)	(13,213)
Advances to a related party		–	(13,942)
Deposit with a related party		–	(6,787)
Purchase of investments		(111,278)	(29,473)
Proceeds from disposal of investments		80,843	29,713
Proceeds from disposal of subsidiary		–	21,402
Acquisition of subsidiaries, net of cash acquired	Note A	–	(23,631)
Net cash used in investing activities		(48,093)	(48,800)
Cash flows from financing activities			
Interest paid		(13,220)	(11,779)
Repayments of lease liabilities		(28,305)	(26,726)
Dividends paid to non-controlling interests		(9,150)	(10,986)
Acquisition of additional interests in subsidiaries		–	(39)
Repayment of bank borrowings		(89,480)	(30,269)
Proceeds from bank borrowings		91,758	39,877
Proceeds from disposal of interests in a subsidiary		96,717	–
Cost of issuance of preference shares		(3,924)	–
Dividends paid to preference shares holder		(42,409)	(20,339)
Distribution to perpetual securities holders		(23,132)	(16,721)
Net cash used in financing activities		(21,145)	(76,982)
Net increase (decrease) in cash and cash equivalents		69,956	(100,657)
Cash and cash equivalents at beginning of the financial year		75,949	176,921
Foreign exchange translation impact (non-cash)		–	(315)
Cash and cash equivalents at end of the financial year		145,905	75,949

Note A

In 2019, the Group paid a total of $23,631,000 for the acquisition of subsidiaries of which $10,533,000 relates to payment for current period acquisition of subsidiaries, and $13,098,000 relates to contingent consideration payments to vendors for acquisition of subsidiaries in prior years. There are no payments relating to acquisition of subsidiaries in 2020.

Note B

$108,000 (2019: Nil) proceeds from sale of property, plant and equipment and $189,000 (2019: Nil) proceeds from sale of intangible assets remain uncollected as at 31 December 2020 and were included in other receivables set out in Note 10 to the financial statements.

Note C

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

				Non-cash changes			
	1 January 2020	Interest paid	Net proceeds/ (repayment)	Additions	Others*	Interest expense	31 December 2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank borrowings (Note 22)	117,657	(4,648)	2,278	–	2,788	5,169	123,244
Lease liabilities (Note 21)	105,191	(5,189)	(28,305)	36,477	1,802	5,189	115,165
Senior unsecured guaranteed bonds (Note 25)	98,967	(3,383)	–	–	(97)	3,896	99,383
	321,815	(13,220)	(26,027)	36,477	4,493	14,254	337,792

				Non-cash changes			
	1 January 2019	Interest paid	Net proceeds/ (repayment)	Additions	Others*	Interest expense	31 December 2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank borrowings (Note 22)	108,161	(5,107)	9,608	–	(286)	5,281	117,657
Lease liabilities (Note 21)	122,602	(4,995)	(26,726)	15,783	(6,468)	4,995	105,191
Senior unsecured guaranteed bonds (Note 25)	98,560	(1,677)	–	–	(1,817)	3,901	98,967
	329,323	(11,779)	(17,118)	15,783	(8,571)	14,177	321,815

* Others comprise mainly interest payable, restricted cash held by bank for rental deposits and foreign currency translation differences. For lease liabilities, it also includes lease modifications and disposals.

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

1. GENERAL INFORMATION

Fullerton Healthcare Corporation Limited (the "Company") is incorporated and domiciled in the Cayman Islands. Its principal place of business is at Finexis Building, 108 Robinson Rd, Singapore 068900. The address of its registered office is Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are the provision of managed care and network management services, primary care services and diagnostics, speciality health and ancillary care services. Managed care and network management services comprise medical benefits management services, a healthcare administrative toolkit that supplements other service offerings, and call centre services. Primary care services comprise primary care operations, executive health screening and occupational health services. Diagnostics, speciality health and ancillary care services comprise medical diagnostic imaging services, medical specialist services, which currently includes cardiology and general surgery services, physiotherapy services, dental services and medical assistance and evacuation services. The principal activities of its subsidiaries and associates are described in Notes 16 and 17 respectively.

The financial statements are presented in Singapore dollar ($) and are rounded to the nearest thousand ($'000), except when otherwise indicated. Foreign operations are included in accordance with the policies set out in Note 2.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

The preparation of financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

2.2 Revenue recognition

2.2.1 *Revenue from contracts with customers*

The Group recognises revenue from the following major sources:

(a) Network Management Services

In the network management services segment, the Group's client contracts are generally fee-for-services plans where the clients agree to pay fees based on the type of healthcare service provided, such as general practice consultations, specialist consultations or physiotherapy treatments, and medication and other related medical services, such as imaging and laboratory tests, are charged separately. Rates are subject to coverage limits and exclusions agreed with each client, and are subject to the market pricing environment and healthcare cost inflation, each of which is in turn subject to general macroeconomic and industry conditions. Services for each patient visit under the network management arrangements, including the provision of medical services, and adjudication and claims processing services, are highly interrelated. Therefore, the various services provided are combined from a revenue recognition perspective and treated as one performance obligation for each patient visit. Revenue is measured based on costs incurred in relation to services provided for each claim, and is recognised over time as such services are rendered. The Group believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Clients are billed for patient services on an individual patient basis. The Group consolidates individual claims and submit consolidated invoices to the clients from time to time or at specified periods, depending on the applicable client contract. The amount charged to each client is calculated based on the then applicable rate for the type of service provided and the number of times the service is used by the client's covered persons. These claims are subject to adjustment in the ordinary course of business by the clients, in consultation with the Group, following their review. Therefore, the revenue from fee-for-service plans could be variable and the Group recognises revenue after taking into account these implicit price concessions (credits) that may be provided to the clients subject to the finalisation of their review of the submitted claims. The Group estimates the implicit price concessions based on historical collection trends for the clients and other factors that affect the estimation process.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition (continued)

2.2.1 *Revenue from contracts with customers* (continued)

(a) Network Management Services (continued)

For the majority of the Group's network management arrangements, revenue is recognised on a gross basis as the Group is determined to be the primary obligor in providing healthcare services and retained control over the services provided through the Group's owned healthcare facilities and network healthcare providers. However, for certain network management arrangements, such as those where the Group provides claims processing services in connection with patient visits to non-network healthcare providers, the Group is determined to be an agent, as the Group do not assume any performance obligation with respect to the provision of healthcare services. For those arrangements, revenue is recognised on a net basis.

Payment terms for the fee-for-service plans typically require payment within 30 to 90 days of satisfaction of the performance obligation. Prior to the adoption of IFRS 15 *Revenue from Contracts with Customer*s ("IFRS 15"), a portion of the provision for doubtful receivables related to amounts owed to the Group by the Group's clients. Under IFRS 15, the estimated uncollectable amounts due from these clients are generally considered implicit price concessions that are a direct reduction to revenue, with a corresponding reduction in the amounts presented separately as provision for doubtful receivables.

A trade receivable is recognised by the Group when the performance obligations are fulfilled as this represents the point in time at which our right to receive the consideration becomes unconditional, as only the passage of time is required before payment is due. A contract asset (accrued revenue) is recognised for performance obligations that are yet to be fully satisfied to represent our right to consideration for the services transferred to date. Any amount previously recognised as a contract asset (accrued revenue) is reclassified to trade receivables at the point at which it is invoiced to the client.

(b) Primary Care Services

Recognition of revenue from primary care services provided to the clients is consistent with that of network management services. For services to patients who are unaffiliated with the Group's clients, the performance obligation is typically satisfied at a point in time when the individual service is performed for each patient visit and payment is due or received immediately. Revenue is recognised on a gross basis as the Group is determined to be the primary obligor in the arrangement (i.e., the risks and responsibilities are taken by the Group, including the responsibility to deliver primary care services).

Included in the primary care segment is a revenue stream based on retainer plans. Under the retainer plans, the performance obligation is the provision of healthcare management services and the Group receives a fixed fee during a specified period. Revenue under such retainer plans is recognised on a straight-line basis over time based on the time elapsed. Payment for retainer plans is typically due on a monthly basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition (continued)

2.2.1 Revenue from contracts with customers (continued)

(c) Diagnostics, Specialty and Ancillary Care Services

Recognition of revenue from diagnostics, specialty and ancillary care services to the clients is generally consistent with that of network management services. For services to patients who are unaffiliated with our clients, the performance obligation is typically satisfied at a point in time when the individual service is performed for each patient visit and payment is due or received immediately.

Revenue is recognised on a gross basis as we are determined to be the primary obligor in the arrangement (i.e., the risks and responsibilities are taken by us, including the responsibility to deliver diagnostics, specialty and ancillary care services).

In determining whether the Group is acting as a principal or agent in each of its contractual arrangements the Group considers the requirements of IFRS 15 and the accompanying guidance to the Standard.

Under majority of the Group's service agreements, the Group recognises revenue on a gross basis as:

(i) it maintains control over the provision of services through the control of network of panel clinics; and

(ii) the Group acts as the primary obligor in providing healthcare services.

In other service agreements whereby the Group operates as an agent, the Group recognises revenue on a net basis, being the net fee accruing to the Group.

2.2.2 *Managed Care – Health Maintenance Organization ("HMO")*

The Group assessed its HMO contracts to be insurance contracts having significant insurance risk.

In the managed care segment, the Group receives a fixed premium amount per managed care life per year regardless of whether that managed care life utilises healthcare services. The Group's performance obligation is to be prepared to provide healthcare services during the stipulated time period. Revenue in this segment is recognised over time, based on the time elapsed. Revenue is recognised on a gross basis as the Group is determined to be the primary obligor in the arrangement, that is, the risks and responsibilities are taken by the Group, including the responsibility to deliver managed care services.

2.3 Other income

(a) Finance income

Finance income comprises interest income from bank deposits and investments. Interest income is recognised using effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Other income (continued)

(b) Rental income

Rental income from operating leases (net of any incentives given to the lessee) is recognised on a straight-line basis over the lease term.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Management fees

Management fee income is recognised over time as services are rendered under the terms of the contract.

2.4 Group accounting

(a) Subsidiaries

(i) Consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Group accounting (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

(ii) Acquisitions and business combinations

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred, equity interests issued by the Group, the fair value of any contingent consideration arrangement at the acquisition date and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest ("NCI") in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified.

Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Group accounting (continued)

(a) *Subsidiaries* (continued)

(ii) *Acquisitions and business combinations* (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

The excess of the consideration transferred, amount of any NCI in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill (Note 2.12).

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as the acquisition date that, if known, would have affected the amounts recognised as of that date.

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

(b) *Transactions with non-controlling interests ("NCI")*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the NCI and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Group accounting (continued)

(b) *Transactions with non-controlling interests ("NCI")* (continued)

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

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

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

2.5 Employee compensation

(a) *Defined contribution plans*

The Group's contributions to defined contribution plans are recognised as employee compensation expenses when they are due.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of each reporting period.

(c) *Retirement benefits*

The Group, through its subsidiaries, has funded defined benefit retirement plans covering its qualifying employees.

The liability recognised in the statement of financial position in respect of the defined benefit retirement plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.

Retirement benefit costs and defined benefit obligation are calculated using the projected unit credit cost method, by qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields on government bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating the terms of the related employee benefit obligation.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Employee compensation (continued)

(c) Retirement benefits (continued)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period when they arise and accumulated under equity in other reserves. Past service costs are recognised immediately in profit or loss.

Where the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

(d) Share-based compensation

The Group operates a share-based compensation plan. For equity-settled share-based compensation plan, the fair values of the employee services received in exchange for the grant of share options, performance shares and share appreciation rights on the ordinary shares are recognised as an expense with a corresponding increase in the share option reserve over the vesting period.

The total amount to be recognised over the vesting period is determined by reference to the fair values of the options, performance shares and share appreciation rights granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options and performance shares that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under options and performance shares that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

Share options are granted to directors and to employees with more than one year of service. When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account when new ordinary shares are issued, or to the "treasury shares" account when treasury shares are re-issued to the employees.

Performance shares are granted to certain directors and employees. When the performance shares are released, the related balance previously recognised in the share option reserve is credited to share capital account, when new ordinary shares are issued, or to the treasury shares account, when treasury shares are re-issued to the employees.

For cash-settled share-based payments, the fair value of the employee services received in exchange for the grant of share options, performance shares and share appreciation rights is recognised as an expense in the income statement with a corresponding increase in the liability over the vesting period. Until the liability is settled, it is re-measured at each reporting date with changes in fair value recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;

- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In cases where all the decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if either:

  - the Group has the right to operate the asset; or

  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

The Group has applied this approach to contracts entered into or changed on or after 1 January 2019. The Group’s approach to other contracts is explained in Note 2.2.

At inception or on reassessment of a contract that contains a lease and non-lease component, the Group allocates the consideration in the contract to each lease component and aggregate of non-lease components on the basis of their relative stand-alone prices. However, for the leases of clinic and office space in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

As a lessee

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Leases (continued)

The estimated useful lives of right of use assets are as follows:

	Useful lives
Clinic and office space	2 to 25 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities comprise:

- fixed payments, including in-substance fixed payments less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the lease term, a change in the assessment of the option to purchase the underlying asset, a change in future lease payments arising from a change in an index or rate, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right of use assets and lease liabilities for short-term leases that has a lease term of 12 months or less and leases of all low-value assets. The Group recognises the lease payments associate with these leases as an expense on a straight-line basis over the lease term.

2.7 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest rate method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis and includes all costs in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of the business, less applicable variable selling price.

2.9 Income taxes

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Group operates by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Office furniture, fittings and equipment	1 to 30 years
Motor vehicles	4 to 5 years
Shop premises	40 to 66.7 years
Renovation	3 to 40 years

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.11 Investment in associates

Associate companies are entities which the Group has significant influence, but no control over. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. The cost of the investment also includes the fair value of put options granted to other corporate investors in the associate entity. A corresponding liability is recognised in the consolidated statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Investment in associates (continued)

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group discontinues the equity method when the investment ceases to be an associate, or when the investment is classified as held for sale. If the retained equity interest in the former associate is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in the profit or loss.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests. When the Group reduces its ownership interest in an associate but continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

2.12 Intangible assets

(a) Goodwill from the acquisition of subsidiaries

Goodwill on acquisitions of subsidiaries and businesses represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses. Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

(b) Other intangible assets

Other intangible assets, including customer relationships and book order, branding and trademark, operating rights and distribution networks, acquired as part of business combinations are initially recognised at their fair values at the acquisition date and are subsequently carried at cost (i.e., the fair values at initial recognition) less accumulated amortisation and accumulated impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Intangible assets (continued)

(b) Other intangible assets (continued)

These costs are amortised to profit or loss using straight-line method over their estimated useful lives as follows:

	Useful lives
Customer relationships	3 to 5 years
Book order	3 years
Branding	10 years
Trademark	15 years
Operating rights	5 years
Distribution networks	12 years

(c) IT development and software

Costs directly attributable to the development of software are capitalised as intangible assets when technical feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the software and the costs can be measured reliably. Such costs include purchases of materials, services and costs of employees directly involved in the project.

Software maintenance is recognised as an expense when incurred.

Capitalised costs are amortised from the point at which the asset is ready for use, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 4 to 8 years.

The estimated useful lives and amortisation method of intangible assets, other than goodwill, are reviewed at the end of each reporting period. The effects of any revision of the useful lives or amortisation method are included in profit or loss for the financial period in which the changes arise.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Intangible assets
Property, plant and equipment
Investment in associates
Right-of-use assets

Intangible assets, property, plant and equipment, right of use assets and investment in associates are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss. An impairment loss for an asset other than goodwill 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Investments

The Group classifies its investments in the following measurement categories:

- Fair value through profit or loss ("FVPL");
- Fair value through other comprehensive income ("FVOCI"); and
- Amortised cost

The classification is based on the management's business model and the contractual cash flows characteristics of the investments.

At initial recognition, the Group measures an investment at its fair value plus, in the case of an investment not at FVPL, transaction costs that are directly attributable to the acquisition of the investment. Transaction costs of investments carried at FVPL are expensed in profit or loss.

Equity investments are subsequently measured at their fair values. Equity investments are classified as FVPL with fair value gains and losses recognised in profit or loss, unless management has elected to recognise the fair value gains and losses through other comprehensive income ("OCI"). For equity investments measured at FVOCI, gains or losses realised upon disposal are not reclassified to profit or loss. Dividends from equity investments are recognised in profit or loss as "Other income".

Debt investments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in OCI and accumulated in the fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. On disposal, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

Debt investments that are held for collection of contractual cash flows till maturity, where the cash flows represent solely payments of principal and interest, are measured at amortised cost. Any gain or loss arising on derecognition is recognised in profit or loss.

Interest income from debt investments is recognised in profit or loss as "Other income".

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Financial assets

Financial assets include cash and cash equivalents, trade and other receivables and investments. Trade and other receivables are stated initially at their fair values plus transaction costs, and subsequently carried at amortised cost less accumulated impairment losses.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts.

These financial assets are presented as current assets except for those that are expected to be realised 12 months after the end of the reporting period, which are presented as non-current assets.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceeds is recognised in profit or loss if there was no election made to recognise fair value changes in OCI. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in OCI and transferred to retained profits along with the amount previously recognised in OCI relating to that asset.

2.16 Impairment of financial assets

(a) Investments

The Group assesses on a forward-looking basis the expected credit losses ("ECLs") associated with its debt investments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For debt instruments at FVOCI, the Group applies the low credit risk simplifications. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available with undue cost or effort. In making that evaluation, the Group reassess the internal credit rating of the debt instrument. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Impairment of financial assets (continued)

(a) *Investments* (continued)

The Group's debt instruments at FVOCI comprise solely of quoted bonds that are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the rating from Bloomberg both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Note 30 details how the Group determines whether there has been a significant increase in credit risk. Any impairment is recognised in the profit or loss.

(b) *Trade receivables*

For trade receivables, the Group applies a simplified approach in calculating ECLs. The Group recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. This is similar for other financial assets in the consolidated statement of financial position.

2.17 Cash and cash equivalents

For the purpose of presentation in the cash flow statement, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts.

2.18 Financial liabilities and equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in 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.

Financial liabilities include trade and other payables, lease liabilities, bank borrowings, bonds and derivative instruments. Trade and other payables are stated initially at fair value and subsequently carried at amortised cost. Interest-bearing bank loans, bonds and overdrafts are initially measured at fair value and are subsequently measured at amortised cost. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see Note 2.7).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Compound instruments

The component parts of compound instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument. At the date of issue, the fair value of the liability component is estimated, any embedded derivative components are separated and recorded at fair value as derivative financial liabilities in the consolidated statement of financial position. Subsequent to initial recognition, the change in fair value of the derivative financial liabilities are recorded in profit or loss.

Transaction costs that relate to the issue of the compound instruments are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component, if held at amortised cost, are included in the carrying amount of the liability component and are amortised over the life of the convertible notes using the effective interest method. Transaction costs relating a liability component held a fair value through profit or loss are expensed as incurred.

2.20 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVPL.

2.21 Financial liabilities at FVPL

Financial liabilities are classified as at FVPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, 2) held for trading, or 3) it is designated as at FVPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Financial liabilities at FVPL (continued)

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVPL.

Financial liabilities at FVPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

Fair value is determined in the manner described in Note 30(g).

2.22 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "Other expenses" line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

2.23 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowing using the effective interest method.

Borrowing is presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of each reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Trade and other payables

Trade and other payables represent unpaid liabilities for goods and services provided to the Group prior to the end of financial year. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at their fair values, and subsequently carried at amortised cost, using the effective interest method.

2.25 Currency translation

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

Transactions in currencies other than the Company's functional currency are translated into Singapore Dollar using the exchange rates prevailing at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of each reporting period are recognised in profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.26 Fair value estimation of financial assets and liabilities

The fair values of financial assets and liabilities carried at amortised cost approximate their carrying amounts, due to their relatively short-term maturities or that they bear market-based interest rates.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 Insurance contracts

Product Classification

Insurance contracts are defined as those contracts under which the Group (the insurer) accepts significant insurance risk from another party (member) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholder.

As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10.00% more than the benefits payable if the insured event did not occur. Insurance contracts can also expose the insurer to financial risks. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of price or rates, a credit rating or credit index, or other variable.

Insurance contracts can also transfer financial risk. Investment contracts are financial instruments that do not transfer significant insurance risk to qualify as insurance contracts. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can however be reclassified as insurance contracts after inception if the insurance risk becomes significant.

Gross Premium on Insurance Contracts

Gross premium on insurance contracts comprise the total premiums for the whole coverage period provided in the insurance contracts entered during the accounting period and are recognised on the inception date of the policy. Premiums include any adjustments arising in the accounting period for membership fee receivable in respect of business written in prior periods.

Gross premium are usually for one year period and where the Group assumes the risk of funding the client's healthcare services and related administrative costs, are recognised as revenue on a straight-line basis over the period of enrollment subject to cancellation by clients upon written notice within the period specified in the contract.

2.28 Commission expenses and deferred acquisition costs

Commission expenses and deferred acquisition costs incurred during the financial period that vary with and are related to securing new insurance contracts and or renewing existing insurance contracts, but which relates to subsequent financial periods, are deferred to the extent that they are recoverable out of future revenue margins. All other acquisition costs are recognised as expense when incurred.

Commissions are recognised as expense over the period of the contracts on a straight-line basis. The portion of the commissions that relates to the unexpired periods of the policies at the end of the reporting period is accounted for as "Other assets" in the statement of financial position. The net changes in deferred acquisition costs at the end of each reporting period is recognised as "Commission expenses" in profit or loss.

An impairment review on deferred acquisition costs is performed at the end of each reporting periods or more frequently when an indication of impairment arises. The carrying value is written down to the recoverable amount. The impairment loss is charged to profit or loss.

Deferred acquisition costs are derecognised when the related contracts are settled or disposed of.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.28 Commission expenses and deferred acquisition costs (continued)

Insurance Contract Liabilities

Insurance contract provisions are recognised when contracts are entered into and premiums are charged.

- *Incurred But Not Reported ("IBNR") Claims*

  These liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the end of the reporting period, whether reported or not, together with related claims handling costs. Significant delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of which cannot be known with certainty at the end of the reporting period. Insurance liabilities are composed of provisions for claims reported and IBNR claims. The calculation of IBNR is performed on a periodic basis by a qualified actuary using the chain-ladder method.

  The provision for IBNR claims are presented under "Insurance contract provisions" in the statement of financial position while the movement of the account is presented as "Change in provision of claims IBNR" in profit or loss.

  Provisions for claims reported refers to those claims that are known to the Group as of reporting date, are presented as "Claims reported and other expenses" in Note 4(a).

- *Unearned Premium Reserves*

  The portion of the gross premium attributable to subsequent periods are deferred as unearned premium reserves. The change to this account is credited or charged against income over the period of coverage.

- *Liability Adequacy Test*

  At the end of each reporting period, liability adequacy test is performed to ensure the adequacy of insurance contract liabilities, net of the related deferred acquisition cost. The test considers current best estimates of future cash flows, claims handling cost and policy administrative expenses. Changes in expected claims that have occurred, but which have not been settled, are reflected by adjusting the liability for claims and future benefits. Any inadequacy arising from the test is immediately charged to profit or loss by establishing an unexpired risk provision for losses.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 Share capital

Ordinary shares and convertible shares are classified as equity when there is no contractual obligation to deliver cash or other financial assets to another person or entity or to exchange financial assets or liabilities with another person or entities that are potentially unfavourable to the issuer. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Incremental costs directly attributable to the issue of new ordinary or redeemable preference shares are shown in equity as a deduction, net of tax, from proceeds. The proceeds received net of any directly attributable transactions costs are credited to share capital.

2.30 Perpetual securities

Perpetual securities are classified as equity if they are non-redeemable, or redeemable only at the issuer's option, and any interest and distributions are discretionary. Interest and distributions on perpetual securities classified as equity are recognised as distributions within equity. The perpetual securities issued by the Company are recognised as other equity instruments, and the perpetual securities issued by a subsidiary of the Company are recognised as non-controlling interests.

Perpetual securities that do not have a maturity date and for which the Company is able to elect to defer making a distribution, subject to the terms and conditions of the securities issued, are not considered to have a contractual obligation to make principal repayments or distributions and are presented within equity. Distributions are treated as dividends which will be directly debited from equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

2.31 Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract. On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible preference shares, based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.32 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 the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.33 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments at FVPL.

2.34 Segment reporting

For management purposes, the Group is organised into operating segments based on their services and geographical regions which are managed by respective segment managers responsible for the performance of the respective segment under their charge. The segment or department managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below) and those disclosed in Note 30(d) relating to going concern, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Contingent consideration arising from acquisition of subsidiaries

The Group has made a number of strategic acquisitions and investments in healthcare facilities or companies and businesses that own and operate healthcare facilities. The Group records goodwill and other intangible assets in the consolidated statement of financial position in connection with such acquisitions and investments. As at 31 December 2020, goodwill and other intangible assets represent 33.2% (2019: 32.4%) and 10.0% (2019: 10.5%) of the Group's total assets, respectively. Judgement is required to identify intangible assets to be recognised separately from goodwill on acquisition.

Contingent consideration resulting from business combinations is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration are the probability of meeting each performance target and the discount factor.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of assets

Goodwill is tested for impairment annually in accordance with the accounting policy stated in Note 2.12(a). The recoverable amount of the cash-generating unit is determined based on value-in-use calculation. The value-in-use calculation requires the Group to make an estimate of the expected future cash flows from the cash-generating units, taking into account market evidence to support the key assumptions, where appropriate and also to use an appropriate discount rate to determine the present value of those cash flows. Details of the management's judgement and assumptions are disclosed in Note 15(a). Management expects that any reasonable change in the key assumptions on which the recoverable amounts are based would not cause the carrying amounts of goodwill to exceed their recoverable amounts except those sensitive CGUs as disclosed under Note 15(a).

In addition, the determination of recoverable amount on the investment in associates involves management making significant judgement around the recoverable amount. Investment in associates are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. For the year ended 31 December 2020, the Group has recorded an impairment loss of $38.9 million as disclosed in Note 17 on its investment in associates.

Measurement of liabilities associated with put options granted to non-controlling shareholders of certain subsidiaries

As disclosed in Note 28, the Group granted to the non-controlling shareholders of certain of its subsidiaries put options pursuant to which, subject to certain conditions, such shareholders can require the Group to purchase their shares in each of these subsidiaries. Prior to the exercise of the put options, the liability resulting from the relevant put option is recorded on the consolidated statement of financial position at the redemption value of those put option shares which represents estimation of the present value of the gross proceeds that the Group may be required to pay for the non-controlling interest shares. In estimating the redemption value, the Group uses market-observable data to the extent possible. Where market-observable data is not available, the Group prepares its valuation with key estimates being the discount rate and future performance of these entities, while considering recent performance, trend analysis and market expectation. At the end of each financial reporting period, any changes to the liability arising from changes in the redemption value of those put option shares will result in a corresponding charge or credit to our profit or loss.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

Measurement of liabilities associated with put options granted to shareholders of certain associates

As disclosed in Note 23, the Group granted put options to corporate investors of Fullerton Health China Limited ("FHCL") and Fullerton China Hospital Limited ("FCHL"). These put options granted provide the corporate investors the right to require the Group to acquire shares owned by them on or after 31 March 2022.

Prior to the exercise of the put options, the liability resulting from the relevant put option is recorded on the consolidated statement of financial position at the fair value of those put option shares. In estimating the fair value, the Group uses market-observable data to the extent possible. Where market-observable data is not available, the Group prepares its valuation with key estimates being the discount rate and future performance of the associates, while considering recent performance, trend analysis and market expectation.

At the end of each financial reporting period, any changes to the liability arising from changes in the fair value of those put option shares will result in a corresponding charge or credit to our profit or loss.

For the year ended 31 December 2020, the Group has recorded a fair value loss of $51.6m as disclosed in Note 23.

Impairment of other intangible assets

Other intangible assets, including customer relationships and book order, branding and trademark, operating rights and distribution networks, are tested for impairment when there are any such indicators. The recoverable amount for other intangible assets are arrived at using the Income Approach. This approach requires an estimation of the expected future cash flows that will be generated and the appropriate discount rates applied to determine the present value of those cash flows. Details of the estimates used are disclosed in Note 15(b).

Valuation of insurance contracts provisions – provision for IBNR claims

IBNR claims are based on the estimated ultimate cost of all claims incurred but not settled as at reporting date whether reported or not. These costs include estimates of the Group's obligation for medical care services that have been rendered on behalf of the members but for which the Group has either not yet received or processed claims and for liabilities to physician, medical and other cost disputes. The Group develops estimates for medical costs incurred but not reported using chain-ladder method. This uses both reported and paid claims to arrive at the estimate. As at 31 December 2020, the Group's provision for IBNR claims amounted to $40.8 million (2019: $20.4 million) as disclosed in Note 19.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

Provision for expected credit losses of trade and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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

The information about ECLs on the Group's trade and other receivables is disclosed in Note 30(c).

For other receivables-third parties and associates, the Group assesses the latest performance and financial position of the counterparties to assess the credit risk exposure, adjusted for the future outlook of the industry in which the counterparties operate. Indicators such as a significant increase in credit risk since initial recognition would require a provision for ECL.

For other receivables- related parties amounting to $98.2 million as disclosed in Note 10 to the consolidated financial statements, the Group assessed that there is a significant increase in credit risk of the Related Parties that cast significant doubt over the ability of the Related Parties to repay the outstanding balances. There was a notes purchase agreement entered into between the original notes holders to the immediate holding company of the entity holding the investment property and a consortium of investment holding companies of private investors and property investment business (the "new notes holders"), for the sale of the notes together with a call option deed which grants an option to purchase the shares of the entity that holds the investment property. (Related Parties, immediate holding company and entity that holds the investment property are collectively referred to as "Related Party's Group").The notes are also secured by, inter-alia, a charge ("Share Charge") over the shares in the entity that holds the investment property. The Related Party's entity which issued the notes had defaulted on the principal and interest payment for the notes since November 2020, which may result in the loss of the legal and beneficial ownership of the investment property. Subsequent to the end of the reporting period, as a result of the enforcement of Share Charge, the new notes holders have rights to 100% of the entity holding the investment property.

4. REVENUE AND OTHER INCOME

	2020 $'000	2019 $'000
Revenue from contracts with customers	411,669	427,976
Revenue from insurance contracts (Note (a))	401,671	378,289
	813,340	806,265

(a) Revenue from insurance contracts

The Group derives its revenue from insurance contracts from HMO contracts contributed from the Intellicare group. Reconciliation of the revenue from insurance contracts is as follows:

	2020 $'000	2019 $'000
Gross premiums written	407,238	411,643
Change in unearned premiums	17,379	(32,035)
Gross premiums earned	424,617	379,608
Less: Premium discounts	(22,946)	(1,319)
Net premiums earned	401,671	378,289

Included in cost of outsourced medical consultations are claims expenses arising from insurance contracts of $206,247,000 (2019: $278,982,000) during the financial year:

	2020 $'000	2019 $'000
Change in provision of claims IBNR (Note 19)	20,131	4,461
Claims reported and other expenses	186,116	274,521
	206,247	278,982

(b) Disaggregation of revenue

The Group derives its revenue from the transfer of goods and services and insurance contracts in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 (see Note 8):

	2020 $'000	2019 $'000
Segment Revenue		
- Managed care	401,671	378,289
- Network management services	141,669	175,251
- Primary care services	180,015	161,610
- Diagnostics, speciality and ancillary care services	89,985	91,115
	813,340	806,265

4. REVENUE AND OTHER INCOME (continued)

(c) Other income

	2020 $'000	2019 $'000
Interest income	2,084	2,975
Rental income	6,349	6,300
Dividend income	118	151
Management fee income from an associate	357	1,000
Government grants	25,770	1,488
Others	7,811	3,440
	42,489	15,354

In 2020, the Group was provided government grants to ease the impact of COVID-19 on businesses such as the Job Support Scheme and Job Keeper Scheme introduced in Singapore and Australia respectively to provide wage support to employers to retain local employees during the period of economic uncertainty.

5. EXPENSES

(a) Employee compensation

	2020 $'000	2019 $'000
Wages and salaries	165,620	155,683
Employer's contribution to defined contribution plan including Central Provident Fund	14,541	14,828
Other staff benefits	13,678	10,660
Contracted services	8,568	9,492
	202,407	190,663

Wages and salaries include fees paid to locum doctors, nurses and administrative staff for medical services rendered and professional fees for medical services rendered.

(b) Finance costs

	2020 $'000	2019 $'000
Interest expenses:		
- Bank loans	5,169	5,281
- Bonds (including amortisation of deferred financing charges)	3,896	3,901
- Lease liabilities (Note 21)	5,189	4,995
- Unwinding of present value of contingent consideration	1,284	836
- Others	74	–
	15,612	15,013

5. EXPENSES (continued)

(c) Credit loss allowance on receivables from a related party

This comprises the credit loss allowance on receivables from a related party as detailed in Note 10 to the financial statements.

(d) Other expenses

Loss before tax of $212,234,000 (2019: Profit before tax of $4,574,000) is derived after deducting $106,717,000 (2019: $55,827,000) of other expenses which comprises tax, licences and subscription fees, recruitment costs, insurance expenses, utilities, repair and maintenance, advertising and marketing, travelling and entertainment related expenses.

Included in other expenses are amounts of $9,202,000 (2019: $10,397,000) on utilities, repair and maintenance, $42,963,000 (2019: $2,021,000) on net credit loss allowances and $9,975,000 (2019: $8,304,000) on tax, licences and subscriptions fees.

6. OTHER (LOSSES) GAINS – NET

	2020	**2019**
	$'000	**$'000**
Net fair value gain on quoted investments	108	123
Loss on disposal of property, plant and equipment	(163)	(86)
Gain on disposal of investments, net	127	93
Gain on disposal of a subsidiary	–	3,055
Gain on termination and modification of leases	154	661
Fair value (loss) gain on derivative liabilities	(51,629)	44
(Provision for) Reversal of impairment loss of associate (Note 17)	(38,904)	10,413
Gain on changes in redemption value of put options over non-controlling interests (Note 28)	1,542	1,968
Goodwill impairment and intangible assets written off (Note 15)	(1,234)	–
Property, plant and equipment written off	(337)	(81)
Fair value (loss) gain on contingent consideration (Note 18)	(46,217)	2,645
	(136,553)	18,835

7. INCOME TAX

(a) Income tax expense

	2020	**2019**
	$'000	**$'000**
Tax expense attributable to profit is made up of:		
Profit (Loss) for current financial year		
- Current income tax	53,758	14,234
- Deferred income tax	(23,075)	(7,068)
	30,683	7,166
(Over) Under provision in the preceding financial years:		
- Current income tax	70	(1,348)
- Deferred income tax	(272)	(342)
	(202)	(1,690)
Total income tax expense	30,481	5,476

The tax on the results before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax, as follows:

	2020	**2019**
	$'000	**$'000**
(Loss) Profit before income tax	(212,234)	4,574
Tax (credit) expense calculated at a tax rate of 17% (2019: 17%)	(36,080)	778
Effects of:		
- Different tax rates in other countries	4,967	3,886
- Income not subject to tax	(2,527)	(11,559)
- Statutory stepped income exemption	(74)	(130)
- Expenses not deductible for tax purposes	66,081	14,633
- Utilisation of previously unrecognised tax losses and utilisation of tax losses acquired on acquisition	(961)	(148)
- Corporate tax rebate	(162)	(118)
- Overprovision of income taxes	(202)	(1,690)
- Others	(561)	(176)
	30,481	5,476

7. INCOME TAX (continued)

(b) Deferred income tax assets and liabilities

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

The amounts determined after appropriate offsetting, are shown on the statement of financial position as follows:

	2020	**2019**
	$'000	**$'000**
Deferred income tax assets	(37,463)	(18,809)
Deferred income tax liabilities	39,252	44,139
Net deferred income tax liabilities	1,789	25,330

The movements in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) are as follows:

	Accelerated tax depreciation	**Unutilised capital allowances & tax losses**	**Accelerated tax amortisation**	**Provision**	**Total deferred tax**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
2020					
Deferred tax liabilities					
Beginning of financial year	8,059	–	39,961	12	48,032
Over provision in preceding financial year	(92)	–	–	(22)	(114)
Currency translation differences	29	–	712	–	741
Credit to profit or loss	(1,038)	561	(3,846)	–	(4,323)
End of financial year	6,958	561	36,827	(10)	44,336
Deferred tax assets					
Beginning of financial year	(4,588)	(316)	(5,074)	(12,724)	(22,702)
Over provision in preceding financial year	–	(158)	–	–	(158)
Currency translation differences	(8)	1	(343)	(944)	(1,294)
Credit to other comprehensive income	–	–	–	359	359
Credit to profit or loss	(7,821)	–	1,440	(12,371)	(18,752)
End of financial year	(12,417)	(473)	(3,977)	(25,680)	(42,547)

7. INCOME TAX (continued)

(b) Deferred income tax assets and liabilities (continued)

	Accelerated tax depreciation	Unutilised capital allowances & tax losses	Accelerated tax amortisation	Provision	Total deferred tax
	$'000	$'000	$'000	$'000	$'000
2019					
Deferred tax liabilities					
Beginning of financial year	8,160	(42)	41,174	–	49,292
Under (Over) provision in preceding financial year	383	–	–	(31)	352
Currency translation differences	132	–	1,153	–	1,285
Credit to profit or loss	(616)	42	(2,366)	43	(2,897)
End of financial year	8,059	–	39,961	12	48,032
Deferred tax assets					
Beginning of financial year	(4,961)	(795)	(2,614)	(8,056)	(16,426)
(Under) Over recognition in preceding financial year	(22)	41	(737)	24	(694)
Currency translation differences	29	438	(642)	(216)	(391)
Credit to other comprehensive income	–	–	–	(1,020)	(1,020)
Credit to profit or loss	366	–	(1,081)	(3,456)	(4,171)
End of financial year	(4,588)	(316)	(5,074)	(12,724)	(22,702)

The Group's deferred tax liabilities arising from unremitted earnings of overseas subsidiaries and associates are not material.

8. SEGMENT INFORMATION

(a) Services from which reportable segments derive their revenues

Information reported to the chief operating decision makers for the purposes of the resource allocation and assessment of segment performance focuses on the types of services provided, and in respect of the business operations. The directors of the Group, who are the chief operating decision makers, have chosen to organise the Group around differences in services.

The financial performance of the segments is principally evaluated with reference to EBITDA.

8. SEGMENT INFORMATION (continued)

(a) Services from which reportable segments derive their revenues (continued)

Management has defined EBITDA as consolidated earnings before finance cost, taxes, depreciation, amortisation, share-based compensation, transaction costs from acquisitions of investments, post-acquisition integration expenses, acquisition break fee, impairment or write-off on goodwill and intangible assets, fair value changes of all derivatives held by the Group including the put option derivative liabilities arising from the Group's investment in associates, Fullerton Health China Limited ("FHCL") and Fullerton China Hospital Limited ("FCHL"), changes in value of the put options over the Group's non-controlling interests and share of losses from associates and credit loss allowance on receivable from a related party.

Transaction costs arising from acquisition of investments refer to all transaction costs from acquisitions, including but not limited to legal, due diligence expenses for acquisition of new investments of the Group, fees paid for raising financing from institutional investors and preparation of listing of Group on any exchanges.

Post-acquisition integration expenses refer to all integration costs incurred, including but not limited to integration costs associated with IT, sales and marketing alignment, process and internal controls alignment, branding, human resources, and any impairment of goodwill, intangibles, investments or receivables arising from acquisitions, litigation settlement and related expenses, corporate social responsibility related expenses, initial set up costs and other expenses, as well as restructuring costs.

Segment EBITDA represents EBITDA by each segment. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance. No operating segments have been aggregated in arriving at the reportable segments of the Group. Overhead expenses were allocated into each segment based on segment EBITDA in both years.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.

(b) Segment revenue and results

The following is an analysis of the Group's revenues and results from continuing operations by reportable segments.

	Revenue	
	2020	**2019**
	$'000	**$'000**
Managed care	403,742	379,945
Network management services	148,909	178,708
Primary care services	197,240	189,574
Diagnostics, specialty and ancillary care services	110,002	110,880
Intersegment elimination	(46,553)	(52,842)
Total	813,340	806,265

8. SEGMENT INFORMATION (continued)

(b) Segment revenue and results (continued)

	2020 $'000	2019 $'000
EBITDA from:		
Managed care	83,478	27,155
Network management services	14,557	25,187
Primary care services	30,686	39,026
Diagnostics, specialty and ancillary care services	23,913	23,812
Intersegment elimination	(13,577)	(10,818)
Total EBITDA	139,057	104,362
Depreciation of property, plant and equipment and right of use assets	(48,431)	(46,207)
Amortisation of intangible assets	(17,399)	(17,144)
Finance costs	(15,612)	(15,013)
Share of losses of associates	(6,494)	(5,444)
Net fair value gain on quoted investments	108	123
Gain on disposal of investments, net	127	93
Loss on disposal of property, plant and equipment	(163)	(86)
Gain on disposal of subsidiary	–	3,055
(Provision for) Reversal of impairment loss of associates	(38,904)	10,413
Credit loss allowance on receivable from a related party	(84,400)	–
Changes in redemption value of put options over non-controlling interests	1,542	1,968
Goodwill impairment and intangible assets written off	(1,234)	–
Property, plant and equipment written off	(337)	(81)
Fair value (loss) gain on derivative liabilities	(51,629)	44
Fair value (loss) gain on contingent consideration	(46,217)	2,645
Transaction costs from acquisition and disposal of investments	(19,050)	(7,805)
Fees paid for raising financing from institutional investors and preparation of listing of Group on an exchange	(22,753)	(2,697)
Post-merger integration expenses	(7,874)	(20,312)
Restructuring costs	(1,464)	(1,519)
Settlement for contract obligations	(880)	(2,542)
Others	9,773	721
(Loss) Profit before income tax	(212,234)	4,574
Income tax expense	(30,481)	(5,476)
Loss for the year	(242,715)	(902)

8. SEGMENT INFORMATION (continued)

(b) Segment revenue and results (continued)

	Depreciation & amortisation		Additions to non-current assets	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Managed care	17,357	14,855	13,929	9,391
Network management services	5,851	8,150	2,978	6,812
Primary care services	29,599	27,576	29,325	21,170
Diagnostics, specialty and ancillary care services	13,023	12,770	13,329	18,939
Total	65,830	63,351	59,561	56,312

(c) Other segment information

Secondary information reported to the chief operating decision maker for the purposes of the resource allocation and assessment of segment performance focuses on the regions where services are provided.

The following is the secondary analysis of the Group's revenue, and non-current assets by geographical segments.

	Revenue		Non-current assets	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Head office	–	–	8,322	19,059
Singapore	210,881	233,148	250,525	242,779
Hong Kong	31,402	36,669	54,038	55,254
Indonesia	32,733	27,016	26,296	21,272
China	–	–	5,244	35,821
Philippines	418,911	392,047	266,820	262,061
Australia	116,902	114,974	179,484	185,106
Others*	2,511	2,411	64	98
Consolidated total	813,340	806,265	790,793	821,450

* Others include Malaysia and New Zealand.

9. CASH AND CASH EQUIVALENTS

	2020	**2019**
	$'000	**$'000**
Cash at bank and on hand	145,905	73,609
Fixed deposits	–	2,340
	145,905	75,949

10. TRADE AND OTHER RECEIVABLES

	2020 $'000	2019 $'000
Trade receivables		
- Third parties	300,784	296,602
Less: Loss allowance on trade receivables (Note 30(c))	(20,316)	(7,749)
Trade receivables – net	280,468	288,853
Accrued revenue	33,311	35,185
Other receivables		
- Third parties	18,265	18,731
- Related parties	99,725	99,268
- Associates	12,018	6,696
Less: Loss allowance on other receivables	(110,259)	(687)
	19,749	124,008
	333,528	448,046

The movements in loss allowance on other receivables are as follows:

	2020 $'000	2019 $'000
Balance as at 1 January	687	195
Charge for the year	109,702	492
Currency translation differences	(130)	–
Balance as at 31 December	110,259	687

The average credit period on trade receivables is 30 to 90 days (2019: 30 to 90 days). No interest is charged on the outstanding balance. The credit risk of trade receivables is set out in Note 30(c).

Other receivables from related parties comprise of $13.8 million (2019: $13.6 million) and $84.4 million (2019: $84.4 million) relating to advances made to a related party during the year ended 31 December 2019 and consideration receivable for sale of investment to another related party in 2018 respectively. As of 31 December 2019, in assessing the collectability of the receivables from related parties, the Group obtained letters of undertaking from the respective related parties (the ""Related Parties") that repayment to the Group will take priority upon the occurrence of the sale of its assets, including an investment property held by the related party. As at the date of the report, such letters of undertaking were not provided by the Related Parties for 2020.

Subsequent to year end, a notes purchase agreement was entered into between the original notes holders to the immediate holding company of the entity holding the investment property and a consortium of investment holding companies of private investors and property investment business (the "new notes holders"), for the sale of the notes together with a call option deed which grants an option to purchase the shares of the entity that holds the investment property. The notes are also secured by, inter-alia, a charge ("Share Charge") over the shares in the entity that holds the investment property. As the notes are in default as to payment of the principal and interest by the immediate holding company since November 2020, the Share Charge and the call option may be exercised for the note holders to take legal and beneficial ownership of the investment property.

10. TRADE AND OTHER RECEIVABLES (continued)

In such a situation, the Related Party's Group may no longer have legal and beneficial ownership over the investment property and accordingly will not be able to realise any proceeds from its sale to repay the amounts owing to the Group ("Enforcement Event"). Subsequent to the end of the reporting period, as a result of the enforcement of Share Charge, the new notes holders have rights to 100% of the entity holding the investment property.

Management assessed that the Enforcement Event coupled with the significant increase in credit risk of the Related Parties, cast significant doubt over the ability of the Related Parties to repay the outstanding balances. Accordingly, a credit loss allowance of $98.2 million (2019: Nil) has been recorded for the receivables from related parties.

Other receivables from associates relates to a shareholder loan and management fees charged. As the associate is assessed to face challenges to make the repayment, a credit loss allowance of $11.5 million was made in 2020 relating to this balance.

For the remaining other receivables which are not impaired, the Group has assessed the financial performance of the counterparties for any potential credit risk exposure, adjusted for the future outlook of the industry in which the counterparties operate. There are no indicators on any significant increase in credit risk identified on the remaining balances that requires further provision.

11. INVENTORIES

	2020	**2019**
	$'000	**$'000**
Pharmaceutical products and medical supplies held for resale, at cost	5,946	5,376

12. OTHER ASSETS

	2020	**2019**
	$'000	**$'000**
Deposits	17,417	16,666
Prepayments	16,275	15,817
Deferred acquisition costs	9,681	9,999
Tax receivables	4,955	2,648
Others	6,967	4,649
	55,295	49,779
Current	50,322	37,514
Non-current	4,973	12,265

At the end of each reporting period, the carrying amounts of deposits approximate their fair values.

$6.7 million (2019: $6.8 million) of the total deposits are placed with a related party. The deposit is unsecured, interest-free and refundable in full in 2021 if the conditions precedent in the agreement are not met. As the expiry of the conditions will only take place on 16 August 2021 and the Group has assessed the refund of deposit to be probable upon the expiry of the conditions, no expected credit loss allowance was made.

13. INVESTMENTS

	2020	**2019**
	$'000	**$'000**
Investments at FVPL		
- Quoted funds	7,724	4,545
- Quoted equity securities	1,875	1,652
	9,599	6,197
Investments at FVOCI		
- Quoted equity securities	689	1,107
- Quoted debt securities	11,547	16,023
	12,236	17,130
Debt investments at amortised cost	40,166	7,116
Less: Allowance for impairment loss on investments	(74)	–
	40,092	7,116
	61,927	30,443
Current	52,189	26,212
Non-current	9,738	4,231

The fair value measurements of investments held at fair value are determined on the following bases:

	2020	**2019**
	$'000	**$'000**
Quoted prices in active markets	21,835	23,327

The fair value of investments which are based on quoted prices in active markets are within Level 1 and 2 of the fair value hierarchy.

14. PROPERTY, PLANT AND EQUIPMENT

2020	**Office furniture, fittings and equipment** **$'000**	**Motor vehicles** **$'000**	**Shop premises** **$'000**	**Renovation** **$'000**	**Total** **$'000**
Cost					
Beginning of financial year	82,375	4,149	920	38,643	126,087
Additions[1]	9,002	1,079	–	3,086	13,167
Write-offs	(397)	–	–	(14)	(411)
Disposals	(902)	(426)	–	(166)	(1,494)
Reclassification to rights of use assets (Note 20)	(420)	–	–	–	(420)
Currency translation differences	(285)	7	(5)	1,640	1,357
End of financial year	89,373	4,809	915	43,189	138,286
Accumulated depreciation					
Beginning of financial year	43,843	1,691	382	16,362	62,278
Depreciation charge	12,291	980	5	5,939	19,215
Write-offs	(69)	–	–	(5)	(74)
Disposals	(730)	(288)	–	(65)	(1,083)
Reclassification to rights of use assets (Note 20)	(303)	–	–	–	(303)
Currency translation differences	290	(11)	(2)	289	566
End of financial year	55,322	2,372	385	22,520	80,599
Net book value					
End of financial year	34,051	2,437	530	20,669	57,687

(1) $177,000 (2019: Nil) of the property, plant and equipment purchased in 2020 remained unpaid and was included in other payables set out in Note 18 to the financial statements.

14. PROPERTY, PLANT AND EQUIPMENT (continued)

2019	Office furniture, fittings and equipment $'000	Motor vehicles $'000	Shop premises $'000	Renovation $'000	Total $'000
Cost					
Beginning of financial year	82,298	2,884	909	34,056	120,147
Additions	7,604	1,512	–	7,233	16,349
Acquisition of subsidiaries	109	–	–	8	117
Disposal of subsidiary	(556)	–	–	(51)	(607)
Write-offs	(5,174)	–	–	(1,797)	(6,971)
Disposals	(1,186)	(319)	–	(1,466)	(2,971)
Reclassification to intangible assets (Note 15)	(741)	–	–	–	(741)
Currency translation differences	21	72	11	660	764
End of financial year	82,375	4,149	920	38,643	126,087
Accumulated depreciation					
Beginning of financial year	37,139	1,073	377	14,101	52,690
Depreciation charge	12,503	931	5	5,370	18,809
Disposal of subsidiary	(379)	–	–	(30)	(409)
Write-offs	(5,093)	–	–	(1,797)	(6,890)
Disposals	(387)	(315)	–	(486)	(1,188)
Reclassification to intangible assets (Note 15)	(282)	–	–	–	(282)
Currency translation differences	342	2	–	(796)	(452)
End of financial year	43,843	1,691	382	16,362	62,278
Net book value					
End of financial year	38,532	2,458	538	22,281	63,809

15. GOODWILL AND INTANGIBLE ASSETS

(a) Goodwill arising from consolidation

	2020	2019
	$'000	$'000
Cost and net book value		
Beginning of financial year	464,453	463,648
Goodwill from the acquisition of subsidiaries	–	16,908
Impairment of goodwill	(757)	–
Disposal of subsidiary	–	(13,868)
Currency translation differences	6,267	(2,235)
End of financial year	469,963	464,453

Impairment tests for goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

Goodwill is allocated to the Group's subsidiaries which are also the cash-generating-units ("CGU"). A segment-level summary of the goodwill allocation is as follows:

	2020	2019
	$'000	$'000
Managed care	113,655	111,721
Network management services	102,197	102,573
Primary care services	92,053	88,912
Diagnostics, specialty and ancillary care services	162,058	161,247
	469,963	464,453

The recoverable amount of the CGU was determined based on value-in-use calculations. These calculations require the use of estimates. Cash flow projections used in the value-in-use calculations were determined by management covering a five-year period.

Inherent to the value-in-use calculations of goodwill are certain estimates and judgements, including management's plans and projections with regard to the Group's operations. Where additional information becomes available or where changes to management's strategies arise, the conclusion from impairment assessment of goodwill could change.

15. GOODWILL AND INTANGIBLE ASSETS (continued)

(a) Goodwill arising from consolidation (continued)

Key assumptions used for value-in-use calculations:

	Managed care	Network management services	Primary care services	Diagnostics, specialty and ancillary care services
2020				
Average annual growth rate for next five years	5%	6% - 10%	-1% - 22%	3% - 13%
Terminal growth rate	5%	1% - 2%	2% - 4%	1% - 3%
Discount rates	11%	7% - 9%	9% - 12%	7% - 11%
2019				
Average annual growth rate for next five years	7%	3% - 8%	2% - 7%	6% - 14%
Terminal growth rate	4%	2%	2% - 4%	2% - 4%
Discount rates	11%	7% - 9%	9% - 15%	7% - 13%

The cash flow projections and gross margin were determined by management based on past performance, its expectations of the market development and planned operating strategies.

Management's forecast of the network management and primary care services CGU in Singapore included a period of high growth and a period of negative growth for the first two years arising from the effects of ad-hoc projects the Group undertook that are not expected to continue in the subsequent periods. The annual growth rate is between 3 to 7% excluding these periods. The forecast of the diagnostics and ancillary care services included a period of high growth on the first year from the effect of expected recovery from COVID-19. The annual growth rate is between 3 to 8% excluding this period.

The terminal growth rate is used to extrapolate cash flows beyond the budget period and does not exceed the long-term average growth rate for the country in which the respective CGUs operate. The discount rate used reflects specific risks relating to the CGUs.

Based on the impairment test performed by management, except for an impairment loss on goodwill recognised in relation to a CGU in Indonesia of $757,000 (2019: Nil), no impairment loss has been recognised as the recoverable amounts of the CGUs are higher than its carrying amount.

In 2020, management has identified that a reasonably possible change in the three key assumptions on revenue growth rate, terminal growth rate and discount rate could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these assumptions would need to change for the estimated recoverable amount to be equal to the carrying amount.

	Singapore	Hong Kong	Indonesia
Average annual growth rate for next five years	-0.4% to -0.6%	-0.2% to -0.6%	-0.2%
Terminal growth rate	-0.3% to -4.3%	-0.2% to -0.5%	-0.4%
Discount rates	0.2% to 2.2%	0.2% to 0.4%	0.3%

15. GOODWILL AND INTANGIBLE ASSETS (continued)

(a) Goodwill arising from consolidation (continued)

A further decrease in the assumptions by 1% would result in the carrying amount of one CGU in Indonesia, and two CGUs in Hong Kong and Singapore each respectively to exceed its recoverable amount.

In 2019, management has identified that a reasonably possible change in the key assumptions on revenue growth could cause the carrying amount to exceed the recoverable amount. A further decrease in the growth margin by 1% would result in the recoverable amount of one CGU in Philippines, and two CGUs in Australia, Indonesia, Hong Kong and Singapore each respectively to be equal to its carrying amount. No impairment loss was recognised in prior year.

(b) Other intangible assets

2020	**Customer relationships and book orders** **$'000**	**Branding and trademark** **$'000**	**Operating rights and distribution networks** **$'000**	**Total** **$'000**
Cost				
Beginning of year	39,674	57,142	93,931	190,747
Additions[1]	–	125	989	1,114
Disposals	–	(220)	–	(220)
Currency translation differences	766	759	1,795	3,320
End of the financial year	40,440	57,806	96,715	194,961
Accumulated amortisation				
Beginning of the year	35,294	8,528	13,165	56,987
Amortisation charge	954	4,129	9,008	14,091
Disposals	–	(95)	–	(95)
Currency translation differences	745	65	305	1,115
End of financial year	36,993	12,627	22,478	72,098
Net book value	3,447	45,179	74,237	122,863

15. GOODWILL AND INTANGIBLE ASSETS (continued)

(b) Other intangible assets (continued)

2019	**Customer relationships and book orders** **$'000**	**Branding and trademark** **$'000**	**Operating rights and distribution networks** **$'000**	**Total** **$'000**
Cost				
Beginning of year	37,792	55,522	91,319	184,633
Additions[1]	2,460	7	–	2,467
Currency translation differences	(578)	1,613	2,612	3,647
End of the financial year	39,674	57,142	93,931	190,747
Accumulated amortisation				
Beginning of the year	31,722	4,423	5,543	41,688
Amortisation charge	3,000	4,030	7,501	14,531
Currency translation differences	572	75	121	768
End of financial year	35,294	8,528	13,165	56,987
Net book value	4,380	48,614	80,766	133,760

The valuations of the customer relationships, branding and book orders are arrived at using the Income Approach. In determining their values under this approach, cash flow projections over the estimated useful lives of 3 to 15 years (2019: 3 to 15 years), prepared by management, are used and a discount rate applied to the projections. The discount rate used is pre-tax and ranges from 8.3% to 15.6% (2019: 8.3% to 15.6%) per annum and reflects specific risks relating to the relevant business operations.

15. GOODWILL AND INTANGIBLE ASSETS (continued)

(c) Software

	2020	2019
	$'000	$'000
Cost		
Beginning of year	23,447	14,167
Reclassification from property, plant and equipment (Note 14)	–	741
Additions[(1)]	6,379	10,842
Disposal of subsidiary	–	(2,060)
Disposals	(898)	–
Written off	(477)	–
Currency translation differences	593	(243)
End of the financial year	29,044	23,447
Accumulated amortisation		
Beginning of year	7,261	5,829
Reclassification from property, plant and equipment (Note 14)	–	282
Amortisation charge	3,308	2,613
Disposal of subsidiary	–	(1,343)
Disposals	(834)	–
Currency translation differences	256	(120)
End of financial year	9,991	7,261
Net book value	19,053	16,186

(1) $1,988,000 (2019: $1,335,000) of the other intangible assets and software purchased during the year remained unpaid and was included in other payables set out in Note 18 to the financial statements.

16. INVESTMENT IN SUBSIDIARIES

(a) Details of subsidiaries are as follows:

	Name of subsidiary	Principal activities	Country of business/ incorporation	Effective equity holding	
				2020	**2019**
				%	%
	Navitas Limited	Investment holding.	Cayman Islands	100	100
	Primus Vista Holdings Limited	Investment holding.	Cayman Islands	100	100
	Fullerton Health China Corporation Limited	Investment holding.	Cayman Islands	100	100
	Fullerton Healthcare Group Pte. Limited	Provision of medical benefits management services.	Singapore	100	100
	Fullerton Assistance Pte. Ltd.	Investment holding.	Singapore	100	100
	Fullerton Health Pte Ltd	Investment holding.	Singapore	100	100
	FHC (Greater China) Private Limited	Investment holding.	Hong Kong	100	100
	FHI Holdings Limited	Investment holding.	Hong Kong	100	100
	SC Primus Holdings	Investment holding.	Cayman Islands	100	100
	Fullerton Aetas Limited	Investment holding.	Cayman Islands	100	100
	Fullerton Healthcare Venture Corporation Pte Ltd	Investment holding.	Singapore	100	100
*	Figtree Topco Pty Ltd	Investment holding.	Australia	55	–
	Significant subsidiaries held by <u>subsidiaries within the Group</u>				
^	Fullerton Health Australia Pty Ltd	Investment holding.	Australia	55	100
	Aurum Holdings	Investment holding.	Cayman Islands	100	100
	Fullerton Systems & Services Pte. Ltd.	Provision of IT management services, investment holding.	Singapore	100	100
	Fullerton Systems Pte. Ltd.	Dormant.	Singapore	100	100
	Fullerton Health Philippines Pte Ltd	Investment holding.	Singapore	100	100
	A.M. Pharmacy Pte Ltd	Trading and retailing in pharmaceutical products and medical supplies.	Singapore	100	100
	Gethin-Jones Medical Practice Pte Ltd	Operating clinics and provision of other general medical services	Singapore	100	100
	Drs Trythall Hoy Davies (Pte) Ltd	Operating clinics and provision of other general medical services.	Singapore	100	100
	Fullerton Physio Pte. Ltd.	Investment holding.	Singapore	100	100

16. INVESTMENT IN SUBSIDIARIES (continued)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Principal activities	Country of business/ incorporation	Effective equity holding	
			2020 %	**2019** %
Significant subsidiaries held by subsidiaries within the Group				
Fullerton Dental Group Pte. Ltd.	Dormant.	Singapore	100	100
Drs Horne & Chin Pte Ltd	Operating clinics and provision of other general medical services.	Singapore	100	100
HCP Pte Ltd	Trading and retailing in pharmaceutical products and medical supplies.	Singapore	100	100
Radlink Asia Pte. Ltd.	Investment holding.	Singapore	100	100
Radlink Diagnostic Imaging (S) Pte. Ltd.	Diagnostic imaging services for health screening.	Singapore	100	100
Radlink Medicare Pte. Ltd.	Investment holding.	Singapore	100	100
Medisol Pte. Ltd.	Diagnostic imaging services for health screening.	Singapore	95	95
Medical Imaging Pte. Ltd.	Investment holding.	Singapore	100	100
Drs Lim Hoe & Wong Radiology Pte. Ltd.	Diagnostic imaging services for health screening.	Singapore	100	100
Radlink Women & Fetal Imaging Pte. Ltd.	Diagnostic imaging services for health screening.	Singapore	100	100
Radlink PET and Cardiac Imaging Centre Pte. Ltd.	Diagnostic imaging services for health screening.	Singapore	100	100
Radlink (Novena) Diagnostic Imaging Pte. Ltd.	Diagnostic imaging services for health screening.	Singapore	100	100
Radlink Medicare (Jurong East) Pte. Ltd.	Dormant.	Singapore	100	100
Radlink Medicare (Bishan) Pte. Ltd.	Operating clinics and provision of other general medical services.	Singapore	70	70
Radlink Medicare (Woodlands) Pte. Ltd.	Dormant.	Singapore	70	70
Radlink Medicare (Tampines) Pte. Ltd.	Operating clinics and provision of other general medical services.	Singapore	100	100
Drs Thompson & Thomson (Radlink Medicare Pte. Ltd.)	Operating clinics and provision of other general medical services.	Singapore	85	85

16. INVESTMENT IN SUBSIDIARIES (continued)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Principal activities	Country of business/ incorporation	Effective equity holding	
			2020 %	**2019** %
Significant subsidiaries held by subsidiaries within the Group				
Clinic 1886 Pte. Ltd.	Dormant.	Singapore	100	100
Singapore Radio-Pharmaceuticals Pte. Ltd.	Operation of cyclotron equipment, sale of radio-pharmaceutical isotopes and provision of other medical services.	Singapore	100	100
The Vascular & General Surgery Centre Pte. Ltd.	Provision of surgical and other general medical services.	Singapore	60	60
Alpha Joints & Orthopaedics Pte. Ltd.	Operating clinics and provision of other general medical services.	Singapore	60	60
Integrated Health Plans Pte. Ltd.	Establish, develop, promote, manage and provide healthcare plans.	Singapore	100	100
Advantage Health Benefits Pte. Ltd.	Administrative services to clinics/corporations in healthcare plans.	Singapore	100	100
Corporate Health Services Pte. Ltd.	Provision of administrative services to clinics.	Singapore	100	100
Comfort Ambulance & Services Pte. Ltd.	Medical evacuation/ travel medicine services.	Singapore	70	70
Citizens Ambulance & Services Pte. Ltd.	Medical evacuation/ travel medicine services.	Singapore	70	70
Urban Rehab Pte. Ltd.	Provision of physiotherapy services.	Singapore	100	100
Global Assistance & Healthcare (Singapore) Pte. Ltd.	Operating clinics and provision of other general medical services.	Singapore	100	100
Global Assistance & Healthcare Holdings Pte. Ltd.	Investment holding.	Singapore	100	100
RadLink PET Centre (Gemini) Pte. Ltd.	Diagnostic imaging services for health screening.	Singapore	100	100
Orchard Heart Specialist Pte. Ltd.	Operating clinics and provision of other general medical services.	Singapore	60	60
Epione Group Private Limited	Other health services.	Singapore	80	80

16. INVESTMENT IN SUBSIDIARIES (continued)

(a) Details of subsidiaries are as follows: (continued)

	Name of subsidiary	Principal activities	Country of business/ incorporation	Effective equity holding 2020 %	Effective equity holding 2019 %
	Significant subsidiaries held by subsidiaries within the Group				
	AME Ambulance Services Pte. Ltd.	Medical evacuation/travel medicine services.	Singapore	100	100
^	FHA Medical Centres Pty Ltd	Operating clinics and provision of other general medical services.	Australia	55	100
^	Jobfit Medical Services Pty Ltd	Investment holding.	Australia	55	100
^	International Services Network Pty Ltd	Dormant.	Australia	55	100
^	Jobfit Health Group Pty Ltd	Operating clinics and provision of other general medical services.	Australia	55	100
^	Jobfit Occupational Medicine Pty Ltd	Investment holding.	Australia	55	100
^	Queensland Vocational Health Services Pty Ltd	Dormant.	Australia	55	100
^	Medicheck Australia Pty Ltd	Operating clinics and provision of other general medical services.	Australia	55	100
^	Emerald Medical Pty Ltd	Operating clinics and provision of other general medical services.	Australia	55	100
^	Fullerton Allied Health Pty Ltd	Operating clinics and provision of other general medical services.	Australia	55	100
^	FHA Primary Care Pty Ltd	Operating clinics and provision of other general medical services.	Australia	55	100
^	Baseline Group (Personnel) Pty Ltd	Operating clinics and provision of other general medical services.	Australia	55	100
^	Fullerton Health Medical Centres Pty Ltd	Operating clinics and provision of other general medical services.	Australia	55	100
^	Evemont Pty Ltd	Operating clinics and provision of other general medical services.	Australia	55	100

16. INVESTMENT IN SUBSIDIARIES (continued)

(a) Details of subsidiaries are as follows: (continued)

	Name of subsidiary	Principal activities	Country of business/ incorporation	Effective equity holding	
				2020 %	**2019** %
	Significant subsidiaries held by subsidiaries within the Group				
^	Fortwood Pty Ltd	Operating clinics and provision of other general medical services.	Australia	55	100
^	Webfield Pty Ltd	Operating clinics and provision of other general medical services.	Australia	55	100
^	Cormist Pty Ltd	Operating clinics and provision of other general medical services.	Australia	55	100
^	Sunshine Coast Medical Centres Pty Ltd	Operating clinics and provision of other general medical services.	Australia	55	100
^	The Maroochydore 7-Day Medical Centre Unit Trust	Operating clinics and provision of other general medical services.	Australia	55	100
^	The Kawana Waters 7-Day Medical Centre Unit Trust	Operating clinics and provision of other general medical services.	Australia	55	100
^	Sydney Breast Clinic Pty Ltd	Operating clinics and provision of other general medical services.	Australia	55	100
^	FHMC Pty Ltd (Formerly Healthscope Medical Centres Pty Ltd)	Operating clinics and provision of other general medical services.	Australia	55	100
^	Jobfit Health Group (NZ) Limited	Operating clinics and provision of other general medical services.	New Zealand	55	100
	Fullerton Healthcare (Hong Kong) Private Limited	Investment holding.	Hong Kong	100	100
	S.C. Fullerton Healthcare Group Limited	Operating clinics and provision of other general medical services.	Hong Kong	60	60
	T.H.E. Fullerton Healthcare Group Ltd	Operating clinics and provision of other general medical services.	Hong Kong	60	60
	FHHK Aurum Limited	Investment holding.	Hong Kong	100	100
	Health Maintenance Medical Practice Limited	Provision of medical check-up and consultancy services.	Hong Kong	80	80
	Health Maintenance Management Services Limited	Provision of technical support for dental business.	Hong Kong	80	80

16. INVESTMENT IN SUBSIDIARIES (continued)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Principal activities	Country of business/ incorporation	Effective equity holding 2020 %	Effective equity holding 2019 %
Significant subsidiaries held by subsidiaries within the Group				
HMMP (Dental) Limited	Dental agent, sales of dental products.	Hong Kong	80	80
HM Investment Holding Limited	Investment holding.	Hong Kong	80	80
Fullerton Health Clinic (HK) Holdings Limited	Investment holding.	Hong Kong	100	100
Dr Tony Chun Kit Lee Medical Practice Ltd	Provision of general medical services.	Hong Kong	100	100
Fullerton Health China (Hong Kong) Private Limited	Dormant.	Hong Kong	100	100
Health Maintenance Dental Care Limited	Dental agent, sales of dental products.	Hong Kong	80	80
Washington Health Analytics Limited	Investment holding.	Hong Kong	100	100
Keith Chan Musculoskeletal and Family Medicine Centre Company Limited	Operating clinics and provision of other general medical services.	Hong Kong	70	70
PT E-Tirta Medical Centre	Operating clinics and provision of other general medical services.	Indonesia	60	60
PT Global Assistance & Healthcare	Provision of medical evacuation, assistance services and medical supplies.	Indonesia	90	90
PT Global Assistansi Medika	Operating clinics and provision of other general medical services.	Indonesia	66.7	66.7
PT Fullerton Health Indonesia	Healthcare management consultancy services.	Indonesia	100	100
FHPC Limited (Formerly Fullerton Health PNG Company Limited)	Healthcare management consultancy services.	Papua New Guinea	100	100
Integrated Health Plans (Malaysia) Sdn Bhd (Formerly Corporate Outsource Services Sdn. Bhd.)	Administrative services to clinics and companies relating to healthcare plans.	Malaysia	100	100
Fullerton Health Malaysia Sdn Bhd	Investment holding.	Malaysia	100	100
Veritas Health Holding Sdn Bhd	Investment holding.	Malaysia	100	100

16. INVESTMENT IN SUBSIDIARIES (continued)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Principal activities	Country of business/ incorporation	Effective equity holding 2020 %	Effective equity holding 2019 %
Significant subsidiaries held by subsidiaries within the Group				
Veritas Health Sdn Bhd	Investment holding.	Malaysia	100	100
Veritas Care Sdn. Bhd	Provision of general medical services.	Malaysia	100	100
Amalan Asia Jaya Sdn Bhd	Investment holding.	Malaysia	51	51
Numedik Healthcare Sdn Bhd	Operating clinics and provision of other general medical services.	Malaysia	51	51
Charm Capital Healthcare Sdn Bhd	Operating clinics and provision of other general medical services.	Malaysia	51	51
Dr Azlina Healthcare Sdn Bhd	Operating clinics and provision of other general medical services.	Malaysia	51	51
HMMP Medical (Macau) Limited	Provision of technical support for dental business.	Macau	99	99
Fullerton Health Philippines Holdings Corporation (Formerly 8Magnum Inc.)	Investment holding.	Philippines	100	100
Asalus Corporation	Developing, maintaining and promoting integrated medical and health maintenance services.	Philippines	60	60
Avega Managed Care Inc.	Third party administrator.	Philippines	60	60
Aventus Medical Care Inc.	Operating clinics and provision of other general medical services.	Philippines	60	60
IN Surgery Pte. Ltd.	Provision of medical consultancy services.	Singapore	60	60
IN Medical Pte. Ltd.	Provision of general medical services.	Singapore	60	60
AAG Fullerton Services Pte. Ltd.	Dormant.	Singapore	65	65
Fullerton Health Philippines Specialty Care Pte. Ltd.	Investment holding.	Singapore	100	100
Fullerton Health Philippines Primary Care Pte. Ltd.	Investment holding.	Singapore	100	100
Fullerton Health Philippines (Singapore) Holdings Corporation Pte. Ltd.	Investment holding.	Singapore	100	100

16. INVESTMENT IN SUBSIDIARIES (continued)

(a) Details of subsidiaries are as follows: (continued)

	Name of subsidiary	Principal activities	Country of business/ incorporation	Effective equity holding 2020 %	2019 %
	Significant subsidiaries held by subsidiaries within the Group				
	Fullerton Health Research and Development Pte. Ltd.	Research and experimental development on medical technologies.	Singapore	100	100
	Radlink Holdings Pte. Ltd.	Investment holding.	Singapore	100	100
	Radlink International Pte. Ltd.	Investment holding.	Singapore	100	100
	Radlink HK Limited	Diagnostic imaging and radiography services.	Hong Kong	100	100
	Radlink Philippines Corporation	Diagnostic imaging and radiography services.	Philippines	100	100
	Fullerton Health Indonesia Pte. Ltd.	Investment holding.	Singapore	100	100
^	Fullerton Health Academy Pty Ltd	Provision of medical trainings.	Australia	55	100
	Fullerton GS Pte. Ltd.	Investment holding.	Singapore	100	100
	Fullerton Health Medical Practice Limited	Operating clinics and the provision of other general medical services.	Hong Kong	100	100
	Fullerton Health Verto Pte. Ltd.	Research and experimental development of medical technologies	Singapore	100	100
	Fullerton Technology Corporation Pte Ltd	Investment holding.	Singapore	100	100
	Fullerton Technology (Singapore) Private Limited	Provision of general medical services.	Singapore	100	100
	Sinus Surgery Pte Ltd	Provision of other health services.	Singapore	70	70
	Best Growth Limited	Investment holding.	Hong Kong	70	70
	Special Skill Limited	Provision of medical and consultancy services.	Hong Kong	70	70
	Mutual Wish Limited	Provision of medical and consultancy services.	Hong Kong	70	70
	PT Gunung Sahari Group	Provision of laboratory services.	Indonesia	50	50
*	Figtree Midco Pty Ltd	Investment holding.	Australia	55	–
*	Figtree Holdco Pty Ltd	Investment holding.	Australia	55	–
*	Figtree Bidco Pty Ltd	Investment holding.	Australia	55	–

16. INVESTMENT IN SUBSIDIARIES (continued)

(a) Details of subsidiaries are as follows: (continued)

	Name of subsidiary	Principal activities	Country of business/ incorporation	Effective equity holding 2020 %	2019 %
	Significant subsidiaries held by subsidiaries within the Group				
*	Emedicus Pte. Ltd.	Operating clinics and provision of other general medical services	Singapore	100	–
*	Fullerton Computer (Shanghai) Co., Ltd	Computer software development and consultancy	China	100	–

^ Disposed 45% interest during the year without loss of control. Refer to Note 33.
* Newly incorporated during the year.

(b) Details of non-wholly owned subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before interco-company eliminations.

(i) *Fullerton Health Philippines Pte Ltd ("FHPPL") and its subsidiaries*

As at the end of the reporting period, the profit of the Group allocated to the non-controlling interest is $26,482,000 (2019: $7,824,000) and the accumulated non-controlling interest is $74,719,000 (2019: $52,728,000).

Summarised financial information in respect of FHPPL and its subsidiaries is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2020 $'000	2019 $'000
Current assets	343,448	275,702
Non-current assets	297,913	274,715
Current liabilities	(400,953)	(275,291)
Non-current liabilities	(46,836)	(95,808)
Equity attributable to owners of the Company	(118,853)	(126,590)
Non-controlling interests	(74,719)	(52,728)

16. INVESTMENT IN SUBSIDIARIES (continued)

(b) Details of non-wholly owned subsidiaries with material non-controlling interests (continued)

(i) *Fullerton Health Philippines Pte Ltd ("FHPPL") and its subsidiaries* (continued)

Details of FHPPL and its subsidiaries are as follows:

	2020	2019
	$'000	$'000
Revenue	418,911	392,048
Operating expenses	(323,849)	(367,509)
Operating profit	95,062	24,539
Non-operating expenses, net	(51,689)	(5,494)
Profit before tax	43,373	19,045
Income tax expense	(27,146)	(5,202)
Profit for the year	16,227	13,843
Other comprehensive income	2,515	4,210
Total comprehensive income for the year	18,742	18,053
Total comprehensive (loss) income attributable to owners of the Company	(7,740)	10,229
Non-controlling interests	26,482	7,824
Total comprehensive income for the year	18,742	18,053

Summarised cashflows

	2020	2019
	$'000	$'000
Net cash from operating activities	132,260	24,763
Net cash used in investing activities	(49,423)	(17,992)
Net cash used in financing activities	(44,622)	(14,640)
Net increase (decrease) in cash and cash equivalents	38,215	(7,869)
Cash and cash equivalents at beginning of the year	35,081	42,950
Cash and cash equivalents at end of year	73,296	35,081

(ii) *Navitas Limited ("Navitas") and its subsidiaries*

As at the end of the reporting period, the profit of the Group allocated to the non-controlling interest is $3,104,000 (2019: $3,446,000) and the accumulated non-controlling interest is $2,483,000 (2019: $2,697,000).

Summarised financial information in respect of Navitas and its subsidiaries is set out below. The summarised financial information below represents amounts before intragroup eliminations.

16. INVESTMENT IN SUBSIDIARIES (continued)

(b) Details of non-wholly owned subsidiaries with material non-controlling interests (continued)

(ii) Navitas Limited ("Navitas") and its subsidiaries (continued)

	2020 $'000	2019 $'000
Current assets	51,849	52,145
Non-current assets	51,744	54,117
Current liabilities	(73,014)	(78,783)
Non-current liabilities	(32,981)	(37,352)
Equity attributable to owners of the Company	4,885	12,570
Non-controlling interests	(2,483)	(2,697)

Details of Navitas and its subsidiaries are as follows:

	2020 $'000	2019 $'000
Revenue	69,953	74,185
Operating expenses	(59,932)	(63,944)
Operating profit	10,021	10,241
Non-operating income (expense), net	2,637	1,777
Profit before tax	12,658	12,018
Income tax expense	(1,856)	(1,001)
Profit and total comprehensive income for the year	10,802	11,017
Profit and total comprehensive income attributable to owners of the Company	7,698	7,571
Non-controlling interests	3,104	3,446
Profit and total comprehensive income for the year	10,802	11,017

Summarised cashflows

	2020 $'000	2019 $'000
Net cash from operating activities	6,682	12,293
Net cash used in investing activities	(1,054)	(7,739)
Net cash used in financing activities	(4,287)	(3,704)
Net increase in cash and cash equivalents	1,341	850
Cash and cash equivalents at beginning of the year	8,213	7,363
Cash and cash equivalents at end of year	9,554	8,213

16. INVESTMENT IN SUBSIDIARIES (continued)

(b) Details of non-wholly owned subsidiaries with material non-controlling interests (continued)

(iii) *Figtree Topco Pty Ltd ("Figtree") and its subsidiaries*

As at the end of the reporting period, the profit of the Group allocated to the non-controlling interest is $2,780,000 (2019: Nil) and the accumulated non-controlling interest is $38,305,000 (2019: Nil).

Summarised financial information in respect of Figtree and its subsidiaries is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2020
	$'000
Current assets	32,849
Non-current assets	196,136
Current liabilities	(30,577)
Non-current liabilities	(66,076)
Equity attributable to owners of the Company	(92,281)
Non-controlling interests	(40,051)

Details of Figtree and its subsidiaries are as follows:

	2020
	$'000
Revenue	116,902
Operating expenses	(100,045)
Operating profit	16,857
Non-operating expense, net	(21,092)
Loss before tax	(4,235)
Income tax credit	62
Profit and total comprehensive income for the year	(4,173)
Loss and total comprehensive income for the year	
- attributable to owners of the Company	(6,953)
- non-controlling interests	2,780
	(4,173)

Summarised cashflows

	2020
	$'000
Net cash from operating activities	25,025
Net cash used in investing activities	(7,003)
Net cash used in financing activities	(13,321)
Net increase in cash and cash equivalents	4,701
Cash and cash equivalents at beginning of the year	5,256
Cash and cash equivalents at end of year	9,957

17. INVESTMENT IN ASSOCIATES

(a) Details of associates are as follows:

	2020	**2019**
	$'000	**$'000**
Unquoted equity shares at cost	53,723	53,723
Deemed investment	13,220	–
Fair value of put options over associate (at inception)	40,625	40,625
Share of post-acquisition reserves	(38,546)	(32,052)
Dividends	(225)	(189)
Currency translation	(1,990)	(3,430)
Provision for impairment loss	(61,388)	(22,484)
	5,419	36,193

Movements in investment in associates are as follows:

	2020	**2019**
	$'000	**$'000**
Beginning of the year	36,193	32,983
Share of losses of associates – net	(6,494)	(5,444)
Dividends received	(36)	(108)
Other receivables classified as deemed investment [1]	13,220	–
Impairment (loss) written back (Note 6)	(38,904)	10,413
Currency translation	1,440	(1,651)
End of the year	5,419	36,193

[1] The Group entered into a loan agreement in 2020 as a guarantor for an associate of $13.2 million for the purpose of converting these contributions into shares in the associate with a third party, which forms part of the Group's investment in the associate.

In 2020, the Group recorded an impairment loss of $24.8 million (2019: reversal of impairment loss of $10.4 million) on its investment in associates due to a deficit (2019: an excess) of the recoverable amount against the carrying amount of the assets. This was due to the outbreak of the COVID-19 resulting in lower patient visits and delayed opening of new clinics.

On 7 February 2021, an investment of an associate, Fullerton China Hospital Limited ("FCHL"), filed a bankruptcy liquidation application with the court. With reference to IAS 10 *Events after the Reporting Period*, if conditions had existed at the end of the reporting period, it would constitute an adjusting event where adjustments to amounts recognised in the financial statements shall be made. Accordingly, the investment of FCHL is fully impaired. Consequently, additional impairment in FCHL of $14.1 million and additional fair value loss on derivative liability of $20.4 million were recorded in 2020.

The key assumptions used for value-in-use calculations are discount rate and terminal growth rate which are 9.4% (2019: 10%) and 2.6% (2019: 3.5%) respectively in 2020.

Set out below are the associated companies of the Group as at 31 December 2020.

17. INVESTMENT IN ASSOCIATES (continued)

(a) Details of associates are as follows: (continued)

Name of associated company	Principal activities	Country of incorporation/ operations	Equity holdings 2020	Equity holdings 2019
			%	%
FC Dental Pte Ltd	Operating dental clinics	Singapore	20	20
Town Hall Clinic Pte Ltd	Operating clinics and the provision of other general medical services	Singapore	30	30
Fullerton Health China Limited ("FHCL")	Investment holding	Cayman Islands/ China	33.3	33.3
Fullerton China Hospital Limited ("FCHL")(2)	Investment holding	Cayman Islands/ China	33.3	–

(2) During the year, the Group subscribed for shares in FCHL, an associate, with equal shareholding structure as FHCL at 33.3%. FHCL transferred its hospital segment to FCHL as part of the restructuring exercise carried out in 2020.

All the above associates are accounted for using the equity method in the consolidated financial statements.

(b) Details of material associates

Summarised financial information in respect of the Group's material associate, is set out below.

Fullerton Health China Limited

	2020	**2019**
	$'000	**$'000**
Current assets	122,131	15,508
Non-current assets	44,625	81,846
Current liabilities	(13,037)	(11,973)
Non-current liabilities	(42,312)	(22,555)
Revenue	10,823	12,544
Loss after tax	(18,709)	(16,331)

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's investment in associates, is as follows:

	2020	**2019**
	$'000	**$'000**
Net assets	111,407	62,826
Portion of the Group's ownership	33.3%	33.3%
Group's share of net assets	37,136	20,942
(Impairment loss) Implied goodwill	(31,892)	14,879
Carrying amount	5,244	35,821

18. TRADE AND OTHER PAYABLES

	2020	**2019**
	$'000	**$'000**
Trade payables		
- Third parties	83,911	87,415
- Associates	307	391
	84,218	87,806
Other liabilities		
- Customer deposits	11,314	3,029
- Accrued expenses and other payables	142,283	87,000
	153,597	90,029
Non-trade payables		
- Contingent consideration payable	58,451	16,893
- Deferred consideration payable	5,554	13,135
	64,005	30,028
Total trade and other payables	301,820	207,863
Less: Amount due for settlement after 12 months (Note 24)	(7,159)	(21,200)
	294,661	186,663

Contingent and deferred consideration payable are unsecured and interest-free.

Contingent consideration are amounts payable on subsidiaries achieving certain profit targets in future periods. Deferred consideration are amounts payable for a period subsequent to the acquisition date. The terms are defined in the respective sale and purchase agreements.

During the year, the contingent considerations from the acquisitions during the year are fair valued based on the methodologies presented in Note 30(g). The Group recorded $46.2 million fair value loss (2019: $2.6 million fair value gain) in the profit or loss arising from the revaluation.

Included in accrued expenses and other payables is an amount of $13.2 million (2019: Nil) relating to the liabilities incurred as a guarantor of a loan by an associate as discussed in Note 17 and $27.9 million (2019: Nil) relating to provision for refunds to corporate customers whereby the medical loss ratios have fallen below a specific threshold.

19. INSURANCE CONTRACT PROVISIONS

	2020 $'000	2019 $'000
Unearned premiums	142,013	156,565
Provision for IBNR claims	40,752	20,422
Claims payable	22,347	17,417
Total insurance contract provisions	205,112	194,404

Unearned premiums pertain to amounts billed to customers but not yet earned.

Provision for claims IBNR pertains to claims incurred but not settled as at 31 December 2020. The estimated timing of cash outflows relating to the provision is within 6 months.

Claims payable arising from insurance contracts are non-interest bearing and are generally within the credit term of 30 to 90 days.

The reconciliation of unearned premiums is shown below:

	2020 $'000	2019 $'000
Beginning of the year	156,565	120,588
Premiums written	407,238	411,643
Premiums earned	(424,617)	(379,608)
Currency translation differences	2,827	3,942
End of the year	142,013	156,565

Reconciliation of provisions for IBNR claims

	2020 $'000	2019 $'000
Beginning of the year	20,422	15,454
Change in provision (Note 4a)	20,131	4,461
Currency translation differences	199	507
End of the year	40,752	20,422

20. RIGHT OF USE ASSETS

	2020	**2019**
	$'000	**$'000**
Right of use assets	101,097	90,553

The Group leases assets including clinic and office space predominantly for the provision of medical services. Information about leases for which the Group is a lessee is presented below.

	2020	**2019**
	$'000	**$'000**
At 1 January	90,553	106,874
Depreciation charge for the year	(29,216)	(27,398)
Additions	36,477	15,821
Terminations during the year	(747)	–
Modifications	1,159	(2,666)
Reclassification from property, plant and equipment (Note 14)	117	–
Currency translation differences	2,754	(2,078)
At 31 December	101,097	90,553

21. LEASE LIABILITIES

	2020	**2019**
	$'000	**$'000**
Maturity analysis		
Less than one year	32,295	29,940
One to two years	26,710	23,472
Two to three years	20,602	18,100
Three to four years	16,422	14,866
Four to five years	12,442	11,878
More than five years	17,081	22,348
Total undiscounted lease liabilities at 31 December	125,552	120,604
Present value of leases liabilities	115,165	105,191
Less: Current	(31,241)	(23,237)
Non-current	83,924	81,954

Other than as disclosed in Note 6, the following items are recognised in profit or loss:

	2020	**2019**
	$'000	**$'000**
Interest on lease liabilities	5,189	4,995
Expenses relating to short-term leases	1,184	1,263

Total cash outflow for leases during the year is $33,494,000 (2019: $31,721,000).

22. BANK BORROWINGS

	2020	**2019**
	$'000	**$'000**
Unsecured bank borrowings	123,244	117,657
Less: Amount due for settlement within 12 months (shown under current liabilities)	(105,759)	(79,123)
Amount due for settlement after 12 months	17,485	38,534

The Group has three (2019: four) outstanding term loans at the end of the financial year, comprising loans with maximum available committed facilities of $76,147,000 (2019: $105,605,000). The loans are repayable over one to five years, by bullet and quarterly instalments and bear interest ranging from 2.32% to 4.25% (2019: 3.84% to 5.62%) per annum.

The Group has eight (2019: five) outstanding bank revolving credit facilities at the end of the financial year, comprising loans with maximum available committed facilities of $80,134,000 (2019: $60,000,000). The loans bear interest ranging from 0.73% to 4.00% (2019: 2.28% to 4.14%) per annum.

The Group has three (2019: Nil) outstanding trade financing facilities at the end of the financial year, comprising loans with maximum available committed facilities of $35,000,000 (2019: Nil). The loans bear interest ranging from 2.06% to 3.61% (2019: Nil) per annum.

At the end of each reporting period, the carrying amounts of bank borrowings approximate their fair values.

23. DERIVATIVE LIABILITIES

	2020	**2019**
	$'000	**$'000**
Beginning of the year	67,044	67,088
Fair value changes during the year	51,629	(44)
End of the year	118,673	67,044
Current	354	–
Non-current	118,319	67,044

The Group granted put options to corporate investors of Fullerton Health China Limited ("FHCL") and Fullerton China Hospital Limited ("FCHL"). These put options granted provide the corporate investors the right to require the Group to acquire shares owned by them on or after 31 March 2022.

The cost of the Group's investment in the associate includes the initial fair value of put option granted to the corporate investors. Prior to the exercise of the put option, the derivative liabilities resulting from the put options will be recorded in the consolidated statement of financial position at the fair value. At the end of each financial reporting period, any changes to the derivative liabilities arising from changes in the fair value of the put option will be recognised in profit or loss.

During the year, the Group entered into an interest rate swap with a financial institution and recorded a fair value loss of $354,000.

24. OTHER LONG-TERM LIABILITIES

	2020 $'000	2019 $'000
Restoration cost	3,766	3,569
Contingent consideration payable	3,252	9,101
Deferred consideration payable	–	8,204
Others	141	326
	7,159	21,200

A provision for restoration cost is recognised when the Group enters into lease agreements for premises. It includes the estimated cost of demolishing and removing all the leasehold improvements made by the Group to the premises.

Contingent consideration are amounts payable on subsidiaries achieving certain profit targets in future periods. Deferred consideration are amounts payable for a period subsequent to the acquisition date. The terms are defined in the respective sale and purchase agreements.

25. SENIOR UNSECURED GUARANTEED BONDS

	2020 $'000	2019 $'000
Beginning of the year	98,967	98,560
Amortisation of issuance cost charged to profit or loss	416	407
End of the year	99,383	98,967
Current	49,871	–
Non-current	49,512	98,967

On 7 July 2016, the Company issued senior unsecured guaranteed bonds totalling $100 million in the Singapore Exchange Securities Trading Limited ("SGX-ST"), comprising $50 million due in July 2021 and $50 million due in July 2023 (Interest payable semi-annually in arrears). The effective interest rates of these bonds approximate 3.73% (maturing 2021) and 4.04% (maturing 2023) per annum. The bonds are unconditionally and irrevocably guaranteed by Credit Guarantee & Investment Facility, a trust fund of the Asian Development Bank.

The fair value of the bonds as at 31 December 2020 is $101,061,000 (2019: $101,015,000), as quoted on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The fair value is within level 1 of the fair value hierarchy.

26. (a) SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Number of convertible shares	Share capital	Share premium	Convertible shares	Total
			$'000	$'000	$'000	$'000
Issued and paid up:						
At 1 January 2019	**520,554,400**	**94,488,056**	**224**	**163,351**	**102,699**	**266,274**
Distribution to perpetual securities holders	–	–	–	(16,721)	–	(16,721)
Distribution to preference shares holders	–	–	–	(20,339)	–	(20,339)
Conversion to ordinary shares	94,488,056	(94,488,056)	43	102,656	(102,699)	–
At 31 December 2019	**615,042,456**	**–**	**267**	**228,947**	**–**	**229,214**
Distribution to perpetual securities holders	–	–	–	(29,436)	–	(29,436)
Distribution to preference shares holders	–	–	–	(42,409)	–	(42,409)
Reclassification from accumulated losses	–	–	7,751	–	–	7,751
At 31 December 2020	**615,042,456**	**–**	**8,018**	**157,102**	**–**	**165,120**

Fully paid ordinary shares have a par value of US$0.000333 per share and a right to dividends as and when declared by the Company.

The Company issued 94,488,056 convertible shares in 2017 for a total consideration of $135.9 million, with $34.0 million used to settle the buyback of RSP shares and encashment of employee share options (Note 26(c)). The holder of the Convertible Shares has a veto right to stop an IPO of the Company that does not result in an implied internal rate of return of at least 25% on the upfront investment amount, which was $135,866,000. The upfront investment amount was split between the embedded derivative liability at Note 23 and the equity component.

In 2019, these convertible shares were automatically converted into ordinary shares upon the expiry of the clawback period as the performance measures of the Group was considered to be met based on judgement by management as disclosed in Note 3.

26. (b) CONVERTIBLE PREFERENCE SHARES

	2020		2019	
	Number of convertible preference shares	Convertible preference shares	Number of convertible preference shares	Convertible preference shares
		$'000		$'000
Issued and paid up:				
At the beginning and end of year	250,000,000	328,931	250,000,000	328,931

In 2018, the Company issued Convertible Preference Shares ("CPS") of US$250,000,000 ($328,931,000) to a corporate investor where the shares shall be automatically and mandatorily converted into ordinary shares at agreed exit events defined in the shareholders' agreement. The shares are entitled to dividends at the rate of 6.25% per annum. Incremental cost incurred amounting to $7,393,623 were recognised in equity as a deduction from proceeds. The convertible preference shares are redeemable in whole, but not in part, at the Group's option. If they are not redeemed in May 2020, the dividend rate for the convertible preference shares will step up from the prevailing 6.25% to 13%. On 6 November 2020, a special resolution was passed where the dividend rate will step-up from the prevailing 6.25% to 13% in November 2021 and payable from May 2022 onwards.

During the financial year, distributions amounting to $42,409,000 (2019: $20,339,000) were made to convertible preference shareholders.

26. (c) SHARE-BASED COMPENSATION PLANS

The Group operates the following share-based compensation plans:

(i) Fullerton Healthcare Corporation Limited ("FHC") Pre-IPO Share Option Plan ("SOP")

The SOP in respect of unissued ordinary shares in the capital of the Company is administered by the Remuneration Committee (the "RC"). Share options are granted to directors and employees within the Group and affiliates of the Group under the SOP. The share options are convertible into ordinary shares when vested.

No options granted under the SOP were exercised during the financial period.

Under the SOP, share options are granted to full-time confirmed employees of FHC or its subsidiaries who are employed as at the date of grant of options (the "Date of Grant") and who have attained the age of 18 years on or before the Date of Grant.

The options are vested approximately three years after the Date of Grant upon the occurrence of an "Exit Event", and are exercisable over a period of 8 years from Date of Grant. An Exit Event occurs when there is a change in control, lodgement of the Prospectus with Monetary Authority of Singapore or voluntary winding up.

26. (c) SHARE-BASED COMPENSATION PLANS (continued)

(ii) Fullerton Healthcare Corporation Limited Pre-IPO Restricted Share Plan ("RSP")

The RSP awards fully paid-up ordinary shares in the Company, free of payment, to selected directors and senior management of FHC and its subsidiaries.

The selection of a participant and the number of shares granted, pursuant to the RSP, shall be determined at the discretion of the Remuneration Committee. The RSP units have a vesting period of approximately three years, upon the occurrence of the Exit Event referred to in 26(c)(i). The RSP units are convertible into ordinary shares when vested.

The Remuneration Committee is authorised to grant RSP units and to allot and issue from time to time such number of fully paid-up shares as may be required to be allotted and issued pursuant to the vesting of Awards under the respective plans. The aggregate number of awards granted under the RSP, which may be issued pursuant to Awards, shall not exceed 30% of the total number of issued shares of the Company from time to time on the day preceding that date.

(iii) Fullerton Healthcare Corporation Limited Performance Stock Grant to Founders ("PSG")

The PSG awards ordinary shares in the Company, free of payment, to founders of the Company, and are subjected to clawback unless specific performance targets are achieved over a 3 year period. The fair value of the PSG granted on 23 April 2015 was $4,537,000 determined based on the share price of $1,936. No PSG awards were granted in 2020 and 2019.

There is no expense recognised in both years with respect to the SOP, RSP and PSG.

27. PERPETUAL SECURITIES

On 6 April 2017, the Company issued senior perpetual securities (the "Securities") with an aggregate principal amount of US$175,000,000 ($236,097,143). Incremental cost incurred amounting to $3,950,323 were recognised in equity as a deduction from proceeds.

Holders of the Securities were conferred a right to receive distribution on a semi-annual basis from their issuance date at the rate of 7% per annum, subject to a step-up rate from 6 April 2020.

The Securities had no fixed maturity and are redeemable in whole, but not in part, at the Group's option on 6 April 2020 (the "First Call Date") or any distribution payment date after the First Call Date at their principal amounts together with any distribution accrued to the date fixed for redemption. If the securities were not redeemed in April 2020, the dividend rate for the senior perpetual securities will step-up from the prevailing 7% to approximately 13%. While any distributions were unpaid or deferred, the Group will not declare, pay dividends or make similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

Subject to the relevant terms and conditions in the offering memorandum, the Company may elect to defer making distributions on the perpetual securities and was not subject to any limits as to the number of times a distribution can be deferred.

The fair value of the securities as at 31 December 2019 was US$153,269,000, as quoted on the Singapore Exchange Securities Trading Limited ("SGX-ST").

On 6 April 2020, the Company fully redeemed its US$175,000,000 senior perpetual capital securities issued in 2017. The redemption exercise was financed using the proceeds from the subscription of US$175,000,000 in aggregate principal amount of 11.5% senior perpetual capital securities by a private investor, resulting to no cash flow movement. Incremental cost incurred amounting to $3,924,000 incurred were recognised in equity as a deduction from proceeds.

The private investor is conferred a right to receive cash distribution on a quarterly basis from their issuance date at the rate of 8% per annum and 3.5% per annum distribution on the outstanding principal amount of the securities which shall be capitalised and added to the outstanding principal amount of the securities. In the event of any step-up event, the cash distribution rate will be increased from 8% to 13% per annum with effect from the date of occurrence of such step-up event.

The Securities have no fixed maturity and are redeemable in whole. While any distributions are unpaid or deferred, the Group will not declare, pay dividends or make similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank. The Company may elect to defer making distributions on the perpetual securities and is not subject to any limits as to the number of times a distribution can be deferred.

As a result, the Company is considered to have no contractual obligations to repay its principal or to pay any distributions and the perpetual securities do not meet the definition for classification as a financial liability under IAS 32 *Financial Instruments: Disclosure and Presentation*. The whole instrument is presented within equity, and distributions are treated as dividends.

During the year, payments amounting to $29,436,000 (2019: $16,721,000) were made to perpetual securities holders, which included a non-cash payment-in-kind of $6,304,000 (2019: Nil) capitalised in equity as an addition to the outstanding principal amount of the perpetual securities.

28. PUT OPTIONS OVER NON-CONTROLLING INTERESTS

	2020 $'000	2019 $'000
Beginning of the year	33,983	35,951
Changes in redemption value during the year (Note 6)	(1,542)	(1,968)
End of the year	32,441	33,983
Current	620	620
Non-current	31,821	33,363

The Group granted put options to the non-controlling interest holders of certain subsidiaries to sell their respective interests to the Group. The put options granted to non-controlling interests are exercisable by the minority shareholders at certain points in the future.

These put options give rise to liabilities which are recorded at the present value of the expected redemption amount (the present value of the expected exercise price of the put options). The exercise price of the put options is to approximate fair value of the non-controlling interest to be acquired at the point of exercise and is estimated using models based on forecast revenue and earnings of the subsidiaries. On initial recognition of the redemption amount liabilities, the corresponding debit has been recorded in equity.

The put option liabilities are remeasured each period based on the latest assessment of the expected redemption amount, with remeasurements taken to profit or loss.

29. OTHER RESERVES

	2020 $'000	2019 $'000
Capital reserves	72,760	62,286
Remeasurement of financial instrument carried at FVOCI	1,634	1,407
(Sale) Acquisition of interest (to) of NCI	(49,912)	1,439
Share based payment reserve	(5)	–
	24,477	65,132

Other reserve comprises capitalised transaction costs on equity instruments, gain (loss) on remeasurement of financial instruments measured at FVOCI, and surplus or loss arising from transactions with non-controlling interests such as acquisition of or sale of interest to non-controlling interest.

30. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), insurance risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Liabilities		**Assets**	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
United States dollars	143,566	100,971	33,861	27,037

The Company has investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans where they gave rise to an impact on the Group's loss for the year and/or equity.

If the relevant foreign currency changes by 10% against the functional currency of each Group entity, loss for the year and other equity will change by:

	United States Dollars	
	2020	**2019**
	$'000	**$'000**
Increase in loss for the year	10,971	7,393

30. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

As at 31 December 2020 and 2019 the Group's interest rate risk mainly arises from bank borrowings, which are at floating rates of interest pegged to Singapore Swap Offer Rate ("SOR") and Singapore Interbank Offered Rate ("SIBOR") plus margin.

The Group enters into interest rate hedging for its bank borrowings, when required.

Interest rate sensitivity analysis - Group

If interest rates increase/decrease by 0.5% (2019: 0.5%) with all other variables including tax rate being held constant, the loss for the Group will be higher/lower by $616,000 (2019: $588,000) as a result of higher/lower interest expense on these borrowings.

(b) Insurance risk

The Group has an operating segment under managed care which acts as a health maintenance organisation (HMO) to enter into short-term HMO and Administered Service Only (ASO) insurance contracts. These insurance contracts accept significant insurance risk from another party by agreeing to compensate the policyholders if a specified uncertain future event adversely affects the policy holder. The risk present is the possibility of occurrence of utilization and uncertainty of the amount and timing of resulting claims. The principal risk that the Group faces under such contracts is that the actual claims exceed the carrying amount of liabilities due to the following:

- Occurrence risk: the possibility that the number of medical cases will differ from those expected;
- Severity risk: the possibility that the cost of utilisation will differ from those expected; and
- Development risk: the possibility that changes may occur in the amount of the HMO's obligation at the end of the contract period.

The variability of risks is improved by diversification of risk loss to a large portfolio of HMO contracts as a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The variability of risk is also improved by careful selection and implementation of strategy and guidelines.

30. FINANCIAL RISK MANAGEMENT (continued)

(b) Insurance risk (continued)

These risks currently do not vary significantly in relation to the location of the risk covered by the Group and undue concentration of amounts could have minor impact on the severity of benefit payments on portfolio basis.

The Group is exposed to minimal insurance risk arising from uncertainty on the claim information as the timing of the claim payments is typically resolved within one year.

The Group has an objective to control and minimise coverage risk to reduce volatility of operating profits. The Group manages utilisation risk through the following mechanisms:

- The use and maintenance of sophisticated management information systems that provide up-to-date accurate and reliable data on risk exposure at any point in time.
- Guidelines are issued for concluding health care contracts and assuming health care risks.
- Standards are set such that prospective insured with medium to high-risk medical profile are reviewed by experts in the medical professional headed by a medical director with many years of experience in both the medical profession and the HMO industry, aiding the Group to arrive at the best underwriting decisions.
- Proactive claims handling procedures are followed to investigate all claims thereby preventing settlement of dubious or fraudulent claims.
- Diversification is accomplished by achieving sufficiently large population of risks to reduce the variability of the expected outcome. The diversification strategy seeks to ensure that underwriting risks are well diversified in terms of type and amount of risk and age.

Insurance risk sensitivity analysis

The Group's insurance contract liabilities are sensitive to the key factors such as claims experience, observed claims and payment patterns and occurrence of unforeseen events as observed in the historical loss ratios of the Group.

If the loss ratio increase/decrease by 1.0% (2019: 1.0%) with all other assumptions held constant, the loss for the Group will be higher/lower by $2,051,000 (2019: $1,944,000) as a result of higher/lower loss ratio on these insurance contract liabilities.

There has been no change to the Group's exposure to insurance risk or the manner in which it manages and measure the insurance since the previous financial year.

30. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk

The Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing with financial institutions and other counterparties with high credit rating assigned by international credit-rating agencies.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the statement of financial position. The Group's major classes of financial assets are bank deposits, trade and other receivables and debt investments.

The Group's credit risk exposure in relation to trade receivables at the end of the reporting period are set out in the provision matrix as follows:

		Trade receivables – days past due				
2020	Current	0 to 90 days	91 to 180 days	181 to 365 days	More than 365 days	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Expected credit loss rate	0.2%	1.3%	7.5%	27.2%	56.4%	6.8%
Trade receivables	154,031	85,855	22,797	14,791	23,310	300,784
Loss allowance	(335)	(1,110)	(1,702)	(4,023)	(13,146)	(20,316)
						280,468

		Trade receivables – days past due				
2019	Current	0 to 90 days	91 to 180 days	181 to 365 days	More than 365 days	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Expected credit loss rate	0.4%	1.5%	4.0%	11.3%	29.2%	2.6%
Trade receivables	172,155	85,182	14,675	10,678	13,912	296,602
Loss allowance	(656)	(1,239)	(589)	(1,208)	(4,057)	(7,749)
						288,853

30. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

The movements in credit loss allowance are as follows:

	2020	**2019**
	$'000	**$'000**
Balance as at 1 January	7,749	6,078
Charge for the year	15,543	2,419
Written back	(106)	(890)
Utilised	(2,916)	–
Currency translation differences	46	142
Balance as at 31 December	20,316	7,749

(d) Liquidity risk

The table below breaks down the Group's financial liabilities into relevant maturity groupings based on the remaining period from the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2020				
	Less than 1 year	Between 1 - 5 years	Over 5 years	Total contractual cash flow	Carrying amount
	$'000	$'000	$'000	$'000	$'000
Trade and other payables	294,661	–	–	294,661	294,661
Bank borrowings	105,759	11,249	6,236	123,244	123,244
Insurance contract provisions	205,112	–	–	205,112	205,112
Senior unsecured guaranteed bonds*	50,000	50,000	–	100,000	99,383
Lease liabilities*	32,295	76,176	17,081	125,552	115,165
Derivative liabilities	354	118,319	–	118,673	118,673
Put options over non-controlling interests	620	31,821	–	32,441	32,441
Other long-term liabilities	–	7,159	–	7,159	7,159
	688,801	294,724	23,317	1,006,842	995,838

30. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

	2019				
	Less than 1 year	Between 1 - 5 years	Over 5 years	Total contractual cash flow	Carrying amount
	$'000	$'000	$'000	$'000	$'000
Trade and other payables	186,663	–	–	186,663	186,663
Bank borrowings	79,123	25,368	13,166	117,657	117,657
Insurance contract provisions	194,404	–	–	194,404	194,404
Senior unsecured guaranteed bonds*	–	100,000	–	100,000	98,967
Lease liabilities*	29,940	68,316	22,348	120,604	105,191
Derivative liabilities	–	67,044	–	67,044	67,044
Put options over non-controlling interests	620	33,363	–	33,983	33,983
Other long-term liabilities	–	21,200	–	21,200	21,200
	490,750	315,291	35,514	841,555	825,109

* The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 December 2020, the Group is in a net current liability position of $122.8 million and net loss of $242.7 million. Borrowings of the Group amounted to $222.6 million, consisting of bank borrowings of $123.2 million (2019: $117.7 million) and senior unsecured guaranteed bonds of $99.4 million (2019: $99.0 million). Of the total borrowings, $155.8 million are due in 2021 and $58.7 million are due in 2022.

The convertible preference shares as disclosed under Note 26(b) with principal amount of US$250 million ($328.9 million) are redeemable in whole, but not in part, at the Group's option. The dividend rate of the convertible preference shares is currently 6.25% per annum. From 8 November 2021, such dividend rate will step up to 13% per annum and be payable from 8 May 2022 onwards.

On July 2021, $50.0 million of the senior unsecured guaranteed bonds issued by the Group in the Singapore Exchange Securities Trading Limited ("SGX-ST") will be due for repayment. This is disclosed in Note 25. The senior unsecured guaranteed bonds of $50.0 million have been repaid on 5 July 2021. The payment of the remaining $50.0 million of the senior unsecured guaranteed bonds is accelerated as a condition for the sale of FHA, a subsidiary of the Company and will be due for repayment by 7 July 2022.

The Company granted put options to corporate investors of Fullerton Health China Limited ("FHCL") and Fullerton China Hospital Limited ("FCHL"). These put options granted of $135.7 million are expected to be exercised on or after 31 March 2022. This is disclosed in Note 23.

On 29 June 2021, the Company entered into definitive agreements with an investor for the sale of its remaining 55% indirect interest in Fullerton Health Australia Pty Ltd ("FHA"), a subsidiary of the Company. The sale was completed on 30 September 2021 for a consideration of $163.6 million.

30. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

Based on the Group's cash flows forecast prepared up to October 2022, the Group is exposed to an increased liquidity risk in relation to their ability to fulfil the above and other obligations as and when they fall due for at least the next 12 months up to October 2022, which is premised on the Group's ability to successfully negotiate and raise additional funding by March 2022 and obtain continued support from the Group's lenders including compliance of covenants of loan agreements. Management and the directors are also confident in obtaining the additional sources of funds and has put in place certain measures as follows:

- Ability of the significant components to continue to generate sufficient cash flows from their future operations in order to meet their day-to day and planned capital expenditures. The significant components are also managing its costs by adopting an operating cost reduction strategy.

- Credit facilities from the Group's lenders continue to be available over the next twelve months or as and when is required. Subsequent to year end, $15.0 million of credit facilities have been granted to the Group.

- Exploring other sources of funding which include equity fundraising from investors, new bank loans, potential reduction of liabilities by way of conversion of certain liabilities into equity including put options granted to corporate investors in respect of FHCL and FCHL, and/or partial conversion of the convertible preference shares and perpetual securities issued by the Company into ordinary shares thereby reducing the amount of preference dividends and distributions payable thereon.

While there is a material uncertainty arising from the above matters which may affect the Group's ability to continue as a going concern, management and the directors believe that a successful outcome in the raising of additional funding from investors and the continued support from the Group's lenders will resolve the liquidity risks faced by the Group and will improve the financial position of the Group and enable it to continue operations for the foreseeable future. Having considered the Group's cash flows forecast prepared up to October 2022 which has been approved by the board of directors, management and the directors are of the view that the Group is able to continue as a going concern for at least up to October 2022. Accordingly, the financial statements have been prepared on the going concern basis and do not include any adjustments relating to the realisation and classification of asset and liability amounts that may be necessary if the Group is unable to continue as a going concern.

30. FINANCIAL RISK MANAGEMENT (continued)

(e) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

The Group's current strategy remains unchanged from the previous financial year. The Group is in compliance with externally imposed capital undertakings for the financial years ended 31 December 2020 and 31 December 2019. Externally imposed capital undertakings are mainly debt covenants included in certain loans of the Group requiring the Group to maintain gearing ratio, debt to equity ratio and debt service coverage ratio of not exceeding 4.00 times, 1.00 times and exceeding 1.50 times respectively.

The Group is in compliance with all externally imposed capital requirements.

(f) Financial instruments by category

The aggregate carrying amounts of financial assets and liabilities are as follows:

	2020	2019
	$'000	$'000
Financial assets		
Amortised cost	558,545	565,073
Fair value through profit or loss	9,599	6,197
Fair value through other comprehensive income	12,236	17,130
Financial liabilities		
Amortised cost	780,719	694,054
Fair value through profit or loss	215,119	131,055

(g) Fair value of financial assets and financial liabilities

The Group determine fair values of various financial assets and financial liabilities in the following manner:

Fair value of the Group's financial assets and liabilities that are measured at fair value on recurring basis.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

30. FINANCIAL RISK MANAGEMENT (continued)

(g) Fair value of financial assets and financial liabilities (continued)

Financial assets (liabilities)	Fair value as at (S$'000) **2020** Assets (liabilities)	**2019**	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity to the input
(i) Put options over associates (Note 23)	(118,319)	(67,044)	Level 3	Binomial Pricing Model.	EBITDA Forecast	An increase (decrease) in EBITDA forecast by 10% would result in a decrease (increase) of the put option value by approximately $4,441,000 (2019: $6,470,000)
					Discount rate	An increase (decrease) in discount rate by 0.1% would result in a decrease (increase) of the fair value by approximately $147,000 (2019: $218,000).
(ii) Contingent and deferred consideration (Note 18)	(64,005)	(30,028)	Level 3	*Discounted cash flows:* The valuation model considers the present value of the expected future payments, discounted using a risk adjusted discount rate.	Risk-adjusted discount rate of 1.09% (2019: 4.32%).	An increase (decrease) in discount rate by 0.1% would result in decrease (increase) of the fair value by approximately $20,000.
					NPAT Forecast	An increase (decrease) in NPAT by 10% would result in increase (decrease) of the fair value by $6,453,000.
(iii) Put options over non-controlling interests (Note 28)	(32,441)	(33,983)	Level 3	Binomial Pricing Model.	EBITDA Forecast	An increase in EBITDA by 10% will cause the fair value of the put options to increase by $2,185,000 (2019: $2,084,000). A decrease in EBITDA by 10% will cause the fair value of the put options to decrease by $2,312,000 (2019: $2,037,000)
					NPAT Forecast	An increase in NPAT by 10% will cause the fair value of the put options to increase by $798,000 (2019: $452,000). A decrease in NPAT by 10% will cause the fair value of the put options to decrease in fair value by $1,231,000 (2019: $451,000)
					PBT Forecast	Any increase (decrease) in PBT will cause the fair value of the put options to increase (decrease) in fair value by $1,533,000 (2019: $1,532,000) .

31. HOLDING CORPORATION

The Company's holding corporation and ultimate holding corporation is SC Sanitas Holdings Limited, incorporated in the Cayman Islands.

32. RELATED PARTY TRANSACTIONS

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

	2020	**2019**
	$'000	**$'000**
Transactions with related parties		
Management fees expense	11,907	6,886
Settlement of lease liabilities	2,797	1,920
Early termination fees	–	80
Security deposit	–	258
Advances to a related party (Note 10)	–	13,942
Advances to an associate	18,930	4,137
Deposit with a related party (Note 12)	–	6,787
Recharge of expenses to a related party	119	–
Recharge of expenses to an associate	419	344
Reimbursement of expenses by related parties	–	(710)
Management fee income from an associate (Note 4(c))	(357)	(1,000)
Revenue	–	(36)
Interest income from a related party	(621)	–
Interest expense to a related party	74	–

Related party refers to a company with common directors and common shareholders.

On 21 October 2019, a subsidiary of the Company entered into an agreement with a related party to purchase 562,500 Class A shares and 125,000 redeemable warrants for a consideration of US$5,000,000 ($6,787,000). The shares and warrants have not been transferred to the Group as the terms in the agreement have yet to be met as at 31 December 2019. The Group paid US$5,000,000 in July 2019 in accordance to the payment date in the agreement and the consideration paid is recorded a "Other assets" in Note 12 to the financial statements in prior year.

On 24 October 2019, the Company entered into an agreement with a related party to manage and perform the purchase of securities on behalf of the Group. Based on the agreement terms, the Group transferred US$10,000,000 ($13,616,000) cash for the related party to utilise the amount to purchase the securities in the open market. The full amount is recorded as "Other receivables" in Note 10 to the financial statements in prior year. As the amount was not utilised subsequent to the year end, the Group entered into another agreement with the related party on the repayment terms as disclosed in Note 10 to the financial statements in prior year.

32. RELATED PARTY TRANSACTIONS (continued)

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2020	**2019**
	$'000	**$'000**
Wages and salaries (including post-employment benefits)	6,337	6,710

Key management personnel include the Company's directors and senior management of its head office and respective subsidiaries.

33. BUSINESS COMBINATIONS AND DISPOSAL

Disposal of interest without loss of control

In November 2020, the Group entered into a sale agreement to dispose of its interest in its wholly owned subsidiary, Fullerton Health Australia Pty Ltd ("FHA") for a consideration of A$96.5 million ($97.3 million) in exchange for 55% shareholding in Figtree Topco Pty Ltd, a company incorporated to own FHA. Upon completion, the Group retains indirect control of FHA through its 55% interest in Figtree Topco Pty Ltd and its subsidiaries. As this is a disposal of interest without loss of control, the transaction has been accounted for as an equity transaction with the non-controlling interest, resulting in:

	$'000
Effect on equity of the Group	
Proceeds from sale of 45% interest in FHA	97,275
Net assets attributable to non-controlling interest	(41,159)
Increase in equity attributable to parent	56,116
Represented by:	
Increase in foreign currency translation reserve	2,104
Increase in capital reserves	52,248
Increase in retained earnings	1,764
Increase in equity attributable to parent	56,116
Effect on cashflow of the Group	
Proceeds from sale	97,275
Less: consideration receivable	(558)
Cash inflow on disposal of interest	96,717

34. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2021 and which the Group has not early adopted:

Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

IFRS 17 *Insurance Contracts*

IFRS 17 is effective for annual periods beginning on or after 1 January 2023.

On 17 March 2020, The International Accounting Standards Board (IASB) has proposed that the effective date of IFRS 17 Insurance Contracts will be deferred to annual reporting periods beginning on or after 1 January 2023. The IASB also decided to extend the exemption currently in place for some insurers regarding the application of IFRS 9 Financial Instruments to enable them to implement both IFRS 9 and IFRS 17 at the same time.

The IASB expects to issue the amendments to IFRS 17 in the second quarter of 2020. The Accounting Standards Council ("ASC")'s policy position has been to align Singapore accounting standards with IFRS and plans to apply the same effective date.

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*.

The Standard outlines a Building Block Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach. The model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty; it takes into account market interest rates and the impact of policyholders' options and guarantees.

Profit from selling insurance policies is deferred in a separate liability component on day 1 and aggregated in groups of insurance contracts; it is then reported systematically through profit or loss over the period during which insurers provide cover after making adjustments from changes in assumptions relating to future coverage.

Management anticipates that the initial application of the IFRS 17 will result in changes to the accounting policies relating to insurance contract liabilities. Additional disclosures will also be made with respect of insurance contract liabilities, including any significant judgement and estimation made. The new standard will have an effect on the Group's subsidiary which provides managed care plans. Management is in the process of reviewing the standard. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the financial statements in the period of initial application. Management does not plan to early adopt the new IFRS 17.

35. SUBSEQUENT EVENTS

Disposal of subsidiary group in Australia and waiver of breach in covenants

Under the terms of the Reimbursement and Indemnity Agreement (RIA) dated 7 July 2016 entered into with Credit Guarantee & Investment Facility, a trust fund of the Asian Development Bank ("CGIF"), the Company is restricted from disposing any material subsidiary without the prior written approval of CGIF. In connection with the Company's plan to sell its remaining 55% indirect interest in Fullerton Health Australia Pty Ltd ("FHA"), a subsidiary of the Company, the Company obtained a letter from CGIF approving such disposal on 28 June 2021.

On 29 June 2021, the Company entered into definitive agreements with a non-controlling shareholder of FHA for the sale of its remaining 55% indirect interest in FHA. The sale was completed and the Company fully disposed of its indirect interest in FHA on 30 September 2021 for a consideration of $163.6 million.

Non- compliance in timing of provision of audited financial statement

The Company is required to provide copies of its audited consolidated financial statements to its lenders within 120 days after the end of each fiscal year. Unless requisite waivers are obtained, a delay in the provision of the financial statements will constitute as a non-compliance under the terms of certain facilities which may result in certain outstandings under the facilities to become due and payable immediately, step up in interest rate or guarantee fees or enforcement of security interests. Subsequent to year end, the total borrowings that is due and payable immediately as a result of this delay in provision of audited financial statements is $93.2m. However, as at the date of the accounts, there has not been any request from any lenders for the repayment of any outstanding borrowings as a result of this non-compliance.

Compliance Matters

In early May 2021, the Group received a complaint from an anonymous external party concerning a matter regarding the conduct of certain aspects of our business practices in two countries where we provide medical services alleging that such practices, purportedly undertaken by an executive director of the Group, are improper. The Company has commenced an investigation into these allegations and is assisted by two external professional parties. The investigation is currently on-going and is centered on certain claims for expense reimbursement submitted by the said executive director which amounts to a total of approximately S$540,000 over 2 years. There are currently no claims or proceedings against the Group in connection with the afore-mentioned allegations. We have estimated the amount of reasonably possible loss in connection with this matter and believe, based on currently available information, that such loss (if any) will not have a material adverse effect on our financial and operational condition.

36. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Fullerton Healthcare Corporation Limited on 11 October 2021.

Please note the following statements from the auditors, Deloitte & Touche LLP:

(a) Our audit report on the financial statements is prepared solely for the Company and for the purpose of complying with the Company's obligation to provide the audited consolidated financial statements to the Trustee of the senior unsecured guaranteed bonds issued by the Company pursuant to the Trust Deed Constituting S$50,000,000 2.45 Per Cent. Senior Unsecured Guaranteed Bonds Due 2021 and the Trust Deed Constituting S$50,000,000 2.75 Per Cent. Senior Unsecured Guaranteed Bonds Due 2023 (the "Trustee") and for no other purpose. Our audit report should not be referred to in any document or distributed to any other party without our prior written consent.

(b) Disclosure of our audit report on SGXNet is on the basis that (i) our audit report and the information in it should not be treated as sufficient, complete, adequate or suitable for the purposes of any other party as items of possible interest to any other party may not have been specifically addressed; and (ii) Deloitte & Touche LLP, its partners, principals, and employees have no responsibility for any decision of any other party nor any responsibility to advise or consult with any other party regarding possible use of the audit report in connection with any decisions, and Deloitte & Touche LLP specifically disclaims its association with any such decisions.

(c) To the fullest extent permitted by law, Deloitte & Touche LLP, its partners, principals and employees neither owe nor accept any duty (whether in contract or in tort or howsoever arising, including without limitation, negligence and breach of statutory duty) nor assume any responsibility to the Company or any other party in respect of any loss, damage or expense of whatsoever nature arising from any other party's use of and reliance on our audit report and any other statements made by Deloitte & Touche LLP relating to the audit. If any other party wishes to rely upon our audit report or any such information, they do so entirely at their own risk.

(d) For the avoidance of doubt, the reference to "any other party" in the three preceding paragraphs includes without limitation, any person or entity who accesses our audit report on SGXNet, the Trustee, holders of bonds issued by the Company, existing and/or potential bidder(s) for shares in the Company and/or the Group, existing and/or potential investors in the Company and/or the Group (excluding legal shareholders of the Company as identified in the statutory register of shareholders (or such equivalent as is provided for under written law)), advisers to the aforesaid bidder(s) and/or investor(s), and existing and/or potential lenders to the Company and/or the Group.