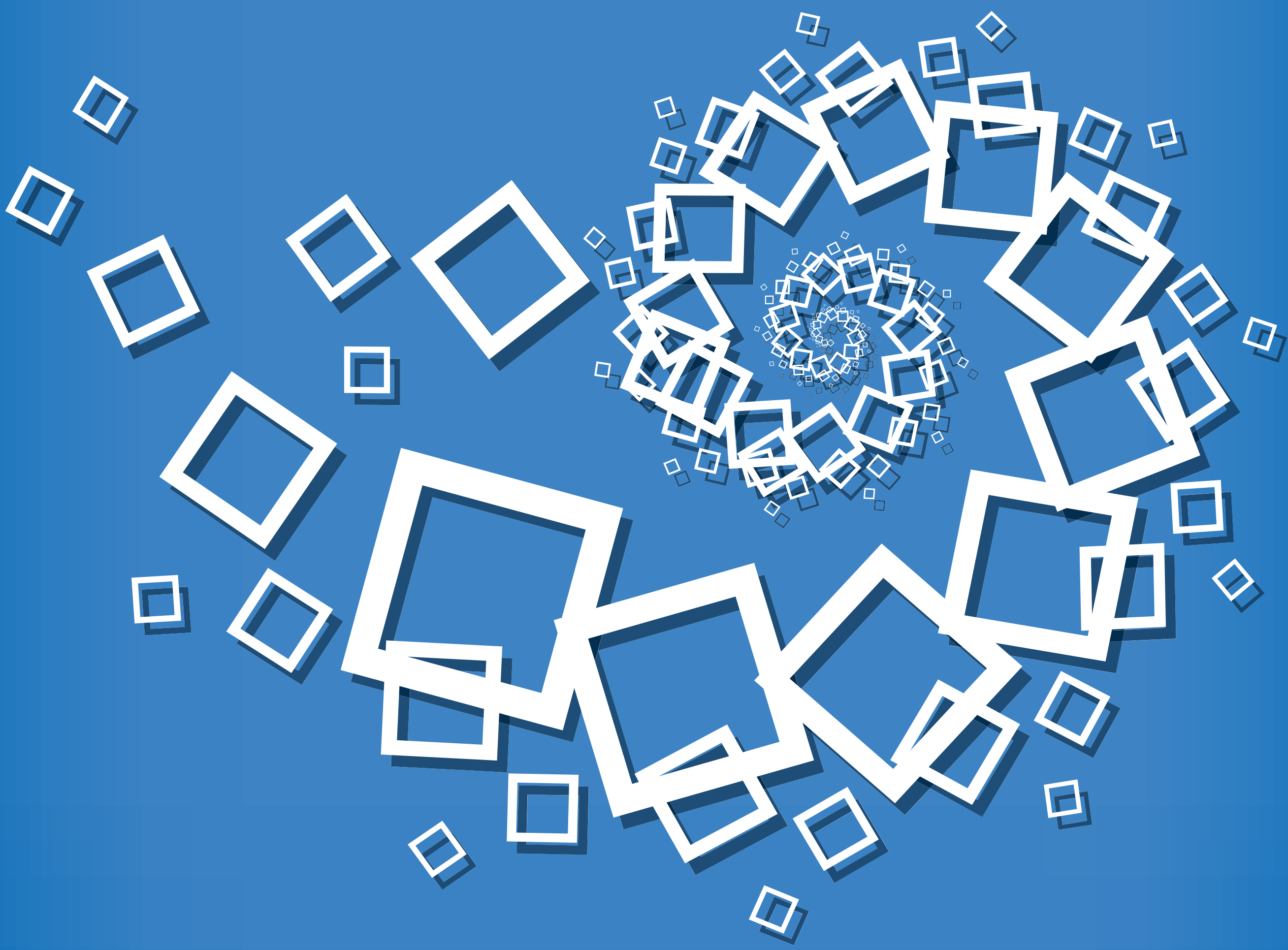
TALKMED GROUP



ANNUAL REPORT 2018

CONTENTS

CORPORATE INFORMATION	01
CORPORATE PROFILE	02
MESSAGE TO SHAREHOLDERS	04
FINANCIAL & OPERATIONS HIGHLIGHTS	06
BOARD OF DIRECTORS	07
KEY MANAGEMENT/EXECUTIVE OFFICERS	11
CORPORATE GOVERNANCE REPORT	12
FINANCIAL CONTENTS	
DIRECTORS' STATEMENT	30
INDEPENDENT AUDITOR'S REPORT	34
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	38
STATEMENTS OF FINANCIAL POSITION	39
STATEMENTS OF CHANGES IN EQUITY	41
CONSOLIDATED CASH FLOW STATEMENT	44
NOTES TO THE FINANCIAL STATEMENTS	45
STATISTICS OF SHAREHOLDINGS	98
NOTICE OF SIXTH ANNUAL GENERAL MEETING	100
PROXY FORM	

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Hong Leong Finance Limited for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report. The contact person for the Sponsor is Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr S. Chandra Das
(Non-Executive Chairman and Independent Director)

Dr Ang Peng Tiam
(Executive Director and Chief Executive Officer)

Dr Khoo Kei Siong
(Executive Director and Chief Operating Officer)

Mr Sitoh Yih Pin
(Independent Director)

Mr Dan Yock Hian
(Independent Director)

Mr Lim Jen Howe
(Non-Executive Director)

Mr Lim Teong Jin George
(Non-Executive Director)

AUDIT AND RISK COMMITTEE

Mr Sitoh Yih Pin (Chairman)
Mr Dan Yock Hian
Mr Lim Jen Howe

REMUNERATION COMMITTEE

Mr S. Chandra Das (Chairman)
Mr Sitoh Yih Pin
Mr Lim Teong Jin George

NOMINATING COMMITTEE

Mr S. Chandra Das (Chairman)
Dr Ang Peng Tiam
Mr Dan Yock Hian

COMPANY SECRETARIES

Mr Lee Boon Yong
Mr Lim Heng Chong Benny
Ms Chin Su Xian

REGISTERED OFFICE

101 Thomson Road
#09-02 United Square
Singapore 307591
Telephone No. : (65) 6258 6918
Facsimile : (65) 6258 0648
Website : www.talkmed.com.sg

PRINCIPAL PLACE OF BUSINESS

3 Mount Elizabeth
Mount Elizabeth Hospital Level 2
Singapore 228510

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

SPONSOR

Hong Leong Finance Limited
16 Raffles Quay
#01-05 Hong Leong Building
Singapore 048581

AUDITOR

Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583

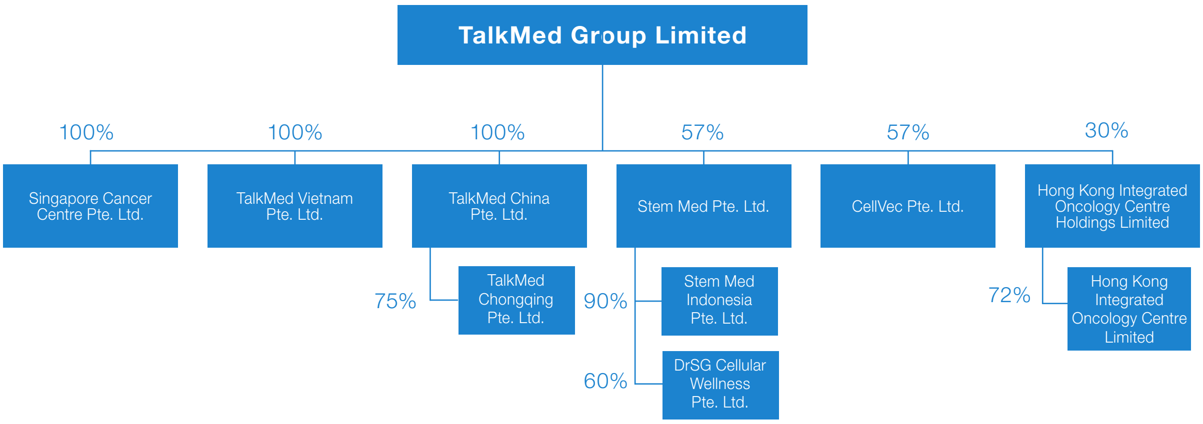
Partner-in-charge: Ho Shyan Yan (appointed since the financial year ended 31 December 2018)
Chartered Accountant,
a member of the Institute of Singapore Chartered Accountants

PRINCIPAL BANKER

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
#06-00 OCBC Centre
Singapore 049513

CORPORATE PROFILE

TalkMed Group Limited ("**TalkMed**") was incorporated on 10 September 2013 in Singapore and listed on the Catalist board of Singapore Exchange Securities Trading Limited on 30 January 2014. TalkMed and its group of companies (collectively, the "**Group**") is primarily a premier provider of medical oncology, stem cell transplants and palliative care services, serving patients in Singapore and the region. Over the past few years, the Group has also expanded its footprint to other parts of Asia. The Group structure as of March 2019 is as follows:



ABOUT SINGAPORE CANCER CENTRE PTE. LTD. (SCC)

SCC commenced operations in November 2006 and provides multidisciplinary medical oncology services, stem cell transplant and palliative care services. SCC's clinical functions include attending to patients, examining and administering medical treatment to patients and performing minor outpatient surgical procedures, prescribing medicines and investigations such as laboratory tests or diagnostic procedures. These clinical functions also include the review of investigation results and follow-up care with the patient.

As of March 2019, the Group has sixteen doctors operating at nine clinics in Gleneagles Hospital Singapore, Mount Elizabeth Hospital Singapore, Mount Elizabeth Medical Centre and Mount Elizabeth Novena Specialist Centre Singapore, which are operated by Parkway Hospitals Singapore Pte. Ltd.. SCC has established itself as one of the market leaders in medical tourism in Singapore with foreign patients accounting for the majority of its patient-load in the past few years.

ABOUT TALKMED VIETNAM PTE. LTD. (TalkMed Vietnam)

TalkMed Vietnam was set up in March 2014 and pursuant to its incorporation, it partnered with Thu Cuc International General Hospital to set up a medical centre known as Singapore Cancer Centre Thu Cuc that provides specialist medical oncology services in Hanoi, Vietnam.

CORPORATE PROFILE

ABOUT TALKMED CHINA PTE. LTD. (TalkMed China)

In September 2017, the Group incorporated a wholly-owned subsidiary, TalkMed China to explore healthcare-related collaborations in China. Subsequently, TalkMed China incorporated a 75%-owned subsidiary, TalkMed Chongqing Pte. Ltd. with the aim of providing healthcare management services in Chongqing, China.

ABOUT STEM MED PTE. LTD. (Stem Med)

Set up in January 2015, Stem Med is the first private stem cell banking facility in Singapore that specialises in the processing, cryopreservation and storage of adult stem cells. Stem Med's cellular laboratory is licensed by the Singapore Ministry of Health under the Private Hospitals And Medical Clinics Act (Chapter 248) and compliant with EC GMP Guidelines, ISO 14644:2015 and the relevant sections of the Institute Of Environmental Science and Technology Recommended Practice, IEST-RP-CC006.3 and the National Environmental Balancing Bureau (NEBB) Procedural Standards for Certified Testing of Cleanrooms (3rd Edition). Its cellular laboratory is also certified ISO Class 5, Class 6 and Class 8 Cleanroom with high-efficiency particulate air (HEPA).

In March 2017, Stem Med incorporated Stem Med Indonesia Pte. Ltd., a 90%-owned subsidiary, to explore business opportunities in Indonesia in the areas of operation of cellular laboratories, storage facilities and cellular therapeutics clinics.

In October 2017, Stem Med incorporated a 60%-owned subsidiary, DrSG Cellular Wellness Pte. Ltd., with A DrBrand Pte. Ltd. ("**ADB**") holding the other 40%. Capitalising on the expertise of both Stem Med and ADB in the fields of stem cell technology and aesthetics respectively, this subsidiary plans to research and produce highly-effective products and technologically-advanced treatments for hair rejuvenation and customised skin care for the global beauty market.

ABOUT CELLVEC PTE. LTD. (CellVec)

In August 2018, we entered into a shareholders' agreement with StemCord Pte Ltd and Dr Lim Zi-Yi to incorporate CellVec, where the Group holds a 57% stake. CellVec provides cellular and gene therapy services, with a focus on the development of novel platform viral vector technologies that strive to advance genetic modification of cellular therapy.

Subsequent to CellVec's incorporation, the cellular and gene therapy division of Stem Med has been transferred and consolidated into CellVec, while Stem Med continues to focus on the provision of services that are related to the processing, cryopreservation and storage of stem cells as well as regenerative medicine.

ABOUT HONG KONG INTEGRATED ONCOLOGY CENTRE HOLDINGS LIMITED (HKH)

HKH is the controlling shareholder of Hong Kong Integrated Oncology Centre Limited ("**HKIOC**"), which provides a comprehensive range of services with the concept of "Total Cancer Care" and "Tumor Board Approach". The services include cancer prevention, screening, imaging and diagnosis, multidisciplinary cancer treatment (including radiotherapy through its strategic partnership with Hong Kong Adventist Hospital) and after-treatment care in Hong Kong.

HKIOC currently operates out of three clinics that are located on Hong Kong island and in Kowloon with eight clinical oncologists and three radiologists.

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

On behalf of the Board of Directors (the "**Board**") of TalkMed Group Limited ("**TalkMed**" or the "**Company**") and its group of companies (the "**Group**"), I am pleased to present our Annual Report for the financial year ended 31 December 2018 ("**FY2018**"). I will provide a review of our business in Singapore and overseas, and discuss the business outlook and our strategy in the following sections.

Singapore

Our strong reputation in oncology services in Singapore continued to attract a stable flow of patients from both Singapore and the region. Out of the Group's revenue of S$61.3 million for FY2018, oncology services in Singapore contributed S$59.4 million, 0.4% higher than the financial year ended 31 December 2017 ("**FY2017**").

Stem Med Pte. Ltd. ("**Stem Med**"), a 57%-owned subsidiary with a focus on stem cell banking, generated revenue of S$1.3 million in FY2018, S$0.4 million lower than FY2017. While the revenue contribution from Stem Med has been relatively small, it is a highly-specialised business with a global market that is projected to grow from US$6.3 billion in 2018 to US$9.3 billion in 2023, a compound annual growth rate of 8.2%[1]. We foresee demand growing as the public becomes increasingly aware of the therapeutic potential of stem cells.

There is also potential in the area of cellular and gene therapy which has seen a significant global increase in the demand for cellular therapy. As one of the few entities to possess both the technology and the know-how, Stem Med set up its cellular and gene therapy division in March 2017.

In August 2018, we entered into a shareholders' agreement with StemCord Pte Ltd and Dr Lim Zi-Yi to incorporate CellVec Pte. Ltd. ("**CellVec**") which had since taken over the cellular and gene therapy division of Stem Med. Stem Med continues to focus on the provision of services related to the processing, cryopreservation and storage of stem cells as well as regenerative medicine.

CellVec has built the first cGMP centre in the region focused on the development and production of viral vectors, which are critical starting materials needed by biotechnology companies for their cellular therapies. Strategically, as a niche biomanufacturing player, CellVec is well-placed to serve a burgeoning global market.

Overseas

In Vietnam, revenue from our operations, which were carried out through our wholly-owned subsidiary, TalkMed Vietnam Pte. Ltd., increased by 5.3% to S$0.3 million in FY2018. Vietnam is one of the fastest growing economies in Southeast Asia with a rapidly growing middle class[2]. While the business is driven by our local business partner, we will engage in proactive marketing efforts in the future.

In Hong Kong, we have seen encouraging progress as our share of loss after tax from the Group's associate, Hong Kong Integrated Oncology Centre Holdings Limited ("**HKH**"), narrowed from S$1.8 million in FY2017 to S$1.1 million in FY2018. On an annual basis, the EBITDA for FY2018 for our Hong Kong operations has turned positive. As part of its expansion plans, HKH's new clinic in Kowloon started operations in December 2018. Though initial investment in a new facility may weigh down on financial performance, we are confident that this will pay off in the long run. We are also reviewing our strategies in Hong Kong and will increase our presence when opportunity arises.

[1] https://www.marketsandmarkets.com/PressReleases/stem-cell-banking.asp
[2] https://english.vietnamnet.vn/fms/business/198930/1-5-million-vietnamese-join-middle-class-each-year.html

MESSAGE TO SHAREHOLDERS

In China, we have familiarised ourselves with the local market and regulations, and are seeking to tap on the large market. In August 2018, we entered into a collaboration framework agreement (the "**Agreement**") with the People's Government of Yongchuan District, Chongqing Municipality, with the intention of establishing a Sino-Singapore International Cancer Hospital in Chongqing. The Agreement was entered into against the broad background of the China-Singapore (Chongqing) Connectivity Initiative. Discussions are ongoing.

Strategy and outlook

TalkMed was founded on a mission to care for patients while returning value to our shareholders. To do this, we have continued to enlarge our medical team over the past year. Dr Richard Quek and Dr Wong Chiung Ing joined the Group in 2018, and Dr Lee Yuh Shan joined us in March 2019. Dr Quek was the Deputy Head of the Division of Medical Oncology at National Cancer Centre Singapore and brings with him over 20 years of research and clinical experience. Dr Wong has extensive research and clinical experience in the diagnosis and treatment of adult cancers and she has a special interest in breast and gynaecological cancers. Dr Lee has extensive experience in the treatment of chronic lymphocytic leukaemia and aggressive lymphoma. Together, they bring the total number of doctors in Singapore to 16.

Financially, we maintain a strong financial position with net cash[3] of S$68.9 million as at 31 December 2018. This provides us with ample resources and gives us options for future growth.

Appreciation

On behalf of the Board, I would like to thank our management team, staff and business associates for their dedication to our patients and for their hard work in 2018. We also appreciate our shareholders' continued trust and support in the Group. We have proposed a final dividend of 1.065 Singapore cents per share. Together with the interim dividend of 0.761 Singapore cents per share, the total dividend represents an 83.0% pay-out for FY2018.

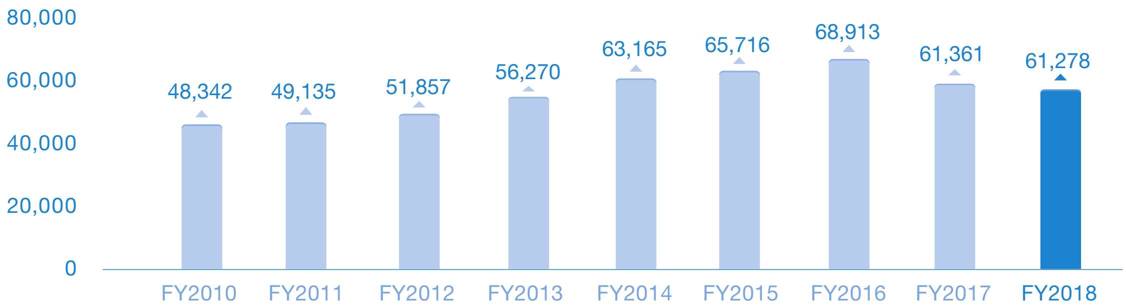
TalkMed opens the new financial year with strong stable growth in our time-tested oncology-related medical services as well as exciting new frontiers in stem cell and cellular therapy-related businesses. Together, we believe they will create lasting value for our shareholders.

Mr S. Chandra Das
Chairman

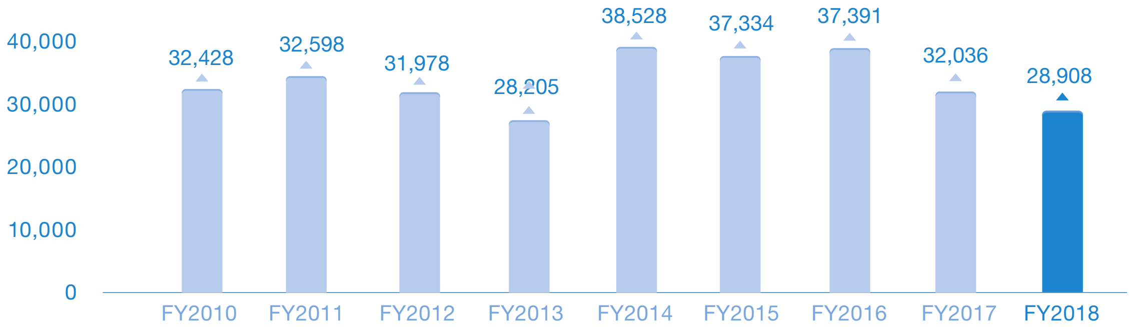
[3] Net cash is defined as cash and short-term deposits less loans from non-controlling shareholder to subsidiaries.

FINANCIAL & OPERATIONS HIGHLIGHTS

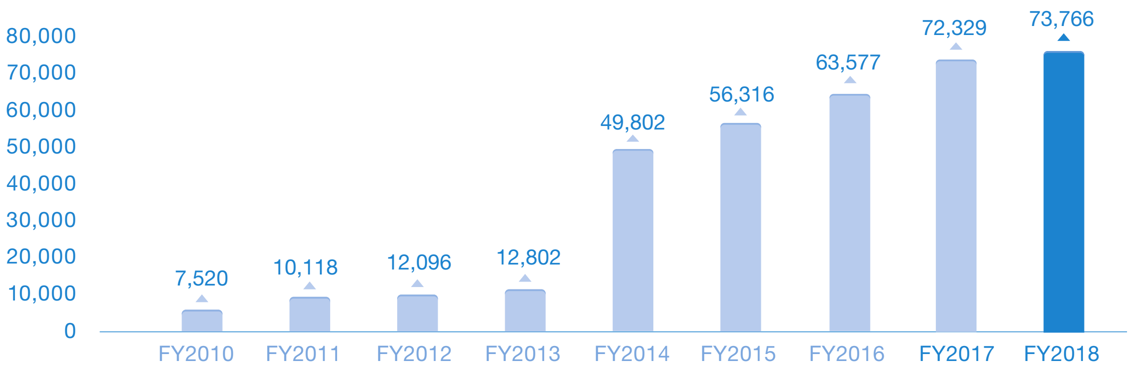
REVENUE (S$'000)



PROFIT ATTRIBUTABLE TO SHAREHOLDERS (S$'000)



TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS (S$'000)



	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
NUMBER OF CLINICS	6	6	7	7	8	8	9	8	9

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
NUMBER OF DOCTORS	8	8	8	12	12	13	13	14	15

BOARD OF DIRECTORS

MR S. CHANDRA DAS, 79

Non-Executive Chairman and Independent Director

Mr S. Chandra Das, who is residing in Singapore, joined the board as Non-Executive Chairman and Independent Director on 23 December 2013, and was last re-appointed as a director on 24 April 2018. He is also the Chairman of both our Remuneration and Nominating Committees. He is currently the Managing Director of NUR Investment & Trading Pte Ltd. He is the Deputy Chairman of Yeo Hiap Seng Limited and was an independent director of Super Group Ltd. Currently, he is Singapore's Non-Resident High Commissioner to Sri Lanka and Pro-Chancellor at Nanyang Technological University (NTU).

Mr Das was the Chairman of the Trade Development Board from 1983 to 1986 and Chairman of NTUC Fairprice from 1993 to 2005. He served as a Member of Parliament from 1980 to 1996.

He graduated from the then University of Singapore (now known as the National University of Singapore) in 1965 with a Bachelor of Arts (Hons) in Economics and holds a Certificate-in-Education from the former Singapore Teachers' Training College.

Mr Das has won several awards and accolades in his career including the Distinguished Service Award in 2001 and the Distinguished Service (Star) Award in 2005, both awarded by the National Trades Union Congress. He was also conferred Honorary Doctorates by University of Newcastle, Australia and by St John's University, New York, in 2005. In 2014, as the Ambassador (Non-Resident) to Turkey, Mr Das was awarded the Public Service Star (Bintang Bakti Masyarakat).

DR ANG PENG TIAM, 60

Executive Director and Chief Executive Officer (CEO)

Dr Ang Peng Tiam, who is residing in Singapore, is our Executive Director and CEO and he was first appointed to our Board on 10 September 2013, and was last re-appointed as a director on 25 April 2017. He is a member of the Nominating Committee. Dr Ang provides the vision and the strategic direction for our Group. Dr Ang is currently Medical Director and Senior Consultant of Parkway Cancer Centre at Mount Elizabeth Hospital, where he provides the clinical and operational leadership in the provision of care and treatment for cancer patients.

From 1991 to 1997, Dr Ang was the Founding Head of Department of Medical Oncology at Singapore General Hospital, Singapore's oldest and largest tertiary acute hospital and national referral centre. He held a concurrent post of Clinical Associate Professor of Medicine from National University of Medicine since 1996. He began his training in Medical Oncology at Singapore General Hospital in 1986 and continued his training as a Fellow in Medical Oncology at the University of Texas, MD Anderson Cancer Centre in Houston, Texas in 1989 and at the Division of Oncology at Stanford University in Palo Alto, California in 1989. Dr Ang started his career as an Internal Medicine Resident in the National University Hospital after serving as Medical Staff Officer at the Medical Services Headquarters in the Singapore Armed Forces.

Dr Ang holds a Bachelor of Medicine and Surgery from the University of Singapore and a Master of Medicine (Internal Medicine) from the National University of Singapore. He also holds a Certificate of Specialist Accreditation in Medical Oncology from the Ministry of Health (Singapore). Dr Ang holds fellowships in many institutions. He is a Fellow of the Academy of Medicine (Singapore), the American College of Physicians (USA), the Royal College of Physicians (Edinburgh) and the Royal College of Physicians (London).

Dr Ang's academic achievements include President's Scholarship (1977), Prof Sir Gordon Arthur Ransome Gold Medal (1986), and National Science Award (1996).

BOARD OF DIRECTORS

DR KHOO KEI SIONG, 57

Executive Director and Chief Operating Officer (COO)

Dr Khoo Kei Siong, who is residing in Singapore, is our Executive Director and COO and was first appointed to our Board on 10 September 2013, and was last re-appointed as a director on 25 April 2017. Dr Khoo is currently the Deputy Medical Director and Senior Consultant of Parkway Cancer Centre at Gleneagles Hospital, where he provides the clinical and operational leadership in the provision of care and treatment for cancer patients.

From 1999 to 2004, Dr Khoo was a Senior Consultant at the National Cancer Centre, one of the leading regional centres for the research and treatment of cancer. During his tenure, he held senior management positions including the Director of the Division of Clinical Trials and Epidemiological Sciences (1999 to 2002) and Head of the Department of Medical Oncology (2001 to 2004). He started his career as a resident in Singapore General Hospital ("**SGH**") in 1989. After attaining his postgraduate qualification in internal medicine, he pursued further training in medical oncology in SGH and the Memorial Sloan-Kettering Cancer Center in New York.

Dr Khoo holds a Bachelor of Medicine and Surgery from the University of Singapore and a Master of Medicine (Internal Medicine) from the National University of Singapore. He also holds a Certificate of Specialist Accreditation in Medical Oncology from the Ministry of Health (Singapore). He is a Fellow of the Academy of Medicine (Singapore) and the Royal College of Physicians (Edinburgh), as well as member of the American Society of Clinical Oncology, and the European Society of Medical Oncology. In addition, he is the Assistant Master in the Council of the Academy of Medicine Singapore and a Council Member of the Asian Clinical Oncology Society.

Dr Khoo sits on the Medical Board of Eu Yan Sang Integrative Health as Chairman and is Deputy Chairman of the Medicine Advisory Committee of the Health Sciences Authority.

Dr Khoo's other principal commitments (including directorships) are as follows:

- Singapore Cancer Centre Pte. Ltd.
- Academy of Medicine Singapore
- Haematology and Cancer Centre Pte. Ltd.
- NCC Technology Ventures Pte Ltd
- MedInc Pte Ltd
- Medical Oncology Specialist Clinic Pte. Ltd.
- AYSUS Pte. Ltd.
- TalkMed Vietnam Pte. Ltd.
- Stem Med Pte. Ltd.
- Stem Med Indonesia Pte. Ltd.
- Hong Kong Integrated Oncology Centre Holdings Limited
- TalkMed China Pte. Ltd.
- TalkMed Chongqing Pte. Ltd.
- CellVec Pte. Ltd.

MR SITOH YIH PIN, 55

Independent Director

Mr Sitoh, who is residing in Singapore, was first appointed to our Board as an Independent Director of the Company on 23 December 2013, and was last re-appointed as an Independent Director on 24 April 2018. He serves as Chairman of the Audit and Risk Committee and is also a member of the Remuneration Committee. Mr Sitoh does not hold any shares in the Company or any of its subsidiaries.

Mr Sitoh is a Chartered Accountant and a director of Nexia TS Public Accounting Corporation. Mr Sitoh is the Member of Parliament for Potong Pasir constituency.

Mr Sitoh is also presently the Non-Executive Chairman and Independent Director of ISEC Healthcare Ltd..

Mr Sitoh holds a Bachelor of Accountancy (Honours) degree from the National University of Singapore and is a Fellow member of both the Institute of Singapore Chartered Accountants and Chartered Accountants Australia and New Zealand.

BOARD OF DIRECTORS

MR DAN YOCK HIAN, 52

Independent Director

Mr Dan, who is residing in Singapore, was first appointed to our Board as an Independent Director of the Company on 23 December 2013, and was last re-appointed as an Independent Director on 28 April 2016. He is a member of our Audit and Risk Committee and Nominating Committee. Mr Dan runs DYH Associates, where he is a consultant in providing corporate advisory services.

He was a Senior Director at nTan Corporate Advisory Pte Ltd, a boutique corporate finance and corporate restructuring firm, from 2001 to 2009 and became its consultant from 2010 to 2012. Prior to that, he was a Senior Manager at Deloitte & Touche, one of the big four multinational professional services firms, from 1998 to 2001. Mr Dan started his career in Price Waterhouse, another multinational professional services firm belonging to the big four, from 1990 to 1998. In the preceding 5 years, Mr Dan was a director of Global Healthcare SG Pte. Ltd..

Mr Dan holds a Bachelor of Accountancy degree from the National University of Singapore. He is a member of the Institute of Singapore Chartered Accountants and Chartered Accountants Australia and New Zealand.

MR LIM JEN HOWE, 65

Non-Executive Director

Mr Lim Jen Howe, who is residing in Singapore, is a Non-Executive Director and was first appointed to our Board on 23 December 2013, and was last re-appointed as a director on 25 April 2017. He is a member of the Audit and Risk Committee.

Mr Lim has more than 35 years of experience in finance and accounting. He has been a practising Public Accountant for more than 30 years and is a founding partner of Thong & Lim, Chartered Accountants of Singapore.

Mr Lim holds a Master of Science from London Business School, and is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Institute of Singapore Chartered Accountants.

Mr Lim is also an independent director of ABR Holdings Limited and his other principal commitments in non-listed entities (including directorships) are as follows:

- Arbour Fine Art Pte Ltd
- Thong & Lim Consultants Private Limited
- Period Properties Pte Ltd
- T & L Support Services Pte. Ltd.
- The Anglo-Chinese School Foundation Limited
- Caregivers Alliance Limited
- Anglo-Chinese School Board of Governors

BOARD OF DIRECTORS

MR LIM TEONG JIN GEORGE, 63

Non-Executive Director

Mr George Lim, who is residing in Singapore, is our Non-Executive Director and was first appointed to our Board on 23 December 2013, and was last re-appointed as a director on 24 April 2018. He is a member of the Remuneration Committee. Mr Lim is a Senior Counsel, and was President of the Law Society between 1998 and 1999. He is currently a Consultant with Wee Tay & Lim LLP.

Mr Lim graduated from the National University of Singapore, and was admitted as an Advocate and Solicitor of the Supreme Court of Singapore in 1982. He was appointed Senior Counsel on 9 January 2010, and is currently a Senate member of the Singapore Academy of Law.

Mr Lim is a certified mediator with the International Mediation Institute, and sits on its board. He is also on the panel of arbitrators of the Singapore International Arbitration Centre (SIAC). He is the Dispute Resolution Counsellor of the National Electricity Market of Singapore, and manages the dispute management process of the electricity market.

In January 2017, Mr Lim was appointed Chairman of the Singapore International Mediation Centre. He is the co-editor of *Mediation in Singapore: A Practical Guide*. In 2018, Mr Lim was identified by *The International Who's Who of Commercial Mediation* as being among 380 of the world's leading commercial mediators and was named a global thought leader in mediation.

KEY MANAGEMENT/ EXECUTIVE OFFICERS

Our Executive Officers comprise our Executive Directors, Dr Ang Peng Tiam and Dr Khoo Kei Siong, and our Chief Financial Officer ("**CFO**"), Mr Lee Boon Yong. The particulars of Dr Ang and Dr Khoo are set out in the "Board of Directors" section.

MR LEE BOON YONG

Chief Financial Officer (CFO)

Mr Lee Boon Yong was appointed the CFO of our Group on 1 September 2014. He is responsible for overseeing the finance, accounting and regulatory compliance functions of our Group. Additionally, he leads the Group's merger and acquisition activities, as well as evaluates the Group's funding needs and options. He has more than 15 years of experience in financial auditing, corporate finance and corporate restructuring work.

Prior to joining the Group, he was an Associate Director at nTan Corporate Advisory Pte Ltd, where he advised clients which included companies listed on the Mainboard of the Singapore Exchange Securities Trading Limited on corporate restructuring plans and corporate finance matters. Mr Lee had also practised at Ernst & Young, initially in audit and later in transaction advisory, as a senior associate.

Mr Lee graduated in 2002 from the Nanyang Technological University with a Bachelor of Accountancy (Second Upper Honours). He is a member of the Institute of Singapore Chartered Accountants and Chartered Accountants Australia and New Zealand.

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**") of TalkMed Group Limited (the "**Company**") is committed to maintaining high standards of corporate governance, business integrity and professionalism within the Company and its subsidiaries (collectively, the "**Group**") to safeguard the interests of all its stakeholders and to promote investors' confidence and support.

This report describes the Group's ongoing efforts in the financial year ended 31 December 2018 ("**FY2018**") in keeping pace with the evolving corporate governance practices and complying with the Code of Corporate Governance 2012 (the "**Code**"). The Board confirms that the Company has adhered to the principles and guidelines as set out in the Code. Where there are deviations from the Code, appropriate explanations are provided.

A. BOARD MATTERS

Principle 1 – The Board's Conduct of its Affairs

The primary function of the Board is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board oversees the business affairs of the Group. The Board has the overall responsibility for reviewing the strategic plans and performance objectives, financial plans and annual budget, key operational initiatives, major funding and investment proposal, financial performance reviews, and corporate governance practices. The management ("**Management**") also plays a pivotal role in providing Board members with complete, adequate and timely information to assist the Board in the fulfilment of its responsibilities.

The Board recognises that its principal duties include:

- providing entrepreneurial leadership, setting the Group's strategic objectives, and ensuring that adequate financial and human resources are in place for the Group to meet its objectives;
- overseeing the process for evaluating the adequacy and integrity of the Group's internal controls, risk management, financial reporting systems and compliance;
- reviewing and monitoring the performance of Management towards achieving organisational goals and overseeing succession planning for Management;
- setting corporate values and standards for the Group (including ethical standards) to ensure that the obligations to shareholders and other stakeholders are understood and met;
- ensuring accurate and timely reporting in communication with shareholders; and
- considering sustainability issues including environmental and social factors in the Group's strategic formulation.

The Group has adopted and documented internal guidelines setting forth matters that require the Board's approval. The types of material transactions that require the Board's approval under such guidelines are listed below:

- strategies and objectives of the Group;
- annual budgets and business plan;
- announcements of quarterly and full year financial results and release of annual reports;
- issuance of shares;
- declaration of interim dividends and proposal of final dividends;
- convening of shareholders' meetings;
- investment, divestment or capital expenditure;
- commitments to term loans and lines of credit from banks and financial institutions; and
- interested person transactions.

CORPORATE GOVERNANCE REPORT

The Management is responsible for day-to-day operations and administration of the Group and is accountable to the Board. Clear directions have been given to the Management that such reserved matters must be approved by the Board.

The Board has delegated specific responsibilities to various Board committees, namely the Audit and Risk Committee ("**ARC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (each a "**Board Committee**" and collectively, the "**Board Committees**") to assist the Board in carrying out and discharging its duties and responsibilities efficiently and effectively. These Board Committees are made up of mainly Non-Executive Directors and Independent Directors, each chaired by an Independent Director. Each Board Committee has its own specific written terms of reference which clearly set out its objectives, scope of duties and responsibilities, rules and regulations, and procedures governing the manner in which it is to operate and how decisions are to be taken.

All the meeting dates of the Board and Board Committees as well as annual general meeting ("**AGM**") have been scheduled one (1) year in advance. To assist Directors in planning their attendance, the Company Secretary consults every Director before fixing the dates of these meetings. The Board meets regularly with at least four (4) scheduled meetings held on a quarterly basis within each financial year to approve, amongst others, announcements of the Group's quarterly and full year financial results. Ad hoc meetings are also convened to discuss and deliberate on urgent substantive matters or issues when circumstances require. Telephonic attendance and conference via audio-visual communication at the Board and Board Committee meetings are allowed under the Company's Constitution in the event that Directors are unable to attend meetings in person. Management also has access to the Directors for guidance or exchange of views outside of the formal environment of Board meetings.

The number of meetings of the Board and Board Committees held during FY2018 and the attendance of each Director at those meetings are set out as follows:

Name of Directors	Board		ARC		NC		RC	
	No. of meeting		No. of meeting		No. of meeting		No. of meeting	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr S. Chandra Das	4	4	–	–	1	1	1	1
Dr Ang Peng Tiam	4	4	–	–	1	1	–	–
Dr Khoo Kei Siong	4	4	–	–	–	–	–	–
Mr Sitoh Yih Pin	4	4	4	4	–	–	1	1
Mr Dan Yock Hian	4	4	4	4	1	1	–	–
Mr Lim Jen Howe	4	4	4	4	–	–	–	–
Mr Lim Teong Jin George	4	4	–	–	–	–	1	1

CORPORATE GOVERNANCE REPORT

The Board ensures that, where applicable, incoming new Directors are given comprehensive and tailored induction on joining the Board including onsite visits, if necessary, to get familiarised with the business of the Group and corporate governance practices upon their appointment and to facilitate the effectiveness in discharging their duties. Newly-appointed Directors will be provided a formal letter setting out their duties and obligations. The Group conducts a comprehensive orientation programme, which is presented by the Chief Executive Officer ("**CEO**") and/or other members of Management, to familiarise new Directors with business and corporate governance policies. The orientation programme gives Directors an understanding of the Group's businesses to enable them to assimilate into their new roles. The programme also allows the new Directors to get acquainted with Management, thereby facilitating Board interaction and independent access to Management. All Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extension of opportunities to participate in the relevant training courses, seminars and workshops as relevant and/or applicable. The Board is regularly briefed on recent changes to the accounting standards and regulatory updates. The CEO updates the Board at each meeting on business and strategic developments of the Group, where applicable.

Principle 2 – Board Composition and Guidance

The Board currently comprises seven (7) Directors, five (5) of whom are Non-Executive Directors with three (3) of them being independent. The current members of the Board and their membership on the Board Committees of the Company are as follows:

Name of Directors	Board Membership	ARC	NC	RC
Mr S. Chandra Das	Independent Non-Executive Chairman	–	Chairman	Chairman
Dr Ang Peng Tiam	Executive Director & CEO	–	Member	–
Dr Khoo Kei Siong	Executive Director & Chief Operating Officer ("**COO**")	–	–	–
Mr Sitoh Yih Pin	Independent Non-Executive Director	Chairman	–	Member
Mr Dan Yock Hian	Independent Non-Executive Director	Member	Member	–
Mr Lim Jen Howe	Non-Independent Non-Executive Director	Member	–	–
Mr Lim Teong Jin George	Non-Independent Non-Executive Director	–	–	Member

The size and composition of the Board and the Board Committees as well as the skill and core competencies of its members are reviewed annually by the NC, taking into account the scope and nature of operations of the Company, to ensure that there is an appropriate balance of skills and experience. These competencies include banking, accounting and finance, business acumen, management experience, industry knowledge, familiarity with regulatory requirements and knowledge of risk management. The NC is of the view that the present composition and Board size of seven (7) is appropriate for the Group's present scope of operations to facilitate decision-making and the Board possess the necessary competencies and knowledge to lead and govern the Group effectively. Further, no individual or small group of individuals dominates the Board's decision-making process. Their profiles are set out on pages 7 to 10 of this annual report.

CORPORATE GOVERNANCE REPORT

The NC is tasked to determine on an annual basis and as and when the circumstances require, whether or not a Director is independent, bearing in mind the Guidelines set forth in the Code, and any other salient factor which would render a Director to be deemed not independent. For the purpose of determining the Directors' independence, every Director has provided declaration of their independence that is deliberated upon by the NC and the Board. Each of the Independent Directors has confirmed that he does not have any relationship (including those provided in Guideline 2.3 of the Code) with the Company and its related corporations, its shareholders with more than 10% shareholdings or its officers, that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interest of the Group. The NC has reviewed, determined and confirmed the independence of the Independent Directors. The NC has affirmed that Mr S. Chandra Das, Mr Sitoh Yih Pin and Mr Dan Yock Hian are independent and free from any relationship outlined in the Code. Each of the Independent Directors has also confirmed his independence. None of the Independent Directors has served on the Board beyond 9 years from their respective dates of appointment. Guideline 2.4 of the Code is therefore not applicable to the Board.

As three (3) out of seven (7) Directors are Independent Directors, the requirement of the Code that the Independent Directors should make up at least one-third of the Board is satisfied. This provides a strong and independent element on the Board. This is fundamental to good corporate governance as it ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined.

The Board and Management fully appreciate that an effective and robust Board, whose members engage in open and constructive debate, and challenge Management on its assumptions and proposals, is fundamental to good corporate governance.

The Board should also aid in the development of strategic proposals and oversee effective implementation by the Management to achieve set objectives.

For this to happen, the Board and the Non-Executive Directors, in particular, must be kept well-informed of the Group's businesses and be knowledgeable about the industry in which the Group operates.

To ensure that the Non-Executive Directors are well-supported by accurate, complete and timely information, the Non-Executive Directors have unrestricted access to Management as and when the need arises.

Principle 3 – Chairman and CEO

The Chairman and CEO functions in the Company are assumed by different individuals. The Chairman, Mr S. Chandra Das, is an Independent Non-Executive Director, while the CEO, Dr Ang Peng Tiam, is an Executive Director.

There is a clear division of responsibilities between the Chairman and the CEO, which ensures a balance of power and authority at the top of the Company.

CORPORATE GOVERNANCE REPORT

The Chairman:

- is responsible for leadership of the Board and is pivotal in creating the conditions for overall effectiveness of the Board, Board Committees and individual Directors;
- takes a leading role in the Company's drive to achieve and maintain high standards of corporate governance with the full support of the Directors, Company Secretary and Management;
- approves agendas for the Board meetings and ensures sufficient allocation of time for thorough discussion of agenda items;
- promotes an open environment for debates and ensures Non-Executive Directors are able to speak freely and contribute effectively;
- exercises control over the quality, quantity and timeliness of information flow between the Board and Management;
- provides close oversight, guidance, advice and leadership to the CEO and Management; and
- plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management at AGMs and other shareholders' meetings.

Whereas the CEO, as the highest ranking executive officer of the Group, is responsible for:

- running the day-to-day business of the Group, within the authorities delegated to him by the Board;
- ensuring the implementation of policies and strategies across the Group as set by the Board;
- day-to-day management of the Management team;
- ensuring that the Chairman is kept appraised in a timely manner of issues faced by the Group and of any important events and developments; and
- leading the development of the Group's future strategies including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing businesses.

Principle 4 – Board Membership

The NC consists of two (2) Independent Non-Executive Directors and one (1) Executive Director, the majority of whom, including the NC Chairman, are independent:

Mr S. Chandra Das	(Independent Non-Executive Chairman)	– Chairman
Mr Dan Yock Hian	(Independent Non-Executive Director)	– Member
Dr Ang Peng Tiam	(Executive Director)	– Member

CORPORATE GOVERNANCE REPORT

The NC will meet at least once a year and one (1) NC Meeting was held in FY2018. The NC, which has written terms of reference, is responsible for making recommendations to the Board on all Board appointments and re-appointments (including alternate Directors, if applicable). The key terms of reference of the NC include the following:

- determining the process for search, nomination, selection and appointment of new Board members and assessing nominees or candidates for appointment and re-election to the Board;
- making recommendations to the Board on the nomination of retiring Directors and those appointed during the year standing for re-election at the Company's AGM, having regard to the Director's contribution and performance and ensuring that all Directors submit themselves for re-election at regular intervals;
- reviewing the Board structure, size and composition regularly and making recommendation to the Board, where appropriate;
- reviewing the Board succession plan for Directors (in particular, the Chairman), CEO, COO and Chief Financial Officer ("**CFO**");
- determining the independence of Directors annually (taking into account the circumstances set out in the Code and other salient factors);
- developing a process for assessing and evaluating the effectiveness of the Board as a whole and the Board Committees and the contribution of each individual Director to an effective Board;
- deciding on how the Board's performance may be evaluated and to propose objective performance criteria for the Board's approval;
- reviewing training and professional development programmes for the Board; and
- determining whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple board representations.

The Board, through the NC, reviews annually the effectiveness of the Board as a whole and its required mix of skills and experience and other qualities, including core competencies, which Directors should bring to the Board.

The NC has in place a formal process for the selection of new Directors and re-appointment of Directors to increase transparency of the nominating process in identifying and evaluating nominees or candidates for appointment or re-appointment. In selecting potential new Directors, the NC will seek to identify the competencies and expertise required to enable the Board to fulfil its responsibilities. The NC will evaluate the suitability of the nominee or candidate based on his qualifications, business and related experience, commitment, ability to contribute to the Board process and such other qualities and attributes that may be required by the Board, before making its recommendation to the Board. In recommending a candidate for re-appointment to the Board, the NC considers, amongst other things, his contributions to the Board (including attendance and participation at meetings, time and effort accorded to the Company's or Group's businesses and affairs) and his independence. The Board is to ensure that the selected candidate is aware of the expectations and the level of commitment required. The Board, on the recommendation of the NC, appoints new Directors. All new Directors who are appointed by the Board are subject to re-election at the next AGM but shall not be taken into account in determining the number of Directors who are retiring by rotation at such meeting.

Pursuant to the Company's Constitution, one-third of the Directors shall retire from office and be re-elected at least once every three (3) years at each AGM. Dr Khoo Kei Siong, Mr Dan Yock Hian and Mr Lim Jen Howe (the "**Retiring Directors**") will be retiring and seeking re-election at the forthcoming AGM in accordance with Article 91 of the Company's Constitution.

In making the recommendations, the NC considers the overall contribution and performance of the Retiring Directors. Mr Dan Yock Hian, being a member of the NC, had abstained from the deliberation process in respect of his own nomination and assessment.

CORPORATE GOVERNANCE REPORT

Based on the recommendation of the NC, the Board (save for the respective Retiring Director who abstained from the deliberation process in respect of his own re-election) proposes to the Company's shareholders to approve the re-election of each Retiring Director as Director of the Company.

Each of the Retiring Directors confirms that there is no relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or its substantial shareholder or of any of its principal subsidiaries. Each of the Retiring Directors also confirms that there is no conflict of interest (including any competing business) with the Company, and has submitted his undertaking to the Company (in the format set out in Appendix 7H) under Rule 720 (1) of the Catalist Rules of the SGX-ST.

The NC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards and have other principal commitments.

Despite some of the Directors having other board representations and other principal commitments, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company. As a guide, the Board has determined that the Directors should not hold more than five (5) listed company board representations. There is no alternate Director on the Board.

Key information of each member of the Board including his directorships and chairmanships both present and those held over the preceding three (3) years in other listed companies, other principal appointments, academic/professional qualifications, membership/chairmanship in Board Committees, date of first appointment and last re-election, can all be found under the "Board of Directors" section of this annual report.

For Retiring Directors, information of their past directorships (in both listed and non-listed entities) for the last five (5) years is also disclosed in their respective profiles under the "Board of Directors" section of this annual report.

Other information relating to the Retiring Directors as required by Rule 720 (5) of the Catalist Rules of the SGX-ST are disclosed under the sections headed "Board of Directors" and "Directors' Statement" in this annual report. There is no change to the information included in the declarations under items (a) to (k) of Appendix 7F of the Catalist Rules of the SGX-ST, as previously disclosed in the Company's offer document dated 17 January 2014 (available at the Company's website at: http://www.talkmed.com.sg/investor-information/annual-reports-prospectus/), concerning the Retiring Directors.

Principle 5 – Board Performance

The Board has implemented a process carried out by the NC for assessing the effectiveness of the Board as a whole, effectiveness of its Board Committees and the contribution by each individual Director to the effectiveness of the Board on an annual basis.

<u>Board performance criteria</u>

The performance criteria for the board evaluation are as follows:

- board size and composition;
- board independence;
- board processes;
- board information and accountability;

CORPORATE GOVERNANCE REPORT

- board performance in relation to discharging its principal functions; and
- board committees' performance in relation to discharging their responsibilities set out in their respective terms of reference.

Individual Director's performance criteria

The individual Director's performance criteria are categorised into five (5) segments; namely, the following:

- interactive skills (whether the Director works well with other Directors and participates actively);
- knowledge (the Director's industry and business knowledge, functional expertise, whether the Director provides valuable inputs, the Director's ability to analyse, communicate and contribute to the productivity of meetings, and understanding of finance and accounts, are taken into consideration);
- Director's duties (the Director's Board Committee work contribution, whether the Director takes his role as Director seriously and works to further improve his own performance, whether he listens and discusses objectively and exercises independent judgement, and the Director's meeting preparation, are taken into account);
- availability (the Director's attendance at Board and Board Committee meetings, whether the Director is available when needed, and his informal contribution via email, telephone, written notes, etc. are considered); and
- overall contribution, bearing in mind that each Director was appointed for his strength in certain areas which taken together provides the Board with the required mix of skills and competencies.

The assessment of the Chairman of the Board is based on his ability to lead, whether he has:

- established proper procedures to ensure the effective functioning of the Board;
- ensured that the time devoted to Board meetings was adequate (in terms of number of meetings held in a year and duration of each meeting) for effective discussion and decision-making by the Board;
- ensured that information provided to the Board was adequate and timely for the Board to make informed and considered decisions;
- guided discussions effectively so that there was timely resolution of issues;
- ensured that meetings were conducted in a manner that facilitated open communication and meaningful participation; and
- ensured that Board Committees were formed where appropriate, with clear terms of reference, to assist the Board in the discharge of its duties and responsibilities.

The performance of individual Directors is taken into account in their re-appointment. Specific needs which arise from time to time are taken into account in any appointment of new Directors.

Principle 6 – Access to Information

The Directors are updated regularly on corporate governance, changes in listing rules and regulations and performance of the Group. The Directors have separate and independent access to the Management, including the Company Secretary of the Group, at all times. The Company Secretary attends all of the Board meetings and is responsible to the Board for advising on the implementation of the Group's compliance requirement pursuant to the relevant statutes and regulations. The appointment and removal of the Company Secretary is subject to the approval of the Board as a whole.

The Directors, either individually or as a group, in the furtherance of their duties, can take independent professional advice, if necessary, at the Company's expense.

CORPORATE GOVERNANCE REPORT

The Company makes available to all Directors its quarterly and full year management accounts and where required, other financial analysis, budgets and forecasts and other relevant information as necessary. Detailed reports and Board papers are sent out to the Directors before the meetings so that the Board can have a proper understanding of the issues. With regard to budgets whereby material variances exist between the actual and forecasted numbers, they are reviewed by the Board as well as disclosed and explained by Management, where required by the Board.

B. REMUNERATION MATTERS

Principle 7 – Procedures for Developing Remuneration Policies
Principle 8 – Level and Mix of Remuneration

Matters relating to the remuneration of the Board, key Management personnel and other employees who are related to the controlling shareholders and/or Directors (if any) are handled by the RC whose primary function is to develop formal and transparent policies on remuneration matters in the Company. The RC also ensures that the Company's remuneration system is appropriate to attract, retain and motivate the required talents to run the Company successfully.

Matters which are required to be disclosed in the annual remuneration report have been sufficiently disclosed in this report under Principles 7, 8 and 9, and in the financial statements of the Company and of the Group.

The RC consists of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, the majority of whom, including the RC Chairman, are independent:

Mr S. Chandra Das	(Independent Non-Executive Chairman)	–	Chairman
Mr Sitoh Yih Pin	(Independent Non-Executive Director)	–	Member
Mr Lim Teong Jin George	(Non-Independent Non-Executive Director)	–	Member

The RC will meet at least once a year. The RC carries out its duties in accordance with a set of terms of reference which mainly include the following:

- reviewing and recommending to the Board for endorsement, a framework of remuneration policies to determine the specific remuneration packages for each Director and key Management personnel, including employees related to the Executive Directors and controlling shareholders. The framework covers all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind;
- reviewing and recommending the remuneration of the Non-Executive Directors, taking into account factors such as their effort, time spent and their responsibilities;
- reviewing and determining the contents of any service contracts for any Directors or key Management personnel; and
- carrying out other duties as may be agreed by the RC and the Board, subject to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.

The RC is responsible for ensuring that a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors and key Management personnel. All aspects of remuneration frameworks, including but not limited to Directors' fees, salaries, allowances, bonuses and other benefits-in-kind, are reviewed by the RC. The recommendations of the RC are submitted for endorsement by the Board. Such frameworks are reviewed periodically to ensure that the Directors and key Management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies. The RC also considers and recommends the CEO's remuneration package including salary, bonus and benefits-in-kind for endorsement by the Board.

CORPORATE GOVERNANCE REPORT

The RC ensures that the remuneration of the Non-Executive Directors are appropriate for their level of contribution, taking into account factors such as effort and time spent, and their responsibilities. Non-Executive Directors receive a basic fee for their services. Each member of the RC abstains from voting on any resolutions in respect of his own remuneration package. Directors' fees are further subjected to the approval of shareholders at the AGM.

Having reviewed and considered the salary components of the Executive Directors and the key Management personnel (which are considered reasonable and commensurate with their respective job scope and level of responsibilities), the RC is of the view that there is no requirement to use contractual provisions to allow the Company to reclaim incentive components of the remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss.

Principle 9 – Disclosure on Remuneration

The Company only identified four (4) key Management personnel who are not Directors or the CEO of the Company, based on the Group's current organisational and reporting structure, instead of five (5) as required by the Code. Details of the remuneration of Directors and the four (4) key Management personnel of the Group for FY2018 are set out below:

Names	Band[1]	Fees	Salaries[2]	Bonuses[2]	Share-based payments	Other benefits	Total
Directors							
Mr S. Chandra Das	1	100%	–	–	–	–	100%
Dr Ang Peng Tiam (CEO)	3	–	100%	–	–	*	100%
Dr Khoo Kei Siong (COO)	2	–	100%	–	–	*	100%
Mr Sitoh Yih Pin	1	100%	–	–	–	–	100%
Mr Dan Yock Hian	1	100%	–	–	–	–	100%
Mr Lim Jen Howe	1	100%	–	–	–	–	100%
Mr Lim Teong Jin George	1	100%	–	–	–	–	100%
4 key Management personnel							
Mr Lee Boon Yong (CFO)	2	–	75%	25%	–	–	100%
Dr Teo Cheng Peng	2	–	99%	–	–	1%	100%
Dr Lim Hong Liang	2	–	99%	–	–	1%	100%
Dr Lim Zi-Yi	3	5%	18%	72%	5%	–	100%

Notes:

(1) Band 1 means remuneration of S$250,000 and below per annum
Band 2 means remuneration of between S$250,001 and S$500,000 per annum
Band 3 means remuneration of S$500,001 and above per annum
(2) Salaries and bonuses include employer's contributions to the Central Provident Fund ("**CPF**")
* Denotes percentage of less than 1%

The Board is of the view that it is not in the interests of the Company to disclose in full the remuneration of each individual Director, the CEO and the four (4) key Management personnel (who are not Directors) of the Company due to the sensitive and confidential nature of such information and disadvantages that this might bring. There are no termination, retirement and post-employment benefits granted to Directors, the CEO and the four (4) key Management personnel.

CORPORATE GOVERNANCE REPORT

In aggregate, the total remuneration (including CPF contributions thereon and bonuses) paid to the four (4) key Management personnel during FY2018 is approximately S$2.58 million.

There was no employee of the Group who was an immediate family member of a Director, the Chairman, or the CEO whose remuneration exceeded S$50,000 for FY2018.

The Company has an employee share option scheme and a performance share plan known as the TalkMed Group Employee Share Option Scheme (the "**ESOS**") and the TalkMed Group Performance Share Plan (the "**PSP**") respectively, approved by shareholders of the Company on 28 April 2016. Details of the ESOS and the PSP can be found in the circular to shareholders dated 13 April 2016. The ESOS and the PSP are respectively administered by a committee comprising four (4) Directors, Mr S. Chandra Das, Mr Sitoh Yih Pin, Mr Lim Teong Jin George and Dr Ang Peng Tiam.

No option or award was granted under the ESOS and PSP during FY2018.

C. ACCOUNTABILITY AND AUDIT

The Board recognises the importance of providing accurate and relevant information on a timely basis. In this respect, the ARC reviews all financial results announcements and financial statements and recommends them to the Board for approval. In addition, the ARC ensures that the Company maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets, as well as to manage potential risks.

Principle 10 – Accountability

The Board is collectively responsible for the success of the Company and works with Management to achieve this. The Company reports its financial results on a quarterly basis. Through these reports, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's financial performance, position and prospects.

Management provides all members of the Board with sufficient and timely information on its financial performance and potential issues before all Board meetings.

In line with continuous disclosure obligations of the Company and in accordance with the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Catalist Rules**") and the Companies Act, Chapter 50 of Singapore, the Board adopts a policy whereby shareholders shall be informed of all major developments of the Company.

Financial information and other price-sensitive information are circulated in a timely manner to the shareholders through announcements via SGXNet, press releases, the Company's website, media and analysts' briefings. The Company's corporate information, as well as annual reports, are also available on the Company's website.

Management makes available to all Directors its quarterly and full year management accounts and where required, such other necessary financial information for other periods if applicable.

Principle 11 – Risk Management and Internal Controls

The Board is overall responsible for the governance of risk within the Group. It ensures that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and determines the nature and extent of the significant risks that the Board is willing to take in achieving its strategic business objectives.

CORPORATE GOVERNANCE REPORT

The Management is responsible to the Board for the design, implementation and monitoring of the Group's risk management and internal control systems and to provide the Board with a basis to determine the Group's level of risk tolerance and risk policies. The Board acknowledges that it is responsible for reviewing the adequacy and effectiveness of the Group's risk management and internal control systems including financial, operational, compliance and information technology controls. The Board also recognises its responsibilities in ensuring a sound system of internal controls to safeguard shareholders' investments and the Group's assets.

The Company engaged HLS Risks Advisory Services Pte. Ltd. ("**HLS**") as the internal auditors to assist the Board and the ARC in their review of the Group's risk management and internal control systems focusing on financial, operational, compliance and information technology controls. The Board believes that adequate internal controls within the Group are crucial to ensure that the Group continues to meet or exceed its standards in all key aspects, at the same time safeguard shareholders' interest and the Group's assets through effective risk management.

A risk management assessment has been performed by the Management with the assistance of the internal auditors. On an annual basis, the ARC reviews and reports the Group's risk profile to the Board, evaluates results and counter-measures to mitigate potential risks so as to assure itself and the Board that the process is operating effectively as planned. The Group recognises risk management as a collective effort beginning with the individual subsidiaries and business units. The process identifies relevant potential risks across the Group's operations with the aim to bring them to within acceptable cost and tolerance parameters.

The Management regularly reviews and updates the Board on the Group's business and operational activities in respect of the key risk control areas including financial, operational, compliance and information technology controls and continues to apply appropriate measures to control and mitigate these risks. All significant matters are highlighted to the Board and the ARC for further discussion. The Board and the ARC also work with the internal auditors and Management on their recommendations to institute and execute relevant controls with a view to managing such risks.

The Group has conducted an enterprise risk assessment, with the assistance of the internal auditors, and has developed a detailed risk register. The Group will continue to analyse, monitor and mitigate the key risk areas to ensure that the Group's risk management and internal control systems are adequate and effective.

The Board notes that no cost effective system of internal controls could provide absolute assurance against the occurrence of material errors, losses, fraud or other irregularities. In view of the above and based on the internal controls established and maintained by the Group, work performed by the internal auditors, the statutory audit conducted by the external auditors, and reviews performed by the Management, various Board Committees and the Board so far, the ARC and the Board are of the opinion that the Group's internal control system is effective and adequate to address the financial, operational, compliance and information technology risks, based on the internal controls established and maintained by the Group and reports from the internal auditors and external auditors on the financial statements and management letter. This is in turn supported by the assurance from the CEO and the CFO that: (a) the financial records of the Group have been properly maintained and the consolidated financial statements for FY2018 give a true and fair view of the Company's operations and finances; and (b) an effective risk management and internal controls system has been put in place.

CORPORATE GOVERNANCE REPORT

Principle 12 – Audit and Risk Committee

The Board recognises the importance of providing accurate and relevant information on a timely basis. To ensure that the corporate governance is effectively practised, the Board has established self-regulatory and monitoring mechanisms, including the establishment of the ARC to ensure that the Company maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets as well as to manage potential risks. The ARC consists of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, the majority of whom, including the ARC Chairman, are independent:

Mr Sitoh Yih Pin	(Independent Non-Executive Director)	–	Chairman
Mr Dan Yock Hian	(Independent Non-Executive Director)	–	Member
Mr Lim Jen Howe	(Non-Independent Non-Executive Director)	–	Member

The Board has ensured that all members of the ARC, having the necessary accounting and/or related financial management expertise, are appropriately qualified to discharge their responsibilities.

The ARC meets on a quarterly basis and plays a key role in assisting the Board to review significant financial reporting issues and judgements to ensure the quality and integrity of the accounting reports, the audit procedures, internal controls, financial statements and any announcements relating to the Group's financial performance.

The members of the ARC carry out their duties in accordance with a set of terms of reference which mainly include the following:

- to review with the external auditor their audit plan, audit report, management letter and the Management's response;
- to review the quarterly financial results announcements and annual financial statements on significant financial reporting issues and judgements before submission to the Board for approval;
- to review any announcements relating to the Company's financial performance;
- to discuss problems and concerns, if any, arising from the interim and final audits, in consultation with the external auditors;
- to meet with the internal and external auditors without the presence of the Management, at least annually, to discuss any problems and concerns they may have;
- to review the assistance given by the Management to external auditors;
- to review and evaluate the adequacy of the Company's internal controls systems by reviewing reports from the internal and external auditors;
- to review the effectiveness of the Company's internal audit function (which has been outsourced to HLS);
- to review annually the scope and results of the audit and its cost-effectiveness as well as the independence and objectivity of the external auditors;
- to review arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters within its terms of reference. The ARC will lead in all queries as may be raised by the staff of the Group. The ARC will have full access to and co-operation from Management and full discretion to invite any Director or executive officer to attend its meetings. The ARC also has reasonable resources to enable it to discharge its functions properly;
- to report to the Board its findings from time to time on matters arising and requiring the attention of the ARC;
- to review Interested Person Transactions ("**IPTs**") falling within the scope of the Catalist Rules;
- to undertake such other reviews and projects as may be requested by the Board; and
- to consider the appointment/re-appointment of external auditors, the audit fee and matters relating to the resignation or dismissal of auditors.

CORPORATE GOVERNANCE REPORT

Apart from the duties listed above, the ARC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the ARC shall abstain from voting on any resolutions in respect of matters in which he is interested.

The ARC assists the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that Management creates and maintains an effective control environment. The ARC provides a channel of communication between the Board, Management, and the internal and external auditors on audit matters.

The ARC also has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any Director or Executive Director to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The ARC meets with the internal and external auditors, without the presence of Management, at least once a year.

Changes to accounting standards and issues which have a direct impact on financial statements will be highlighted to the ARC from time to time by the external auditors. The external auditors work with Management to ensure that the Group complies with the new accounting standards, if applicable.

The ARC also reviews the independence and objectivity of the external auditors and has reviewed the scope and value of non-audit services provided to the Group by the external auditors, Ernst & Young LLP ("**EY**"). The aggregate amount of audit and non-audit fees paid or payable to EY for FY2018 are as disclosed in Note 8 to the financial statements. The ARC is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of EY. The ARC has recommended to the Board the nomination of EY for re-appointment as auditors of the Company at the forthcoming AGM. The Group has also complied with Rules 712 and 715 (1) of the Catalist Rules of SGX-ST in relation to the appointment of its external auditors. None of the ARC members was former partners or directors of EY or has any financial interest in EY.

To keep abreast of the changes in accounting standards and issues which have a direct impact on the financial statements, the ARC will seek advice from the external auditors during each ARC meeting.

Whistle-Blowing Policy

In order to encourage proper work ethics and eradicate any internal improprieties, unethical acts, malpractices, fraudulent acts, corruption and/or criminal activities in the Group, the Group has implemented a whistle-blowing policy. The policy will stipulate the mechanism by which concerns about plausible improprieties in matters of financial reporting may be raised. A dedicated secured email address allows whistle-blowers to contact the ARC. The whistle-blowing policy and its procedures have been made available to all employees.

The Company's whistle-blowing policy allows employees to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith.

The ARC will address any issues/concerns that are raised and follow up with the necessary investigations and/or other appropriate actions. The ARC will report to the Board all issues/concerns that it receives at the ensuing Board meeting. In the event where the ARC receives reports relating to serious offences, and/or criminal activities in the Group, the ARC and the Board shall have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant governmental authorities for further investigation/action.

CORPORATE GOVERNANCE REPORT

Principle 13 – Internal Audit

The ARC's responsibilities in relation to the Group's internal controls, which include reviewing the scope and effectiveness of the overall internal audit system, programmes and various aspects of internal controls and risk management of the Group, are complemented by the work of the internal auditors.

HLS has been engaged as the independent internal auditors to perform the internal audit function and will report their findings and where applicable, make recommendations to the ARC.

HLS carries out their internal audit works in accordance with the Standards for the Professional Practice of Internal Auditing that are set by the Institute of Internal Auditors. The ARC ensures that the Management provides good support to the internal auditors which include, amongst others, access to documents, records, properties and personnel. The internal auditors also have unrestricted access to the ARC on internal audit matters. The ARC reviews the internal audit reports of the Group. Any material non-compliance or failures in internal control and recommendations for improvements are reported to the ARC.

The ARC has reviewed the adequacy and effectiveness of the internal audit function (which is undertaken by HLS) at least annually and has ensured that it is adequately resourced and has appropriate standing within the Company.

The ARC approves the hiring, removal, evaluation and compensation of HLS.

D. SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

Principle 14 – Shareholders' Rights and Responsibilities
Principle 15 – Communication with Shareholders
Principle 16 – Conduct of Shareholders' Meetings

The Group recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all of the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders, are protected. The Group is committed to providing shareholders with adequate, timely and relevant information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Company believes in regular, effective and fair communication with members of the investment community and has adopted a comprehensive policy to provide clear, timely and fair disclosure of information about the Company's business developments and financial performance.

The Board embraces openness and transparency in the conduct of the Group's affairs, whilst safeguarding its commercial interests. Material information on the Group has been released to the public through the Company's announcements via SGXNet on a timely basis.

The Group strongly encourages shareholders' participation at the AGM. Shareholders are able to proactively engage the Board and Management on the Group's business activities, financial performance and other business-related matters through dialogue sessions. The Group believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns. The Board believes that general meetings serve as an opportune forum for shareholders to meet the Board and key Management personnel, and to interact

CORPORATE GOVERNANCE REPORT

with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNet and published in local newspapers, as well as posted on the Company's website.

The Company communicates with shareholders and the investing community through the timely release of announcements to the SGX-ST via SGXNet. During FY2018, quarterly and full yearly financial results of the Company and the Group were released within 45 days from the respective quarter ended and 60 days from the financial year ended respectively. In addition, this annual report is distributed to shareholders at least 14 days before the AGM which is scheduled to be held on 25 April 2019.

Currently, the Constitution of the Company allows all shareholders (members) to appoint up to two (2) proxies to attend general meetings and vote on their behalf. On 3 January 2016, the legislation was amended, amongst other things, to allow certain members, defined as "relevant intermediary", to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and the CPF Board which purchases shares on behalf of the CPF investors.

As the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax. Separate resolutions on each distinct issue are tabled at general meetings and explanatory notes are set out in the notices of general meetings where appropriate. All Directors, including the Chairman of the Board and the respective Chairman of the Board Committees, Management, legal professional (if required) and the external auditors are intended to be in attendance at the forthcoming AGM to address any queries of the shareholders. The Company is in full support of shareholders' participation at AGM. For those who hold their shares through nominee or custodial services, they are allowed, upon prior request through their nominee, to attend the AGM as observers without being constrained by the two-proxy rule.

The Company will record the minutes of general meetings that include substantial and pertinent comments from shareholders relating to the agenda of the meetings and responses from the Management. Such minutes will be made available to shareholders upon their written request.

The Company has adopted poll voting by shareholders for greater transparency in the voting process. The detailed voting results of each of the resolutions tabled will be announced immediately at the meeting. The total number of votes cast for or against the resolutions will also be announced immediately at the AGMs and after the meeting via SGXNet.

The Company has adopted a dividend policy that it believes appropriately reflects its goals, strategy and risk profile while providing attractive long-term return to investors. The Board is recommending 1.065 Singapore cents per ordinary share for FY2018 as the final one-tier tax-exempt dividend payable to the shareholders, subject to the approval of shareholders at the forthcoming AGM. In considering the form, frequency and amount of dividends that the Board may recommend or declare in respect of any particular year or period, the Board takes into account various factors including:

- the level of cash and retained earnings;
- the actual and projected financial performance;
- the projected levels of capital expenditure and other investment plans;
- restrictions on payment of dividends imposed on the Company by financing arrangements (if any); and
- any other factors deemed relevant by the Board.

CORPORATE GOVERNANCE REPORT

OTHER CORPORATE GOVERNANCE MATTERS

The Company has in place internal codes of conduct and practices for its Board members and employees on securities transactions while in possession of price-sensitive information and in their conduct of business activities.

DEALINGS IN SECURITIES

(Rule 1204 (19) of the Catalist Rules of SGX-ST)

The Company has adopted an internal securities code of compliance to provide guidance to the Directors and all employees of the Group with regard to dealing in the Company's securities pursuant to Rule 1204 (19) of the Catalist Rules. During FY2018, the Company issues quarterly circulars to its Directors, officers and employees on the prohibition of dealing in its shares during the two (2) weeks before the announcement of the Company's quarterly financial results and one (1) month before the full year financial results till the day of such announcements. Directors and employees are also advised against dealing in the Company's securities when they are in possession of any unpublished material price-sensitive information of the Group at all times. In addition, the Company discourages the Directors and employees from dealing in the Company's securities on short-term considerations. The Group confirmed that it has adhered to its internal securities code of compliance for FY2018.

INTERESTED PERSON TRANSACTIONS

(Rule 907 of the Catalist Rules of SGX-ST)

Details of the IPTs for FY2018 as required pursuant to Rule 907 of the Catalist Rules of SGX-ST:

Name of interested person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	S$'000	S$'000
Dr Ang Peng Tiam	202	N.A.
P.T. Ang Medical Services Pte Ltd	873	N.A.
StemCord Pte Ltd[1]	454	N.A.

[1] Dr Ang is a Director and a substantial shareholder of StemCord Pte Ltd ("**StemCord**") holding 17.35% in StemCord. Pursuant to Rule 904 of the Catalist Rules, charges by and payments made by StemCord on behalf of Stem Med Pte. Ltd., a subsidiary of the Company, constitutes an IPT.

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the ARC and the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company did not enter into any IPTs which require an immediate announcement or shareholders' approval under the Catalist Rules of SGX-ST regulating IPTs for FY2018.

CORPORATE GOVERNANCE REPORT

MATERIAL CONTRACTS

(Rule 1204 (8) of the Catalist Rules of SGX-ST)

Save for the service agreements between the Company and the Executive Directors and disclosures above in the "*Interested Person Transactions*" section, as well as those disclosed in the Directors' Statement and the financial statements, there were no other material contracts of the Company and its subsidiaries involving the interests of the CEO or any Director or controlling shareholder, either subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

NON-SPONSOR FEES

(Rule 1204 (21) of the Catalist Rules of SGX-ST)

In compliance with Rule 1204 (21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's Sponsor, Hong Leong Finance Limited, during FY2018.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING ("IPO")

(Rule 1204 (22) of the Catalist Rules of SGX-ST)

The IPO proceeds have been fully utilised during the second quarter of FY2018 as follows:

Use of IPO proceeds	Amount allocated as set out in the Offer Document	Amount utilised	Amount unutilised
	S$'000	S$'000	S$'000
Expanding repertoire of talent pool/healthcare services	10,381	10,381[1]	–
Overseas expansion/improving quality of medical services	6,920	6,920[2]	–
	17,301	17,301	–

Notes:

[1] Comprised investments in Stem Med and Hong Kong Integrated Oncology Centre Holdings Limited ("**HKH**") of S$5.78 million (of which S$3.98 million was given as a loan) and S$4.60 million[2] respectively.

[2] Total investment in HKH by the Company amounted to S$11.52 million.

CODE OF CONDUCT & PRACTICES

The Group recognises the importance of integrity and professionalism in the conduct of its business activities. Employees are expected to embrace, practise and adopt these values while performing their duties and always to act in the best interest of the Group and avoid situations that may create conflicts of interest.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of TalkMed Group Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018.

Opinion of the directors

In the opinion of the directors,

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

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

Directors

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

Dr Ang Peng Tiam
Mr S. Chandra Das
Mr Dan Yock Hian
Dr Khoo Kei Siong
Mr Lim Jen Howe
Mr Lim Teong Jin George
Mr Sitoh Yih Pin

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

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

	Direct Interest No. of ordinary shares		Deemed Interest No. of ordinary shares	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Dr Ang Peng Tiam	–	–	858,912,000	858,912,000
Dr Khoo Kei Siong	99,360,000	99,360,000	–	–

DIRECTORS' STATEMENT

Directors' interests in shares and debentures (cont'd)

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Dr Ang Peng Tiam is deemed to have an interest in all the shares held by the holding company, Ladyhill Holdings Pte. Ltd., in the Company.

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

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

Share options and performance shares

At the Extraordinary General Meeting held on 28 April 2016, shareholders approved the Employee Share Option Scheme ("**ESOS**") and the Performance Share Plan ("**PSP**") and for the granting of non-transferable share options and performance shares that are settled by physical delivery of the ordinary shares of the Company, to eligible employees.

The committee administering the ESOS and PSP comprise the following directors:

Dr Ang Peng Tiam
Mr S. Chandra Das
Mr Lim Teong Jin George
Mr Sitoh Yih Pin

Details of all the share options to subscribe for ordinary shares of the Company pursuant to the ESOS as at 31 December 2018 are as follows:

Exercisable on or after	Expiry date	Exercise price S$	Number of share options
11 May 2019	11 May 2022	0.6546	1,900,000
11 May 2020	11 May 2023	0.6546	950,000
11 May 2021	11 May 2024	0.6546	950,000
			3,800,000

The exercise price of the share options is fixed at a 20% discount to the volume-weighted average price of the Company's shares from 27 March 2017 to 9 May 2017.

DIRECTORS' STATEMENT

Share options and performance shares (cont'd)

Details of the performance shares of the Company which will be settled by the physical delivery of the ordinary shares of the Company as at 31 December 2018 are as follows:

Expected to vest on	Number of performance shares
11 May 2019	256,167
11 May 2020	128,084
11 May 2021	128,084
	512,335

Details of participants who received 5% or more of the total share options and performance shares available under the ESOS and PSP are as follows:

	Granted in 2017 and outstanding as at end of the financial year	
Name of employees of the Group	No. of share options	No. of performance shares
Dr Foo Kian Fong	600,000	80,895
Dr See Hui Ti	600,000	80,895
Dr Kho Sunn Sunn Patricia	600,000	80,895
Dr Lim Zi-Yi	600,000	80,895
Dr Zee Ying Kiat	600,000	80,895
Dr Lee Chi Wai Anselm	600,000	80,895
Dr Kok Jaan Yang	200,000	26,965
	3,800,000	512,335

Since the commencement of the ESOS and the PSP till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company and their associates; and
- No options that entitle the holder to participate, by virtue of the options and the performance shares, in any share issue of any other corporation have been granted.

DIRECTORS' STATEMENT

Audit and Risk Committee

The Audit and Risk Committee performed the functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Report on Corporate Governance.

Auditor

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

On behalf of the board of directors,

Dr Ang Peng Tiam
Director

Dr Khoo Kei Siong
Director

Singapore
29 March 2019

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TALKMED GROUP LIMITED

Report on the audit of the financial statements

Opinion

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

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

Basis for opinion

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

Key audit matters

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

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TALKMED GROUP LIMITED (CONT'D)

Key audit matters (cont'd)

Revenue – Consultancy Fees

On 1 January 2018, the Group adopted SFRS(I) 15 Revenue from Contracts with Customers. The Group determines that its promise to render consultancy services and provide specialist doctors and clinical staff to Parkway Cancer Centre ("**PCC**"), a division of Parkway Hospitals Singapore Pte. Ltd., represents a single performance obligation. Revenue from the provision of such consultancy services to PCC is recognised over time as the Group concludes that PCC simultaneously receives and consumes the benefits as it performs.

66% of the Group's revenue comprises consultancy services revenue derived from PCC. Revenue from consultancy services is computed based on the financial results of PCC in accordance with the terms and conditions of the Consultancy Restatement Agreement. The reported PCC's revenue and profit form the basis of the Group's consultancy revenue to be charged to PCC. We have identified this as a key audit matter due to the high volume of transactions which in turn creates a risk that systematic errors or alteration of pricing could lead to an error in the reported PCC's revenue and hence the Group's revenue for the year.

As part of our audit procedures, we have reviewed the Consultancy Restatement Agreement which specifies the obligations of the Group and the basis of computing the Group's consultancy revenue. We also evaluated the design and tested the effectiveness of the internal controls over revenue recognition process and reviewed the appropriateness of the Group's revenue recognition accounting policies. We recomputed the reasonableness of the consultancy fees based on the financial results of PCC, including setting expectations of PCC's gross revenue and gross margin based on number of patient visits, average billing and historical margin achieved and comparing our expectations to the consultancy fees recorded. We also considered the adequacy of the disclosures in respect of revenue in Note 2.17(a) and Note 4 to the financial statements.

Other information

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

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

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TALKMED GROUP LIMITED (CONT'D)

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TALKMED GROUP LIMITED (CONT'D)

Auditor's responsibilities for the audit of the financial statements (cont'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Ho Shyan Yan.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
29 March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group	
		2018	2017
	Note	S$'000	S$'000
Revenue	4	**61,278**	61,361
Other items of income			
Interest income		**982**	763
Other income	5	**104**	120
Other items of expense			
Employee benefits expense	6	**(20,468)**	(16,160)
Cost of share-based payments to employees	7	**(537)**	(484)
Operating lease expense		**(1,904)**	(1,693)
Other operating expenses		**(4,315)**	(3,541)
Share of results of associate		**(1,137)**	(1,828)
Profit before tax	8	**34,003**	38,538
Income tax expense	9	**(6,789)**	(7,341)
Profit for the year		**27,214**	31,197
Profit/(loss) attributable to:			
Owners of the Company		**28,908**	32,036
Non-controlling interests		**(1,694)**	(839)
Profit for the year		**27,214**	31,197
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	10	**2.20**	2.44
Profit for the year		**27,214**	31,197
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	13	**–**	(632)
Share of other reserve of associate	13	**–**	1,997
Other comprehensive income for the year, net of tax		**–**	1,365
Total comprehensive income for the year		**27,214**	32,562
Attributable to:			
Owners of the Company		**28,908**	33,401
Non-controlling interests		**(1,694)**	(839)
Total comprehensive income for the year		**27,214**	32,562

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group 2018 S$'000	Group 31.12.2017 S$'000	Group 1.1.2017 S$'000	Company 2018 S$'000	Company 31.12.2017 S$'000	Company 1.1.2017 S$'000
Assets							
Non-current assets							
Plant and equipment	11	**4,227**	674	511	**–**	–	–
Investment in subsidiaries	12	**–**	–	–	**7,188**	5,003	4,113
Investment in associate	13	**3,404**	4,541	5,004	**11,524**	11,524	11,524
Loans to subsidiaries	14	**–**	–	–	**7,649**	1,905	–
Prepaid operating expenses		**4**	9	14	**–**	–	–
		7,635	5,224	5,529	**26,361**	18,432	15,637
Current assets							
Inventories		**282**	167	63	**–**	–	–
Prepaid operating expenses		**648**	273	178	**25**	13	16
Trade and other receivables	14	**8,714**	8,641	6,691	**15,851**	15,041	15,018
Cash and short-term deposits	15	**73,993**	71,051	63,996	**1,057**	9,771	7,741
		83,637	80,132	70,928	**16,933**	24,825	22,775
Total assets		**91,272**	85,356	76,457	**43,294**	43,257	38,412
Equity and liabilities							
Current liabilities							
Trade and other payables	16	**1,980**	1,581	1,735	**3**	29	3
Other liabilities	17	**3,980**	2,596	2,018	**150**	139	160
Income tax payable		**6,775**	7,326	8,571	**–**	23	19
		12,735	11,503	12,324	**153**	191	182
Net current assets		**70,902**	68,629	58,604	**16,780**	24,634	22,593
Non-current liabilities							
Other liabilities	17	**87**	73	28	**–**	–	–
Loans from non-controlling shareholder to subsidiaries	16	**5,099**	1,270	–	**–**	–	–
		5,186	1,343	28	**–**	–	–
Total liabilities		**17,921**	12,846	12,352	**153**	191	182
Net assets		**73,351**	72,510	64,105	**43,141**	43,066	38,230

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group			Company		
		2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Equity attributable to owners of the Company							
Share capital	18	**22,273**	22,273	22,273	**22,273**	22,273	22,273
Merger reserve	19	**(2,311)**	(2,311)	(2,311)	**–**	–	–
Share-based payments reserve	20	**883**	346	–	**883**	346	–
Other reserve	21	**1,869**	2,006	–	**–**	–	–
Foreign currency translation reserve	22	**(495)**	(632)	–	**–**	–	–
Retained earnings		**51,547**	50,647	43,615	**19,985**	20,447	15,957
		73,766	72,329	63,577	**43,141**	43,066	38,230
Non-controlling interests		**(415)**	181	528	**–**	–	–
Total equity		**73,351**	72,510	64,105	**43,141**	43,066	38,230
Total equity and liabilities		**91,272**	85,356	76,457	**43,294**	43,257	38,412

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Attributable to owners of the Company							
	Share capital (Note 18) S$'000	Retained earnings S$'000	Merger reserve (Note 19) S$'000	Share-based payments reserve (Note 20) S$'000	Other reserve (Note 21) S$'000	Foreign currency translation reserve (Note 22) S$'000	Non-controlling interests S$'000	Total equity S$'000
Group								
Opening balance at 1 January 2018	22,273	50,647	(2,311)	346	2,006	(632)	181	72,510
Profit for the year, representing total comprehensive income for the year	–	28,908	–	–	–	–	(1,694)	27,214
Contributions by and distributions to owners								
Dividends on ordinary shares (Note 28)	–	(28,008)	–	–	–	–	–	(28,008)
Share-based payments	–	–	–	537	–	–	–	537
Fair value adjustment for loans from non-controlling shareholder to subsidiaries (Note 16)	–	–	–	–	–	–	1,098	1,098
Other adjustment	–	–	–	–	(137)	137	–	–
Total contributions by and distributions to owners	–	(28,008)	–	537	(137)	137	1,098	(26,373)
Closing balance at 31 December 2018	22,273	51,547	(2,311)	883	1,869	(495)	(415)	73,351

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Attributable to owners of the Company							
	Share capital (Note 18) S$'000	Retained earnings S$'000	Merger reserve (Note 19) S$'000	Share-based payments reserve (Note 20) S$'000	Other reserve (Note 21) S$'000	Foreign currency translation reserve (Note 22) S$'000	Non-controlling interests S$'000	Total equity S$'000
Group								
Opening balance at 1 January 2017	22,273	43,615	(2,311)	–	–	–	528	64,105
Profit for the year	–	32,036	–	–	–	–	(839)	31,197
Other comprehensive income								
Foreign currency translation	–	–	–	–	–	(632)	–	(632)
Share of other reserve of associate	–	–	–	–	1,997	–	–	1,997
Other comprehensive income for the year, net of tax	–	–	–	–	1,997	(632)	–	1,365
Total comprehensive income for the year	–	32,036	–	–	1,997	(632)	(839)	32,562
Contributions by and distributions to owners								
Dividends on ordinary shares (Note 28)	–	(25,004)	–	–	–	–	–	(25,004)
Share-based payments	–	–	–	346	–	–	–	346
Fair value adjustment for loan from non-controlling shareholder to a subsidiary (Note 16)	–	–	–	–	–	–	363	363
Shares issued pursuant to performance shares awarded to a director of a subsidiary	–	–	–	–	–	–	138	138
Changes in ownership interest in subsidiary without loss in control	–	–	–	–	9	–	(9)	–
Total contributions by and distributions to owners	–	(25,004)	–	346	9	–	492	(24,157)
Closing balance at 31 December 2017	22,273	50,647	(2,311)	346	2,006	(632)	181	72,510

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Attributable to owners of the Company			
	Share capital (Note 18) S$'000	Retained earnings S$'000	Share-based payments reserve (Note 20) S$'000	Total equity S$'000
Company				
Opening balance at 1 January 2018	**22,273**	**20,447**	**346**	**43,066**
Profit for the year, representing total comprehensive income for the year	**–**	**27,546**	**–**	**27,546**
Contributions by and distributions to owners				
Dividends on ordinary shares (Note 28)	**–**	**(28,008)**	**–**	**(28,008)**
Share-based payments	**–**	**–**	**537**	**537**
Closing balance at 31 December 2018	**22,273**	**19,985**	**883**	**43,141**
Opening balance at 1 January 2017	22,273	15,957	–	38,230
Profit for the year, representing total comprehensive income for the year	–	29,494	–	29,494
Contributions by and distributions to owners				
Dividends on ordinary shares (Note 28)	–	(25,004)	–	(25,004)
Share-based payments	–	–	346	346
Closing balance at 31 December 2017	22,273	20,447	346	43,066

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 S$'000	Group 2017 S$'000
Operating activities			
Profit before tax		**34,003**	38,538
Adjustments for:			
Depreciation of plant and equipment	11	**376**	366
Cost of share-based payments	7	**537**	484
Finance costs on unwinding of discount adjustment of loans to subsidiaries	16	**127**	33
Interest income		**(982)**	(763)
Share of results of associate		**1,137**	1,828
Total adjustments		**1,195**	1,948
Operating cash flows before changes in working capital		**35,198**	40,486
Changes in working capital			
Increase in inventories		**(115)**	(104)
Increase in prepaid operating expenses		**(370)**	(90)
Increase in trade and other receivables		**(40)**	(1,996)
Increase/(decrease) in trade and other payables		**399**	(154)
Increase in other liabilities		**1,398**	623
Total changes in working capital		**1,272**	(1,721)
Cash flows generated from operations		**36,470**	38,765
Interest received		**949**	809
Income tax paid		**(7,340)**	(8,586)
Net cash flows generated from operating activities		**30,079**	30,988
Investing activities			
Purchase of plant and equipment	11	**(3,929)**	(529)
Net cash flows used in investing activities		**(3,929)**	(529)
Financing activities			
Dividends paid on ordinary shares	28	**(28,008)**	(25,004)
Loans from non-controlling shareholder to subsidiaries	16	**4,800**	1,600
Net cash flows used in financing activities		**(23,208)**	(23,404)
Net increase in cash and cash equivalents		**2,942**	7,055
Cash and cash equivalents at 1 January		**71,051**	63,996
Cash and cash equivalents at 31 December	15	**73,993**	71,051

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. CORPORATE INFORMATION

TalkMed Group Limited (the "**Company**") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The immediate and ultimate holding company is Ladyhill Holdings Pte. Ltd..

The registered office of the Company is at 101 Thomson Road, #09-02 United Square, Singapore 307591 and the principal place of business of the Group is at 3 Mount Elizabeth, Mount Elizabeth Hospital Level 2, Singapore 228510.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries and associate are disclosed in Note 12 and 13 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

The financial statements are presented in Singapore Dollars ("**SGD**" or "**S$**") and all values are rounded to the nearest thousand ("**S$'000**") as indicated.

2.2 First-time adoption of SFRS(I)

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

<u>Exemptions applied on adoption of SFRS(I)</u>

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group and the Company have applied the exemption from the requirement to restate comparative information for SFRS(I) 9. Accordingly, the comparative information does not comply with SFRS(I) 9 Financial Instruments or SFRS(I) 7 Financial Instruments: Disclosures to the extent the disclosures relate to items within the scope of SFRS(I) 9.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 First-time adoption of SFRS(I) (cont'd)

New accounting standards effective on 1 January 2018

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

SFRS(I) 9 Financial Instruments

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

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The comparative information was prepared in accordance with the requirements of FRS 39.

Classification and measurement

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

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and then applied retrospectively to those financial assets that were not de-recognised before 1 January 2018.

Debt instruments of the Group and the Company have contractual cash flows that are solely payments of principal and interest. Loans and receivables that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. The carrying amount of the financial assets at amortised cost of the Group and the Company is disclosed in Note 14. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 *First-time adoption of SFRS(I) (cont'd)*

SFRS(I) 9 Financial Instruments (cont'd)

Impairment

SFRS(I) 9 requires the Group and the Company to record expected credit losses on all of its financial assets measured at amortised cost, either on a 12-month or lifetime basis. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired. There is no significant impact arising from the application of the new impairment requirements.

SFRS(I) 15 Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018. The Group is in the business of provision of oncology services and stem cell related products and services. The Group applied SFRS(I) 15 retrospectively and there is no significant impact arising from the adoption of SFRS(I) 15 by the Group and the Company.

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 is described below:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

SFRS(I) 16 Leases

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

The Group plans to adopt SFRS(I) 16 retrospectively. On the adoption of SFRS(I) 16, the Group expects to choose to measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019. Accordingly, the Group does not expect any impact to the opening retained earnings at the date of initial application, 1 January 2019.

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

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

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

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets of S$2,488,000 and lease liabilities of S$2,488,000 for its leases previously classified as operating leases as of 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(b) Business combinations

The consolidated financial statements of the Group have been prepared in accordance with RAP 12 Merger Accounting for Common Control Combinations in the absence of a Standard or an Interpretation that specifically applies to the business combination of the Company and its subsidiary, Singapore Cancer Centre Pte. Ltd. ("**SCC**"). Under this method, the Company has been treated as the holding company of SCC prior to the date of completion of the restructuring exercise in September 2013.

Pursuant to this,

– Assets, liabilities, reserves, revenue and expense of SCC are consolidated at their existing carrying amounts;
– No amount is recognised for goodwill; and
– The retained earnings recognised in the consolidated financial statements are the retained earnings of SCC. Any difference between the consideration paid or transferred and the share capital of the subsidiary, SCC, is reflected within equity as merger reserve.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 *Foreign currency*

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

(a) *Transactions and balances*

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

(b) *Consolidated financial statements*

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

2.7 *Plant and equipment*

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

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

Furniture and fittings	–	2 to 10 years
Clinic equipment	–	2 years
Office equipment	–	2 to 10 years
Computers	–	2 to 3 years
Renovations	–	2 to 13 years
Laboratory equipment	–	3 years
Motor vehicle	–	5 years

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Plant and equipment (cont'd)

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

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

2.8 Impairment of non-financial assets

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

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

Impairment losses are recognised in profit or loss.

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

2.9 Subsidiaries

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Associates

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

In the Company's separate financial statements, investment in associate is accounted for at cost less impairment losses.

The Group account for its investment in associate using the equity method from the date on which it becomes an associate.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

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

Subsequent measurement

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

Amortised cost

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

De-recognition

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial instruments (cont'd)

(b) *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

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

De-recognition

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

2.12 Impairment of financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Impairment of financial assets (cont'd)

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

For loans carried at amortised cost, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the loans are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the loans. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 60 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits which are subject to an insignificant risk of changes in value.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value, assigned on a first-in-first-out basis; and mainly consist of materials used in the provision of stem cells related products and services.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Employee benefits

Defined contribution plans

The Group makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Equity-settled compensation plans

Certain employees of the Group receive remuneration in the form of performance shares and share options as consideration for services rendered. The cost of these equity-settled share-based payment transactions with employees is measured by reference to the fair value at the date on which the performance shares are awarded or when the share options are granted using an appropriate valuation model. This cost is recognised in profit or loss, with a corresponding increase in the share-based payments reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of performance shares and share options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period and is recognised in "Cost of share-based payments to employees".

No expense is recognised for options that do not ultimately vest. In the case where the option does not vest as the result of a failure to meet a vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The share option reserve is transferred to retained profits upon expiry of the share option.

2.16 Leases – as lessee

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Revenue

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

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

(a) Consultancy services

The Group provides specialist doctors and clinical staff to Parkway Cancer Centre ("**PCC**"), a division of Parkway Hospitals Singapore Pte. Ltd. for the provision of specialist medical oncology services ("**consultancy services**"). Revenue from the provision of such consultancy services to PCC is recognised when the services are rendered and is computed in accordance with the terms and conditions of the Consultancy Restatement Agreement.

The Group provides consultancy services to Thu Cuc International General Hospital ("**TCH**"), to enable TCH to operate a medical centre for the provision of oncology services in Hanoi, Vietnam. Revenue from the provision of such consultancy services to TCH is recognised when the services are rendered and is computed in accordance with the terms and conditions of the profit sharing agreement.

The Group provides consultancy services to its associate, Hong Kong Integrated Oncology Centre Holdings Limited ("**HKH**") for a fixed annual fee. Revenue from the provision of such consultancy services to HKH is recognised when the services are rendered.

(b) Management fees

Revenue from management fees is derived from the billing of salaries, wages and employee benefits and rental of premises incurred from the provision of specialist medical oncology services by SCC's employees and specialist doctors to PCC and all expenses incurred from the provision of consultancy services by SCC's specialist doctors to TCH. Revenue from management fees is recognised when the services are rendered.

(c) Stem cell processing and culturing services

Revenue from processing and culturing of stem cells is recognised upon completion of processing and culturing.

(d) Storage fees

Revenue arising from the storage of stem cells is accounted for on a straight-line basis over the contractual storage period and recognised in full upon release of all stem cells from storage.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss under "Other income".

2.19 Taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Taxes (cont'd)

(b) Deferred tax (cont'd)

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

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

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

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

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

(c) Sales tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Share capital and share issuance expenses

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has applied judgements in the impairment assessment of investment in subsidiaries and associate.

The carrying amount of the Group's investment in subsidiaries and associate at reporting date is disclosed in Note 12 and 13 to the financial statements.

The Group has reviewed its investment in subsidiaries and associate for indicator of impairment and concluded that there is no indicator of impairment in view of the improved performance and growth in their business operations.

These judgements are however not expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period as disclosed in the notes to the financial statements.

3.2 Key sources of estimation uncertainty

Management is of opinion that there is no estimation uncertainty that has a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. REVENUE

Disaggregation of revenue

The table below summarises information about the Group's revenue which is disaggregated using existing segments, geographical markets and timing of transfer of goods or services (at a point in time or over time).

	Oncology services				Stem cell related products and services		Total revenue	
	Consultancy services		Management fees					
	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000
Primary geographical markets								
Singapore	**40,248**	43,315	**19,168**	15,838	**1,156**	1,688	**60,572**	60,841
Hong Kong	**270**	276	**–**	–	**–**	–	**270**	276
Vietnam	**176**	170	**81**	74	**–**	–	**257**	244
Malaysia	**–**	–	**–**	–	**179**	–	**179**	–
	40,694	43,761	**19,249**	15,912	**1,335**	1,688	**61,278**	61,361
Timing of transfer of goods or services								
At a point in time	**–**	–	**–**	–	**1,289**	1,638	**1,289**	1,638
Over time	**40,694**	43,761	**19,249**	15,912	**46**	50	**59,989**	59,723
	40,694	43,761	**19,249**	15,912	**1,335**	1,688	**61,278**	61,361

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. REVENUE (CONT'D)

Nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms

(a) Oncology services

(i) Recognition of revenue from consultancy services from Parkway Cancer Centre ("**PCC**"), Thu Cuc International General Hospital ("**TCH**") and Hong Kong Integrated Oncology Centre Holdings Limited ("**HKH**")

Nature of goods or services

Oncology-related consultancy services are provided to PCC, TCH and HKH. Consultancy services rendered to PCC include provision of specialist doctors and clinical staff to PCC.

Details of these oncology-related consultancy services are as disclosed in Note 2.17(a) to the financial statements.

Timing of transfer of goods or services

Revenue from provision of consultancy services is recognised over time as the Group concludes that the customers simultaneously receive and consume the benefits as it performs.

Significant payment terms

Invoices for consultancy services are issued either on a weekly, monthly or quarterly basis. These invoices are payable within 30 days.

(ii) Recognition of management fees from Parkway Cancer Centre ("**PCC**")

Nature of goods or services

The Group derives management fees from PCC through the billing of salaries, wages and employee benefits and rental of clinical premises.

Timing of transfer of goods or services

Revenue from management fees is recognised over time as the Group concludes that PCC simultaneously receives and consumes the benefits as it performs.

Significant payment terms

Invoices are issued on a monthly basis and are payable within 30 days.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. REVENUE (CONT'D)

Nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms (cont'd)

(b) Stem cell related products and services

Recognition of sale of stem cell processing, culturing and storage services

Nature of goods or services

The Group provides services related to processing, culturing and storage of stem cells through its subsidiary, Stem Med Pte. Ltd. and these services are sold in bundled packages.

The Group accounts for these services separately as they are assessed to be distinct, that is, the customer can benefit from the services on its own or together with other readily available resources.

Timing of transfer of goods or services

The consideration for the bundled sales is allocated to the separate services based on their relative stand-alone selling prices. The stand-alone selling prices are determined based on the prices that the Group would have charged if the services were contracted for separately.

Revenue from sale of processing and culturing services is recognised when the promised services are delivered to the customer and all criteria for acceptance have been satisfied.

For the storage of stem cells where the Group satisfies its performance obligations over time, management has determined that a straight-line method provides a faithful depiction of the Group's performance in transferring control of the storage services to the customers, as it reflects the Group's efforts incurred to date. The measure of progress is based on period of storage to date as a proportion of the total period of storage promised.

Significant payment terms

Invoices are issued when customers sign up for the packages and are payable within 30 days.

(c) Transaction price allocated to remaining performance obligations

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2017 is S$109,000.

As at 31 December 2018, the Group's aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations is S$132,000.

The Group expects to recognise S$45,000 as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2018 in the financial year ending 31 December 2019, S$87,000 in the financial years ending 31 December 2020 to 2026.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. OTHER INCOME

	Group	
	2018	2017
	S$'000	S$'000
Government-paid childcare and maternity leave	**30**	48
Grant income from Temporary Employment Credit scheme	**14**	39
Grant income from Wage Credit Scheme	**29**	23
Grant income from Special Employment Credit scheme	**7**	10
Others	**24**	–
	104	120

6. EMPLOYEE BENEFITS EXPENSE

	Group	
	2018	2017
	S$'000	S$'000
Employee benefits expense (including directors):		
Salaries and bonuses	**19,230**	14,912
Central Provident Fund contributions	**1,028**	895
Other short-term benefits	**210**	353
	20,468	16,160

7. COST OF SHARE-BASED PAYMENTS TO EMPLOYEES

	Group	
	2018	2017
	S$'000	S$'000
Cost of share-based payments in relation to:		
– Employee Share Option Scheme ("**ESOS**") and Performance Share Plan ("**PSP**")	**537**	346
– Performance shares awarded to a director of a subsidiary	**–**	138
	537	484

On 11 May 2017, the Company granted equity-settled share options and awarded equity-settled performances shares to the employees of the Group under its ESOS and PSP respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. COST OF SHARE-BASED PAYMENTS TO EMPLOYEES (CONT'D)

Employee Share Option Scheme

Under the ESOS, share options are granted to the employees of the Group. The exercise price of the share options granted in 2017 was fixed at a 20% discount to the volume-weighted average price of the Company's shares from 27 March 2017 to 9 May 2017. The vesting period of the share options ranged from two years to four years from the date of grant. Upon completion of the vesting period, the share options may be exercised for a period of up to three years. The Group does not have a past practice of cash settlement for these share options.

There has been no cancellation or modification to the ESOS during the financial years ended 31 December 2018 and 2017.

Movement of share options during the financial year

The following table illustrates the number (No.) and weighted average exercise prices ("**WAEP**") of, and movements in, share options during the financial year:

	2018		2017	
	No.	WAEP S$	No.	WAEP S$
Outstanding at 1 January	**3,800,000**	**0.6546**	–	–
– Granted	**–**	**–**	3,800,000	0.6546
Outstanding at 31 December	**3,800,000**	**0.6546**	3,800,000	0.6546
Exercisable at 31 December	**–**	**–**	–	–

– The weighted average fair value of share options granted on 11 May 2017 was S$0.2570.

– There were no share options exercised during the financial years ended 31 December 2018 and 2017.

– The exercise price for share options outstanding at the end of the year was S$0.6546. The weighted average remaining contractual life for these share options excluding remaining vesting period and including remaining vesting period is 3.0 (2017: 3.0) years and 4.1 (2017: 5.1) years respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. COST OF SHARE-BASED PAYMENTS TO EMPLOYEES (CONT'D)

Employee Share Option Scheme (cont'd)

Fair value of share options granted

The fair value of the share options granted in 2017 under the ESOS was estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted.

The following table summarises the inputs to the binomial option pricing model:

	ESOS 2017
Average dividend payout (%)	5.46
Expected volatility (%)	37.43 to 38.32
Risk-free interest rate (% p.a.)	1.69 to 1.90
Expected life of option from the date of grant (years)	5 to 7

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

Performance Share Plan

Under the PSP, performance shares are awarded to the employees of the Group. The vesting period of the performance shares ranged from two years to four years from the date of grant. The performance share will convert into ordinary shares of the Company upon completion of the vesting period. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these performance shares.

There has been no cancellation or modification to the PSP during the financial years ended 31 December 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. COST OF SHARE-BASED PAYMENTS TO EMPLOYEES (CONT'D)

Performance Share Plan (cont'd)

Movement of performance shares during the financial year

The following table illustrates the number (No.) and movements in performance shares during the financial year:

	2018 No.	2017 No.
Outstanding at 1 January	**512,335**	–
– Granted	**–**	512,335
Outstanding at 31 December	**512,335**	512,335

– The weighted average fair value of performance shares granted on 11 May 2017 was S$0.7395.

– The weighted average remaining contractual life for these performance shares is 1.1 (2017: 2.1) years.

Fair value of performance shares granted

The fair value of the performance shares granted in 2017 under the PSP was estimated at the grant date using the expected value of shares based on dividend adjusted share price.

The following table summarises the inputs to the performance share valuation model:

	PSP 2017
Average dividend payout (%)	5.46
Risk-free interest rate (% p.a.)	1.023
Expected life of performance shares from the date of grant (years)	2 to 4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. PROFIT BEFORE TAX

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

	Note	Group 2018 S$'000	Group 2017 S$'000
Audit fee:			
– Auditor of the Company		**130**	123
Non-audit fees:			
– Auditor of the Company		**18**	22
– Other auditors		**2**	6
Employee benefits expense	6	**20,468**	16,160
Depreciation of plant and equipment	11	**376**	366

9. INCOME TAX EXPENSE

Major components of income tax expense

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

	Group 2018 S$'000	Group 2017 S$'000
Current income tax:		
– Current income taxation	**6,787**	7,347
– Under/(over) provision in respect of prior years	**2**	(6)
Income tax expense recognised in profit or loss	**6,789**	7,341

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. INCOME TAX EXPENSE (CONT'D)

Relationship between tax expense and profit before tax

A reconciliation between tax expense and the product of profit before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 is as follows:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Profit before tax	**34,003**	38,538
Tax at the domestic tax rate of 17%	**5,781**	6,551
Adjustments:		
Non-deductible expenses	**556**	305
Income not subject to tax	**–**	(25)
Effect of partial tax exemption and tax relief	**(141)**	(93)
Deferred tax assets not recognised	**389**	274
Under/(over) provision in respect of prior years	**2**	(6)
Share of results of associate	**193**	311
Withholding tax	**12**	21
Others	**(3)**	3
Income tax expense recognised in profit or loss	**6,789**	7,341

Tax consequence of proposed dividends

There are no income tax consequence (2017: S$Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 28).

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately S$5,244,000 (2017: S$2,954,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. These tax losses have no expiry date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares. Diluted earnings per share is calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. These profit and share data are presented in the tables below:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Profit for the year attributable to owners of the Company	**28,908**	32,036
	No. of shares	**No. of shares**
Weighted average number of ordinary shares outstanding for basic earnings per share computation	**1,314,286,000**	1,314,286,000
Effect of dilution:		
– Contingently issuable performance shares	**512,335**	329,860
Weighted average number of ordinary shares outstanding for diluted earnings per share computation	**1,314,798,335**	1,314,615,860

3,800,000 (2017: 3,800,000) share options granted to employees under the ESOS have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. PLANT AND EQUIPMENT

	Furniture and fittings S$'000	Clinic equipment S$'000	Office equipment S$'000	Computers S$'000	Renovations S$'000	Laboratory equipment S$'000	Motor vehicle S$'000	Total S$'000
Group								
Cost								
At 1 January 2017	74	10	15	32	676	220	–	1,027
Additions	–	–	1	8	45	280	195	529
At 31 December 2017 and 1 January 2018	74	10	16	40	721	500	195	1,556
Additions	72	–	31	78	2,722	1,026	–	3,929
At 31 December 2018	**146**	**10**	**47**	**118**	**3,443**	**1,526**	**195**	**5,485**
Accumulated depreciation								
At 1 January 2017	52	10	14	19	346	75	–	516
Depreciation charge for the year	11	–	1	7	225	109	13	366
At 31 December 2017 and 1 January 2018	63	10	15	26	571	184	13	882
Depreciation charge for the year	11	–	3	18	105	200	39	376
At 31 December 2018	**74**	**10**	**18**	**44**	**676**	**384**	**52**	**1,258**
Net book value								
At 1 January 2017	22	–	1	13	330	145	–	511
At 31 December 2017	11	–	1	14	150	316	182	674
At 31 December 2018	**72**	**–**	**29**	**74**	**2,767**	**1,142**	**143**	**4,227**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. INVESTMENT IN SUBSIDIARIES

	Company		
	2018 S$'000	**31.12.2017 S$'000**	**1.1.2017 S$'000**
Equity shares, at cost	**4,113**	4,113	4,113
Discount on interest-free loans to subsidiaries [1]	**2,192**	544	–
Deemed contribution in respect of share-based payments to employees of Singapore Cancer Centre Pte. Ltd. [2]	**883**	346	–
	7,188	5,003	4,113

[1] During the year, the Company recorded discount on interest-free loans to subsidiaries of S$1,648,000 (31 December 2017: S$544,000) (Note 14).

[2] During the year, the Company recorded cost of share-based payments in relation to ESOS and PSP of S$537,000 (31 December 2017: S$346,000) (Note 7).

The Group has the following investment in subsidiaries:

Name	Country of incorporation	Principal activities (Principal place of activities)	Proportion of ownership interest 2018 %	31.12.2017 %	1.1.2017 %
Held by the Company:					
Singapore Cancer Centre Pte. Ltd. ("**SCC**") [a]	Singapore	Provision of specialist doctors and medical staff to operate Parkway Cancer Centre which is a division of Parkway Hospitals Singapore Pte. Ltd. for specialist oncology services (Singapore)	**100**	100	100
TalkMed Vietnam Pte. Ltd. [a]	Singapore	Provision of specialised medical oncology services (Vietnam)	**100**	100	100
TalkMed China Pte. Ltd. [a]	Singapore	Provision of healthcare-related services (China)	**100**	100	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name	Country of incorporation	Principal activities (Principal place of activities)	Proportion of ownership interest 2018 %	31.12.2017 %	1.1.2017 %
Held by the Company (cont'd):					
Stem Med Pte. Ltd. ("**Stem Med**") [a]	Singapore	Provision of services related to the processing, culturing and storage of stem cells (Singapore)	**57**	57	60
CellVec Pte. Ltd. ("**CellVec**") [a]	Singapore	Provision of cellular and gene therapy services (Singapore)	**57**	–	–
Held through Stem Med Pte. Ltd.:					
Stem Med Indonesia Pte. Ltd. [a]	Singapore	Provision of services related to operation of cellular laboratories and storage facilities and cellular therapeutics clinics (Indonesia)	**90**	90	–
DrSG Cellular Wellness Pte. Ltd. [b]	Singapore	Provision of customised solutions using protein-rich derivatives for skin care and hair rejuvenation (Singapore)	**60**	60	–
Held through TalkMed China Pte. Ltd.:					
TalkMed Chongqing Pte. Ltd. [a]	Singapore	Provision of healthcare management services (China)	**75**	75	–

[a] Audited by Ernst & Young LLP, Singapore.

[b] This company is dormant as at year end.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Interest in subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interests held by non-controlling interests	Loss allocated to NCI during the reporting period			Accumulated NCI at the end of reporting period			Dividends paid to NCI		
			2018 S$'000	31.12.2017 S$'000	1.1.2017 S$'000	2018 S$'000	31.12.2017 S$'000	1.1.2017 S$'000	2018 S$'000	31.12.2017 S$'000	1.1.2017 S$'000
Stem Med	Singapore	43%	**(1,241)**	(835)	(510)	**(598)**	185	528	**-**	–	–
CellVec	Singapore	43%	**(435)**	–	–	**205**	–	–	**-**	–	–

Summarised financial information about subsidiaries with material NCI

Summarised financial information before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised statements of financial position

	Stem Med Pte. Ltd.			CellVec Pte. Ltd.		
	2018 S$'000	31.12.2017 S$'000	1.1.2017 S$'000	2018 S$'000	31.12.2017 S$'000	1.1.2017 S$'000
Current						
Assets	**6,202**	3,475	1,260	**4,400**	–	–
Liabilities	**(579)**	(608)	(436)	**(2,268)**	–	–
Net current assets	**5,623**	2,867	824	**2,132**	–	–
Non-current						
Assets	**324**	681	524	**3,904**	–	–
Liabilities	**(7,388)**	(3,247)	(28)	**(5,447)**	–	–
Net non-current (liabilities)/assets	**(7,064)**	(2,566)	496	**(1,543)**	–	–
Net (liabilities)/assets	**(1,441)**	301	1,320	**589**	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Summarised statements of comprehensive income

	Stem Med Pte. Ltd.		CellVec Pte. Ltd.	
	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000
Revenue	**1,335**	1,688	**–**	–
Loss before and after tax	**(2,885)**	(2,066)	**(1,012)**	–
Total comprehensive income	**(2,885)**	(2,066)	**(1,012)**	–

Other summarised information

	Stem Med Pte. Ltd.		CellVec Pte. Ltd.	
	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000
Net cash flows (used in)/generated from operations	**(4,196)**	(2,246)	**790**	–
Acquisitions of plant and equipment	**310**	526	**3,616**	–

13. INVESTMENT IN ASSOCIATE

The Group's investment in associate is summarised below:

	Group			Company		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Hong Kong Integrated Oncology Centre Holdings Limited						
Cost of acquisition	**11,524**	11,524	11,524	**11,524**	11,524	11,524
Share of post-acquisition results	**(9,485)**	(8,348)	(6,520)	**–**	–	–
Share of other reserve of associate	**1,997**	1,997	–	**–**	–	–
Foreign currency translation	**(632)**	(632)	–	**–**	–	–
	3,404	4,541	5,004	**11,524**	11,524	11,524

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. INVESTMENT IN ASSOCIATE (CONT'D)

The Group has the following investment in associate:

Name	Country of incorporation	Principal activities	Proportion of ownership interest		
			2018	31.12.2017	1.1.2017
			%	%	%
Held by the Company:					
Hong Kong Integrated Oncology Centre Holdings Limited ("**HKH**")	Cayman Islands	Investment holding	**30**	30	30
Held by HKH:					
Hong Kong Integrated Oncology Centre Limited ("**HKIOC**")	Hong Kong	Provision of specialist oncology services	**76**[1]	76	79

[1] In February 2019, HKH's ownership interest in HKIOC has been diluted from 76% to 72%. Further details are disclosed in Note 29 to the financial statements.

The summarised financial information in respect of Hong Kong Integrated Oncology Centre Holdings Limited, based on its consolidated IFRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements is as follows:

Summarised statement of financial position

	Hong Kong Integrated Oncology Centre Holdings Limited		
	2018	31.12.2017	1.1.2017
	S$'000	S$'000	S$'000
Current assets	**8,088**	5,109	11,211
Non-current assets	**21,599**	25,264	24,635
Total assets	**29,687**	30,373	35,846
Current liabilities	**14,206**	7,848	11,175
Non-current liabilities	**10,554**	12,147	11,297
Total liabilities	**24,760**	19,995	22,472
Net assets	**4,927**	10,378	13,374
Non-controlling interests	**3,014**	1,611	149
	7,941	11,989	13,523
Proportion of the Group's ownership	**30%**	30%	30%
Group's share of net assets	**2,382**	3,597	4,057
Goodwill on acquisition	**959**	942	1,026
Other adjustments	**63**	2	(79)
Carrying amount of the investment	**3,404**	4,541	5,004

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. INVESTMENT IN ASSOCIATE (CONT'D)

Summarised statement of comprehensive income

	Hong Kong Integrated Oncology Centre Holdings Limited	
	2018	**2017**
	S$'000	**S$'000**
Revenue	**54,098**	41,348
Loss after tax	**(3,763)**	(6,081)
Total comprehensive income	**(3,763)**	(6,081)

14. TRADE AND OTHER RECEIVABLES

	Group			Company		
	2018	**31.12.2017**	**1.1.2017**	**2018**	**31.12.2017**	**1.1.2017**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Trade and other receivables:						
Trade receivables	**8,104**	8,202	6,209	**–**	–	–
Amounts due from subsidiaries (non-trade)	**–**	–	–	**51**	5	–
Dividends receivable from a subsidiary	**–**	–	–	**15,800**	15,000	15,000
Refundable deposits	**367**	258	260	**–**	–	–
Interest receivables	**203**	170	216	**–**	28	18
Other receivables	**40**	11	6	**–**	8	–
Total trade and other receivables (current)	**8,714**	8,641	6,691	**15,851**	15,041	15,018
Add: Cash and short-term deposits (Note 15)	**73,993**	71,051	63,996	**1,057**	9,771	7,741
Add: Loans to subsidiaries (non-current)	**–**	–	–	**7,649**	1,905	–
Total financial assets carried at amortised cost	**82,707**	79,692	70,687	**24,557**	26,717	22,759

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from subsidiaries (non-trade)

These amounts are unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. TRADE AND OTHER RECEIVABLES (CONT'D)

Loans to subsidiaries (non-current)

During the financial years ended 31 December 2018 and 2017, the Company and a non-controlling shareholder, StemCord Pte Ltd granted interest-free loans to its subsidiaries, Stem Med and CellVec.

Details of the loans are summarised in the table below:

		Amount of loans granted			
Name of subsidiaries	**Date of grant**	**Company S$'000**	**StemCord (Note 16) S$'000**	**Total S$'000**	**Date of repayment**
Stem Med	20 June 2017	2,400	1,600	4,000	19 June 2022
Stem Med	20 June 2018	3,000	2,000	5,000	19 June 2023
CellVec	1 November 2018	4,200	2,800	7,000	31 October 2023
Total loans to subsidiaries		9,600	6,400	16,000	

These interest-free loans are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Their fair values are estimated based on the present value of future cash flows, discounted at the market rate of interest for similar types of lending or borrowing at the end of the reporting period.

	Company	
	2018 S$'000	**2017 S$'000**
At 1 January	**1,905**	–
Loans to subsidiaries during the year:		
Original loan amounts	**7,200**	2,400
Discount on loans (Note 12)	**(1,648)**	(544)
Interest income on unwinding of discount adjustment	**192**	49
At 31 December	**7,649**	1,905

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables that are past due but not impaired

The Group has trade receivables amounting to S$166,000 (31 December 2017: S$130,000, 1 January 2017: S$200,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group		
	2018	**31.12.2017**	**1.1.2017**
	S$'000	**S$'000**	**S$'000**
Trade receivables past due but not impaired:			
1 to 30 days	**42**	98	40
31 to 90 days	**89**	–	38
More than 90 days	**35**	32	122
	166	130	200

Management has assessed that the loss allowance provision as at 31 December 2018 is negligible as the Group has no significant default in trade receivables based on historical experience. Information relating to the expected credit loss provision matrix of the Group and Company is disclosed in Note 25 to the financial statements.

There is no impairment loss recognised on trade receivables for the financial years ended 31 December 2018 and 2017.

15. CASH AND SHORT-TERM DEPOSITS

	Group			Company		
	2018	**31.12.2017**	**1.1.2017**	**2018**	**31.12.2017**	**1.1.2017**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Cash at banks and on hand	**13,421**	9,628	11,285	**1,057**	826	856
Short-term deposits	**60,572**	61,423	52,711	**–**	8,945	6,885
Cash and short-term deposits	**73,993**	71,051	63,996	**1,057**	9,771	7,741

Cash at banks earn interests ranging 0.55% to 0.70% (31 December 2017: 0.30% to 0.50%, 1 January 2017: 0.25% to 0.35%) per annum. Short-term deposits are made for varying periods of between 1 month and 6 months (31 December 2017: 1 month and 6 months, 1 January 2017: 3 months and 6 months), depending on the immediate cash requirements of the Group, and earn interests ranging from 1.23% to 2.20% (31 December 2017: 0.85% to 1.59%, 1 January 2017: 1.20% to 1.80%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16. TRADE AND OTHER PAYABLES

	Group			Company		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Trade and other payables:						
Trade payables	**490**	196	80	**–**	–	–
GST payable	**832**	864	1,202	**–**	–	–
Rental deposits	**376**	316	316	**–**	–	–
Other payables	**248**	102	128	**3**	29	3
Amounts due to a director-related company (non-trade)	**2**	4	4	**–**	–	–
Amounts due to non-controlling shareholder (trade)	**32**	99	5	**–**	–	–
Total trade and other payables (current)	**1,980**	1,581	1,735	**3**	29	3
Add: Accrued operating expenses (Note 17)	**3,935**	2,560	2,000	**150**	139	160
Less: GST payable	**(832)**	(864)	(1,202)	**–**	–	–
Add: Loans from non-controlling shareholder to subsidiaries (non-current)	**5,099**	1,270	–	**–**	–	–
Total financial liabilities carried at amortised cost	**10,182**	4,547	2,533	**153**	168	163

Loans from non-controlling shareholder to subsidiaries (non-current)

During the financial years ended 31 December 2018 and 2017, the Company and a non-controlling shareholder, StemCord Pte Ltd granted interest-free loans to its subsidiaries, Stem Med and CellVec.

Details of the loans are summarised in the table below:

		Amount of loans granted			
Name of subsidiaries	**Date of grant**	**Company (Note 14)**	**StemCord**	**Total**	**Date of repayment**
		S$'000	**S$'000**	**S$'000**	
Stem Med	20 June 2017	2,400	1,600	4,000	19 June 2022
Stem Med	20 June 2018	3,000	2,000	5,000	19 June 2023
CellVec	1 November 2018	4,200	2,800	7,000	31 October 2023
Total loans to subsidiaries		9,600	6,400	16,000	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16. TRADE AND OTHER PAYABLES (CONT'D)

Loans from non-controlling shareholder to subsidiaries (non-current) (cont'd)

These interest-free loans are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Their fair values are estimated based on the present value of future cash flows, discounted at the market rate of interest for similar types of lending or borrowing at the end of the reporting period.

	Group	
	2018	2017
	S$'000	S$'000
At 1 January	**1,270**	–
Loans from non-controlling shareholder to subsidiaries during the year:		
Original loan amounts	**4,800**	1,600
Discount on loans	**(1,098)**	(363)
Finance costs on unwinding of discount adjustment	**127**	33
At 31 December	**5,099**	1,270

Amounts due to a director-related company (non-trade)

These amounts are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Amounts due to non-controlling shareholder (trade)

These amounts are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

17. OTHER LIABILITIES

	Group			Company		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Current						
Accrued operating expenses	**3,935**	2,560	2,000	**150**	139	160
Deferred revenue	**45**	36	18	**–**	–	–
	3,980	2,596	2,018	**150**	139	160
Non-current						
Deferred revenue	**87**	73	28	**–**	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. SHARE CAPITAL

	Group and Company			
	2018		2017	
	No. of shares '000	S$'000	No. of shares '000	S$'000
Issued and fully paid ordinary shares				
At 1 January	**1,314,286**	**22,273**	657,143	22,273
Bonus issue on the basis of one bonus share for each existing ordinary share held	**–**	**–**	657,143	–
At 31 December	**1,314,286**	**22,273**	1,314,286	22,273

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

19. MERGER RESERVE

This represents the difference between the consideration paid and the paid-up capital of the subsidiary under common control which is accounted for by applying the pooling of interest method.

20. SHARE-BASED PAYMENTS RESERVE

Share-based payments reserve represents the equity-settled share options and performance shares granted to employees (Note 7). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options and performance shares, and is reduced by the expiry or exercise of the share options and performance shares.

21. OTHER RESERVE

	Group		
	2018 S$'000	31.12.2017 S$'000	1.1.2017 S$'000
Share of other reserve of associate	**1,997**	1,997[1]	–
Changes in ownership interest in subsidiary without loss in control	**9**	9	–
Other adjustment	**(137)**	–	–
	1,869	2,006	–

[1] As at 31 December 2017, the associate, HKH's ownership interest in its subsidiary, HKIOC was diluted to 76%. The change in HKH's ownership interest in HKIOC did not result in loss of control of HKIOC and was therefore accounted for as an equity transaction in the consolidated financial statements of HKH. Accordingly, the Group recognised its share of such changes in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

23. RELATED PARTY TRANSACTIONS

(a) *Sales and purchases of goods and services*

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

	Group	
	2018	**2017**
	S$'000	**S$'000**
Operating lease expense paid to directors and director-related companies	**1,482**	1,439
Service fees paid to director-related companies	**72**	123
Payment made on behalf by non-controlling shareholder	**39**	102
Consultancy services rendered to associate	**270**	276
Stem cell processing fees charged to non-controlling shareholder	**520**	843

(b) *Compensation of key management personnel*

	Group	
	2018	**2017**
	S$'000	**S$'000**
Short-term employee benefits	**6,833**	5,360
Directors' fees – directors of the Company and subsidiaries	**470**	470
Central Provident Fund contributions	**84**	77
Cost of share-based payments	**85**	193
	7,472	6,100
Comprised amounts paid/payable to:		
– Directors of the Company	**4,652**	3,456
– Other key management personnel	**2,820**	2,644
	7,472	6,100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. OPERATING LEASE COMMITMENTS – AS LESSEE

The Group has entered into commercial operating leases on certain clinic centres, office and laboratory premises. These leases have an average tenure of 3 years and certain leases have renewal options. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to S$1,904,000 (2017: S$1,693,000).

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

	Group		
	2018	**31.12.2017**	**1.1.2017**
	S$'000	**S$'000**	**S$'000**
Not later than one year	**1,349**	1,174	1,545
Later than one year but not later than five years	**1,066**	592	1,465
	2,415	1,766	3,010

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks are credit risk and liquidity risk. The board of directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the current and previous financial years, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

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

The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

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

To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group and the Company consider available reasonable and supportive forward-looking information which includes the following indicators:

– Internal credit rating
– External credit rating
– Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
– Actual or expected significant changes in the operating results of the borrower
– Significant increases in credit risk on other financial instruments of the same borrower
– Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 60 days past due in making contractual payment.

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

– There is significant difficulty of the issuer or the borrower
– A breach of contract, such as a default or past due event
– It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group and the Company continue to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

(i) Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region and revenue segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information such as forecast of economic conditions where the healthcare consumer price index will increase over the next year, leading to an increased number of defaults. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

Management has assessed that the loss allowance provision as at 31 December 2018 is negligible as the Group has no significant default in trade receivables based on historical experience.

(ii) Loans to subsidiaries at amortised cost

The Company uses three categories of internal credit risk ratings for intercompany loans which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are determined through incorporating both qualitative and quantitative information that builds on information from external credit rating companies, such as Standard and Poor, Moody's and Fitch, supplemented with information specific to the counterparty and other external information that could affect the counterparty's behaviour.

The Company computes expected credit loss for this group of financial assets using the probability of default approach. In calculating the expected credit loss rates, the Company considers implied probability of default from external rating agencies where available and historical loss rates for each category of counterparty, and adjusts for forward-looking macroeconomic data such as GDP growth and central bank base rates.

A summary of the Company's internal grading category in the computation of the Company's expected credit loss model for the intercompany loans is as follows:

Category	Definition of category	Basis for recognition of expected credit loss provision
Grade I	Counterparties have a low risk of default and a strong capacity to meet contractual cash flows.	12-month expected credit losses
Grade II	Loans for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 60 days past due.	Lifetime expected credit losses
Grade III	Interest and/or principal repayments are 90 days past due.	Lifetime expected credit losses

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

(ii) Loans to subsidiaries at amortised cost (cont'd)

There are no significant changes to estimation techniques or assumptions made during the reporting period.

The gross carrying amount of loans at amortised cost, without taking into account of any collaterals held or other credit enhancements which represents the maximum exposure to loss, is as follows:

Company		**31 December 2018 $'000**
12-month ECL	Loans at amortised cost	**7,649**

Management has categorised these intercompany loans under Grade I and has assessed that the subsidiaries have a strong capacity to meet the contractual cash flows of the intercompany loans.

Accordingly, the risk of default is determined to be low and the loss allowance provision on the Company's loans to subsidiaries at amortised costs based on the 12-month expected credit loss is assessed as negligible.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the statement of financial position.

Credit risk concentration profile

The Group has one (2017: one) major trade debtor whom is based in Singapore. At the end of the reporting period, approximately 97% (2017: 95%) of the Group's trade receivables were due from this major trade debtor.

In order to mitigate concentrations of risk, the Group's policies and procedures include specific guidelines to focus on monitoring the repayment pattern of its key trade debtor.

The carrying amount of trade receivables is disclosed in Note 14 to the financial statements.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) *Credit risk (cont'd)*

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 14 to the financial statements.

(b) *Liquidity risk*

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. As part of its overall liquidity management, the Group monitors and maintains a level of cash and short-term deposits deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Analysis of financial instruments by remaining contractual maturities

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

	2018			31.12.2017			1.1.2017
	1 year or less S$'000	1 to 5 years S$'000	Total S$'000	1 year or less S$'000	1 to 5 years S$'000	Total S$'000	1 year or less S$'000
Group							
Financial assets							
Trade and other receivables	**8,714**	**–**	**8,714**	8,641	–	8,641	6,691
Cash and short-term deposits	**73,993**	**–**	**73,993**	71,051	–	71,051	63,996
Total undiscounted financial assets	**82,707**	**–**	**82,707**	79,692	–	79,692	70,687
Financial liabilities							
Trade and other payables (net of GST payable)	**1,148**	**–**	**1,148**	717	–	717	533
Accrued operating expenses	**3,935**	**–**	**3,935**	2,560	–	2,560	2,000
Loans from non-controlling shareholder to subsidiaries	**–**	**6,400**	**6,400**	–	1,600	1,600	–
Total undiscounted financial liabilities	**5,083**	**6,400**	**11,483**	3,277	1,600	4,877	2,533
Total net undiscounted financial assets/(liabilities)	**77,624**	**(6,400)**	**71,224**	76,415	(1,600)	74,815	68,154

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) *Liquidity risk (cont'd)*

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

	2018			31.12.2017			1.1.2017
	1 year or less S$'000	1 to 5 years S$'000	Total S$'000	1 year or less S$'000	1 to 5 years S$'000	Total S$'000	1 year or less S$'000
Company							
Financial assets							
Trade and other receivables	**15,851**	**–**	**15,851**	15,041	–	15,041	15,018
Cash and short-term deposits	**1,057**	**–**	**1,057**	9,771	–	9,771	7,741
Loans to subsidiaries	**–**	**9,600**	**9,600**	–	2,400	2,400	–
Total undiscounted financial assets	**16,908**	**9,600**	**26,508**	24,812	2,400	27,212	22,759
Financial liabilities							
Trade and other payables	**3**	**–**	**3**	29	–	29	3
Accrued operating expenses	**150**	**–**	**150**	139	–	139	160
Total undiscounted financial liabilities	**153**	**–**	**153**	168	–	168	163
Total net undiscounted financial assets	**16,755**	**9,600**	**26,355**	24,644	2,400	27,044	22,596

(c) *Fair value of financial instruments*

(i) *Fair value hierarchy*

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

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group and the Company can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Fair value of financial instruments (cont'd)*

(ii) *Assets and liabilities that are not carried at fair value, but for which fair value is disclosed*

The following table shows an analysis of each class of assets and liabilities not measured at fair value at the end of the reporting period:

		Group			
		Fair value measurements at the end of the reporting period using			
	Note	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Carrying amount
2018					
Financial liability carried at amortised cost:					
Loans from non-controlling shareholder to subsidiaries (non-current)	16	**–**	**–**	**5,097**	**5,099**
2017					
Financial liability carried at amortised cost:					
Loan from non-controlling shareholder to a subsidiary (non-current)	16	–	–	1,270	1,270

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Fair value of financial instruments (cont'd)*

(ii) *Assets and liabilities that are not carried at fair value, but for which fair value is disclosed (cont'd)*

		Company			
		Fair value measurements at the end of the reporting period using			
	Note	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Carrying amount
2018					
Financial assets carried at amortised cost:					
Loans to subsidiaries (non-current)	14	**–**	**–**	**7,646**	**7,649**
2017					
Financial assets carried at amortised cost:					
Loan to a subsidiary (non-current)	14	–	–	1,905	1,905

Loans to subsidiaries and loans from non-controlling shareholder to subsidiaries

The fair value of the non-current loans to subsidiaries and loans from non-controlling shareholder to subsidiaries which are not carried at fair value in the balance sheet is presented in the tables above. The fair value is estimated based on the present value of future cash flows, discounted at the market rate of interest for similar types of lending or borrowing at the end of the reporting period.

(iii) *Assets and liabilities that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

Except as disclosed in Note 25(c)(ii), management has determined that the carrying amounts of the financial instruments reasonably approximate their fair values due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2018 and 2017.

27. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

(i) Oncology services

The provision of oncology services to Parkway Cancer Centre, a division of Parkway Hospitals Singapore Pte. Ltd., Thu Cuc International General Hospital in Hanoi, Vietnam and Hong Kong Integrated Oncology Centre Holdings Limited.

(ii) Stem cell related products and services

The provision of services related to processing, culturing and storage of stem cells to Parkway Cancer Centre, a division of Parkway Hospitals Singapore Pte. Ltd., StemCord Pte Ltd, the non-controlling shareholder of Stem Med and other individual customers.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27. SEGMENT INFORMATION (CONT'D)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit or loss.

	Group		
	Oncology services S$'000	Stem cell related products and services S$'000	Per consolidated financial statements S$'000
Year ended 31 December 2018			
Revenue			
External customers, representing total revenue	59,943	1,335	61,278
Results			
Interest income	982	–	982
Finance costs on unwinding of discount adjustment of loans to subsidiaries	–	127	127
Depreciation of plant and equipment	2	374	376
Employee benefits expense	18,695	1,773	20,468
Share of results of associate	1,137	–	1,137
Income tax expense	6,789	–	6,789
Cost of share-based payments	537	–	537
Segment profit/(loss)	30,925	(3,711)	27,214
Assets			
Investment in associate	3,404	–	3,404
Segment assets	72,937	14,931	87,868
Total assets	76,341	14,931	91,272
Liabilities			
Segment liabilities	11,935	5,986	17,921

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27. SEGMENT INFORMATION (CONT'D)

	Group		
	Oncology services S$'000	Stem cell related products and services S$'000	Per consolidated financial statements S$'000
Year ended 31 December 2017			
Revenue			
External customers, representing total revenue	59,673	1,688	61,361
Results			
Interest income	763	–	763
Finance costs on unwinding of discount adjustment of loan to a subsidiary	–	33	33
Depreciation of plant and equipment	1	365	366
Employee benefits expense	15,191	969	16,160
Share of results of associate	1,828	–	1,828
Income tax expense	7,341	–	7,341
Cost of share-based payments	346	138	484
Segment profit/(loss)	33,268	(2,071)	31,197
Assets			
Investment in associate	4,541	–	4,541
Segment assets	76,658	4,157	80,815
Total assets	81,199	4,157	85,356
Liabilities			
Segment liabilities	8,990	3,856	12,846

	Group		
	Oncology services S$'000	Stem cell related products and services S$'000	Per consolidated financial statements S$'000
As at 1 January 2017			
Assets			
Investment in associate	5,004	–	5,004
Segment assets	69,669	1,784	71,453
Total assets	74,673	1,784	76,457
Liabilities			
Segment liabilities	11,888	464	12,352

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27. SEGMENT INFORMATION (CONT'D)

Geographical information

Revenue and non-current assets information based on the geographical location of customers whom we render billings to and assets respectively are as follows:

	Revenue		Non-current assets		
	2018 S$'000	2017 S$'000	2018 S$'000	31.12.2017 S$'000	1.1.2017 S$'000
Group					
Singapore	**60,572**	60,841	**4,231**	683	525
Hong Kong	**270**	276	**–**	–	–
Vietnam	**257**	244	**–**	–	–
Malaysia	**179**	–	**–**	–	–
	61,278	61,361	**4,231**	683	525

Non-current assets information presented above consists of plant and equipment and prepaid operating expenses as presented in the statement of financial position of the Group.

Information about a major customer

Revenue from one major customer amounted to S$59,570,000 (2017: S$59,413,000), arising from the provision of oncology and stem cells services to Parkway Cancer Centre, a division of Parkway Hospitals Singapore Pte. Ltd..

28. DIVIDENDS

	Group and Company	
	2018 S$'000	2017 S$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final exempt (one-tier) dividend for 2017: 1.370 cents (2016: 2.283 cents) per share	**18,006**	15,002
– First interim exempt (one-tier) dividend for 2018: 0.761 cents (2017: 0.761 cents) per share	**10,002**	10,002
	28,008	25,004
Proposed dividends to the Company's shareholders but not recognised as a liability as at 31 December:		
– Final exempt (one-tier) dividend for 2018: 1.065 cents (2017: 1.370 cents) per share	**13,997**	18,006

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

29. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 1 February 2019,

- Hong Kong Integrated Oncology Centre Limited ("**HKIOC**") capitalised loan payable to Hong Kong Integrated Oncology Centre Holdings Limited ("**HKH**") which amounted to HKD 39,205,000 into 1,363,635 ordinary shares and 3,636,365 preference shares of HKIOC (the "**Loan Capitalisation**");
- HKIOC issued 802,999 ordinary shares and 1,873,656 preference shares to certain contract doctors and employees (including directors) (the "**Share Subscription Exercise**"); and
- HKH sold 174,058 ordinary shares and 120,728 preference shares held in HKIOC to a director of HKIOC (the "**Sale of Shares**").

Following the Loan Capitalisation, the Share Subscription Exercise and the Sale of Shares, HKH's ownership interest in HKIOC has been diluted from 76% to 72%.

30. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of directors on 29 March 2019.

STATISTICS OF SHAREHOLDINGS

AS AT 12 MARCH 2019

ISSUED AND FULLY PAID UP CAPITAL	:	S$22,272,984
NO. OF SHARES ISSUED	:	1,314,286,000
NO. OF SHARES ISSUED (excluding Treasury Shares and Subsidiary Holdings[1])	:	1,314,286,000
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS (excluding Treasury Shares and Subsidiary Holdings[1])	:	1 VOTE PER SHARE
TREASURY SHARES	:	NIL
NUMBER OF SUBSIDIARY HOLDINGS[1]	:	NIL
PERCENTAGE OF TREASURY SHARES AND SUBSIDIARY HOLDINGS[1]	:	NIL[2]

Notes:

(1) "**Subsidiary Holdings**" means any Issued Shares of the Company held by its subsidiaries (as referred to in the Companies Act, Chapter 50 of Singapore).

(2) Percentage calculated against the number of Issued Shares (excluding Treasury Shares and Subsidiary Holdings).

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	NIL	NIL	NIL	NIL
100 – 1,000	52	5.46	36,300	0.00
1,001 – 10,000	424	44.54	2,763,000	0.21
10,001 – 1,000,000	457	48.00	31,772,600	2.42
1,000,001 & above	19	2.00	1,279,714,100	97.37
TOTAL	952	100.00	1,314,286,000	100.00

TOP TWENTY SHAREHOLDERS AS AT 12 MARCH 2019	NO. OF SHARES	%
CITIBANK NOMINEES SINGAPORE PTE LTD	940,755,700	71.58
DR KHOO KEI SIONG	99,360,000	7.56
UOB KAY HIAN PTE LTD	97,970,200	7.46
DR LIM HONG LIANG	47,472,000	3.61
RAFFLES NOMINEES (PTE.) LIMITED	41,987,800	3.20
DR TEO CHENG PENG	19,651,200	1.50
DBS NOMINEES (PRIVATE) LIMITED	9,094,800	0.69
LIM BEE KOK	4,493,000	0.34
DR SEE HUI TI	4,168,000	0.32
LAI JASON JUSTIN	2,020,000	0.15
THNG YONGXIAN (TANG YONGXIAN)	1,681,100	0.13
CHAN JIN HOE	1,600,000	0.12
NG LIN CHIEH KELVIN	1,500,000	0.11
TAN FAN HAO MATTHEW	1,500,000	0.11
TAN YII HSIEN BARNABAS (CHEN YUXIAN BARNABAS)	1,500,000	0.11
DR FOO KIAN FONG	1,440,000	0.11
SNG SU YING MARIAN	1,420,000	0.11
CHENG TIM JENG	1,078,000	0.08
DR ZEE YING KIAT (XU YINGJIE)	1,022,300	0.08
NG SOK MENG EVELYN	919,800	0.07
	1,280,633,900	97.44

STATISTICS OF SHAREHOLDINGS

AS AT 12 MARCH 2019

SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST NO. OF SHARES	%	DEEMED INTEREST NO. OF SHARES	%	TOTAL NO. OF SHARES	%
LADYHILL HOLDINGS PTE. LTD.[1]	–	–	858,912,000	65.35	858,912,000	65.35
DR KHOO KEI SIONG	99,360,000	7.56	–	–	99,360,000	7.56
DR TEO CHENG PENG[2]	19,651,200	1.50	78,604,800	5.98	98,256,000	7.48
DR ANG PENG TIAM[3]	–	–	858,912,000	65.35	858,912,000	65.35
MDM CHUA SIOK LIN[3]	–	–	858,912,000	65.35	858,912,000	65.35

Note:

(1) Ladyhill Holdings Pte. Ltd. is deemed interested in the 858,912,000 shares of the Company held through Citibank Nominees Singapore Pte Ltd.

(2) Dr Teo Cheng Peng is deemed interested in the 78,604,800 shares of the Company held through Citibank Nominees Singapore Pte Ltd.

(3) Dr Ang Peng Tiam and Mdm Chua Siok Lin are spouses. Dr Ang Peng Tiam and Mdm Chua Siok Lin are deemed to be interested in the ordinary shares held by Ladyhill Holdings Pte. Ltd. by virtue of Section 7 of the Companies Act, Cap. 50.

SHAREHOLDING HELD IN PUBLIC HANDS

As at 12 March 2019, approximately 15.62% of the issued ordinary shares of the Company was held in the hands of the public. Accordingly, the Company had complied with Rule 723 of the Rules of Catalist of the Singapore Exchange Securities Trading Limited.

NOTICE OF SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting ("**AGM**") of TalkMed Group Limited will be held at Alumni Association, The Alumni Medical Centre, 2 College Road, Singapore 169850 on Thursday, 25 April 2019 at 6:00 p.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2018 together with the Auditor's Report thereon. **(Resolution 1)**

2. To declare a final one-tier tax-exempt dividend of 1.065 Singapore cents per ordinary share in respect of the financial year ended 31 December 2018. **(Resolution 2)**

3. To approve the payment of Directors' fees of S$380,000 for the financial year ending 31 December 2019 to be paid quarterly in arrears. (2018: S$380,000) **(Resolution 3)**

4. To re-elect the following Directors who retire by rotation pursuant to Article 91 of the Company's Constitution:

   Dr Khoo Kei Siong
   [Please see Explanatory Note (i)] **(Resolution 4)**

   Mr Dan Yock Hian
   [Please see Explanatory Note (ii)] **(Resolution 5)**

   Mr Lim Jen Howe
   [Please see Explanatory Note (iii)] **(Resolution 6)**

5. To re-appoint Messrs Ernst & Young LLP as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

6. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

7. Authority to issue shares in the capital of the Company

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

NOTICE OF SIXTH ANNUAL GENERAL MEETING

(a) (1) issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(2) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares pursuant to any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the "**Share Issue Mandate**")

provided that:

(1) the aggregate number of Shares (including the Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares (including the Shares in pursuance of the Instruments made or granted pursuant to this Resolution) to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Shares and Instruments shall be based on the number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company at the time of the passing of this Resolution, after adjusting for:

(i) new Shares arising from the conversion or exercise of the Instruments;

(ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with part VIII of Chapter 8 of the Catalist Rules of the SGX-ST; and

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

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

NOTICE OF SIXTH ANNUAL GENERAL MEETING

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
[Please see Explanatory Note (iv)] **(Resolution 8)**

BY ORDER OF THE BOARD

LIM HENG CHONG BENNY
CHIN SU XIAN
Joint Company Secretaries

Singapore, 10 April 2019

Explanatory Notes:

(i) Key information on Dr Khoo Kei Siong, who is seeking re-appointment as a Director of the Company under Ordinary Resolution 4, is found on page 8 of the Annual Report. Dr Khoo Kei Siong will, upon the re-election as Director of the Company, remain as an Executive Director and Chief Operating Officer of the Company. Details of the share interest of Dr Khoo Kei Siong in the Company can be found on page 30 of the Annual Report.

(ii) Key information on Mr Dan Yock Hian, who is seeking re-appointment as a Director of the Company under Ordinary Resolution 5, is found on page 9 of the Annual Report. Mr Dan Yock Hian will, upon the re-election as Director of the Company, remain as an Independent Director, a member of the Audit and Risk Committee and a member of the Nominating Committee of the Company. Mr Dan Yock Hian will be considered independent for the purposes of Rule 704 (7) of the Catalist Rules. There are no relationships (including immediate family relationships) between Mr Dan Yock Hian and the other Directors, the Company or its 10% shareholders.

(iii) Key information on Mr Lim Jen Howe, who is seeking re-appointment as a Director of the Company under Ordinary Resolution 6, is found on page 9 of the Annual Report. Mr Lim Jen Howe will, upon the re-election as Director of the Company, remain as a Non-Executive Director and a member of the Audit and Risk Committee of the Company. There are no relationships (including immediate family relationships) between Mr Lim Jen Howe and the other Directors, the Company or its 10% shareholders.

(iv) Ordinary Resolution 8 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to fifty per cent (50%) may be issued other than on a pro-rata basis to existing shareholders of the Company.

NOTICE OF SIXTH ANNUAL GENERAL MEETING

Notes:

1. A member entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

3. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 101 Thomson Road, #09-02 United Square, Singapore 307591 not less than forty-eight (48) hours before the time appointed for holding the AGM.

4. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class (if applicable) of Shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act.

5. A member of the Company which is a corporation is entitled to appoint its authorised representatives or proxies to vote on its behalf.

6. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register at forty-eight (48) hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

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

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance Limited (the "**Sponsor**"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this notice. This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made or reports contained in this notice. The contact person for the Sponsor is Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, Telephone: (65) 6415-9886.

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at the AGM of the Company is entitled to appoint one (1) or two (2) proxy(ies) to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

4. Where a member appoints two (2) proxies, the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy must be specified. If no proportion of shareholding is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares held and any second named proxy as an alternate to the first named proxy.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 101 Thomson Road, #09-02 United Square, Singapore 307591 not less than forty-eight (48) hours before the time appointed for the AGM.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with this instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 10 April 2019.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy and proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

TALKMED GROUP LIMITED

(Company Registration No. 201324565Z)

(Incorporated in the Republic of Singapore)

IMPORTANT:
1. A relevant intermediary may appoint more than two (2) proxies to attend the Annual General Meeting and vote (please see Note 3).
2. For investors who have used their CPF monies to buy TalkMed Group Limited's Shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF investors who wish to vote should contact their CPF Approved Nominees.

PROXY FORM

(Please see notes on the left before completing this Form)

I/We,________________________(Name)____________________(NRIC/Passport number)

of____(Address)

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

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM of the Company to be held at Alumni Association, The Alumni Medical Centre, 2 College Road, Singapore 169850 on Thursday, 25 April 2019 at 6:00 p.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

(Please indicate your vote "**For**" or "**Against**" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1.	Adoption of Directors' Statement and Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2018 together with the Auditor's Report thereon		
2.	Approval of final one-tier tax-exempt dividend of 1.065 Singapore cents per ordinary share in respect of the financial year ended 31 December 2018		
3.	Approval of Directors' fees of S$380,000 for the financial year ending 31 December 2019 to be paid quarterly in arrears		
4.	Re-election of Dr Khoo Kei Siong as a Director of the Company pursuant to Article 91 of the Company's Constitution		
5.	Re-election of Mr Dan Yock Hian as a Director of the Company pursuant to Article 91 of the Company's Constitution		
6.	Re-election of Mr Lim Jen Howe as a Director of the Company pursuant to Article 91 of the Company's Constitution		
7.	Re-appointment of Messrs Ernst & Young LLP as Auditor and to authorise the Directors of the Company to fix their remuneration		
8.	Authority to allot and issue new Shares		

Dated this__________day of____________,2019

Total number of Shares in:	No. of Shares
(a) Depository Register	
(b) Register of Members	

....

Signature(s) of Shareholder(s)
Or, Common Seal of Corporate Shareholder

IMPORTANT: Please read notes on the left

Fold along this line

Affix Postage Stamp Here

The Company Secretary
TALKMED GROUP LIMITED
101 Thomson Road
#09-02 United Square
Singapore 307591

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TALKMED GROUP

101 Thomson Road
#09-02 United Square
Singapore 307591