



TALKMED GROUP LIMITED
(Company Registration No. 201324565Z)

UNAUDITED CONDENSED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND HALF AND FULL FINANCIAL YEAR ENDED 31 DECEMBER 2021

A. Condensed full year consolidated statement of profit or loss and other comprehensive income

	Note	1 July to 31 December 2021 ("2H 2021") \$'000 (Unaudited)	1 July to 31 December 2020 ("2H 2020") \$'000 (Unaudited)	Increase / (Decrease) %	1 January to 31 December 2021 ("FY 2021") \$'000 (Unaudited)	1 January to 31 December 2020 ("FY 2020") \$'000 (Audited)	Increase / (Decrease) %
The Group							
Revenue	4	31,892	31,461	1.4%	60,746	62,136	(2.2%)
Other items of income							
Interest income		195	214	(8.9%)	333	709	(53.0%)
Other income		1,241	1,341	(7.5%)	1,623	2,184	(25.7%)
Other items of expense							
Employee benefits expense		(13,740)	(11,432)	20.2%	(26,044)	(24,375)	6.8%
Share-based payments expense		(229)	(371)	(38.3%)	(512)	(2,112)	(75.8%)
Operating lease expense		(18)	(26)	(30.8%)	(48)	(49)	(2.0%)
Depreciation of right-of-use assets		(1,031)	(1,124)	(8.3%)	(2,096)	(2,090)	0.3%
Depreciation of plant and equipment		(258)	(700)	(63.1%)	(392)	(1,423)	(72.5%)
Finance costs		(164)	(309)	(46.9%)	(391)	(523)	(25.2%)
Other operating expenses		(2,410)	(2,602)	(7.4%)	(4,858)	(5,158)	(5.8%)
Impairment loss		-	(3,407)	(100.0%)	-	(3,407)	(100.0%)
Share of results of associate		76	(91)	(183.5%)	(57)	(1,044)	(94.5%)
Share of results of joint ventures		(795)	(41)	1,839.0%	(1,018)	(41)	2,382.9%
Profit before tax	6	14,759	12,913	14.3%	27,286	24,807	10.0%
Income tax expense	7	(3,065)	(3,401)	(9.9%)	(5,858)	(6,290)	(6.9%)
Profit for the year		11,694	9,512	22.9%	21,428	18,517	15.7%

A. Condensed full year consolidated statement of profit or loss and other comprehensive income (cont'd)

	2H 2021 \$'000 (Unaudited)	2H 2020 \$'000 (Unaudited)	Increase / (Decrease) %	FY 2021 \$'000 (Unaudited)	FY 2020 \$'000 (Audited)	Increase / (Decrease) %
The Group						
Attributable to:						
Owners of the Company	14,305	12,074	18.5%	25,115	22,769	10.3%
Non-controlling interests	(2,611)	(2,562)	1.9%	(3,687)	(4,252)	(13.3%)
	11,694	9,512	22.9%	21,428	18,517	15.7%
Other comprehensive income: Items that may be reclassified subsequently to profit or loss						
Foreign currency translation	139	288	(51.7%)	351	503	(30.2%)
Share of other reserve of associate	-	549	(100.0%)	-	549	(100.0%)
Other comprehensive income for the year, net of tax	139	837	(83.4%)	351	1,052	(66.6%)
Total comprehensive income for the year	11,833	10,349	14.3%	21,779	19,569	11.3%
Attributable to:						
Owners of the Company	14,444	12,950	11.5%	25,466	23,821	6.9%
Non-controlling interests	(2,611)	(2,601)	0.4%	(3,687)	(4,252)	(13.3%)
Total comprehensive income for the year	11,833	10,349	14.3%	21,779	19,569	11.3%

B. Condensed statements of financial position

	Note	Group		Company	
		31/12/2021 \$'000 (Unaudited)	31/12/2020 \$'000 (Audited)	31/12/2021 \$'000 (Unaudited)	31/12/2020 \$'000 (Audited)
ASSETS					
Non-current assets					
Plant and equipment	11	2,349	2,015	-	-
Right-of-use assets		6,165	4,157	-	-
Investment in subsidiaries	12	-	-	19,422	15,629
Investment in joint ventures		4,102	4,811	-	-
Investment in associate		2,242	2,299	11,399	11,399
Investment securities	14	1,093	-	1,093	-
Prepaid operating expenses		-	25	-	-
Trade receivables		410	-	-	-
		16,361	13,307	31,914	27,028
Current assets					
Inventories		772	1,004	-	-
Prepaid operating expenses		486	584	19	15
Trade and other receivables		9,002	10,295	15,212	15,428
Cash and short-term deposits		82,164	79,430	757	824
		92,424	91,313	15,988	16,267
Total assets		108,785	104,620	47,902	43,295
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables		2,170	1,982	15	77
Other liabilities		4,218	4,518	218	138
Lease liabilities		1,975	1,786	-	-
Income tax payable		5,882	9,125	-	-
		14,245	17,411	233	215
Net current assets		78,179	73,902	15,755	16,052
Non-current liabilities					
Other liabilities		-	107	-	-
Lease liabilities		4,493	2,690	-	-
Loans from non-controlling shareholder to subsidiaries		2,547	5,657	-	-
		7,040	8,454	-	-
Total liabilities		21,285	25,865	233	215
Net assets		87,500	78,755	47,669	43,080

B. Condensed statements of financial position (cont'd)

	Note	Group		Company	
		31/12/2021 \$'000 (Unaudited)	31/12/2020 \$'000 (Audited)	31/12/2021 \$'000 (Unaudited)	31/12/2020 \$'000 (Audited)
Equity attributable to owners of the Company					
Share capital	13	24,505	23,905	24,505	23,905
Merger reserve		(2,311)	(2,311)	-	-
Share-based payments reserve		1,446	1,583	1,446	1,583
Other reserve		2,807	2,807	-	-
Foreign currency translation reserve		564	213	-	-
Retained earnings		63,167	57,237	21,718	17,592
		90,178	83,434	47,669	43,080
Non-controlling interests		(2,678)	(4,679)	-	-
Total equity		87,500	78,755	47,669	43,080
Total equity and liabilities		108,785	104,620	47,902	43,295

C. Condensed statements of changes in equity

The Group (Unaudited)	Note	Attributable to owners of the Company							Total equity \$'000
		Share capital \$'000	Merger reserve \$'000	Share- based payments reserve \$'000	Other reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Non- controlling interests \$'000	
Balance at 1 January 2021		23,905	(2,311)	1,583	2,807	213	57,237	(4,679)	78,755
Profit for the year		-	-	-	-	-	25,115	(3,687)	21,428
<u>Other comprehensive income</u>									
Foreign currency translation		-	-	-	-	351	-	-	351
Other comprehensive income for the year, net of tax		-	-	-	-	351	-	-	351
Total comprehensive income for the year		-	-	-	-	351	25,115	(3,687)	21,779
<u>Distributions to and contributions by owners</u>									
Dividends	8	-	-	-	-	-	(19,141)	-	(19,141)
Share-based payments		-	-	463	-	-	-	49	512
Contribution of capital by non-controlling shareholder		-	-	-	-	-	-	2,800	2,800
Capitalisation of loans from non-controlling shareholder to a subsidiary		-	-	-	-	-	-	3,282	3,282
Ordinary shares issued upon vesting of performance shares	13	600	-	(600)	-	-	-	-	-
<u>Changes in ownership interests in subsidiary</u>									
Dilution in subsidiary without a loss in control		-	-	-	-	-	(44)	44	-
Disposal of a subsidiary ⁽¹⁾		-	-	-	-	-	-	(487)	(487)
Balance at 31 December 2021		24,505	(2,311)	1,446	2,807	564	63,167	(2,678)	87,500

Note:-

⁽¹⁾ In October 2021, the Group disposed its entire equity interest in Stem Med Pte. Ltd. ("**Stem Med**"). Pursuant to the disposal, Stem Med and its subsidiaries, Stem Med Indonesia Pte. Ltd. and DrSG Cellular Wellness Pte. Ltd., ceased to be subsidiaries of the Group. Please refer to Note 12 under additional information for more details on this disposal.

C. Condensed statements of changes in equity (cont'd)

The Group (Audited)	Note	Attributable to owners of the Company							Total equity \$'000
		Share capital \$'000	Merger reserve \$'000	Share- based payments reserve \$'000	Other reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Non- controlling interests \$'000	
Balance at 1 January 2020		22,438	(2,311)	938	2,258	(290)	60,072	(1,414)	81,691
Profit for the year		-	-	-	-	-	22,769	(4,252)	18,517
<u>Other comprehensive income</u>									
Foreign currency translation		-	-	-	-	503	-	-	503
Share of other reserve of associate		-	-	-	549	-	-	-	549
Other comprehensive income for the year, net of tax		-	-	-	549	503	-	-	1,052
Total comprehensive income for the year		-	-	-	549	503	22,769	(4,252)	19,569
<u>Distributions to and contributions by owners</u>									
Dividends	8	-	-	-	-	-	(25,042)	-	(25,042)
Share-based payments		-	-	2,112	-	-	-	-	2,112
Ordinary shares issued upon vesting of performance shares	13	1,467	-	(1,467)	-	-	-	-	-
Contribution of capital by non-controlling shareholder		-	-	-	-	-	-	2,510	2,510
<u>Changes in ownership interest in subsidiary</u>									
Acquisition of non-controlling interests without a change in control		-	-	-	-	-	(306)	306	-
Effect of change in assessment of control ⁽¹⁾		-	-	-	-	-	37	(1,829)	(1,792)
Others ⁽²⁾		-	-	-	-	-	(293)	-	(293)
Balance at 31 December 2020		23,905	(2,311)	1,583	2,807	213	57,237	(4,679)	78,755

Note:-

⁽¹⁾ Effect on change in assessment of control of Sino-Singapore Hospital Management (Chongqing) Co., Ltd.

⁽²⁾ Effect on adoption of SFRS(I) 16 by associate.

C. Condensed statements of changes in equity (cont'd)

The Company (Unaudited)	Note	Attributable to owners of the Company			
		Share capital \$'000	Share-based payments reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2021		23,905	1,583	17,592	43,080
Profit for the year, representing total comprehensive income for the year		-	-	23,267	23,267
<u>Distributions to and contributions by owners</u>					
Dividends	8	-	-	(19,141)	(19,141)
Share-based payments		-	463	-	463
Ordinary shares issued upon vesting of performance shares	13	600	(600)	-	-
Balance at 31 December 2021		24,505	1,446	21,718	47,669
The Company (Audited)					
Balance at 1 January 2020		22,438	938	28,552	51,928
Profit for the year, representing total comprehensive income for the year		-	-	14,082	14,082
<u>Distributions to and contributions by owners</u>					
Dividends	8	-	-	(25,042)	(25,042)
Share-based payments		-	2,112	-	2,112
Ordinary shares issued upon vesting of performance shares	13	1,467	(1,467)	-	-
Balance at 31 December 2020		23,905	1,583	17,592	43,080

D. Condensed consolidated statement of cash flows

The Group	Note	2H 2021 \$'000 (Unaudited)	2H 2020 \$'000 (Unaudited)	FY 2021 \$'000 (Unaudited)	FY 2020 \$'000 (Audited)
Operating Activities					
Profit before tax		14,759	12,913	27,286	24,807
<u>Adjustments for:</u>					
Depreciation of plant and equipment		258	700	392	1,423
Depreciation of right-of-use assets		1,031	1,124	2,096	2,090
Share-based payments expense		229	371	512	2,112
Finance costs on unwinding of discount adjustment of loans to subsidiaries	6	64	143	172	286
Finance costs on lease liabilities	6	100	166	219	237
Interest income		(195)	(214)	(333)	(709)
Property tax rebate and rental waiver		-	(253)	-	(253)
Impairment loss on plant and equipment		-	3,407	-	3,407
Share of results of associate		(76)	91	57	1,044
Share of results of joint ventures		795	41	1,018	41
Gain on disposal of a subsidiary ⁽¹⁾	6	(996)	-	(996)	-
Currency re-alignment		53	36	127	151
Operating cash flows before changes in working capital		16,022	18,525	30,550	34,636
Changes in working capital					
Decrease/(increase) in inventories		120	(40)	77	(148)
(Increase)/decrease in prepaid operating expenses		(22)	297	90	19
(Increase)/decrease in trade and other receivables		(2,504)	(387)	697	1,929
Increase/(decrease) in trade and other payables		498	(1,695)	720	(1,052)
Increase in other liabilities		1,073	344	273	1,087
Total changes in working capital		(835)	(1,481)	1,857	1,835
Cash flows generated from operations		15,187	17,044	32,407	36,471
Interest received		195	184	363	752
Interest paid on lease liabilities		(100)	(166)	(219)	(237)
Income tax paid		(3,139)	(4,284)	(9,101)	(5,713)
Net cash flows generated from operating activities		12,143	12,778	23,450	31,273
Investing Activities					
Purchase of plant and equipment	11	(372)	(1,755)	(770)	(1,954)
Effect of change in assessment of control		-	(4,617)	-	(4,617)
Net cash outflow on disposal of a subsidiary ⁽¹⁾	12	(1,122)	-	(1,122)	-
Investment in joint ventures		(85)	(1,875)	(85)	(1,875)
Net cash flows used in investing activities		(1,579)	(8,247)	(1,977)	(8,446)
Financing Activities					
Dividends paid on ordinary shares	8	(9,241)	(7,908)	(19,141)	(25,042)
Proceeds from issuance of shares by a subsidiary to non-controlling shareholder		1,200	2,510	2,800	2,510
Payment for principal portion of lease liabilities		(1,304)	(617)	(2,398)	(1,563)
Net cash flows used in financing activities		(9,345)	(6,015)	(18,739)	(24,095)
Net increase/(decrease) in cash and cash equivalents		1,219	(1,484)	2,734	(1,268)
Cash and cash equivalents at beginning of the period		80,945	80,914	79,430	80,698
Cash and cash equivalents at end of the period		82,164	79,430	82,164	79,430

Note:-

⁽¹⁾ In October 2021, the Group disposed its entire equity interest in Stem Med Pte. Ltd. ("**Stem Med**"). Pursuant to the disposal, Stem Med and its subsidiaries, Stem Med Indonesia Pte. Ltd. and DrSG Cellular Wellness Pte. Ltd., ceased to be subsidiaries of the Group. Please refer to Note 12 under additional information for more details on this disposal.

E. Notes to the condensed consolidated financial statements

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. which is incorporated in Singapore.

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, joint ventures and associate are:

- (a) 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;
- (b) Provision of specialised medical oncology services;
- (c) Provision of healthcare management services;
- (d) Provision of services related to processing, culturing and storage of stem cells;
- (e) Provision of cellular and gene therapy related products and services; and
- (f) Provision of services related to operation of cellular laboratories and storage facilities and cellular therapeutics clinics.

These condensed consolidated financial statements as at and for the full financial year ended 31 December 2021 (“**FY 2021**”), as well as for the second half year ended 31 December 2021 (“**2H 2021**”), comprise the Company and its subsidiaries (collectively, the “**Group**”) and the comparable periods are for the full financial year ended 31 December 2020 (“**FY 2020**”) and for the second half year ended 31 December 2020 (“**2H 2020**”) respectively.

2. Basis of preparation

The condensed financial statements for 2H 2021 and FY 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2021 (“**1H 2021**”).

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed financial statements are presented in Singapore dollars (“**\$**”) which is the Company’s functional currency and all values are rounded to the nearest thousand (“**\$’000**”) as indicated.

2.1 New and amended standards adopted by the Group

A number of amendments to SFRS(I)s have become applicable for the current financial year. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

There were no significant judgements made by management in applying the Group's accounting policies for the condensed financial statements. The key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at 31 December 2020 and for FY 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following note:

- Note 12 – impairment assessment of investment in subsidiary and loan to subsidiary: key assumptions underlying recoverable amounts

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial year.

4. Segment and revenue information

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

- i) Oncology services

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.

The Group provides consultancy services to patients in Beijing and Chongqing, the People's Republic of China, through TalkMed Shanshui Medical Centre ("**TSMC**") and Sino-Singapore Cancer Centre ("**SSCC**") respectively. The business operations of TSMC and SSCC commenced during 1H 2021 but did not contribute significantly to the Group's financial results.

4. Segment and revenue information (cont'd)

i) Oncology services (cont'd)

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.

ii) Stem cell related products and services

The provision of services related to processing, culturing and storage of stem cells through its subsidiary, Stem Med Pte. Ltd. ("**Stem Med**")⁽¹⁾, 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. Revenue from processing and culturing of stem cells is recognised upon completion of processing and culturing while 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.

iii) Cellular and gene therapy related products and services

The provision of goods and services related to cellular and gene therapy through its subsidiary, CellVec Pte. Ltd. ("**CellVec**"). Revenue from the manufacturing of cellular and gene therapy related products is recognised at the point in time when control of the products is transferred to the customer, generally on delivery of the products to the customer and when all criteria for acceptance have been satisfied. Revenue from provision of cellular and gene therapy related services is recognised over time as the customers simultaneously receive the benefits as it performs the services.

Note:-

⁽¹⁾ In October 2021, the Group disposed its entire equity interest in Stem Med Pte. Ltd. ("**Stem Med**"). Pursuant to the disposal, Stem Med and its subsidiaries, Stem Med Indonesia Pte. Ltd. and DrSG Cellular Wellness Pte. Ltd., ceased to be subsidiaries of the Group. Please refer to Note 12 under additional information for more details on this disposal.

4.1 Reportable segments

	Group							
	Oncology services		Stem cell related products and services		Cellular and gene therapy related products and services		Per consolidated financial statements	
	2H 2021	2H 2020	2H 2021	2H 2020	2H 2021	2H 2020	2H 2021	2H 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue								
External customers, representing total revenue	31,371	30,943	322	401	199	117	31,892	31,461
Results								
Interest income	195	214	-	-	-	-	195	214
Employee benefits expense	12,203	9,841	154	197	1,383	1,394	13,740	11,432
Share-based payments expense	229	371	-	-	-	-	229	371
Depreciation of right-of-use assets	854	919	55	105	122	100	1,031	1,124
Depreciation of plant and equipment	228	8	16	31	14	661	258	700
Finance costs on lease liabilities	84	147	6	7	10	12	100	166
Finance costs on unwinding of discount adjustment of loans to subsidiaries	-	-	-	82	64	61	64	143
Impairment loss on plant and equipment	-	-	-	-	-	3,407	-	3,407
Share of profits/(losses) of associate	76	(91)	-	-	-	-	76	(91)
Share of losses of joint ventures	795	41	-	-	-	-	795	41
Gain on disposal of a subsidiary	996	-	-	-	-	-	996	-
Income tax expense	3,065	3,401	-	-	-	-	3,065	3,401
Segment profit/(loss)	14,255	15,878	(175)	(384)	(2,386)	(5,982)	11,694	9,512
Assets								
Investment in associate	2,242	2,299	-	-	-	-	2,242	2,299
Investment in joint ventures	4,102	4,811	-	-	-	-	4,102	4,811
Investment securities	1,093	-	-	-	-	-	1,093	-
Segment assets	95,851	93,206	-	2,097	5,497	2,207	101,348	97,510
Total assets	103,288	100,316	-	2,097	5,497	2,207	108,785	104,620
Liabilities								
Segment liabilities	17,118	18,281	-	4,245	4,167	3,339	21,285	25,865

4.1 Reportable segments (cont'd)

	Group							
	Oncology services		Stem cell related products and services		Cellular and gene therapy related products and services		Per consolidated financial statements	
	FY 2021 \$'000 (Unaudited)	FY 2020 \$'000 (Audited)	FY 2021 \$'000 (Unaudited)	FY 2020 \$'000 (Audited)	FY 2021 \$'000 (Unaudited)	FY 2020 \$'000 (Audited)	FY 2021 \$'000 (Unaudited)	FY 2020 \$'000 (Audited)
Revenue								
External customers, representing total revenue	59,752	61,108	795	905	199	123	60,746	62,136
Results								
Interest income	331	706	-	-	2	3	333	709
Employee benefits expense	23,047	21,166	390	446	2,607	2,763	26,044	24,375
Share-based payments expense	512	2,112	-	-	-	-	512	2,112
Depreciation of right-of-use assets	1,715	1,676	159	212	222	202	2,096	2,090
Depreciation of plant and equipment	335	10	40	92	17	1,321	392	1,423
Finance costs on lease liabilities	187	201	12	14	20	22	219	237
Finance costs on unwinding of discount adjustment of loans to subsidiaries	-	-	43	164	129	122	172	286
Impairment loss on plant and equipment	-	-	-	-	-	3,407	-	3,407
Share of results of associate	57	1,044	-	-	-	-	57	1,044
Share of results of joint ventures	1,018	41	-	-	-	-	1,018	41
Gain on disposal of a subsidiary	996	-	-	-	-	-	996	-
Income tax expense	5,858	6,290	-	-	-	-	5,858	6,290
Segment profit/(loss)	26,502	28,479	(535)	(722)	(4,539)	(9,240)	21,428	18,517
Assets								
Investment in associate	2,242	2,299	-	-	-	-	2,242	2,299
Investment in joint ventures	4,102	4,811	-	-	-	-	4,102	4,811
Investment securities	1,093	-	-	-	-	-	1,093	-
Segment assets	95,851	93,206	-	2,097	5,497	2,207	101,348	97,510
Total assets	103,288	100,316	-	2,097	5,497	2,207	108,785	104,620
Liabilities								
Segment liabilities	17,118	18,281	-	4,245	4,167	3,339	21,285	25,865

4.2 Disaggregation of revenue

The tables below summarise information about the Group's revenues for 2H 2021, 2H 2020, FY 2021 and FY 2020 which are disaggregated by segments, geographical markets and the timing of transfer of goods or services (either at a point in time or over time).

	Group									
	Oncology services				Stem cell related products and services		Cellular and gene therapy related products and services		Total revenue	
	Consultancy services		Management fees		2H 2021 \$'000 (Unaudited)	2H 2020 \$'000 (Unaudited)	2H 2021 \$'000 (Unaudited)	2H 2020 \$'000 (Unaudited)	2H 2021 \$'000 (Unaudited)	2H 2020 \$'000 (Unaudited)
	2H 2021 \$'000 (Unaudited)	2H 2020 \$'000 (Unaudited)	2H 2021 \$'000 (Unaudited)	2H 2020 \$'000 (Unaudited)						
Primary geographical markets										
Singapore	17,837	19,241	12,822	11,416	312	324	109	-	31,080	30,981
China and Hong Kong	591	137	66	63	-	-	-	-	657	200
Vietnam	38	64	17	22	2	3	-	-	57	89
Malaysia	-	-	-	-	3	61	-	-	3	61
Indonesia	-	-	-	-	4	11	-	-	4	11
Philippines	-	-	-	-	1	-	-	-	1	-
Australia	-	-	-	-	-	-	90	117	90	117
India	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	2	-	-	-	2
	18,466	19,442	12,905	11,501	322	401	199	117	31,892	31,461
Timing of transfer of goods or services										
At a point in time	-	-	-	-	290	360	199	117	489	477
Over time	18,466	19,442	12,905	11,501	32	41	-	-	31,403	30,984
	18,466	19,442	12,905	11,501	322	401	199	117	31,892	31,461

4.2 Disaggregation of revenue (cont'd)

	Group									
	Oncology services				Stem cell related products and services		Cellular and gene therapy related products and services		Total revenue	
	Consultancy services		Management fees		FY 2021 \$'000 (Unaudited)	FY 2020 \$'000 (Audited)	FY 2021 \$'000 (Unaudited)	FY 2020 \$'000 (Audited)	FY 2021 \$'000 (Unaudited)	FY 2020 \$'000 (Audited)
	FY 2021 \$'000 (Unaudited)	FY 2020 \$'000 (Audited)	FY 2021 \$'000 (Unaudited)	FY 2020 \$'000 (Audited)						
Primary geographical markets										
Singapore	36,944	39,029	21,801	21,497	723	729	109	6	59,577	61,261
China and Hong Kong	758	276	129	128	-	-	-	-	887	404
Vietnam	84	119	36	59	6	7	-	-	126	185
Malaysia	-	-	-	-	35	150	-	-	35	150
Indonesia	-	-	-	-	9	16	-	-	9	16
Philippines	-	-	-	-	22	1	-	-	22	1
Australia	-	-	-	-	-	-	90	117	90	117
India	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	2	-	-	-	2
	37,786	39,424	21,966	21,684	795	905	199	123	60,746	62,136
Timing of transfer of goods or services										
At a point in time	-	-	-	-	702	815	199	123	901	938
Over time	37,786	39,424	21,966	21,684	93	90	-	-	59,845	61,198
	37,786	39,424	21,966	21,684	795	905	199	123	60,746	62,136

4.3 Revenue and operating profit after tax breakdown

The table below shows the breakdown of the Group's revenue and operating profit after tax:

	FY 2021 \$'000 (Unaudited)	Group FY 2020 \$'000 (Audited)	Increase/ (Decrease) %
Sales reported for first half year	28,854	30,675	(5.9%)
Operating profit after tax reported for first half year	9,734	9,005	8.1%
Sales reported for second half year	31,892	31,461	1.4%
Operating profit after tax reported for second half year	11,694	9,512	22.9%

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 31 December 2020:

	Group		Company	
	31/12/2021 \$'000 (Unaudited)	31/12/2020 \$'000 (Audited)	31/12/2021 \$'000 (Unaudited)	31/12/2020 \$'000 (Audited)
Financial assets				
Cash and short-term deposits	82,164	79,430	757	824
Trade and other receivables	9,412	10,295	15,212	15,428
Less: GST receivable	(34)	(30)	-	-
Total financial assets carried at amortised cost	91,542	89,695	15,969	16,252
Financial liabilities				
Trade and other payables	2,170	1,982	15	77
Accrued operating expenses	3,398	4,152	218	138
Lease liabilities	6,468	4,476	-	-
Loans from non-controlling shareholder to subsidiaries	2,547	5,657	-	-
Less: GST payable	(899)	(989)	-	-
Total financial liabilities carried at amortised cost	13,684	15,278	233	215

6. Profit before tax

6.1 Significant items

	Group			
	2H 2021 \$'000 (Unaudited)	2H 2020 \$'000 (Unaudited)	FY 2021 \$'000 (Unaudited)	FY 2020 \$'000 (Audited)
Gain on disposal of a subsidiary ⁽¹⁾	996	-	996	-
Finance costs on:				
- Lease liabilities	100	166	219	237
- Unwinding of discount adjustment of loans to subsidiaries	64	143	172	286
	<u>164</u>	<u>309</u>	<u>391</u>	<u>523</u>

Note:-

⁽¹⁾ In October 2021, the Group disposed its entire equity interest in Stem Med Pte. Ltd. ("**Stem Med**"). Pursuant to the disposal, Stem Med and its subsidiaries, Stem Med Indonesia Pte. Ltd. and DrSG Cellular Wellness Pte. Ltd., ceased to be subsidiaries of the Group. Please refer to Note 12 under additional information for more details on this disposal.

6.2 Related party transactions

(a) Sales and purchases of goods and services

In addition to the related party information disclosed elsewhere in this set of condensed financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during 2H 2021, 2H 2020, FY 2021 and FY 2020:

	Group			
	2H 2021 \$'000 (Unaudited)	2H 2020 \$'000 (Unaudited)	FY 2021 \$'000 (Unaudited)	FY 2020 \$'000 (Audited)
Lease payments to directors and director-related companies	564	497	1,128	987
Lease payments to non-controlling shareholder	149	135	333	309
Service fees paid to non-controlling shareholder	14	37	102	92
Service fees paid to director-related companies	8	9	20	18
Payments made on behalf by non-controlling shareholder	5	14	16	24
Consultancy services rendered to associate	137	137	269	276
Stem cell processing fees charged to non-controlling shareholder	113	173	235	360

6. Profit before tax (cont'd)

6.2 Related party transactions (cont'd)

(b) Compensation of key management personnel

	Group			
	2H 2021 \$'000 (Unaudited)	2H 2020 \$'000 (Unaudited)	FY 2021 \$'000 (Unaudited)	FY 2020 \$'000 (Audited)
Short-term employee benefits	4,292	3,789	7,663	7,038
Directors' fees – directors of the Company and subsidiaries	200	190	390	380
Central Provident Fund contributions	43	37	77	68
Share-based payments expense	33	7	47	11
	4,568	4,023	8,177	7,497
Comprised amounts paid/payable to:				
- Directors of the Company	3,314	3,304	6,214	6,204
- Other key management personnel	1,254	719	1,963	1,293
	4,568	4,023	8,177	7,497

7. Taxation

The Group calculates the income tax expense for 2H 2021, 2H 2020, FY 2021 and FY 2020 using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed consolidated statement of profit or loss are:

	Group			
	2H 2021 \$'000 (Unaudited)	2H 2020 \$'000 (Unaudited)	FY 2021 \$'000 (Unaudited)	FY 2020 \$'000 (Audited)
Current income tax:				
- Current income taxation	3,166	3,442	5,927	6,331
- Over provision in respect of prior years	(101)	(41)	(69)	(41)
	3,065	3,401	5,858	6,290

8. Dividends

	Group and Company	
	FY 2021 \$'000 (Unaudited)	FY 2020 \$'000 (Audited)
Declared and paid:		
<i>Dividends on ordinary shares:</i>		
- Final exempt (one-tier) dividend for 2020: 0.75 cents (2019: 1.30 cents) per share	9,900 ⁽¹⁾	17,134 ⁽²⁾
- First interim exempt (one-tier) dividend for 2021: 0.70 cents (2020: 0.60 cents) per share	9,241	7,908
	19,141	25,042
Proposed dividend to the Company's shareholders but not recognised as a liability as at 31 December:		
- Final exempt (one-tier) dividend for 2021: 0.90 cents (2020: 0.75 cents) per share	11,881	9,900 ⁽¹⁾

⁽¹⁾ The final dividend paid to shareholders and the proposed final dividend (as previously disclosed in the full year announcement for FY 2020) were \$9,900,000 and \$9,885,000 respectively. The difference of \$15,000 between the final dividend paid and the proposed final dividend to be paid to shareholders for 2020 arose due to the dividends paid on 1,966,931 ordinary shares issued on 15 March 2021. 1,966,931 ordinary shares were allotted and issued on 15 March 2021 pursuant to the vesting of the first tranche of performance shares awarded to Categories B and C employees of the Group in March 2020. These newly allotted ordinary shares were eligible for the final dividend which was paid on 11 May 2021. Please refer to Note 13 for more details on this allotment.

⁽²⁾ The final dividend paid to shareholders and the proposed final dividend (as previously disclosed in the full year announcement and annual report for the year ended 31 December 2019) were \$17,134,000 and \$17,089,000 respectively. The difference of \$45,000 between the final dividend paid and the proposed final dividend to be paid to shareholders for 2019 arose due to the dividends paid on the 3,465,423 ordinary shares issued on 13 March 2020. 3,465,423 ordinary shares were allotted and issued on 13 March 2020 pursuant to the immediate vesting of performance shares awarded to Category A employees of the Group in March 2020. These newly allotted ordinary shares were eligible for the final dividend which was paid on 11 May 2020. Please refer to Note 13 for more details on this allotment.

9. Earnings per share

The Group	2H 2021 (Unaudited)	2H 2020 (Unaudited)	FY 2021 (Unaudited)	FY 2020 (Audited)
Profit attributable to owners of the Company (\$'000)	14,305	12,074	25,115	22,769
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,320,109,347	1,318,054,779	1,319,684,748	1,317,341,691
Basic earnings per share (cents)	1.08	0.92	1.90	1.73
Weighted average number of ordinary shares used in the computation of diluted earnings per share	1,327,510,555	1,326,550,657	1,326,990,748	1,324,252,479
Diluted earnings per share (cents)	1.08	0.91	1.89	1.72

10. Net asset value

	Group		Company	
	31/12/2021 (Unaudited)	31/12/2020 (Audited)	31/12/2021 (Unaudited)	31/12/2020 (Audited)
Net asset value attributable to owners of the Company (\$'000)	90,178	83,434	47,669	43,080
Net asset value per ordinary share at end of the financial period (cents)	6.83 ⁽¹⁾	6.33 ⁽²⁾	3.61 ⁽¹⁾	3.27 ⁽²⁾

⁽¹⁾The calculation of net asset value per ordinary share was based on 1,320,109,347 shares as at 31 December 2021.

⁽²⁾The calculation of net asset value per ordinary share was based on 1,318,054,779 shares as at 31 December 2020.

11. Plant and equipment

During 2H 2021, the Group acquired assets amounting to \$372,000 (2H 2020: \$1,755,000). There was no disposal of assets during 2H 2021 and 2H 2020.

12. Investment in subsidiaries

	Company	
	31/12/2021 \$'000 (Unaudited)	31/12/2020 \$'000 (Audited)
Equity shares, at cost	23,708	17,978
Discount on interest-free loans to subsidiaries	2,192	2,192
Deemed contribution in respect of share-based payments to employees of Singapore Cancer Centre Pte. Ltd. ("SCC")	3,678	3,215
Impairment loss	(10,156)	(7,756)
	<u>19,422</u>	<u>15,629</u>

As at 31 December 2021, the Company's cost of investment in subsidiaries amounted to \$23,708,000 (2020: \$17,978,000). The increase in the cost of investment in subsidiaries was due to additional capital injections of \$1,530,000 and \$4,200,000 in its subsidiaries, TalkMed Greater China Pte. Ltd. and CellVec respectively.

During FY 2021, due to the adverse impact of COVID-19 on the cellular and gene therapy segment and the continued losses incurred by this segment, the Company re-assessed the additional cost of investments injected during FY 2021 of \$4,200,000 in CellVec for impairment and accordingly, an impairment loss of \$2,400,000 was recognised in respect of these additional investments during the first half of FY 2021.

Impairment test for investment in CellVec, including loan to CellVec

	Carrying amount		Basis on which recoverable amount is determined	Post-tax discount rate per annum	
	31/12/2021 \$'000 (Unaudited)	31/12/2020 \$'000 (Audited)		31/12/2021	31/12/2020
Company					
CellVec					
Investment in subsidiary	1,800	-	Value-in-use	21.1%	21.1%
Loan to subsidiary	-	-	Value-in-use	21.1%	21.1%

12. Investment in subsidiaries (cont'd)

Impairment test for investment in CellVec, including loan to CellVec (cont'd)

CellVec provides cellular and gene therapy related products and services. The recoverable amounts of the investment in CellVec and loan to CellVec have been determined based on value-in-use calculation using cash flow projections from financial budgets that were approved by management. For purpose of determining the value-in-use of the investment in CellVec, the cash flows beyond the initial five years were extrapolated using a long-term growth rate of 2.0% (2020: 1.7%) which was determined based on market information consistent for the industry it operates in. The cash flows for the initial five years included revenue growth rate of between 3% and 1774% (2020: 6% and 454%).

During FY 2021, the Company recognised impairment losses of \$2,400,000 and \$97,000 in respect of the carrying amount of the Company's additional investments in CellVec and loan to CellVec respectively. The impairment losses represented the shortfall between the estimated value-in-use and carrying amounts.

For FY 2020, the Company recognised a full impairment loss of \$4,726,000 and \$3,626,000 in respect of the carrying amount of the Company's investment in CellVec and loan to CellVec respectively.

Key assumptions used in the value-in-use calculations

Growth rates – The forecasted growth rates are based on published industry research and are comparable to the average growth rate for the industry relevant to the entity.

Post-tax discount rate – Discount rate represents the current market assessment of the risks specific to the entity, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital.

Summary of sensitivity to changes in assumptions

Management is of the view that no reasonably possible change in any of the above key assumptions would have an impact on the impairment assessment conclusion.

12.1 Disposal of a subsidiary

In October 2021, the Group disposed of its entire 55.2% stake in its subsidiary, Stem Med Pte. Ltd. ("**Stem Med**") to Edge Capital Fund SP2 Pte. Ltd. (the "**Purchaser**") (the "**Divestment**"). The Purchaser is a Singapore-incorporated subsidiary of Edge Capital Fund SPC (the "**SPC**"), a segregated portfolio company incorporated with limited liability in the Cayman Islands. Pursuant to the Divestment, Stem Med and its subsidiaries, Stem Med Indonesia Pte. Ltd. and DrSG Cellular Wellness Pte. Ltd., ceased to be subsidiaries of the Group.

The consideration for the Divestment was satisfied by the allotment and issue of 811 Class C non-voting participating shares ("**Class C Shares**") in Regenosis Gero-Science Fund SP, a segregated portfolio of the SPC. The fair value of the Class C Shares that were held by the Company as at the date of the Divestment was USD 1,000 per share.

12.1 Disposal of a subsidiary (cont'd)

The value of the assets and liabilities of Stem Med and its subsidiaries recorded in the consolidated financial statements as at the date of disposal (ie. 31 October 2021) were as follows:

	As at disposal date \$'000 (Unaudited)
Plant and equipment	44
Right-of-use assets	511
Cash and short-term deposits	1,122
Inventories	155
Trade and other receivables	156
Prepayments	33
Total assets	<hr/> 2,021
Trade and other payables	(240)
Other liabilities	(680)
Lease liabilities	(517)
Total liabilities	<hr/> (1,437)
Net assets derecognised	<hr/> 584
Less: Non-controlling interests	(487)
Net assets disposed	<hr/> 97

The effects of the disposal were as follows:

	\$'000 (Unaudited)
Deemed sale consideration	1,093
Less: Net assets disposed	(97)
Gain on disposal	<hr/> 996
Cash consideration	-
Less: Cash and short-term deposits of subsidiary disposed	(1,122)
Net cash outflow on disposal	<hr/> (1,122)

The gain on disposal which amounted to \$996,000 was included under "other income" in the statement of profit or loss.

13. Share capital

	Group and Company			
	31/12/2021		31/12/2020	
	No. of shares		No. of shares	
	'000	\$'000	'000	\$'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Issued and fully paid ordinary shares				
At 1 January	1,318,055	23,905	1,314,502	22,438
Ordinary shares issued upon vesting of performance shares	2,054 ⁽¹⁾	600	3,553 ⁽²⁾	1,467
At 31 December	1,320,109	24,505	1,318,055	23,905

⁽¹⁾ A total of 2,054,568 new ordinary shares were issued during the year as a result of the following:

- 1,966,931 new ordinary shares have been allotted and issued on 15 March 2021 pursuant to the vesting of the first tranche of performance shares awarded to Categories B and C employees of the Group; and
- 87,637 new ordinary shares have been allotted and issued on 11 May 2021 pursuant to the vesting of the final tranche of performance shares awarded on 11 May 2017.

⁽²⁾ A total of 3,553,056 new ordinary shares were issued during the year as a result of the following:

- 3,465,423 new ordinary shares have been allotted and issued on 13 March 2020 pursuant to the immediate vesting of performance shares awarded to Category A employees of the Group; and
- 87,633 new ordinary shares have been allotted and issued on 11 May 2020 pursuant to the vesting of the second tranche of performance shares awarded on 11 May 2017.

There were no sales, transfers, cancellation and/or use of treasury shares nor subsidiary holdings as at 31 December 2021 and 31 December 2020. As at 31 December 2021 and 31 December 2020, there were no treasury shares held by the Company and there were no subsidiary holdings.

14. Financial assets carried at fair value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise the following:

	Group		Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	\$'000	\$'000	\$'000	\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Investment securities	1,093	-	1,093	-

14.1 Fair value measurement

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

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

Level 2: Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); 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.

14. Financial assets carried at fair value through other comprehensive income (cont'd)

14.1 Fair value measurement (cont'd)

The following table shows an analysis of the assets and liabilities measured at fair value:

	Group and Company			Total \$'000 (Unaudited)
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) \$'000 (Unaudited)	Significant observable inputs other than quoted prices (Level 2) \$'000 (Unaudited)	Significant unobservable inputs (Level 3) \$'000 (Unaudited)	
31 December 2021:				
<u>Assets</u>				
Investment securities	-	-	1,093	1,093
31 December 2020:				
<u>Assets</u>				
Investment securities	-	-	-	-

14.2 Valuation techniques used to determine fair value

Information about significant unobservable inputs used in Level 3 fair value measurements

The investment securities are not traded in an active market. The fair value of the Group's investment securities as at 31 December 2021 is estimated with reference to the recent subscription price of shares issued close to the end of the financial year. As the fair value of the investment securities is determined based on unobservable inputs, the fair value is classified as a Level 3 measurement.

15. Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed financial statements for FY 2021.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

1. Review

The condensed consolidated statement of financial position of TalkMed Group Limited and its subsidiaries (collectively, the “**Group**”) as at 31 December 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the second half year and full year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Performance Review

2H 2021 and FY 2021

Revenue

The Group’s revenue for 2H 2021 was \$31.89 million, an increase of \$0.43 million or 1.4% from \$31.46 million in 2H 2020. The increase was mainly attributable to the following:

- Increase in revenue of \$0.08 million or 70.1% derived from our 60%-owned subsidiary, CellVec, for cellular and gene therapy related products and services; and
- Increase in revenue of \$0.43 million or 1.4% derived from the oncology services segment. This increase was mainly due to the commencement of operations of our wholly-owned subsidiary, Beijing Deyi Shanshui Clinic Co., Ltd. in mid-2021.

These were partially offset by the decrease in revenue derived from the stem cell processing and storage services during 2H 2021 of \$0.08 million or 19.7% when compared to 2H 2020. In October 2021, the Group disposed its entire equity interest in Stem Med. Pursuant to the disposal, Stem Med and its subsidiaries, Stem Med Indonesia Pte. Ltd. and DrSG Cellular Wellness Pte. Ltd., ceased to be subsidiaries of the Group. Please refer to Note 12 for more details on this disposal.

The Group’s revenue for FY 2021 was \$60.75 million, a decrease of \$1.39 million or 2.2% from \$62.14 million in FY 2020. The decrease was mainly attributable to the following:

- Decrease in revenue of \$1.36 million or 2.2% derived from the oncology services segment. This decrease was mainly due to the COVID-19 pandemic which led to a decrease in number of patient visits; and
- Decrease in \$0.11 million or 12.2% derived from stem cell processing and storage services.

These were partially offset by the increase in revenue of \$0.08 million or 61.8% derived from our 60%-owned subsidiary, CellVec, for cellular and gene therapy related products and services.

Other items of income

Interest income

In 2H 2021, interest income decreased by \$0.02 million or 8.9%. The Group’s interest income for FY 2021 was \$0.33 million, a decrease of \$0.38 million or 53.0% from \$0.71 million in FY 2020.

The decrease in interest income in both 2H 2021 and FY 2021 was due to lower interest rates on fixed deposits.

Performance Review (cont'd)

2H 2021 and FY 2021 (cont'd)

Other items of income (cont'd)

Other income

The Group's other income comprised gain on disposal of subsidiary, government-paid childcare and maternity leave, government grant under Special Employment Credit, Wage Credit Scheme, Jobs Support Scheme ("JSS"), Jobs Growth Incentive and Enterprise Development Grant as well as rental waivers.

In 2H 2021, other income decreased by \$0.10 million or 7.5%. The Group's other income for FY 2021 was \$1.62 million, a decrease of \$0.56 million or 25.7% from \$2.18 million in FY 2020.

The decrease in other income in both 2H 2021 and FY 2021 was due to lower JSS grant received and the absence of rental waivers in the year, partially offset by the one-off gain on disposal of subsidiary.

Other items of expense

Employee benefits expense

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

In 2H 2021, employee benefits increased by \$2.31 million or 20.2% from \$11.43 million in 2H 2020 to \$13.74 million in 2H 2021. Employee benefits for FY 2021 increased by some \$1.67 million or 6.8% from \$24.38 million in FY 2020 to \$26.04 million in FY 2021.

The increase in employee benefits expense in both 2H 2021 and FY 2021 was mainly due to an increase in staff salaries due to the increase in headcounts arising from the Group's operations in China.

Share-based payments expense

Share-based payments to employees related mainly to:

- Options that were granted on 11 May 2017 and 10 May 2019 under the Company's employee share option scheme;
- Performance shares that were granted on 11 May 2017, 13 March 2020 and 15 October 2021 under the Company's performance share plan; and
- Performance shares that were granted on 25 April 2021 under a subsidiary's performance share plan.

In 2H 2021, it decreased by \$0.14 million or 38.3% from \$0.37 million in 2H 2020 to \$0.23 million in 2H 2021.

The Group's cost of share-based payments to employees for FY 2021 was \$0.51 million, a decrease of \$1.60 million or 75.8% from \$2.11 million in FY 2020.

The decrease in share-based payments to employees in both 2H 2021 and FY 2021 was mainly due to less performance shares awarded to certain eligible employees of the Group in FY 2021 as compared to in FY 2020.

Performance Review (cont'd)

2H 2021 and FY 2021 (cont'd)

Other items of expense (cont'd)

Depreciation of right-of-use assets

The Group recorded depreciation of right-of-use assets of \$1.03 million and \$2.10 million in 2H 2021 and FY 2021 respectively, a decrease of \$0.09 million or 8.3% and an increase of \$0.01 million or 0.3% from \$1.12 million and \$2.09 million in 2H 2020 and FY 2020 respectively.

Depreciation of plant and equipment

Depreciation of plant and equipment decreased by \$0.44 million or 63.1% from \$0.70 million in 2H 2020 to \$0.26 million in 2H 2021.

Depreciation of plant and equipment for FY 2021 decreased by \$1.03 million or 72.5% from \$1.42 million in FY 2020 to \$0.39 million in FY 2021.

The decrease in depreciation of plant and equipment in both 2H 2021 and FY 2021 was mainly due to there being no further depreciation of CellVec's plant and equipment during FY 2021 following its full impairment during FY 2020.

Finance costs

Finance costs mainly related to unwinding of discount adjustment of loans to subsidiaries and interest on lease liabilities.

In 2H 2021, finance costs decreased by \$0.15 million or 46.9% from \$0.31 million in 2H 2020 to \$0.16 million in 2H 2021. Finance costs for FY 2021 decreased by \$0.13 million or 25.2% from \$0.52 million in FY 2020 to \$0.39 million in FY 2021.

Other operating expenses

Other operating expenses comprised mainly professional and consultancy fees, directors' fees, donation made, advertising and marketing expenses, utilities expenses, repair and maintenance costs as well as laboratory consumables and services fees.

In 2H 2021, other operating expenses decreased by \$0.19 million or 7.4% from \$2.60 million in 2H 2020 to \$2.41 million in 2H 2021. The decrease was mainly due to lower professional and consultancy fees incurred by the Group.

Other operating expenses for FY 2021 decreased by \$0.30 million or 5.8% from \$5.16 million in FY 2020 to \$4.86 million in FY 2021. The decrease was mainly due to lower professional and consultancy fees as well as laboratory consumables and services fees incurred by the Group.

Performance Review (cont'd)

2H 2021 and FY 2021 (cont'd)

Impairment loss

In 2H 2020 and FY 2020, as a result of the adverse impact of COVID-19 on the cellular and gene therapy industry, the outlook for lentivirus sales was expected to be poor in the short and medium term as demand from non-COVID-19 medical research waned. In view of this, the Group assessed the recoverable amounts of the plant and equipment of its subsidiary, CellVec, and had accordingly recorded an impairment loss of \$3.41 million in the Group's income statement.

In 2H 2021 and FY 2021, no further impairment loss was recognised in respect of the Group's plant and equipment.

Share of results of associate

The Group's share of results after tax of associate, Hong Kong Integrated Oncology Centre Holdings Limited was a gain of \$0.08 million in 2H 2021 and a loss of \$0.06 million in FY 2021. This was a decrease in loss of \$0.17 million in 2H 2021 and some \$0.99 million in FY 2021 when compared to the share of loss of \$0.09 million and \$1.04 million recorded in 2H 2020 and FY 2020 respectively.

Share of results of joint ventures

The Group's share of loss after tax of its joint ventures, Sino-Singapore Hospital Management (Chongqing) Co., Ltd. and Chongqing Medtech Health Management Co., Ltd., was \$0.80 million in 2H 2021 and \$1.02 million in FY 2021. This was an increase of some \$0.75 million in 2H 2021 and \$0.98 million in FY 2021 when compared to the share of loss of \$0.04 million in both 2H 2020 and FY 2020.

Income tax expense

Income tax expense decreased by some \$0.34 million or 9.9% from \$3.40 million in 2H 2020 to \$3.07 million in 2H 2021 due to lower taxable profits in 2H 2021 as compared to 2H 2020 (the impairment loss of \$3.41 million on plant and equipment recorded in 2H 2020 was not tax deductible). The effective tax rate for 2H 2021 was 20.8% as compared to 26.3% in 2H 2020.

Income tax expense for FY 2020 decreased by \$0.43 million or 6.9% from \$6.29 million in FY 2020 to \$5.86 million in FY 2021 due to lower taxable profits in FY 2021. The effective tax rate was 21.5% and 25.4% for FY 2021 and FY 2020 respectively.

Profit after tax

For 2H 2021, the profit after tax was \$11.69 million compared to \$9.51 million in 2H 2020. This represented an increase of \$2.18 million or 22.9%. The reasons for the change are discussed above.

For FY 2021, the profit after tax was \$21.43 million compared to \$18.52 million in FY 2020, which represented an increase of \$2.91 million or 15.7%. The reasons for the change are discussed above.

Review of the Group's Financial Position

Non-current assets

The Group's non-current assets comprised plant and equipment, right-of-use assets, investment in joint ventures, investment in associate, investment securities, prepaid operating expenses and trade receivables. Non-current assets increased by some \$3.05 million which was attributable to the following:

- Increase in the carrying amount of plant and equipment of \$0.33 million;
- Increase in right-of-use assets of \$2.01 million;
- Increase in investment securities of \$1.09 million; and
- Increase in trade receivables of \$0.41 million.

These were partially offset by the following:

- Decrease in the carrying amount of joint ventures of \$0.71 million which arose from the share of loss for FY 2021;
- Decrease in the carrying amount of investment in associate of \$0.06 million which arose from the share of loss for FY 2021; and
- Decrease in prepaid operating expenses of \$0.03 million.

The Company had made additional investments amounting to \$4.20 million in aggregate in CellVec in January, May and November 2021. However, as a result of the adverse impact of COVID-19 on the cellular and gene therapy industry and the continued losses incurred by this segment, the Company had recorded partial impairment on its additional investments in CellVec and loan to CellVec during FY 2021. The impairment losses of \$2.40 million and \$0.10 million in respect of the Company's additional investments in CellVec and loan to CellVec respectively have no impact on the Group's net profit for 2H 2021 and FY 2021, as well as its financial position as at 31 December 2021.

Current assets

Current assets comprised inventories, prepaid operating expenses, trade and other receivables and cash and short-term deposits. Current assets increased by \$1.11 million which was attributable to the increase in cash and short-term deposits of \$2.73 million. This was partially offset by the following:

- Decrease in inventories of \$0.23 million;
- Decrease in prepaid operating expenses of \$0.10 million; and
- Decrease in trade and other receivables of \$1.29 million.

The decrease in trade and other receivables was mainly attributable to the decrease in revenue of its subsidiary, Singapore Cancer Centre Pte. Ltd..

Current liabilities

Current liabilities comprised trade and other payables, other liabilities, lease liabilities and income tax payable. Current liabilities decreased by some \$3.17 million which was attributable to the following:

- Decrease in other liabilities of \$0.30 million due to the decrease in year-end bonus provision and the deconsolidation of Stem Med⁽¹⁾; and
- Decrease in income tax payable of \$3.24 million due to the payment of income tax for FY 2020 offset by the income tax provision in respect of FY 2021.

These were partially offset by the following:

- Increase in trade and other payables of \$0.19 million mainly due to higher trade payables; and
- Increase in lease liabilities of \$0.19 million.

Note:-

- (1) *In October 2021, the Group disposed its entire equity interest in Stem Med Pte. Ltd. ("**Stem Med**"). Pursuant to the disposal, Stem Med and its subsidiaries, Stem Med Indonesia Pte. Ltd. and DrSG Cellular Wellness Pte. Ltd., ceased to be subsidiaries of the Group. Please refer to Note 12 for more details on this disposal.*

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

Non-current liabilities

Non-current liabilities comprised other liabilities, lease liabilities and loans from non-controlling shareholder to subsidiaries. Non-current liabilities decreased by some \$1.41 million mainly due to the following:

- Decrease in other liabilities of \$0.11 million; and
- Decrease in loans from a non-controlling shareholder to subsidiaries of \$3.11 million due to the deconsolidation of Stem Med⁽¹⁾.

These were partially offset by the increase in lease liabilities of \$1.80 million.

Note:-

- (1) In October 2021, the Group disposed its entire equity interest in Stem Med Pte. Ltd. ("**Stem Med**"). Pursuant to the disposal, Stem Med and its subsidiaries, Stem Med Indonesia Pte. Ltd. and DrSG Cellular Wellness Pte. Ltd., ceased to be subsidiaries of the Group. Please refer to Note 12 for more details on this disposal.

Equity attributable to owners of the Company

The increase was mainly attributable to the profits earned during the year, offset by the final and interim dividends paid to shareholders in respect of FY 2020 and FY 2021 respectively.

Non-controlling interests

This related to the 40% non-controlling interests' share in the net equity of CellVec as well as the share-based payments (arising from the award of performance shares) of its subsidiary, TalkMed China Pte. Ltd..

Note:-

- (1) In October 2021, the Group disposed its entire equity interest in Stem Med Pte. Ltd. ("**Stem Med**"). Pursuant to the disposal, Stem Med and its subsidiaries, Stem Med Indonesia Pte. Ltd. and DrSG Cellular Wellness Pte. Ltd., ceased to be subsidiaries of the Group. Please refer to Note 12 for more details on this disposal.

Review of the Group's Cash Flows

2H 2021

Operating activities

Net cash flows from operating activities amounted to \$12.14 million. This comprised operating cash flows before changes in working capital of \$16.02 million and interest received of \$0.20 million, less net changes in working capital of \$0.84 million, interest paid on lease liabilities of \$0.10 million and income tax paid of \$3.14 million.

The net increase in working capital of some \$0.84 million was mainly due to the following:

- Increase in prepaid operating expenses of \$0.02 million; and
- Increase in trade and other receivables of \$2.50 million.

These were partially offset by the following:

- Decrease in inventories of \$0.12 million;
- Increase in trade and other payables of \$0.50 million; and
- Increase in other liabilities of \$1.07 million.

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

2H 2021 (cont'd)

Investing activities

Net cash flows used in investing activities of \$1.58 million was attributable to the Group's disposal of subsidiary, Stem Med, of \$1.12 million, the purchase of plant and equipment by the Group's subsidiaries in China of \$0.37 million and investment in joint venture of \$0.09 million.

Financing activities

Net cash flows used in financing activities amounted to some \$9.35 million. This was attributable to the payment of interim dividends of \$9.24 million to shareholders in respect of FY 2021 and the payment for principal portion of lease liabilities of \$1.30 million, partially offset by the proceeds of \$1.20 million from the issuance of shares by CellVec to its non-controlling shareholder.

Net increase in cash and cash equivalents

The above resulted in a net increase in cash and cash equivalents of some \$1.22 million for 2H 2021.

FY 2021

Operating activities

Net cash flows from operating activities amounted to \$23.45 million. This comprised operating cash flows before changes in working capital of \$30.55 million, net changes in working capital of \$1.86 million and interest received of \$0.36 million, less interest paid on lease liabilities of \$0.22 million and income tax paid of \$9.10 million.

The net decrease in working capital of \$1.86 million was mainly due to the following:

- Decrease in inventories of \$0.08 million;
- Decrease in prepaid operating expenses of \$0.09 million;
- Decrease in trade and other receivables of \$0.70 million;
- Increase in trade and other payables of \$0.72 million; and
- Increase in other liabilities of \$0.27 million.

Investing activities

Net cash flows used in investing activities of \$1.98 million was attributable to Group's disposal of subsidiary, Stem Med, of \$1.12 million, the purchase of plant and equipment by the Group's subsidiaries in China of \$0.77 million and investment in joint venture of \$0.09 million.

Financing activities

Net cash flows used in financing activities amounted to \$18.74 million. This was attributable to the following:

- Payment of final and interim dividends of \$19.14 million to shareholders in respect of FY 2020 and FY 2021 respectively; and
- Payment for principal portion of lease liabilities of \$2.40 million.

These were partially offset by the proceeds of \$2.80 million from the issuance of shares by CellVec to its non-controlling shareholder.

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

FY 2021 (cont'd)

Net increase in cash and cash equivalents

The above resulted in a net increase in cash and cash equivalents of \$2.73 million. Cash and cash equivalents totalled \$82.16 million as at 31 December 2021.

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

Not applicable.

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

In Singapore, following the emergence of the highly transmissible Omicron variant which was first detected in November 2021, border measures have been tightened once again thus affecting the patient numbers at our centres as a large number of our patients come from the Southeast Asian region. We expect the negative impact from these measures to continue into 2022. The COVID-19 pandemic has adversely affected the cell and gene therapy industry and this has also led the Company to partially impair the additional cost of investments that were injected during FY 2021 in the subsidiary involved (please refer to Note 2 of the other information required by listing rule appendix 7C and Note 12 of the condensed financial statements above for more details).

In Hong Kong, notwithstanding strict cross-border travel restrictions which have limited the number of foreign patients, particularly those from mainland China, who seek treatment at our Hong Kong centres, there was still a healthy growth in caseloads during FY 2021. This was mainly attributed to local patients who will remain the focus while awaiting the lifting of the travel restrictions.

In China, our efforts to ramp up operations at our centres faced headwinds from strict measures that have been put in place by the government to contain the COVID-19 pandemic. Such measures have curtailed the movements of patients from other cities in China to seek treatments at our centres and prohibited visiting consultants from other hospitals in Beijing as well as experts from Singapore to see patients at our centres. As a result, teleconsultations remain the only option for patients to be seen by the visiting consultants from other hospitals in Beijing and experts from Singapore but the preference among cancer patients remains with the model of face-to-face care which has impeded the growth in patient numbers at our China centres.

It is uncertain as to when travel restrictions in Singapore and Hong Kong as well as the restrictive measures in China would be eased. The Company will continue to monitor the COVID-19 situation closely and the Board will provide further updates as and when any material developments arise.

5. **Dividend information**

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

Yes, the Board has recommended a final dividend (the “**Financial Dividend**”) in respect of FY 2021 as follows:

Name of dividend	Final dividend
Dividend type	Cash
Dividend rate	\$0.009 per ordinary share
Tax rate	Tax exempt (one-tier)

The Company had also declared an interim cash dividend (one-tier tax exempt) of \$0.007 per ordinary share, which was paid on 20 August 2021.

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

Yes.

Name of dividend	Final dividend
Dividend type	Cash
Dividend rate	\$0.0075 per ordinary share
Tax rate	Tax exempt (one-tier)

The Company had also declared an interim cash dividend (one-tier tax exempt) of \$0.006 per ordinary share, which was paid on 25 November 2020.

(c) The date the dividend is payable

The proposed Final Dividend, if approved by shareholders of the Company at the Annual General Meeting to be held on 21 April 2022, will be paid on 11 May 2022.

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

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders of the Company to the proposed Final Dividend at the Annual General Meeting to be held on 21 April 2022, the Share Transfer Books and Register of Members of the Company will be closed at 5:00 p.m. on 29 April 2022 for the purpose of determining entitlements of ordinary shareholders to the tax exempt (one-tier) Final Dividend of 0.90 Singapore Cents per ordinary share for FY 2021.

Duly completed registrable transfers received by the Company's Share Register, B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, up to 5:00 p.m. on 29 April 2022 will be registered before entitlements to the Final Dividend are determined. Members whose securities accounts with the Central Depository (Pte) Ltd. are credited with the Company's ordinary shares as at 5:00 p.m. on 29 April 2022 will be entitled to the Final Dividend. Payment of the Final Dividend, if approved by the members at the Annual General Meeting to be held on 21 April 2022, will be made on 11 May 2022.

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

Not applicable.

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

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

8. **Interested Person Transactions**

The Company and its subsidiaries had the following Interested Persons Transactions during FY 2021.

Name of Interested Persons	Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs during the financial year under review conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	\$'000	\$'000
Dr. Ang Peng Tiam	202	N.A.
P.T. Ang Medical Services Pte Ltd	873	N.A.
StemCord Pte Ltd ⁽¹⁾	452	N.A.

Note:

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

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

Please refer to Note 2.

10. **Confirmation pursuant to Rule 720(1)**

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

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

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

ADDITIONAL INFORMATION

12. Disposal of equity interests in Stem Med Pte. Ltd.

The Company disposed of its entire 55.2% stake in its subsidiary, Stem Med Pte. Ltd. ("**Stem Med**") to Edge Capital Fund SP2 Pte. Ltd. (the "**Purchaser**") (the "**Divestment**"). The Purchaser is a Singapore-incorporated subsidiary of Edge Capital Fund SPC (the "**SPC**"), a segregated portfolio company incorporated with limited liability in the Cayman Islands.

The consideration for the Divestment of USD 811,000 was satisfied by the allotment and issue of 811 Class C non-voting participating shares ("**Class C Shares**") in Regenosis Gero-Science Fund SP, a segregated portfolio of the SPC. The fair value of the Class C Shares that were held by the Company as at the date of the Divestment was USD 1,000 per share. In addition, the Company may receive a contingent consideration of 7,305 Class C Shares, subject to meeting certain key performance indicators before 31 March 2023 or such other date as mutually agreed between the Purchaser and the Company.

The fair value of the 811 Class C Shares that were held by the Company as at 31 December 2021 was \$1,093,000.

Stem Med had been in a loss-making position since inception. Following a strategic review of its investment in Stem Med, the Company decided that the Divestment would be in the best interests of the Group. Pursuant to the Divestment in October 2021, Stem Med and its subsidiaries, Stem Med Indonesia Pte. Ltd. and DrSG Cellular Wellness Pte. Ltd., ceased to be subsidiaries of the Company.

BY ORDER OF THE BOARD

Ang Peng Tiam
Chief Executive Officer
15 February 2022

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

The contact person for the Sponsor is Mr Kaeson Chui, Vice President, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581. Telephone number: (65) 6415 9886