Clearbridge Health

REDEFINING THE FUTURE OF HEALTHCARE

2019 ANNUAL REPORT

CONTENTS

CORPORATE PROFILE

VISION

Redefining healthcare in Asia with precision. Empowering patient care with clarity.

MISSION

Setting a new standard for personalised care through the integration of healthcare services, medical technology and data science.

CORE VALUES

Kindness	–	Patients always comes first
Confidence	–	Better outcomes start with precise insights
Dependability	–	Our people – they are our edge
Respect	–	Professionalism in any and every circumstance
		Delivering healthcare services with utmost
Trust	–	Integrity

Clearbridge Health Limited ("**Clearbridge**" or the "**Company**" and together with its subsidiaries, the "**Group**") is an integrated healthcare group with a technology-agnostic approach, which focuses on increasing the accessibility and adoption rate of precision medicine solutions via its 3 distinctive strategic business units across Asia:

1. Medical centres and clinics;
2. Healthcare systems; and
3. Distribution platform of healthcare solutions and technologies from its global clinical partners and strategic medical technology investments.

With a business presence in 7 countries within Asia, Clearbridge seeks to empower clinicians and healthcare professionals to make more reliable and accurate diagnoses, provide insights to disease management, and tailor personalised prevention and timely treatment programmes for patients. The Group is executing the above strategies by way of primary healthcare and healthcare systems that reside in nexus of high demand.

In 2017, the Company was listed on the Catalist Board of the SGX-ST (Stock symbol: 1H3).

For more information, please visit www.clearbridgehealth.com.

Renal dialysis centre at Manila, Philippines

Pathology laboratory in Jakarta, Indonesia

THE EMERGING TREND OF **PRECISION MEDICINE**

Asia is ageing at an unprecedented rate. According to the United Nations' Economic and Social Commission for Asia and the Pacific, the proportion of the population **60 years and older will grow from 12.4% in 2016 to more than 25% by 2050.**(1)

It is anticipated that the Asia Pacific region's precision medicine market will hit **US$20.90 billion in 2023.**(2)

The Asia Pacific region is also witnessing a marked increase in healthcare awareness; income and affluence levels; private healthcare insurance coverage; and **medical tourism** - all of which are **vital stimulants of precision medicine's growth in the region and further driving demand.**(3)

The increasing adoption of digital healthcare has also given rise to more choices in diagnosis, treatment and management of personalised medicine.

(1) United Nations ESCAP, Social Development Division. 2016 Population Data Sheet. 9 September 2016 revision.
(2) Market Watch, "Precision Medicine Market is projected to grow (CAGR) of 16.63%, leading to a revenue if USD20.90 Bn by 2023" published on 6 November 2018.
(3) BIS Research, "Strategic Evaluation of Precision Medicine - County-wise Analysis for Emerging Opportunities", July 2018.

WHAT WE DO

OUR APPROACH IN BUILDING THE FIRST PRECISION MEDICINE PLATFORM IN ASIA:

- Data-driven clinical initiatives
- Collaborations with technologies providers relevant to Asia
- Direct access to consumers via owned primary healthcare and specialists providers

MEDICAL CLINICS/CENTRES

EXISTING BUSINESS

- Medical clinics in Singapore and Hong Kong
- Medical centre, clinics in the Philippines
- Pediatrics clinic in Malaysia
- 9 dental clinics in Singapore

EXPANSION PLANS

- Build a network of medical clinics/centers throughout the ASEAN region
- Maximise cross-sell within networks

HEALTHCARE SYSTEMS

EXISTING BUSINESS

- Pathology laboratories in Singapore and the Philippines
- 37 renal care centre in Indonesia (16 of which are under going renovation)
- 12 clinical laboratories in Indonesia (pending novation of 1 joint operation contract)

EXPANSION PLANS

- Tap on expanding network of clinics to achieve economies of scale
- Penetrate fast-growing and high population markets e.g. Indonesia, the Philippines, etc.
- Leverage partnerships to introduce high margin esoteric tests

STRATEGIC EQUITY INVESTMENTS IN MEDICAL TECHNOLOGY COMPANIES

EXISTING KEY INVESTMENTS

- Biolidics Limited ("Biolidics"), an associate which owns one of the world's first fully automated circulating tumor cell enrichment technology. Clearbridge is the single largest shareholder (24.80%) and with an option to acquire a 10.67% stake from an existing shareholder
- Clearbridge Biophotonics Pte Ltd ("CBBP"), a subsidiary in computational microscopy
- Singapore Institute of Advance Medicine Holdings ("SIAMH"), building the first proton therapy centre in Singapore

VALUE REALISATION

- Biolidics listed on SGX in December 2018
- Pursue opportunity for CBBP with major international life science tools corporations

Medical clinic in Singapore


Renal care centre in Indonesia


Biolidics' Rapid Test Kit for COVID-19

OUR VALUE CREATION PROCESS

Unlocking Value

- Capitalising valuation multiple differential between public and private market of the healthcare industry

Synergies Realisation

- Maximising revenue growth by achieving economies of scope (new precision medicine exclusive distributorship) and economies of scale (expansion of distribution points)
- Realising cross-selling opportunities between pillars e.g. primary/secondary healthcare services and pathology laboratories

Leverage Growth

- Reducing cost of capital by optimizing capital structure
- EBITDA strengthens Clearbridge's leverage capacity
- Deleveraging with operating cash flows from business acquisitions

Value Realisation

- Building a detachable healthcare group with value realisation opportunities such as Biolidics' IPO in December 2018
- Continue pursuing multiple business opportunities to unlock value for shareholders

Dental clinic in Singapore

Medical clinic in Hong Kong

Medical clinic in Kuala Lumpur, Malaysia

Pathology laboratory in Jakarta, Indonesia

OUR EBITDA-FOCUSED EXPANSION STRATEGY

2017

DEC

IPO of Clearbridge
Raised S$24.6m during IPO on SGX-Catalist Board on 18 Dec 17

2018

JAN

MILS distributorship
Became an exclusive distributor for MILS International in 11 countries

Philippines acquisition
Acquired Clearbridge Medical Philippines in Manila

APR

Partnership with A Star's GIS
Partnered with Genome Institute of Singapore (GIS) to offer Prosigna breast cancer test

Singapore & Indonesia acquisitions
Acquired a Singapore aesthetic clinic and renal care facilities in Indonesia

JUN

Completed Series C fund raising for Biolidics (associate)
Raised S$6.6m for associate's expansion to clinical space and potential IPO

JUL

Partnership with Agen Lab
Exclusive partnership with Agen Lab to market clinical test in Changsha, China

DEC

IPO of Biolidics (associate)
Raised S$7.7m during IPO on SGX-Catalist Board on 19 Dec 18

2019

MAR

Issue of convertible bonds
Raised S$11.0m to fuel further expansion in the region

Secured new funds for CBBP (subsidiary)
SEEDS Capital Pte. Ltd. invested S$1.0m in CBBP to accelerate the commercialisation of computational powered microscopy technology

New pediatrics clinic in Malaysia
Opening of pediatrics clinic in Desa Parkcity, Kuala Lumpur

MAY

Acquisition of 13 clinical laboratories in Indonesia
Undertaking more than 7 million pathology tests annually

JUN

Expansion of medical clinic in Hong Kong
Moved to larger space clinic in Causeway Bay to cater to medical tourists and domestic patients demand

AUG

Placement of shares
Raised S$11.3m to fuel further expansion in the region

Acquisition of 9 dental clinics in Singapore
9 profitable dental clinics strategically located in high footfall locations in Singapore's heartlands

GROWING HEALTHCARE PRESENCE IN ASIA

Provision of overseas healthcare expertise and services

Clearbridge Medical Group (Hong Kong), a medical clinic in Causeway Bay that caters to medical tourists and domestic patients

Distribution network for diagnostic services

Distribution network for diagnostic services

Clearbridge Child Specialist Clinic, a pediatric clinic based in Desa ParkCity, Kuala Lumpur, suburb catering to new families

Distribution network for diagnostic services

SAM Laboratory, a CAP accredited pathology laboratory, offering wide range of tests, including precision oncology

Medic Surgical and Laser Clinic located at outskirts of central business district (CBD), delivering affordable and quality healthcare services to professionals working in CBD

Dental Focus Group, a group of 9 dental clinics operated under a common brand located at high footfall locations in Singapore's heartlands.

PT Indo Genesis Medika (IGM Labs), one of the largest clinical laboratories in Indonesia, co-operate 12 clinical laboratories in hospitals (pending novation of 1 joint operation contract).

PT Tirta Medika Jaya (TMJ) - co-operate renal dialysis facilities with 37 hospitals (16 of which are currently under renovation).

Services offered by IGM Labs and TMJ are reimbursed by Indonesia health coverage program

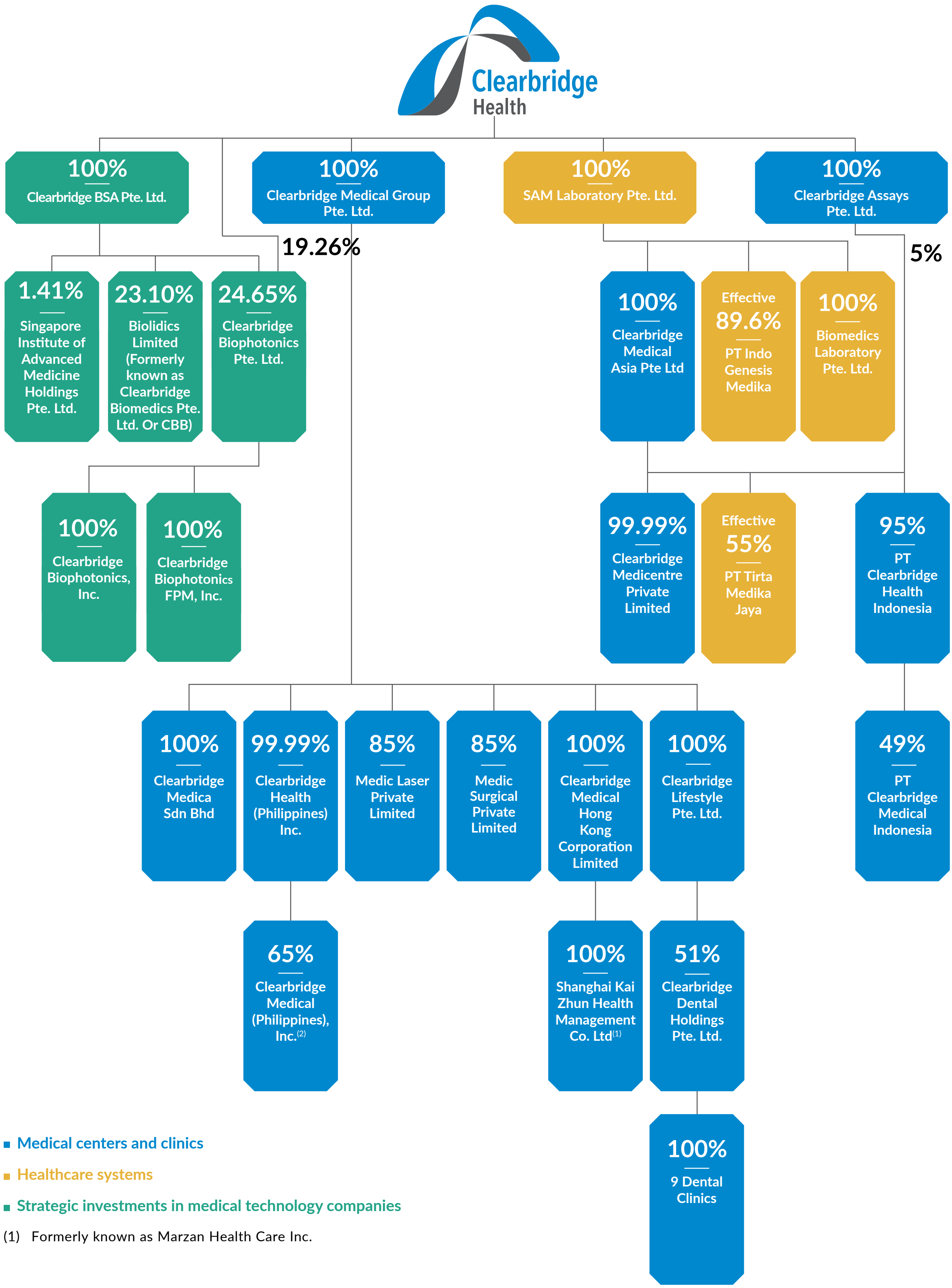
Distribution network for diagnostic services

Clearbridge Medical Philippines, a 4-storey multi-specialty medical center in Manila, offering wide range of services including primary healthcare, dentistry, renal dialysis center, health screening, vaccination and pharmacy

ClearSkin Advanced Dermatology and Laser Center, a derma clinic chain caters to middle-class in Manila and Cebu

Distribution network of diagnostic services

ORGANISATION STRUCTURE



- Medical centers and clinics
- Healthcare systems
- Strategic investments in medical technology companies

(1) Formerly known as Marzan Health Care Inc.

CHAIRMAN'S LETTER TO SHAREHOLDERS

Our performance in FY2019 is a testament of our path towards an EBITDA-focused strategy in the healthcare industry and we believe we are at an inflection point in our next phase of growth.

DEAR SHAREHOLDERS

On behalf of the board of directors of the Company ("Board" or "Directors"), it is my pleasure to present to you the annual report of Clearbridge for the financial year ended 31 December 2019 ("FY2019").

It has been little more than 2 years since Clearbridge was listed, and with our EBITDA-focused strategy, Clearbridge has delivered another year of record financial results in FY2019 with revenue surging to S$21.52 million from just S$6.14 million in FY2018 through the relentless and successful execution of our organic and inorganic initiatives.

We are seeing how medical advances and various connected technologies are driving healthcare practices, and throughout the year, we continued to leverage on the positive momentum to scale up, and to build an expanding network of primary and secondary healthcare touchpoints in Asia, whilst at the same time leveraging on scale economies and technology.

Additionally, the growth trajectory of precision medicine in Asia underscores our vision of building the first precision medicine platform in Asia. The global precision medicine market is expected to reach over US$119 billion by 2026[(1)] and the precision medicine market in Asia Pacific is projected to grow notably in the future as major countries like China, India and Japan embrace healthcare technologies rapidly and where patients are getting increasingly sophisticated.

Clearbridge has also respond electively to the health challenges emanating from a growing and ageing population and the tidal wave of chronic or age-related diseases such as cancer, renal and cardiovascular diseases will very likely become more prevalent in the region. We are pursuing these opportunities through our Medical Clinics/Centres, and our Healthcare Systems divisions.

We have raised fresh funds and made strong strides in our value creation within our business activities over the past 12 months and more details will be shared by the Group's Executive Director and CEO, Mr Jeremy Yee, in the following pages.

A Note of Thanks & Appreciation

Healthcare, at the very heart of it, is essentially about people. Technology can enable this, but in the end, it is about people and in caring.

As such, our employees are our most important asset and on behalf of the Board, I would like to take this opportunity to extend my appreciation for their unwavering continued efforts and professionalism to deliver on the Group's strategic priorities, which include operational excellence, growing services and expanding offerings, among others.

The support of our local business partners in various countries that we operate is another cornerstone of our progress in Asia and we thank them for their confidence and trust in us.

Last but certainly not least, I would like to express my gratitude to our shareholders for their continued support as we chart our growth path in the healthcare markets across Southeast Asia, and beyond.

We have finished FY2019 as a much stronger company and are at an inflection point. I am encouraged by our prospects for continued growth and look forward to the next phase in generating returns for all our stakeholders.

Thank you!

Chen Johnson
Non-Executive Non-Independent Chairman

(1) https://www.gminsights.com/pressrelease/precision-medicine-market

CEO'S MESSAGE

DEAR SHAREHOLDERS,

Aging and growing populations, greater prevalence of chronic diseases, clinical and technology advances – these and other developments continue to increase healthcare demand and expenditures.

In Asia, there are persistent challenges in accessibility (such as imbalanced distribution with rising urbanisation), affordability (especially for patients with low economic status), awareness (such as lifestyle diseases, vaccinations), inadequate medical infrastructure, and skilled medical resources.

Patients' well-being and their clinical outcomes are at the heart of our core mission and we aim to build a healthcare platform in Asia where high-quality healthcare are affordable and accessible; and where patients understand the cost and impact of their options for care.

FY2019 has been a milestone year for Clearbridge on many fronts as we achieved record revenue with strong operational performance. At the same time, we expanded our portfolio of high-growth and diverse healthcare assets in Southeast Asia with new acquisitions in Singapore and Indonesia.

Our growth is not without its challenges, especially when the healthcare industry in Asia is fragmented and highly regulated.

Looking back when we listed in December 2017, the Group's revenue was only S$0.2 million and with our EBITDA-focused strategy, we have expanded the Group's revenue to a record of S$21.5 million for FY2019, which represents a CAGR of approximately 940%.

Our EBITDA-focused strategy ensures that each acquisition is immediately accretive to the Group's financial performance and this is reflected in our results as the Group's adjusted EBITDA has been trending upwards and in the second half of FY2019, we achieved positive adjusted EBITDA of S$0.93 million.

To support and accelerate our growth plans, we successfully completed 2 fund raising exercises, a convertible bond issuance and share placement exercise, to raise an aggregate sum of S$22.27 million during FY2019. To demonstrate our commitment and confidence in the prospects of Clearbridge, our Non-Executive Non-Independent Chairman, Johnson Chen, myself and some members of our management team have committed funds to participate in the convertible bonds exercise.

And for our share placement exercise, prominent subscribers include Macondray Company Limited and Coop International Pte. Ltd. ("Coop International"). Coop International, a wholly-owned subsidiary of SGX-mainboard listed Bonvests Holdings Limited, who is an existing shareholder of Clearbridge, became a substantial shareholder of Clearbridge after the share placement.

Through a differentiated strategy guided by sustainability, we are building our future with strong operational and financial performance, while pursuing various opportunities to unlock value for shareholders.

Our Portfolio of High-Growth and Diverse Healthcare Assets in Southeast Asia

Southeast Asia has a population of more than 655 million and since our IPO, Clearbridge has quickly expanded with 3 distinctive strategic business units ("SBUs"),

1. Medical centres and clinics;
2. Healthcare systems; and
3. Distribution platform of healthcare solutions and technologies from our global clinical partners and strategic medical technology investments.

1. MEDICAL CENTRES AND CLINICS

The aim of this SBU is to build a network of medical clinics and centres throughout Asia using adaptive pricing and cross-selling opportunities to increase the adoption rate of its precision medicine solutions. This SBU has built up a growing network of medical clinics and centres in the Philippines, Hong Kong, Malaysia and Singapore.

In the Philippines, this SBU operates a 4-storey multi-specialty medical centre in Quezon City, Manila. It also operates 2 dermatology clinics in Quezon City & Lapulapu City, Cebu.

In Malaysia, the Group currently operates a paediatric clinic based in Desa Park City, Kuala Lumpur and has partnerships with both public and some of the largest private hospitals to offer esoteric tests. Additionally, Clearbridge is exploring further expansion opportunities in the country.

In Hong Kong, we announced in June 2019 that we expanded to a new and larger clinic in Causeway Bay to serve more domestic patients and medical tourists by providing a wider range of medical and health screening services to meet the growing medical needs in both market segments.

In Singapore, this SBU currently operates medical clinics in the outskirts of the central business district. And in May 2019, Clearbridge announced the proposed acquisition of a majority stake in 9 profitable dental clinics in Singapore, operating under the brand name "Dental Focus", with a right of first refusal to acquire another 6 dental clinics and ancillary dental services providers under the same brand name.

2. HEALTHCARE SYSTEMS

In addition to operating pathology laboratories in Singapore and Philippines, Clearbridge currently manages a total of 49 hospital joint operation contracts ("JOs") in Indonesia, primarily in the area of renal care (through TMJ) and pathology (through IGM Labs) at public and private hospitals (ranging from Class A to Class C) in Indonesia.

Currently serving close to 4 million patients per year, Clearbridge is adopting a Public-Private-Partnership Model to scale up our healthcare services operations in Indonesia, which presents huge latent market potential with its population of more than 260 million.

CEO'S MESSAGE

TMJ is currently operating 21 renal care centres under JOs with hospitals in Indonesia. In addition, there are another 16 renal care centres that are currently under construction, with the potential of additional revenue contribution once these renal care centres are in operation.

For IGM Labs, it is operating 12 diagnostics laboratories in hospitals with another JO contract that is in the process of being novated to IGM Labs that undertakes more than 7 million pathology tests a year. Notably, IGM Labs has diagnostics laboratories in 6 of the largest Class A hospitals, out of 16 Class A hospitals in Indonesia.

The renal care services and laboratory testing services offered by Clearbridge's subsidiaries in Indonesia are reimbursed through the Indonesia health coverage program.

This SBU will utilise adaptive pricing strategies to increase adoption of some of these esoteric tests for both terminal and chronic disease patients to improve the clinical outcomes for these patients.

3. DISTRIBUTION PLATFORM OF HEALTHCARE SOLUTIONS AND TECHNOLOGIES FROM OUR GLOBAL CLINICAL PARTNERS AND STRATEGIC MEDICAL TECHNOLOGY INVESTMENTS

Accessibility to patients is a key component of the healthcare value chain and utilising our growing network in Asia, we have built up a distribution network to propagate healthcare solutions and technologies from our global clinical partners and strategic medical technology investments.

Clearbridge has strategic interests in 3 medical technology companies that give us access to new medical products and/or services, synergies to collaborate and expand healthcare networks as well as the potential to unlock value for shareholders.

- Biolidics (formerly Clearbridge BioMedics Pte. Ltd.), is a Singapore-based medical technology company with a focus on cancer diagnostic solutions. Listed in December 2018, Biolidics has made significant progress to harness new growth opportunities through collaboration, partnerships and market expansion in various geographical markets, particularly in China.
- CBBP utilises ground-breaking microscope technology from the California Institute of Technology ("Caltech") to revolutionise clinical diagnostics and biological research. With its computational imaging microscopy technology that is powered by in-house proprietary algorithms, CBBP can develop low-cost imaging devices for drug discovery and biomedical research.
- SIAMH owns and operates a medical centre offering services in wellness, aesthetic, digital radiology and specialist management of gastrointestinal and liver disorders.

Appreciation

Our differentiated approach in creating new ways of access to market and focus on improving healthcare experiences will continue to be the essence of what we do.

Underpinning all of this is a performance-driven organisation powered by our dedicated, collaborative and professional team. We remain open to new ideas, practices, technology and opportunities to bring precision healthcare to the masses.

Healthcare depends overwhelmingly on the human factor. Hence, on behalf of the Board, I would like to show my deepest gratitude to my colleagues in Singapore, Malaysia, Philippines, Hong Kong and Indonesia, many of whom are at the frontline of the healthcare industry. With the COVID-19 outbreak in the region, we applaud their sense of duty and responsibility to contain and manage this pandemic in the respective countries.

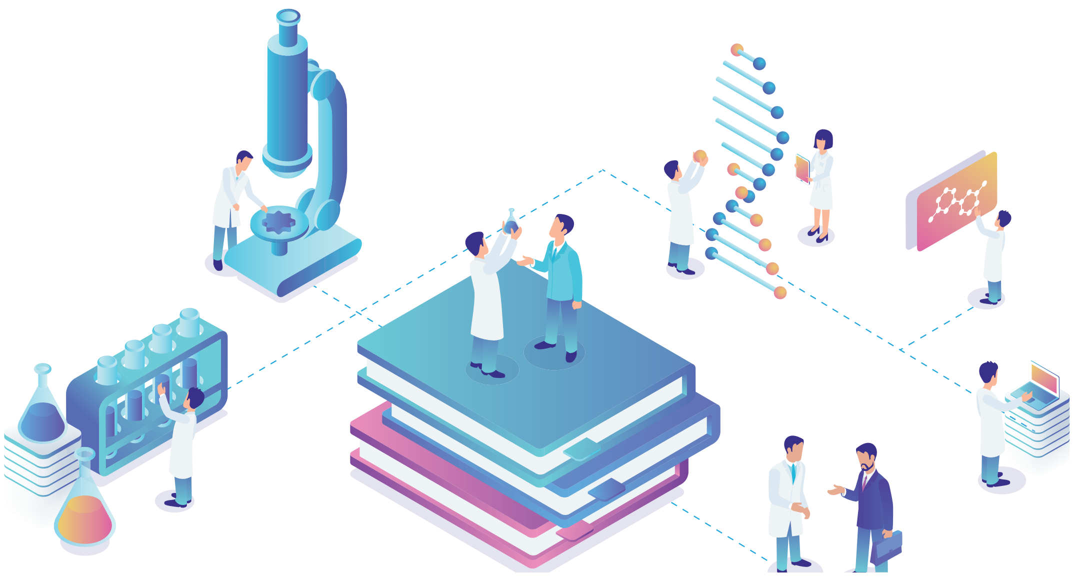
I would also like to thank all stakeholders who work proactively with us to constantly improve our performance. I also want to take the opportunity to thank my fellow Board members for their counsel and invaluable contributions as we continue to be a disruptive force in the healthcare industry.

Last but not least, I would also like to thank our shareholders for your continued patience and confidence in the Group as we chart our growth path ahead together with value realisation opportunities.

We look forward to share more milestones with you in the next 12 months.

Thank you!

Jeremy Yee
Executive Director and CEO



OPERATIONS & FINANCIAL REVIEW

OPERATIONS REVIEW

Corporate Developments in FY2019

Over the past 12 months, Clearbridge has continued to execute on our EBITDA-focused strategy with a growing network of primary/secondary healthcare touchpoints in Asia, enabling us to continue to drive our strategy and capitalise on growth opportunities in the healthcare industry as they emerge in Southeast Asia.

In March 2019, Clearbridge's subsidiary, CBBP, secured S$1.0 million from SEEDS Capital Pte. Ltd. ("**Spring Seeds Capital**"), the investment arm of Enterprise Singapore, to accelerate the commercialisation activities of its computational imaging microscopy technology that is powered by our proprietary algorithms. As compared to the existing systems and techniques in this specialised field, CBBP's innovative microscopy technology and imaging devices provide pharmaceutical companies and researchers several new value propositions, including novel insights in drug discovery and development as well as cost and time saving.

Augmenting our presence in Indonesia, the Group announced the acquisition of a controlling stake in IGM Labs in May 2019 for approximately S$9.4 million via purchase of 49% equity interest subscription of exchange bond and subscription of redeemable exchangeable bond. Through JO agreements with hospitals in Indonesia, IGM Labs operates 12 diagnostics laboratories in hospitals with another JO contract that is in the process of being novated to IGM Labs. Collectively, these hospitals conduct more than 7 million pathology tests a year. Notably, IGM Labs has diagnostics laboratories in 6 of the largest Class A hospitals, out of 16 Class A hospitals in Indonesia.

Together with our renal care business in Indonesia (through TMJ which was acquired in April 2018), the Group currently manages a total of 49 JO contracts in Indonesia with a Public-Private-Partnership Model.

Notably, the renal care services and laboratory testing services offered by TMJ and IGM Labs respectively are reimbursed through the Indonesia health coverage program.

To serve more domestic patients and medical tourists, Clearbridge expanded our primary healthcare presence in Hong Kong with a new and larger clinic in Causeway Bay in June 2019. The new clinic can accommodate more visiting physicians and specialists (such as obstetrician, gynaecologist and gastroenterology) and provide a wider range of medical and health screening services to meet the growing medical needs of this market segment.

Aligned with our EBITDA-focused strategy, the Group also acquired a majority stake in 9 profitable dental clinics in Singapore for approximately S$3.3 million in late August 2019. Operating under the brand name "Dental Focus", these dental clinics are strategically located in high footfall locations within Singapore's heartlands. In addition, the Group has 3-year right of first refusal to acquire another 6 dental clinics and ancillary dental services providers under the same brand name.

In October 2019, the Group's subsidiary, SAM Laboratory Pte Ltd ("**SAM**") received accreditation from College of American Pathologists ("**CAP**"), based on the results of an on-site inspection as part of the CAP Accreditation Programs. SAM was first awarded the CAP Accreditation in 2015 and is required to undergo inspection every 2 years. As a Private Hospitals and Medical Clinics licensed laboratory in Singapore, SAM offers a comprehensive suite of clinical diagnostic tests augmented by collaborations with global partners.

OPERATIONS & FINANCIAL REVIEW

In December 2019, the Group undertook an internal restructuring exercise (the "Restructuring Exercise") which involved, *inter alia*, the following:

(i) Clearbridge Medica Sdn Bhd, Medic Laser Private Limited ("Medic Laser") and Medic Surgical Private Limited ("Medic Surgical") were transferred from Clearbridge Medical Asia Pte Ltd to Clearbridge Medical Group Pte. Ltd for a nominal consideration of S$1 respectively;

(ii) Clearbridge Medical Asia Pte Ltd transferred its entire interest in its subsidiaries, Clearbridge Health (Phillippines) Inc and Clearbridge Medical (Phillippines) Inc to Clearbridge Medical Group Pte. Ltd. for a consideration of S$292,710;

(iii) Clearbridge Medical Asia Pte Ltd was transferred from Clearbridge Medical Group Pte. Ltd to SAM for a nominal consideration of S$1; and

(iv) Clearbridge Lifestyle Pte. Ltd. was transferred from Clearbridge Health Limited to Clearbridge Medical Group Pte. Ltd for a nominal consideration of S$1.

The Restructuring Exercise aims to streamline the Group's corporate structure and to align to our strategic business units.

With a business presence in 7 countries within Asia, Clearbridge has transformed into a high-growth, broad-based healthcare group with a differentiated market through our 3 strategic business units as follows:

1. ***Medical centres and clinics;***
2. ***Healthcare systems; and***
3. ***Distribution platform of healthcare solutions and technologies from its global clinical partners and strategic medical technology investments***

FINANCIAL REVIEW

Revenue

For FY2019, the Group achieved a record full year revenue of S$21.53 million as compared to revenue of S$6.14 million in FY2018. The Group's healthcare systems business unit, in particular our laboratory services and renal care services in Indonesia, was the major revenue contributor in FY2019 with revenue increasing by 384.7% or S$12.35 million to S$15.56 million in FY2019. Of which, IGM Labs contributed S$10.31 million in revenue despite being acquired only in May 2019 and there is an additional JO contract pending novation. The remaining increase in revenue was contributed by TMJ. In addition, revenue from the Group's medical centres and clinics business unit increased by 103.7% or S$3.04 million to S$5.97 million in FY2019, which was mainly driven by the contributions of S$2.35 million from the 9 dental clinics, operating under the "Dental Focus" brand name, which were acquired in late August 2019.

Purchases

Corresponding to the revenue growth in FY2019, the Group's purchases increased by S$11.12 million to S$14.37 million in FY2019. These comprised mainly direct expense incurred in processing specimens by in-house laboratory testing facilities or outsourced third party clinical laboratories, as well as consumables and medicines used by medical clinics/centres and renal care services.

Operating Expenses

The Group's employee benefits expense increased by 13.0% or S$0.96 million, from S$7.41 million in FY2018 to S$8.37 million in FY2019, mainly due to an increase in headcount arising from the acquisition of IGM Labs and the 9 dental clinics, an increase in share-based payment expenses of S$0.85 million pursuant to the Company's performance share plan and an increase in expenses in connection with the termination of employment of certain employees due to the cessation of operations in the United States of America of S$0.39 million.

There was an increase in depreciation expense to S$3.11 million in FY2019 from S$1.02 million in FY2018, mainly due to the expansion of the medical clinic in Hong Kong and renal care services in Indonesia, depreciation expenses recorded by IGM Labs, and depreciation expense on the right-of-use assets. The Group's amortisation expense increased to S$0.09 million in FY2019 from S$0.08 million a year ago, mainly due to the increase in amortisation expense attributable to the intangible assets identified from the acquisition of TMJ, Medic Laser and Medic Surgical.

Other operating expenses decreased by 9.3% or S$0.54 million, from S$5.80 million in FY2018 to S$5.26 million in FY2019. This was mainly due to the reversal of expected credit losses on accounts receivables of S$1.62 million, the foreign exchange gain of S$0.33 million recorded by the Group in FY2019 as compared to an exchange loss of S$0.10 million in FY2018, a decrease of S$0.38 million in travelling expenses incurred by the Group, and S$0.19 million in fair value adjustment on contingent consideration relating to business combinations. The decline in operating expenses was partially offset by an increase in value-added tax underpayment, penalties and associated professional fees expenses incurred by TMJ of S$0.70 million, the fixed assets written off recorded by Philippines and Hong Kong of S$0.76 million, and an increase in office consumables and repair and maintenance of S$0.51 million recorded by IGM Labs.

The Group's finance costs comprise mainly interest accrued on the call options granted by Spring Seeds Capital to the Group in respect of Spring Seeds Capital's investments in CBBP and interest expense incurred on bank loans, finance lease and the convertible bonds issued by the Company on 8 March 2019 and 17 May 2019 ("Convertible Bonds"). In FY2019, the Group's finance costs increased by 488.1% or S$1.61 million, from S$0.33 million in FY2018 to S$1.94 million in FY2019.

Non-Recurring Expenses

The Group has identified net non-recurring expenses of S$1.42 million in FY2019, accounted under other operating expenses, which comprise of professional fees and other miscellaneous expense relating to business acquisitions and collaborations in FY2019 of S$0.86 million, consultancy fees and other administrative expenses of S$0.72 million incurred for research and development activities which were streamlined, value-added tax underpayment, penalties and associated professional fees expenses incurred by TMJ of

OPERATIONS & FINANCIAL REVIEW

S$0.70 million, fixed assets written off recorded by the Philippines and Hong Kong of S$0.76 million and partially offset by reversal of expected credit losses on accounts receivables of S$1.62 million mainly made by IGM Labs.

Fair Value Gains and Losses

In FY2019, the Group recorded a fair value gain on an associate of S$1.50 million, which was due to the increase in fair value of the Group's interest in Biolidics. Biolidics was listed on the Catalist Board of the SGX-ST on 19 December 2018.

The Group's fair value loss on derivative financial instruments was mainly attributable to changes in the fair value of the call options granted by Spring Seeds Capital to the Group in respect of Spring Seeds Capital's interests in Biolidics (the "**Biolidics Call Option**") and SIAMH (the "SIAMH Call Option"), fair value of the Convertible Bonds issued by the Company, as well as fair value of redeemable exchangeable bond (the "**REB**") issued by PT Kreasi Putra Nusantara ("**KPN**") to SAM. The REB will be exchangeable at SAM's option into shares in IGM Labs held by KPN representing 20% of the total issued share capital of IGM Labs subject to KPN's option to redeem the REB within 1 year from the completion date.

The fair value loss on derivative financial instruments increased by S$0.76 million, from S$2.12 million in FY2018 to S$2.88 million in FY2019 due to an increase in fair value loss on the Convertible Bonds of S$0.74 million, an increase in fair value loss on the REB of S$0.70 million, an increase in fair value loss on the SIAMH Call Option of S$0.44 million, and partially offset by a decrease in the fair value loss on the Biolidics Call Option of S$1.12 million.

The respective fair values were arrived at based on an option pricing model which took into account, among others, the fair value of Biolidics, SIAMH, IGM Labs and the Company as well as volatilities in the valuation of comparable companies.

Loss for the Year

The Group's income tax expense decreased by 26.6% or S$0.04 million, from S$0.16 million in FY2018 to S$0.12 million in FY2019, which was due to the lower income tax expenses recognised by Medic Laser and Medic Surgical.

As a result of the foregoing, the Group recorded a loss of S$11.54 million in FY2019 as compared to a loss of S$18.89 million in FY2018. However, excluding fair value changes in associate and derivative financial instruments and non-recurring operating expenses, the Group's adjusted EBITDA for full year of FY2019 has narrowed to a loss of S$1.11 million as compared to a loss of S$6.12 million in FY2018.

REVIEW OF FINANCIAL POSITION

Non-Current Assets

The Group's non-current assets increased by 38.71% or S$18.61 million, from S$48.07 million as at 31 December 2018 to S$66.68 million as at 31 December 2019.

This was mainly due to an increase in provisional goodwill of S$9.81 million in relation to the acquisition of IGM Labs in May 2019 and 9 dental clinics in late August 2019, an increase in property, plant and equipment of S$5.36 million which arose from the acquisition of IGM Labs and 9 dental clinics, an increase in right-of-use assets

OPERATIONS & FINANCIAL REVIEW

of S$1.79 million representing the Group's right to use the office premises, clinics and medical centres during the lease terms recognised in accordance with SFRS(I) 16, an increase in investment in an associate, Biolidics Limited of S$1.50 million, an increase in intangible assets of S$0.88 million mainly due to the acquisition of IGM Labs, and an increase in other receivable of S$0.70 million due to the acquisition of 9 dental clinics. However, it was partially offset by a decrease in derivative financial instruments of S$1.43 million.

Current Assets

The Group's current assets increased by 105.7% or S$15.54 million, from S$14.70 million as at 31 December 2018 to S$30.24 million as at 31 December 2019. The increase was due to an increase in cash and bank balances of S$5.55 million. Trade receivables, other receivables, inventories and prepayment increased by S$9.99 million mainly as a result of acquisition of IGM Labs and the 9 dental clinics.

Current Liabilities

The Group's current liabilities increased by 162.5% or S$14.98 million, from S$9.22 million as at 31 December 2018 to S$24.20 million as at 31 December 2019.

The increase was mainly due to an increase in borrowings of S$4.33 million comprising the current portion of bank loans and the Convertible Bonds, an increase in trade payables of S$3.44 million mainly due to higher purchases by the Group's subsidiaries in Singapore and Indonesia, an increase in other payables of S$5.78 million mainly due to other payables and accrued expenses of S$4.82 million which arose from the acquisition of IGM Labs and the 9 dental clinics, consideration payable of S$1.96 million for acquisition of IGM Labs and the 9 dental clinics, recognition of payable to Spring Seeds Capital of S$1.0 million relating to call options. However, it was partially offset by a decrease in consideration of S$2.0 million paid in first quarter of FY2019 for the acquisition of Medic Laser and Medic Surgical, derivative financial instrument in respect of the REB measured at fair value of S$0.70 million, and lease liabilities of S$0.84 million representing the amounts payable by the Group as at 31 December 2019 for its right to use the office premises, clinics and medical centres during the lease terms.

Non-Current Liabilities

The Group's non-current liabilities increased by 288.4% or S$17.33 million, from S$6.01 million as at 31 December 2018 to S$23.34 million as at 31 December 2019. This was mainly due to an increase in borrowings of S$14.43 million comprising the non-current portion of bank loans and the Convertible Bonds, an increase in other payables due to the recognition of contingent consideration of S$0.60 million payable for the acquisition of 9 dental clinics, Clearbridge Medical Philippines, Medic Laser and Medic Surgical, an increase in the non-current portion of lease liabilities of S$0.92 million and the derivative financial instruments in respect of the Convertible Bonds measured at fair value of S$1.32 million.

REVIEW OF CASH FLOW STATEMENT

The Group's net cash used in operating activities after adjusting for cash paid for income tax and interest expense, amounted to S$8.64 million in FY2019. Cash outflow before changes in working capital for FY2019 amounted to S$3.36 million. Net cash used in working capital for FY2019 amounted to S$4.54 million mainly due to an increase in trade receivables of S$8.70 million, a decrease in other payables of S$1.85 million and an increase in prepayments of S$0.26 million and partially offset by decrease in other receivables of S$2.85 million and an increase in trade payables of S$3.44 million.

Net cash used in investing activities for FY2019 amounted to S$15.35 million. This was mainly due to the consideration paid for the acquisition of IGM Labs of S$8.41 million and the 9 dental clinics of S$3.21 million, capital expenditure for the expansion of medical clinic in Hong Kong and laboratory testing services in Indonesia of S$1.71 million and a contingent consideration of S$2.0 million paid for the acquisition of Medic Laser and Medic Surgical.

Net cash generated from financing activities for FY2019 amounted to S$26.26 million was attributable to net proceeds from the issuance of placement shares of S$11.27 million, proceeds from the issuance of Convertible Bonds of S$11.0 million, proceeds from convertible loan of S$1.0 million and bank loans secured by the Group of S$8.68 million. This increase was partially offset by an increase in restricted deposits of S$3.23 million, the repayment of bank loans of S$1.89 million, the payment of lease liabilities of S$0.36 million and the dividend paid to a non-controlling shareholder of S$0.21 million.

As a result, after adjusting for the effects of foreign exchange rate changes, there was a net increase in cash and cash equivalents of S$2.32 million, from S$7.77 million as at 31 December 2018 to S$10.09 million as at 31 December 2019.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chen Johnson
Non-Executive Non-Independent Chairman

Yee Pinh Jeremy
Executive Director and CEO

Andrew John Lord
Lead Independent Director

Mark Benedict Ryan
Independent Director

Tan Soon Liang (Chen Shunliang)
Independent Director

Mah How Soon (Ma Haoshun)
Independent Director

AUDIT COMMITTEE

Mark Benedict Ryan (Chairman)

Andrew John Lord

Tan Soon Liang (Chen Shunliang)

Mah How Soon (Ma Haoshun)

NOMINATING COMMITTEE

Tan Soon Liang (Chen Shunliang) (Chairman)

Yee Pinh Jeremy

Andrew John Lord

REMUNERATION COMMITTEE

Andrew John Lord (Chairman)

Chen Johnson

Mark Benedict Ryan

Mah How Soon (Ma Haoshun)

COMPANY SECRETARY

Lim Sim Ving, ACIS

REGISTERED OFFICE

37 Jalan Pemimpin
#08-05 Mapex
Singapore 577177

SPONSOR

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898

AUDITOR

Ernst & Young LLP
One Raffles Quay
Level 18 North Tower
Singapore 048583

Partner-in-charge: Tan Swee Ho
(since financial year ended 31 December 2017)

(Member of the Institute of Singapore Chartered Accountants)

INVESTOR RELATIONS

8PR Asia Pte Ltd
37 Tannery Lane
#06-05 Tannery House
Singapore 347790

BOARD OF DIRECTORS

CHEN JOHNSON
Non-Executive Non-Independent Chairman
Date of First Appointment | 20 April 2017
Date of Re-Appointment | 27 April 2018
Member | Remuneration Committee

Johnson is the founder of Clearbridge and was appointed Non-Executive Non-Independent Chairman in April 2017. He has been the Executive Director of 1Bridge Partners Limited since 2002, where he oversees investment management. Johnson is concurrently the Executive Director and CEO of CapBridge Pte. Ltd. ("**CapBridge**"), a global private capital raising platform supported by the Singapore Exchange and regulated by the Monetary Authority of Singapore. At Capbridge, he is responsible for overall strategic planning and business execution. From 1999 to 2002, Johnson was the President of CyberWorks Ventures, the venture capital arm of Hong Kong-based information communications technology company Pacific Century Cyberworks. He is also the co-founder and Non-Executive Non-Independent Director of Biolidics (formerly known as Clearbridge Biomedics Pte. Ltd.), a microfluidic based liquid biopsy tumor diagnosis company listed on the Catalist Board of the SGX-ST. Johnson sits on the Singapore National Research Foundation Proof-of-Concept grant panel and is a member of the Strategic Research Innovation Fund committee of NTUitive, Nanyang Technological University's innovation and enterprise company. As the top graduate in the Singapore Armed Forces officer cadet course during National Service, Johnson was awarded the Sword of Honour by the President of Singapore.

Present directorships in other listed companies:
- Biolidics Limited (SGX-ST)

Past directorships in other listed companies: None

Academic/Professional Qualification(s):
- Bachelor of Arts (Honours) (Manufacturing Engineering Tripos), University of Cambridge, United Kingdom ("**UK**")
- Master of Engineering, University of Cambridge, UK

YEE PINH JEREMY
Executive Director and CEO
Date of First Appointment | 15 May 2017
Date of Re-Election | 25 April 2019
Member | Nominating Committee

Jeremy is the Group's Executive Director and CEO. Prior to this, from 2011 to 2016, he was the CEO of Cordlife Group Limited, a company listed on the SGX-ST, where he was responsible for identifying and implementing company-wide business growth strategies. From 2002 to 2011, he was the Director of Corporate Development, then Chief Operating Officer and subsequently, Executive Director and Group Chief Financial Officer of Cordlife Limited (now known as Life Corporation Limited), a company listed on the Australian Securities Exchange ("**ASX**"). During his tenure, he was responsible for the group's overall corporate development activities and financial functions, including statutory filings, accounting audits, finance controls and treasury matters. Jeremy spent the early part of his career in the banking and finance industry. Jeremy is also the Non-Executive Non-Independent Chairman of Biolidics, a company formerly known as Clearbridge Biomedics Pte. Ltd. that was listed on the Catalist Board of the SGX-ST in December 2018.

Present directorships in other listed companies:
- Biolidics Limited (SGX-ST)

Past directorships in other listed companies:
- Cordlife Group Limited (SGX-ST)
- Cordlife Limited (now known as Life Corporation Limited) (ASX)

Academic/Professional Qualification(s):
- Bachelor of Arts (Economic and Social Studies), Victoria University of Manchester, UK
- Bachelor of Commerce (Professional Accounting), Murdoch University, Australia
- Master of Commerce (Finance with Banking/Management), University of Sydney, Australia
- Master of Business Administration, Nanyang Technological University, Singapore
- Master of Business Administration, University of Chicago Booth School of Business, United States of America ("**US**")
- Master of Arts, Columbia University, US
- Nanyang Advanced Management Programme, University of California, Berkeley, US
- EIT Health Advanced Management Programme on Health Innovation 2018

BOARD OF DIRECTORS

ANDREW JOHN LORD
Lead Independent Director
Date of First Appointment | 20 November 2017
Date of Re-Election | 25 April 2019
Chairman | Remuneration Committee
Member | Nominating Committee and Audit Committee

Andrew is the Lead Independent Director of Clearbridge. He began his career as a solicitor in the general commercial and property as well as the banking and finance practices. Andrew ran his own firm, Campbell Lord Commercial Lawyers, between 1999 to 2006 and later founded Lovegrove and Lord Commercial and Construction Lawyers in 2006, where he served as a director specialising in joint ventures, venture capital funding, property financing, business acquisitions, corporate governance, capital markets equity fundraising, and compliance matters related to the ASX and the Australian Securities and Investments Commission. Since 2010, he has been a director at Lord Commercial Lawyers.

Present and past directorships in other listed companies: None

Academic/Professional Qualification(s):
- Bachelor of Science, Monash University, Australia
- Bachelor of Laws, Monash University, Australia
- Member of the Law Institute of Victoria, Australia

MARK BENEDICT RYAN
Independent Director
Date of First Appointment | 20 November 2017
Date of Re-Election | 27 April 2018
Chairman | Audit Committee
Member | Remuneration Committee

Mark is an Independent Director of Clearbridge. He is presently a Director of Cytomatrix Pty. Ltd., a privately held company involved in Short Polymer Fibre research. From 1996 to 2019, he was the Non-Executive Director and Company Secretary of KBR E&C Australia Pty Ltd, an engineering and construction company. From 1994 to 1996, he was the Financial Controller at CAPE PLC (formerly ASX-listed PCH Group Limited), where he was responsible for all financial management and reporting functions. He was a Senior Accountant at Schroder Ventures from 1993 to 1994 where he specialised in management accounting for offshore investment trusts including the preparation of statutory financial statements. Prior to this, he was a Corporate Tax Advisory Supervisor at PricewaterhouseCoopers Australia from 1988 to 1993 where he provided tax consulting and corporate tax compliance advisory services.

Present directorships in other listed companies: None

Past directorships in other listed companies:
- Cordlife Limited (now known as Life Corporation Limited) (ASX)

Academic/Professional Qualification(s):
- Bachelor of Commerce, University of Western Australia, Australia
- Associate of Chartered Accountants, Australia and New Zealand

BOARD OF DIRECTORS

TAN SOON LIANG (CHEN SHUNLIANG)

Independent Director
Date of First Appointment | 20 November 2017
Date of Re-Election | 27 April 2018
Chairman | Nominating Committee
Member | Audit Committee

Soon Liang is an Independent Director of Clearbridge. He is currently the Founder and Managing Director of Ti Ventures Pte. Ltd., which invests in growing businesses and partnering business owners through leading its corporate development, business transformation and mergers and acquisitions functions. He is also the Managing Director of Omnibridge Capital Pte. Ltd., which focuses on early-stage angel and venture capital investments in start-ups and fast-growing companies in Asia. Between 2006 and 2010, Soon Liang was the Head of Business Advisory and later, an Advisor at BDO Raffles Advisory Pte Ltd. He was responsible for corporate advisory work for Asian family businesses and corporations, including business transformation advisory work. Earlier in his career, he held various positions in companies within the financial industry.

Present directorships in other listed companies:
- Choo Chiang Holdings Limited (SGX-ST)
- ISDN Holdings Limited (SGX-ST and SEHK)
- GDS Global Limited (SGX-ST)

Past directorships in other listed companies:
- Jubilee Industries Holdings Ltd (SGX-ST)
- Wong Fong Industries Limited (SGX-ST)

Academic/Professional Qualification(s):
- Bachelor of Business (Honours) (Financial Analysis), Nanyang Technological University, Singapore
- Master of Business Administration, University of Hull, UK
- CFA® charterholder, CFA Institute, US
- Member of the Singapore Institute of Directors

MAH HOW SOON (MA HAOSHUN)

Independent Director
Date of First Appointment | 23 March 2018
Date of Re-Election | 27 April 2018
Member | Audit Committee and Remuneration Committee

How Soon is an Independent Director of Clearbridge. He is presently the Managing Director of RHT Capital Pte. Ltd.. He has many years of transactional and management experience in corporate finance in international and local financial institutions, and boutique advisory firms. How Soon has played a key role in advising companies from many industries and countries on a wide range of transactions relating to both equity capital markets, and mergers and acquisitions. He is the Lead Independent Director and Chairman of the Audit Committee of Katrina Group Ltd., a company listed on Catalist.

Present directorships in other listed companies:
- Katrina Group Ltd (SGX-ST)

Past directorships in other listed companies:
- 800 Super Holdings Limited (SGX-ST)

Academic/Professional Qualification(s):
- Bachelor of Accountancy (Honours), Nanyang Business School, Singapore
- Master of Business Administration, Chicago Booth School of Business, United States of America ("US")
- Chartered Accountant, Institute of Singapore Chartered Accountants, Singapore
- CFA® charterholder, CFA Institute, US

EXECUTIVE OFFICERS

SIMON HOO KIA WEI
Chief Business Officer

Simon joined the Group as Chief Business Officer in April 2017 and assists the CEO in strategic planning and implementation, evaluation and monitoring of business strategies and business units of its subsidiaries in the Asia Pacific region.

Prior to joining the Group, Simon was the Chief Business Officer of Clearbridge Medical Group Pte. Ltd. ("**CBMG**"). He was the CEO of Life Corporation Limited (formerly known as Cordlife Limited), a company listed on the ASX, from 2014 to 2016 where he led the restructuring of the group's businesses in India, The Philippines and Indonesia and the re-listing of the group's new business on the ASX. From 2004 to 2014, he was the Business Development Director of Cordlife Services (S) Pte. Ltd. (now known as Life Corporation Services (S) Pte Ltd) and was involved in the set up and initial business operations of the group in Hong Kong, Indonesia and the Philippines, and spearheaded its business operations in India from 2008. He started his career in 2001 as an auditor with KPMG Singapore.

Academic/Professional Qualification(s):
- Bachelor of Accountancy, Nanyang Technological University, Singapore
- Master of Business Administration, University of Manchester, UK
- Chartered Accountant, Institute of Singapore Chartered Accountants
- Certified Public Accountant, CPA Australia

LIAU YEN SAN, JONATHAN
Chief Commercial Officer

Jonathan joined the Group as Chief Commercial Officer in August 2017 and is responsible for overseeing the commercial strategy and development of the Group.

He was previously Vice President (Investments) at EDBI Pte. Ltd., the corporate investment arm of the Singapore Economic Development Board, from 2016 to 2017 where he led investments in biomedical sciences and oversaw portfolio management in the medical technology and biopharmaceutical fields. Between 2013 and 2016, he was the Senior Director of Corporate Development at Cordlife Group Limited, a company listed on the SGX-ST. He was responsible for corporate development, new products and general management at several of the Group's subsidiaries. He was with Cordlife Services (S) Pte. Ltd. (now known as Life Corporation Services (S) Pte. Ltd.) from 2004 to 2013. His last held position was Chief Operating Officer and he was responsible for the overall operations of the company.

Academic/Professional Qualification(s):
- Master of Biochemical Engineering (Bioprocess Management), University College London, UK
- Master of Business Administration, University of Chicago, US

FEXLICIA LEE PEI YUE
Financial Controller

Fexlicia was appointed as the Group's Financial Controller in April 2017 and is responsible for overseeing the financial strategy and management, taxation, regulatory and financial reporting, as well as the development of internal control policies and procedures of the Group.

Prior to this, she was the Financial Controller of CBMG from 2016 to 2017 where she took on similar responsibilities. From 2012 to 2016, Fexlicia was the Senior Group Finance Manager and subsequently, Financial Controller of Cordlife Services (S) Pte. Ltd. (now known as Life Corporation Services (S) Pte. Ltd. and a subsidiary of ASX-listed Life Corporation Limited) where she was involved in all aspects of the company's finance and accounting functions, including financial planning, management reporting, budgeting, corporate restructuring, and ensuring compliance with the reporting and filing requirements of the ASX for Life Corporation Limited (being the holding company of Life Corporation Services (S) Pte. Ltd).

She was with KPMG Singapore for 4 years beginning 2008. Her last held position was Audit Assistant Manager, responsible for financial and compliance audits for non-profit organisations as well as clients in industries such as manufacturing, construction and healthcare. She started her career with SKW Associates in Malaysia in 2006, where her last held position was Audit Associate, responsible for assisting in financial and compliance audits for clients in industries such as trading, manufacturing and transportation.

Academic/Professional Qualification(s):
- Bachelor of Business, University of Technology, Sydney, Australia

SUSTAINABILITY **REPORT**

CONTENTS

SUSTAINABILITY REPORT

BOARD STATEMENT

The Board of Clearbridge Health Limited is pleased to present our second sustainability report for FY2019.

Clearbridge is an integrated healthcare group that focuses on the delivery of precision medicine with businesses compromising of laboratory testing services, medical clinics/centres and strategic equity participation in complementary precision medical technology companies in more than 10 countries around the globe. The Company is listed on the Catalist Board of SGX-ST.

The Board recognises the importance of sustainability and considers environmental, social and governance ("ESG") issues in decision-making, while focusing on areas which are most relevant to our business. As a company that provides medical services, specifically precision medicine, there are numerous sustainability related concerns that we must address on a daily basis. The most important of these include measures that we have in place to protect the health and safety of both our employees and the users of our products. We are in possession of sensitive customer data and so handling this data in a responsible manner is critical. Our compliance with the many regulations we are subject to is also vital for allowing us to continue to operate and maintain that all-important trust with our stakeholders.

For FY2019, we have formalised our sustainability approach by reviewing our materiality assessment, performance indicators and targets that will guide our sustainability efforts and there are no significant changes from FY2018. These efforts have resulted in positive outcomes in terms of our performance during the year. For example, there were zero incidents of non-compliance with the laws and regulations from the Ministry of Health ("MOH") and National Environment Agency ("NEA") and there were no incidents of breaches of customer data. Additionally, our employees did not suffer any workplace injuries during the year.

This sustainability report is prepared in accordance with Catalist Rules and with reference to the Global Reporting Initiative ("GRI") Standards. This report serves as a platform for Clearbridge to formally communicate our sustainability approach on our practices, performance and targets in relation to our sustainability efforts for FY2019 with our stakeholders.

Board of Directors
Clearbridge Health Limited

SUSTAINABILITY REPORT

2019 SUSTAINABILITY HIGHLIGHTS

Material Factor	Performance for FY2019	Target for FY2020
Economic		
Economic Performance	Clearbridge's financial performance can be found in Clearbridge's annual report 2019	
Environment		
Managing Medical Waste	No incidents of non-compliance with relevant laws and regulations from MOH and NEA	Zero incidents of non-compliance with relevant laws and regulations from MOH and NEA
Social		
Occupational Health and Safety	No workplace fatalities	Continue to have no incidents for work-related fatalities
	Accident frequency rate ("AFR") of zero	Continue to maintain AFR of zero
Quality of Care and Customer Health and Safety	No incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services	Continue our performance of compliance with guidelines and regulations revolving around health and safety impacts of our products and services
Customer Privacy	Zero known cases of identified leaks, thefts, or losses of customer data	Maintain zero known cases concerning losses of customer data
Governance		
Compliance with Laws and Regulations	Zero confirmed incidents of corruption	Maintain zero confirmed incidents of corruption
	Zero incidents of non-compliance with relevant laws and regulations	Maintain zero incidents of non-compliance with relevant laws and regulations

SUSTAINABILITY REPORT

ABOUT THIS REPORT

This is Clearbridge's second sustainability report.

The scope of this report focuses on the Company's key business activities in Singapore, our pioneering SAM testing services and our medical clinics/centres. This report encapsulates Clearbridge's sustainability policies, practices, performances and targets for FY2019.

This second sustainability report is prepared in accordance with the requirements of Practice Note 7.6: "Sustainability Reporting Guide" of the Catalist Rules. This report also makes reference to the Global Reporting Initiative (GRI) Standards. The GRI standards were chosen because they are one of the most commonly used frameworks, and therefore, familiar to our readers and the "with reference to" option was chosen. The report references the following topic-specific disclosures:

- Disclosure 102-8 a. and c. from GRI 102: General Disclosure 2016
- Disclosure 201-1 a. from GRI 201: Economic Performance 2016
- Disclosure 205-3 a. from GRI 205: Anti-corruption 2016
- Disclosure 307-1 b. from GRI 307: Environmental Compliance 2016
- Disclosure 403-9 a. from GRI 403: Occupational Health and Safety 2018
- Disclosure 416-2 b. from GRI 416: Customer Health and Safety 2016
- Disclosure 418-1 c. from GRI 418: Customer Privacy 2016
- Disclosure 419-1 b. from GRI 419: Socioeconomic Compliance 2016

We have not sought external assurance for this sustainability report.

Clearbridge strives to continuously refine our sustainability strategy and practices. We greatly welcome your feedback and comments regarding the report, you could reach us at https://www.clearbridgehealth.com/contact-us/.

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

To identify ESG aspects important to our business and key stakeholders, Clearbridge conducted a materiality assessment workshop.

In last year's reporting period, we considered trends and current themes and areas of concern in the healthcare industry. Through identification of peers' as well as sustainability trends in Singapore as well as globally, we identified 6 material factors that were most relevant and significant to the economic, environmental, social and governance impacts of the Group. This year, the Group has re-assessed the numerous economic, environmental, social and governance issue that could affect our healthcare operations, as well as our stakeholders. The 6 existing material factors continue to remain relevant to our business and our stakeholder, and no additional material factors were identified during the year.

The following table depicts our material factors for FY2019.

Sustainability Categories	Material Factors	Detailed Information
Economic	• Economic Performance	• Financial Review, page 12 to 14 • Financial Statements, page 54 to 127 • Sustainability Report, page 26
Environment	• Managing Medical Waste	• Sustainability Report, page 26
Social	• Occupational Health and Safety	• Sustainability Report, page 27
	• Quality of Care and Customer Health and Safety	• Sustainability Report, page 28
	• Customer Privacy	• Sustainability Report, page 28
Governance	• Compliance with Laws and Regulations	• Sustainability Report, page 29 • Corporate Governance Report, page 31 to 53

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

Clearbridge believes that open and transparent communication with our stakeholders allows us to further develop and refine our business strategies and respond quickly and effectively to their concerns and needs. We have identified our stakeholders and engage with them through various platforms and channels throughout the year. Apart from communicating important developments and updates about the Group, the perspective and valuable feedback from our stakeholders are imperative in helping the Group to improve our services and ultimately contribute towards our sustainability goals.

Stakeholder Group	Frequency	Key Topics and Concerns	Engagement Methods
Customers	When applicable	• Affordability of healthcare • Customer privacy • Quality of service	• Contact form on Company's website • Helplines for medical and facility enquiries
Employees	Throughout the year	• Training and development of employees • Recruitment and retention of skilled staff • Well-being of employees	• Annual employee performance reviews • Employee events
Government and Regulators	Throughout the year	• Compliance with laws and regulations • Cyber security threats on customer privacy	• Meetings and consultations • License applications • Active engagement on healthcare legislation
Shareholders	Periodically	• Clearbridge's financial performance • Operational strategy • Shareholders' returns	• Annual general meeting • Announcements on the Company's website • Annual reports

ECONOMIC PERFORMANCE

Positive economic performance is the core of a successful business. Clearbridge aims to achieve sustainable growth in order to enhance our shareholder's returns and provide remuneration and rewards for our employees.

The introduction of long-term sustainability opportunities and recognising risks early helps Clearbridge to achieve sustainable economic growth that contributes to business continuity of the Company. We aim to achieve economies of scale through the expansion of our mass-market offerings and making our services more affordable to our patients, thus reducing economic costs.

For more information regarding our economic performance for FY2019, please refer to pages 54 to 127 of the annual report.

MANAGING MEDICAL WASTE

Clearbridge consistently strive to safeguard a healthy environment for all by reducing our ecological impact through proper waste disposal methods. Biohazard and medical waste that is not well-managed and disposed in a proper manner can result in detrimental consequence to public health and the environment. It is of upmost importance to us that all biohazard and medical waste is properly managed by our clinics and laboratory in accordance with laws as administered by NEA.

Clearbridge regards the handling and disposal of medical waste as a professional duty, hence various efforts have been undertaken to aid in conserving the ecosystem during the year. In both our laboratory and clinics, a licensed waste disposal company is engaged to collect and dispose of biohazardous waste to mitigate against potential dangers of improper disposal. Our Quality Manual includes our Laboratory Policy which has been set in place to ensure proper disposal and management of biohazardous and medical waste.

Our FY2019 performance

Due to the various processes and policies that focus on fulfilling our duties as a responsible company, there were no incidents of non-compliance with the laws and regulations from MOH and NEA in FY2019.

In the upcoming year, Clearbridge aims to continue to have zero incidents of non-compliance with medical waste management regulations.

SUSTAINABILITY REPORT

OCCUPATIONAL HEALTH AND SAFETY

Medical facilities and laboratories have unique health and safety risks for the people who work there. Thus, we put great effort to prevent and mitigate negative occupational health and safety impacts on out staff, starting with inculcating a strong safety culture in the workplace.

Clearbridge is relying on our frontline employees, including the medical professionals and their interaction with the patients and customers to deliver quality patient care. We are committed to ensure the business operation process does not expose our employees to harm. Good management of occupational health is important to ensure that our employees continue to work in a safe environment, and translates to a reduction in business disruption.

Staff profile

At Clearbridge, we employ people in a range or roles, from medical professionals and laboratory scientists to corporate and support staff. As at 31 December 2019, the breakdown of our workforce for SAM and medical clinics/centres are as follows:

Table 1a. Total number of employees by employment contract and gender

	Number of permanent employees
Male	10
Female	24
Total	34

During 2019, Clearbridge continued to focus on providing a safe, healthy and supportive workplace for all our employees. To ensure good occupational health and safety, policies and practices have been set in place in our laboratory and clinics in accordance with regulations and guidelines laid out by MOH and NEA. Our corporate Safety and Health Policy abides by the Workplace Safety & Health Act as mandated by the Ministry of Manpower ("MOM"). Employees are required to report any hazards, defects or accidents in the workplace to the Human Resources or Line Manager immediately.

SAM

All personnel that work in the laboratory are expected to be knowledgeable about the content of the Quality Manual, Laboratory Procedures Manual/ Standard Operating Procedure ("SOP") and Guideline for Hand Hygiene in Healthcare Setting. Prior to commencing work, new staff are provided with on-the-job training ("OJT") by more experienced staff. During OJT, the new staff will learn the importance of following standard procedures as well as safety precautions. Our Laboratory Safety Manual documents safety procedures and workflow in the event of fire in the laboratory.

In line with the MOM guidelines, all healthcare staff are required to be tested for immunisation against Measles, Mumps, Varicella-Zoster and Rubella. In addition, all staff employed by the laboratory are required to have Hepatitis B vaccination. Clearbridge conducts annual blood test on our staff to check on the antibody level to determine additional booster or the need for immunisation.

To ensure the safety within the laboratory, only qualified and appropriately trained staff are allowed to operate the equipment and perform the relevant duties.

Medical Clinics/Centres

Clinic staff are carefully trained in proper handling of medical equipment, disposal of hazardous clinic waste, and the occurrence of major events such as infectious diseases and haze. Additionally, our clinic staff undergo health screening. We also ensure that all controlled drugs, such as cough medicine, are properly locked away.

Clearbridge believes in improving our practices where possible, and hence an open channel of communication across all levels is provided to gather feedbacks and comments on safety and health related issues for open discussion. At least one of our staff has knowledge on cardiopulmonary resuscitation ("CPR") and is able to perform CPR and manage emergency situations accordingly.

Our FY2019 performance

During the year, there were no incidents of health and safety issues to our employees and no workplace injury or work-related fatalities in our operations.

We aim to continue to have no incidents of work-related fatalities, injuries and non-compliance with related laws and regulations in the upcoming year.

SUSTAINABILITY REPORT

QUALITY OF CARE AND CUSTOMER HEALTH AND SAFETY

We are proud that our products and services improve the health and well-being of customer through consistent delivery of high-quality products and services. Providing customers with exceptional quality of care is part of our top priority and at the heart of our vision and mission. Quality reinforces our brands and reputation in the market, encourages customer loyalty and sustainability of our business. Therefore, in order to safeguard the health and safety of our customers, we are compliant with relevant medical laws and regulations. We keep abreast with developments via regular communication with stakeholders, helping us to maintain a high standard of Product Quality and Safety.

Clearbridge seeks to create a conducive environment to help our employees, including doctors and medical specialists, perform at their best and deliver quality care to our patients. Investment in training courses for our employees to ensure they are well-trained and educated in current practices and the right skill sets.

SAM

Clearbridge ensures that standards are maintained by attaining valid MOH license and CAP accreditation. Additionally, lab machines and equipment have scheduled routine checking, servicing and preventive maintenance by external vendor. Certificates of maintenance and service reports are kept for records. Clearbridge outsources maintenance of certain equipment for annual calibration. In addition, all equipment will be checked for general condition and cleanliness daily or at each use.
As a means of ensuring that policies and procedures within the laboratory are relevant and appropriate, SOPs as well as Safety and Quality Manuals are reviewed by the Quality Manager and approved by the Laboratory Director every year.

Medical Clinics/Centres

We adhere strictly to government regulations of the regions in which we operate. Doctors that work at our clinics are licensed general practitioners by Medical Council and our clinics are licensed. Prior to dispensing, doctors will also verify that all our medication dispensed are carefully labelled with the instructions for proper consumption and usage.

In order to meet the needs of all personnel, continuing clinical laboratory programs have been set in place, which are reflected in the Continuing Medical Education ("CME") hours for the personnel. We encourage our medical staff to update their technical knowledge on a constant basis and pursue opportunities that capitalise on the latest technological advancement in the field.

Competency of staff will also be assessed on an annual basis through the laboratory's competency assessment programme. Employees that do not meet the standards required will be retrained and reassessed.

Our FY2019 performance

In FY2019, there were no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impact of products and services that resulted in a fine or formal warning. We aim to continue our performance by maintaining a strong framework to ensure compliance with guidelines and regulations revolving around health and safety impacts of our products and services.

CUSTOMER PRIVACY

Clearbridge is committed to safeguarding the privacy and confidentiality of all our customers' data. Keeping our customers' classified data safe is recognized as an essential factor for our sustainable growth.

Clearbridge adheres to and upholds the provisions of the Personal Data Protection Act ("PDPA") as we seek to use our patients' data to serve them and their families responsibly. Within the clinics and laboratory, patients' consent is obtained for collection, use and disclosure and processing of personal data for healthcare and related use only. Individuals are notified via forms for collection of personal data, and consent would be obtained prior to the collection. Should a request for transfer of patient data arise, these data are transferred to other referral laboratories or other service providers via email in a password-protected zip file or via any encrypted program or link requested by the client. We collect a minimum amount of information absolutely needed in providing our services. We avoid collecting extra information for future uses.

Entry to laboratory is restricted to pass-holders and storage area of patient reports and data is only restricted to authorize personnel. As a means of preventing leakage of private and confidential information, Laboratory Information Management System ("LIMS"), cloud-based software, has been implemented. Information and patient data are securely stored and encrypted in compliance to the medical security standard.

With a PDPA officer appointed, Clearbridge continues to strengthen our internal monitoring efforts in safekeeping of personal data of our customers. This will ensure that our Group's procedures are up to date with the latest regulations.

Our FY2019 performance

In FY2019, there were no known complaints concerning breaches of customer privacy and no known cases of identified leaks, thefts or losses of customer data. We aim to continue to maintain zero known incidents concerning breaches of customer privacy and losses of customer data in the upcoming year.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group is committed to achieving and maintaining high standards of corporate governance principles and processes in managing its business and affairs, so as to improve the performance, accountability, and transparency of the Group, and comply with all the statutory and regulatory requirements. This involves responsible business practices, as well as an accountable and transparent management system in order to prevent non-compliance, misconduct or corrupt business practices.

We have set in place several policies for addressing this material factor, such as the Corporate Gifts Policy and Employee Code of Conduct which can be found in the Employee Handbook, as well as a Whistle-blowing Policy.

The Corporate Gifts Policy highlights the prohibition of receiving gifts or be lavishly entertained by clients, business partners or suppliers so as to avoid any misunderstanding that the said gift or entertainment would reap favourable or advantageous rewards for the client, business partner or supplier with respect to dealings with the Company. At the same time, employees are not allowed to provide gifts or any form of entertainment in excess, except for normal seasonal gift-giving, discussion purposes, or if it is in the nature of the job scope.

On the other hand, the Whistle-blowing Policy provides a channel for employees to report concerns about possible fraud, bribery and other ethics-related matters. Concerns about possible improprieties in matters of financial reporting or other matters are raised to the Audit Committee ("AC") in confidence by submitting a whistle-blowing report through the whistle-blowing channels of the Company, immediate supervisors or the admin manager of the Company. All employees are required to adhere to the Employee Code of Conduct and to maintain high levels of integrity throughout our operations.

Clearbridge commitment on anti-corruption and bribery is widely and frequently communicated to employees. Our efforts in managing this commitment include ensuring all employees do not offer, take or accept any bribe and demanding, taking or giving bribes or any illegal gratification to that effect, to and from any parties. Furthermore, we explicitly distance ourselves from participation in unfair trading or illegal anti-trust activities.

Upon joining our Group, all employees are required to complete a conflict of interest declaration and update their declarations on a yearly basis. The Conflict of Interest policy requires all employees to disclose all interests, which could conflict or appear to conflict, with their duties, in accordance with the Conflict of Interest policy, and comply with the actions recommended by management to address such issues.

In order to maintain high standards of corporate governance, internal audit of different functions are carried out throughout the year and a report has to be submitted to the Audit Committee ("AC"). Additionally, risk management review is also carried out during the year.

Our Legal personnel reviews contracts for compliance before authorisation and conducts regular screening of changes in applicable laws and regulations. Professional advice will then be sought from external legal advisors with regards to the new updates on rules and regulations in operating environment.

Clearbridge has in place a policy for the Board whereby Directors should refrain from having any conflicts of interests with the Company to ensure that their duty to act in the best interests of the Company is not compromised. Should any potential conflicts arise or conflicts occur, Directors are required to report this immediately to AC so as to ensure that Directors continually meet the stringent requirements of independence under the Code of Corporate Governance 2018 (the "Code").

In FY2019, Clearbridge continues to strike effort to provide detailed guidance to management and employees on corporate governance principles and processes in managing the Company's business and affairs, particularly on employees' code of conduct, anti-corruption and whistle-blowing policy.

Our FY2019 performance

During the year, there were no incidents of corruption and non-compliance with environmental and socioeconomic laws and regulations. We aim to maintain zero incidents of corruption and non-compliance year-on-year and to continue enforcing the practices and procedures in place.

We also aim to maintain our efforts to communicate the importance of anti-corruption through policies and announcements and to update the relevant policies and procedures accordingly to identify and prevent corruption at our workplace.

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

The Board of the Company is committed to achieving and maintaining high standards of corporate governance principles and processes in managing its business and affairs, so as to improve the performance, accountability, and transparency of the Group.

For FY2019, the Board has reviewed its corporate governance practices and ensured that they are in compliance with the applicable provisions of the Code of Corporate Governance 2018 (the "**Code**") issued by the Monetary Authority of Singapore.

This corporate governance report sets out how the Company has applied the principles of good corporate governance in a disclosure-based regime where the Board's accountability to the Company's shareholders ("**Shareholders**"), and the Company's management's ("**Management**") accountability to the Board provides a framework for achieving a mutually beneficial tripartite relationship aimed at creating, enhancing and growing sustainable Shareholders' value.

The Company has substantially complied with the principles and guidelines as set out in the Code. Appropriate explanations have been provided in the relevant sections where there are deviations from the Code.

BOARD MATTERS

Principle 1 The Board's Conduct of Affairs

The Company is headed by an effective Board which is collectively responsible and works with the Management for the long-term success of the Company.

Role of the Board of Directors

For FY2019, the Board comprises:

Chen Johnson	Non-Executive Non-Independent Chairman
Yee Pinh Jeremy	Executive Director and CEO
Andrew John Lord	Lead Independent Director
Mark Benedict Ryan	Independent Director
Tan Soon Liang (Chen Shunliang)	Independent Director
Mah How Soon (Ma Haoshun)	Independent Director

The Board is committed to achieving and maintaining high standards of corporate governance principles and processes in managing its business and affairs, so as to improve the performance, accountability, and transparency of the Group. The Company sets out principles and general guidelines for the directors who are required to abide by any applicable laws or legislation, including the Catalist Rules and the Companies Act (Chapter 50) of Singapore (the "**Companies Act**"). This set of principles and guidelines covers aspects such as Board composition and balance, Board diversity, tenure and maximum number of directorships, Board member selection, and code of conduct for the avoidance of conflicts of interest and dealing in the shares of the Company.

The Board is entrusted to lead and oversee the Group, with the fundamental principle to objectively discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Company. In addition to its statutory duties, the Board's principal functions are to:

- provide entrepreneurial leadership and set the corporate strategies of the Group. This includes setting the direction and goals for Management;
- ensure that the necessary resources are in place for the Group to meet its strategic objectives;
- establish a framework of prudent and effective controls, which enables risk to be assessed and managed, including safeguarding of Shareholders' interest and the Group's assets;
- supervise, monitor and review Management's performance against the goals set to enhance Shareholders' value;

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- identify the key stakeholders groups and recognise that their perceptions affect the Group's reputation;
- set the Group's values and standards (including ethical standards), and ensure that obligations to Shareholders and other stakeholders are understood and met;
- consider sustainability issues, e.g. environmental and social factors, as part of its strategy formulation process; and
- oversee the overall corporate governance of the Group.

All Directors are required to objectively discharge their duties and responsibilities in the best interests and benefit of the Company. Directors and CEO who are in any way, directly or indirectly, interested in a proposed transaction, including those identified within the Code and provisions of the Companies Act shall declare the nature of their interests and recuse himself or herself from such discussion and decisions on the matter.

Delegation by the Board

The Board has delegated certain responsibilities to the Audit Committee (the "**AC**"), the Remuneration Committee (the "**RC**") and the Nominating Committee (the "**NC**") (collectively, the "**Board Committees**"). The Board accepts that while these Board Committees have the authority to examine specific issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board. The compositions of the Board Committees are as follows:

Composition of the Board Committees

Board Committee Designation	AC	NC	RC
Chairman	• Mark Benedict Ryan	• Tan Soon Liang (Chen Shunliang)	• Andrew John Lord
Members	• Andrew John Lord • Tan Soon Liang (Chen Shunliang) • Mah How Soon (Ma Haoshun)	• Yee Pinh Jeremy • Andrew John Lord	• Mark Benedict Ryan • Chen Johnson • Mah How Soon (Ma Haoshun)

Board Meetings and Attendance

In FY2019, the number of meetings held and the attendance of each Board member are as follows:

Board and Board Committees Meetings in FY2019				
	Board	AC	NC	RC
Number of meetings held	4	4	2	2
Name of Director				
Chen Johnson	4	NA	NA	2
Yee Pinh Jeremy	4	NA	2	NA
Mark Benedict Ryan	3	3	NA	2
Andrew John Lord	4	4	2	2
Tan Soon Liang (Chen Shunliang)	4	4	2	NA
Mah How Soon (Ma Haoshun)	4	4	NA	2

NA – Not Applicable

CORPORATE GOVERNANCE REPORT

All Board and Board Committees meetings are scheduled well in advance of each year in consultation with the Directors. To ensure meetings are held regularly with maximum Directors' participation, the Company's constitution (the "**Constitution**") allows for meetings to be held through telephone and video conference. The Company ensures that telephonic and screen sharing facilities are made available for Directors to attend the meetings.

Regular meetings are held by the Board to deliberate the strategic policies of the Group including significant acquisitions and disposals, review and approve annual budgets, review the performance of the business and approve the public release of periodic financial results. The Board will also convene additional meetings for particular matters as and when they are deemed necessary.

While the Board considers Directors' attendance at Board meetings to be important, it is not the only criterion which the Board uses to measure Directors' contributions. The Board also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group.

The day-to-day operations are entrusted to the Executive Director and CEO who is assisted by an experienced and qualified team of key management personnel.

Material Transactions Requiring Board Approval

The Company has in place policies for the approval of, *inter alia*, investments and divestments, related persons transactions and cash management. Such material transactions are specifically reserved for the Board's consideration and approval. The Company has also set out clear directions to Management in relation to such material transactions that are subject to the Board's approval.

In this regard, matters that require the Board's approval include, amongst others, the following:

- overall Group business and budget strategy;
- capital expenditures exceeding certain material limits;
- investments or divestments;
- all capital-related matters including capital issuance;
- significant policies governing the operations of the Group;
- corporate strategic development and restructuring;
- interested person transactions exceeding S$100,000; and
- risk management strategies.

Board Induction and Training

All newly appointed Directors will undergo an orientation programme where the Directors are briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. To enable them to have a better understanding of the Group's business, the Directors will also be given the opportunity to visit the Group's operational facilities and meet with Management, whenever required.

The Board values on-going professional development and recognises that it is important that all Directors receive regular training so as to be able to serve effectively on and contribute to the Board. To this end, the Company encourages continuous professional development for its Directors. The Company is responsible for arranging and funding the training of Directors. All the new first-time Directors who have no prior experience as a director of a listed company are required to attend the mandatory training as prescribed in the Catalist Rules.

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Furthermore, Directors are regularly updated with the latest professional developments in relation to the Catalist Rules and other applicable regulatory updates or amendments to relevant laws, rules and regulations and changing commercial risks as well as accounting standards.

Formal Appointment Letter to Each Director

The Company will provide each Director with a formal letter of appointment setting out the Director's duties and obligations.

Access to Information

Management recognises that the flow of complete, adequate and timely information on an ongoing basis to the Board is essential to the Board's effective and efficient discharge of its duties. To allow Directors sufficient time to prepare for the meetings, all scheduled Board and Board committee papers are distributed to Directors at least 5 working days in advance of the meeting. This allows Directors to focus on questions or raise issues which they may have at the meetings. Any additional material or information requested by the Directors is promptly furnished. The Board shall also be given unrestricted access to the Company's records and information.

To facilitate direct and independent access to senior management and key management personnel, Directors are also provided with their names and contact details.

Role of the Company Secretary

Directors have separate and independent access to the Company Secretary at all times. The Company Secretary is responsible for, among other things:

- advising the Board on all corporate and administrative matters;
- facilitating orientation and assisting with professional development as required;
- attend all board meetings; and
- ensuring that Board procedures are observed and that the Constitution, relevant rules and regulations, including requirements of the Companies Act and the Catalist Rules are complied with.

The appointment and removal of the Company Secretary is a decision of the Board as a whole.

Independent Professional Advice

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

Principle 2 **Board Composition and Guidance**
The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Independent Directors

Currently, the Board comprises 6 Directors, 4 of whom are independent, which complies with the Code's guideline that independent directors make up a majority of the Board where the Chairman is not independent.

Mr Andrew John Lord has also been appointed as the Lead Independent Director to represent the views of Independent Directors, and to facilitate flow of information between the Board and Shareholders, or other stakeholders of the Company. He also makes himself available at all times when Shareholders have concerns and for which normal channels of the Chairman, CEO or Financial Controller (the "**FC**") have failed to resolve or are inappropriate and to resolve conflicts of interests as and when neccesary. The Lead Independent Director makes himself available to Shareholders at the Company's general meetings.

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Review of Directors' Independence

The Company has in place a policy for the Board whereby Directors should refrain from having any conflicts of interests with the Company to ensure that their duty to act in the best interest of the Company is not compromised. Directors must immediately report any conflicts of interests that have occurred or may possibly occur as soon as the Director is aware of such potential or actual conflict of interest. This ensures that Directors continually meet the stringent requirements of independence under the Code.

The NC reviews independence of the Independent Directors annually. The Board and the NC takes into account the existence of relationships or circumstances, including those identified by the Code, that are relevant in its determination as to whether a Director is independent.

The NC has reviewed and confirmed the independence of Independent Directors in accordance with the Code. The Independent Directors do not have any relationships with the Company, its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgment in the best interests of the Company.

Duration of Independent Directors' Tenure

There is no Independent Director who has served beyond nine years since the date of his first appointment.

Board Diversity Policy

The Board comprises members, who have the appropriate mix of core competencies and diversity of experience, to direct and lead the Company. There is a good balance between the Executive and Non-Executive Directors, with a strong and independent element on the Board.

The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and the Directors collectively possesses the necessary core competencies for effective functioning and informed decision-making.

The Board's objective in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender, ethnicity or nationality. The Company is also receptive to achieving gender diversity on the Board and appointment of a woman to the Board if there are suitable candidates.

The Board is of the view that the current board size is appropriate to effectively facilitate decision making in relation to the operations of the Group, taking into account the nature and scope of the Group's operations. The Board believes that the current Board comprises persons whose diverse skills, experience and attributes provide for effective direction for the Group. The NC is also of the view that the current Board comprises persons with a broad range of expertise and experience in diverse areas including accounting, finance, legal, business and management, technology, strategic planning and medical related business experience.

The Board will take the following steps to maintain or enhance its balance and diversity:

- annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

- annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

To meet the challenges of the changing landscapes in which the Group operates in, such reviews and evaluations, which include considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies, would be done on a periodic basis to ensure that the Board dynamics remain optimal.

The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.

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Non-Executive Director Meetings in Absence of Management

Non-Executive Directors constructively challenge and help develop proposals on strategies and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. In addition, the Non-Executive Directors meet regularly in the absence of Management to discuss concerns or matters such as overall Group business strategies and investments and the chairman of such meetings provides feedback to the Board and/or the Chairman as appropriate.

Principle 3 **Chairman and Chief Executive Officer**

There is a clear division of responsibilities between the leadership of the Board and Management and no on individual has unfettered powers of decision making.

Segregation of the Role of Chairman and the CEO

The roles of the Chairman and the CEO are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. The Chairman is not related to the CEO.

The Chairman leads the Board discussions and ensures the effectiveness of the Board. He ensures that Board meetings are convened when necessary, sets the Board meeting agenda and ensures the quality and timeliness of the flow of information between the Board and Management to facilitate efficient decision making. He also chairs the Board meetings and encourages the Board members to present their views on topics under discussion at the meetings. He also assists in ensuring compliance with the Group's guidelines on corporate governance.

The CEO is responsible for identifying and implementing company-wide business growth strategies and overseeing all aspects of the Group's growth and operating functions. He also oversees the execution of the Group's corporate strategy as set out by the Board and ensures that the Directors are kept updated and informed of the Group's businesses.

Lead Independent Director

Given that the Chairman is not independent, the Board has appointed Mr Andrew John Lord as the Lead Independent Director. The Lead Independent Director is a key member of the Board, representing the views of the Independent Directors and facilitating the flow of information between the Board and Shareholders, or other stakeholders of the Company.

The Board is of the view that given the current composition of the Board, there are sufficient safeguards and checks to ensure that the process of decision making by Board is independent and based on shared agreement without any individual exercising any significant power or influence.

Independent Director Meetings in Absence of Other Directors

To facilitate well-balanced viewpoints on the Board, the Lead Independent Director will, where necessary, chair meetings with the Independent Directors without the involvement of other Directors, and the Lead Independent Director will provide feedback to the Chairman after such meetings.

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Principle 4 **Board Membership**

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Nominating Committee

The NC comprises 3 members, a majority of whom including the Chairman, are Independent Directors. The Lead Independent Director is a member of the NC. The members of the NC are as follows:

Tan Soon Liang (Chen Shunliang)	Chairman
Andrew John Lord	Member
Yee Pinh Jeremy	Member

The NC is guided by written terms of reference, of which the key terms of reference are as follows:

(a) reviewing and recommending the appointment of new Directors and key management personnel and re-nomination of Directors having regard to each Director's contribution, performance and ability to commit sufficient time, resources and attention to the affairs of the Group, and each Director's respective commitments outside the Group including his principal occupation and board representations on other companies, if any. The NC will conduct such reviews at least once a year, or more frequently as it deems fit;

(b) determining annually, and as and when circumstances require, whether or not a Director is independent;

(c) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director;

(d) developing a process for evaluating the performance of the Board as a whole and its committees, and for assessing the contribution of each Director to the effectiveness of the Board;

(e) reviewing the Directors' mix of skills, experience, core competencies and knowledge of the Group that the Board requires to function competently and efficiently;

(f) reviewing succession plans for the Directors, in particular, the Chairman and the CEO;

(g) reviewing the training and professional development programs for the Board;

(h) determining and recommending to the Board the maximum number of listed company board representations which any Director may hold and disclosing this in the Company's annual report; and

(i) reviewing and approving the employment of persons related to the Directors or substantial Shareholders and the proposed terms of their employment.

Board Representations

The NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account his directorship in other listed companies and other principal commitments.

The considerations in assessing the capacity of Directors include the following:

- expected and/or competing time commitments of Directors;
- geographical location of Directors;
- size and composition of the Board; and
- nature and scope of the Group's operations and size.

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The NC takes into consideration the following measures and evaluation tools in its assessment of competing time commitments of Directors:

- declarations by each Director of their directorships in other listed companies and other principal commitments;
- annual confirmations by each Director on his ability to devote sufficient time and attention to the Group's affairs, having regard to his other commitments; and
- assessment of each Directors' performance based on the pre-determined criteria.

During FY2019, the NC has reviewed the time spent and attention given by each of the Directors to the Group's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is of the opinion that the Directors have been able to devote sufficient time and resources to the matters of the Group.

Board Nomination Process

The Board has adopted the following nomination process for the Company for selecting and appointing new Directors and re-electing incumbent Directors:

Process for the selection and appointment of new Directors:

1.	Determination of selection criteria	• The NC, in consultation with the Board, will identify the current needs of the Board in terms of skills, experience, knowledge and gender to complement and strengthen the Board and increase its diversity.
2.	Search for suitable candidates	• The NC will consider candidates drawn from the contacts and networks of existing Directors and may approach relevant institutions such as the Singapore Institute of Directors, professional organisations, third party search firm or business federations to source for a broader range of suitable candidates.
3.	Assessment of shortlisted candidates	• The NC will meet and interview the shortlisted candidates to assess their suitability.
4.	Appointment of Director	• The NC will recommend the selected candidate to the Board for consideration and approval.

Process for the re-election of incumbent Directors:

1.	Assessment of Director	• The NC will assess the performance of the Director in accordance with the performance criteria set by the Board; and • The NC will also consider the current needs of the Board.
2.	Re-appointment of Director	• Subject to the NC's satisfactory assessment, the NC will recommend the proposed re-appointment of the Director to the Board for its consideration and approval.

The Constitution requires that at least one-third of the Board (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting ("**AGM**"). A retiring Director is eligible for re-election by Shareholders at the AGM. Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years.

The NC has reviewed and recommended the re-election of Mr. Mark Benedict Ryan and Mr. Tan Soon Liang (Chen Shunliang) who will be retiring as Directors at the forthcoming AGM.

Mr. Mark Benedict Ryan and Mr. Tan Soon Liang (Chen Shunliang) will be retiring pursuant to Regulation 98 of the Constitution. Both of them have offered themselves for re-election. The Board has accepted the recommendations of the NC.

Each member of the NC has abstained from voting on any resolutions and making recommendations and/or participating in respect of matters in which he has an interest.

Continuous Review of Director's Independence

The Independent Directors have declared their independence for FY2019 with reference to the Code. Following its annual review, the NC has considered Mr. Andrew John Lord, Mr. Mark Benedict Ryan, Mr. Tan Soon Liang (Chen Shunliang) and Mr. Mah How Soon (Ma Haoshun) to be independent in compliance with the Code.

For FY2019, the Independent Directors have confirmed that they have no relationship with the Company, its related corporations, its substantial Shareholders 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 interests of the Company.

Directors' Time Commitment

During FY2019, the NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company and are of the opinion that the Directors are able to and has been adequately carrying out his or her duties as a Director, notwithstanding that some of the Directors have multiple board representations and principal commitments, if any.

Directors' Key Information

Key information regarding the Directors, including their appointment date, principal commitments and directorships held presently and in the past 3 preceding years' in listed companies are set out on pages 16 to 18 of this annual report.

Principle 5 **Board Performance**
Thet Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Performance Criteria

The Board has established processes to be carried out by the NC, including taking into consideration the attendance record at the meetings of the Board and the Board Committees for monitoring and evaluating the performance of the Board as a whole and effectiveness and contribution of individual Directors. At the same time, the processes also identify areas where improvements can be made. This will then allow the Board and individual Directors to direct more effort in those areas for achieving better performance of the Board and better effectiveness of individual Directors.

The NC has been tasked to evaluate the Board's performance covering areas that include, *inter alia*, size and composition of the Board, Board's access to information, Board processes, strategic planning and accountability.

The NC shall also review the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole. The Board is of the opinion that a separate assessment on the effectiveness of the Board Committees is not necessary as the Board Committees share common members.

The NC may also engage an external facilitator for the evaluation process where necessary.

The review of the performance of the Board is conducted by the NC annually. The review of the performance of each director is also conducted annually and when the individual director is due for re-election.

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The review process of the performance of the Board and the individual Directors is based on the following:

1. each Director will complete a board evaluation questionnaire on the effectiveness of the Board based on the Board's pre-determined criteria;

2. the Company Secretary will collate and submit the questionnaire results to the NC Chairman in the form of a report;

3. each Director will send the duly completed confidential individual Director self-assessment checklist to the NC chairman for review; and

4. the NC will discuss the report and the NC chairman will present the results of the performance review during the NC meeting.

All NC members will abstain from the voting or review process of any matters in connection with the assessment of their individual performance. The assessment criteria for individual Director evaluation includes, *inter alia*, Director's attendance, commitment of time, candour, participation, knowledge and ability, teamwork, and overall effectiveness.

The NC will review the aforementioned criteria on a periodic basis to ensure that the criteria are able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term Shareholder value. Where circumstances deem it necessary for any of the criteria to be changed, the NC will propose amendments to the Board for approval.

The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole, is of the view that the performance of the Board has been satisfactory in FY2019 and that the Board has met its performance objectives in FY2019. The evaluation process of the overall performance of the Board was conducted without an external facilitator in FY2019.

REMUNERATION MATTERS

Principle 6 **Procedures for Developing Remuneration Policies**

The Board has a formal and transparent procedure for developing policies on director and executive remuneration and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Remuneration Committee

The RC comprises 4 members, a majority of whom including the chairman, are Independent Directors:

Andrew John Lord	Chairman
Chen Johnson	Member
Mark Benedict Ryan	Member
Mah How Soon (Ma Haoshun)	Member

The RC recommends to the Board a framework of remuneration for the Directors and key management personnel, and determines specific remuneration packages for the Directors as well as key management personnel. The recommendations will be submitted for endorsement by the Board.

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and benefits in kind, will be covered by the RC. The RC will also review annually the remuneration of employees related to the Directors and substantial Shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and approve any bonuses, pay increases and/or promotions for these employees. The RC's recommendations will be submitted for endorsement by the Board.

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Each RC member will abstain from participating in the deliberations of and voting on any resolution in respect of this remuneration package or that of employees related to him.

The RC is guided by written terms of reference, of which the key terms of reference are as follows:

(a) To recommend to the Board a framework of remuneration for the Directors, CEO and key management personnel, and determine specific remuneration packages for each Directors and key management personnel.

(b) To be responsible for the administration of the Company's performance share plan.

(c) To review the remuneration of employees who are related to the Directors, CEO or substantial Shareholders who hold managerial positions to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities.

(d) To annually review the remuneration of the key management personnel including the terms of renewal for their service agreements.

(e) To consider, review and approve and/or to vary (if necessary) the entire remuneration package, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind.

(f) To seek expert advice inside and/or outside the Company on remuneration of all Directors.

(g) To review the Company's obligations arising in the event of termination of the Executive Director and key management personnel's contracts of service and to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

(h) To review and ensure that the level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate and commercially competitive to attract, retain and motivate (i) the Directors to provide good stewardship of the Company; and (ii) key management personnel to successfully manage the Company.

(i) To structure a significant and appropriate proportion of Executive Director's and key management personnel's remuneration so as to link rewards to corporate and individual performance. Such performance-related remuneration should be aligned with the interests of Shareholders and promote the long-term success of the Company. It should take account of the risk policies of the Company, be symmetric with risk outcomes and be sensitive to the time horizon of risks. There should be appropriate and meaningful measures for the purpose of assessing the Executive Directors' and key management personnel's performance.

(j) To review and consider whether the Executive Directors and key management personnel should be eligible for benefits under long-term incentive schemes. The costs and benefits of long-term incentive schemes should be carefully evaluated. In normal circumstances, offers of shares or grants of options or other forms of deferred remuneration should vest over a period of time. The use of vesting schedules, whereby only a portion of the benefits can be exercised each year, is also strongly encouraged.

(k) To review and ensure the remuneration of Non-Executive Directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors. Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised. The RC will also consider implementing schemes to encourage Non-Executive Directors to hold shares in the Company so as to better align the interests of such Non-Executive Directors with the interests of Shareholders.

(l) To consider the various disclosure requirements for Directors' remuneration, particularly those required by regulatory bodies such as the SGX-ST.

(m) To carry out such other duties as may be agreed to by the RC and the Board.

CORPORATE GOVERNANCE REPORT

Remuneration Consultant

The RC may from time to time, where necessary or required, seek advice from external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management, so that the Group remains competitive in this regard.

For FY2019, the Company did not engage any external remuneration consultant.

Principle 7 **Level and Mix of Remuneration**

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Remuneration Structure

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and in comparable companies. The RC also seeks to ensure that the structure of remuneration packages for the Executive Director and key management personnel are appropriate in linking rewards to corporate and individual performance and that is aligned with the interests of Shareholders and promote the long-term success of the Group. The remuneration of the Non-Executive Director is also reviewed by the RC to ensure that the remuneration is commensurate with the contribution and responsibilities of the Non-Executive Directors. It ensures that remuneration package is appropriate to attract, retain and motivate the Directors and key management personnel to provide good stewardship of the Company and successfully manage the Company for the long term.

The Company had entered into a service agreement (the "**Service Agreement**") with the Executive Director and CEO, Mr Yee Pinh Jeremy, for an initial period of 3 years (the "**Initial Term**") which is renewable automatically upon expiry of the Initial Term for 1 year periods, unless otherwise agreed. The Executive Director receives a monthly salary and is entitled to an annual wage supplement of 1 month salary and a performance bonus. The Company is entitled to recover from the Executive Director the relevant portion of any performance bonus paid to the Executive Director under the Service Agreement in the event that there is a restatement of the financial statements of the Company made to reflect the correction of a misstatement due to error or fraud during the financial year of the Company, or misconduct of the Executive Director resulting in financial loss to the Company.

Each Non-Executive Director receives a Director's fee which takes into account factors such as effort and time spent and scope of responsibilities. The fees for Non-Executive Directors are subject to Shareholders' approval at the forthcoming AGM.

Principle 8 **Disclosure on Remuneration**

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Directors' Remuneration

The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. Total compensation is pegged to the achievement of organisational and individual performance objectives, and is benchmarked against relevant and comparative compensation in the market.

The remuneration (including salary, bonuses, contributions to the Central Provident Fund, allowances and benefits-in-kind) of each of the Directors and key management personnel are linked to the financial performance of the Group and the individual's performance so as to promote the long-term sustainability of the Group.

CORPORATE GOVERNANCE REPORT

The breakdown of the total remuneration of the Directors for FY2019 is as follows:

Name of Director	Salary (%)	Benefits (%)	Bonus (%)	Share-based payment (%)	Directors' Fee (%)	Total (%)
Between S$500,000 to S$750,000						
Yee Pinh Jeremy	57	5	4	33	–	100
Below S$250,000						
Chen Johnson	–	–	–	–	100	100
Andrew John Lord	–	–	–	–	100	100
Mark Benedict Ryan	–	–	–	–	100	100
Tan Soon Liang (Chen Shunliang)	–	–	–	–	100	100
Mah How Soon (Ma Haoshun)	–	–	–	–	100	100

Saved as disclosed above, no compensation was paid or to be paid in the form of share awards to the Directors. There were no termination, retirement or post-employment benefits granted to the Directors and the CEO in FY2019.

Key Management Personnel's Remuneration

At present, there are 3 key management personnel (who are no Directors or the CEO). The breakdown of the total remuneration of the Group's top 3 key management personnel (who are not Directors or the CEO) for FY2019 is as follows:

Name of key management personnel	Salary %	Benefits %	Share-based payment %	Bonus %	Total %
Between S$500,000 to S$750,000					
Simon Hoo Kia Wei	29	3	66	2	100
Liau Yen San, Jonathan	31	3	64	2	100
Below S$250,000					
Fexlicia Lee Pei Yue	83	9	–	8	100

Saved as disclosed above, no compensation was paid or is to be paid in the form of share awards to the key management personnel of the Group. There were no termination, retirement or post-employment benefits granted to the Group's key management personnel in FY2019.

In considering the disclosure of remuneration of the Directors and key management personnel of the Group, the Board is of the opinion that given the precision medicine is a fast growing industry that requires deep technical understanding of our business and proprietary assets from our Director and key management personnel, it is not in the best interest of the Group to disclose the exact details of the remuneration of each Director and key management personnel due to sensitive nature of such information and to prevent poaching of key executives.

The aggregate remuneration paid to the key management personnel of the Group (excluding Directors and the CEO) in FY2019 is approximately S$1,467,000.

Employees Related to a Director or the CEO

There is no employee of the Company who is a substantial Shareholder, or an immediate family member of a Director, the CEO or a substantial Shareholder, whose remuneration exceeded S$100,000 during FY2019.

CORPORATE GOVERNANCE REPORT

Clearbridge Health Performance Share Plan

The Company has implemented the Clearbridge Health Performance Share Plan (the "**Plan**"). The objective of the Plan is to:

(a) foster an ownership culture within the Group which aligns the interests of any eligible person selected by the RC to participate in the Plan (the "**Participants**") with the interests of Shareholders;

(b) motivate Participants to achieve key financial and operational goals of the Company and/or their respective business divisions and encourage greater dedication and loyalty to the Group; and

(c) make total employee remuneration sufficiently competitive to recruit new Participants and/or retain existing Participants whose contributions are important to the long term growth and profitability of the Group, and whose skills are commensurate with the Company's ambition to become a world class company.

The Plan is administered by the RC. The RC may decide the number of shares to be granted (the "**Awards**") to the Participants as the RC may select, in its absolute discretion, at any time during the period when the Plan is in force.

The number of shares which are the subject of each Awards to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the RC, which shall take into account criteria such as the Participant's rank, job performance, years of service and potential for future development, contribution to the success and development of the Group and the extent of effort and resourcefulness with which the performance conditions were achieved within the performance period.

The performance conditions shall be determined at the discretion of the RC, which may comprise factors such as (but are not limited to) the market capitalisation or earnings of the Company at specified times.

In FY2019, the Company granted Awards amounting to 9,620,000 shares (the "**FY19 Awards**") to the relevant Participants of the Group under the Plan. Approximately 2/3 of the FY19 Awards have been vested on 18 December 2019 and approximately 1/3 of the FY19 Awards will be vested on 18 December 2020.

Performance Criteria for Remuneration

The remuneration received by the Executive Director and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

The performance criteria to assess the remuneration of Executive Director and key management personnel includes, among others, the profitability of the Group, leadership skills, as well as the Executive Director's and key management personnel's compliance with all audit matters. The short-term incentive scheme would be the performance-related variable component of remuneration while the long-term incentive scheme would be the Plan.

ACCOUNTABILITY AND AUDIT

Principle 9 **Risk Management and Internal Controls**
The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

The Board, with the assistance from the AC, is responsible for risk governance and ensuring that the Management maintains a sound system of risk management and internal controls to safeguard Shareholders' interests and the Group's assets. The Board acknowledges that risk management is an on-going process in which the Management continuously participates to evaluate, monitor and report to the Board and the AC on significant risks. The Board is cognizant, however, that risk management policies and internal control systems are designed to manage identifiable risks and limit the Group's exposure to risk of errors and irregularities and can only provide reasonable mitigation and not absolute assurance against material misstatement or loss.

The Board will, at least annually, review the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems.

Adequacy and Effectiveness of Internal Controls

The Management is responsible for the design and implementation of internal controls (including financial, operational, compliance and information technology controls) and risk management systems. The review of the adequacy and effectiveness of such risks management and internal controls systems is under the purview of the AC. The AC carries out the review at least annually with the assistance of the internal auditors, KPMG Services Pte. Ltd ("**KPMG**"). The AC reviews the audit plans and the findings of the external auditors and the internal auditors and ensures that appropriate measures are implemented to address those issues and any weaknesses in the internal controls are highlighted.

The Board has obtained the following assurance from the CEO and the FC in respect of FY2019:

(i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(ii) the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective.

Based on the internal controls policies and procedures established and maintained by the Group, work performed by the internal auditors and the external auditors, assurance from the CEO and the FC, as well as reviews performed by the Board, the AC and the Management, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance, and information technology controls) and risk management systems, were adequate and effective for FY2019.

The Board notes that the system of internal controls and risk management established by the Group provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen. Furthermore, the Board also acknowledges that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision making, human errors, losses, fraud or other irregularities.

Principle 10 **Audit Committee**
The Board has an audit committee which discharges its duties objectively.

The AC comprises 4 members, all of whom, are Independent Directors:

Mark Benedict Ryan	Chairman
Andrew John Lord	Member
Tan Soon Liang (Chen Shunliang)	Member
Mah How Soon (Ma Haoshun)	Member

The AC will meet with the internal auditors and the external auditors without the presence of the Management at least once a year, to, *inter alia*, received feedback on the level of co-operation provided by Management and ascertain if there are any material weaknesses or control deficiency in the Group's financial reporting and operational systems.

The members of the AC do not have any management and business relationships with the Company or any substantial Shareholder.

The AC does not comprise former partners or director of the Company's existing auditing firm or auditing corporation.

CORPORATE GOVERNANCE REPORT

The AC is guided by written terms of reference, including:

(a) review, with the internal auditors and the external auditors, the audit plans, scope of work, their evaluation of the system of internal controls, audit reports, their management letters and the Management's response, and the results of audits compiled by the internal auditors and the external auditors, and will review at regular intervals with the Management the implementation by the Group of the internal control recommendations made by the internal auditors and the external auditors;

(b) review the periodic consolidated financial statements and any formal announcements relating to the Group's financial performance before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments arising from the audit, compliance with accounting standards, compliance with the Catalist Rules and any other statutory and regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;

(c) review the assurance from the CEO and FC on the financial records and financial statements;

(d) review and report to the Board, at least annually, the effectiveness and adequacy of the internal control procedures addressing financial, operational, information technology and compliance risks and discuss issues and concerns, if any, arising from the internal audits;

(e) review and discuss with the internal auditors and the external auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's results of operations, financial performance or financial position and the Management's response;

(f) review the key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;

(g) review and approve hedging policies that may be implemented by the Group and conduct periodic review of such policies, including review of foreign exchange transactions and hedging policies and procedures;

(h) review the co-operation given by the Management to the internal auditors and the external auditors, where applicable;

(i) meet with the external auditors, other committees, and Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

(j) review the independence and objectivity of the internal auditors and the external auditors as well as making recommendations to the Board on the appointment or re-appointment of the internal auditors and the external auditors and approving the remuneration and terms of engagement of the internal auditors and the external auditors;

(k) review the nature and extend of non-audit services provided by the external auditors;

(l) report actions and minutes of the AC meetings to the Directors with such recommendations as the AC considers appropriate;

(m) review and approve any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules and review procedures thereof;

(n) review potential conflicts of interests (if any) and set out a framework to resolve or mitigate any potential conflicts of interests;

CORPORATE GOVERNANCE REPORT

(o) review the procedures including the whistle-blowing policy by which employees of the Group may, in confidence, report to the chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions thereto;

(p) review transactions falling within the scope of Chapter 10 of the Catalist Rules, if any;

(q) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

(r) undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

In addition, the AC 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 law, rule or regulation which has or is likely to have a material impact on the Group's results of operations or financial position.

Qualifications of AC

The Board is of the view that the AC chairman and members are appropriately qualified, with the necessary accounting, financial advisory, business management, corporate and finance, investment and corporate legal expertise and experience to discharge the AC's functions.

Mark Benedict Ryan is a Chartered Accountant and has extensive accounting and financial management knowledge and exposure. Tan Soon Liang (Chen Shunliang) is a Chartered Financial Analyst® with many years of accounting and financial management expertise and experience. Mah How Soon (Ma Haoshun) is a Chartered Accountant and Chartered Financial Analyst® with many years of transactional and management experience in corporate finance.

Authority of AC

Apart from the duties listed above, the AC has the power to conduct or authorise investigations into any matters within the AC's terms of reference. The AC has full access to and co-operation of the Management and has full discretion to invite any Director or key management personnel to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC is authorised to obtain independent professional advice as it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

Internal Audit

The Company has outsourced the internal audit function to KPMG. The internal auditors reports directly to the AC chairman on internal audit matters and to management on administrative matters. To ensure the adequacy of the internal audit function, the AC reviews and approves, on an annual basis, the internal audit plans, the independence and the resources available by KPMG.

The AC has reviewed and satisfied that KPMG is independent and is staffed by suitably qualified and experienced professionals with the relevant experience. The internal auditors is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

The internal auditors has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

Based on the scope of work performed by the internal auditors for FY2019, there were no material weaknesses identified.

CORPORATE GOVERNANCE REPORT

Meeting between Audit Committee and Auditors

The AC met with the internal auditors and the external auditors in the absence of the Management in FY2019.

Independence of External Auditors

A breakdown of the fees paid to the external auditors of the Group for FY2019 is as follows:

Fees Paid/Payable to the External Auditors for FY2019		
	S$'000	% of total
Audit fees	414	92.4
Non-audit fees	34	7.6
Total	**448**	**100**

The AC has undertaken a review of all non-audit services that were provided by the external auditors and is satisfied that the provision of such services has not affected the independence of the external auditors. Non-audit fees paid by the Group to the external auditors were for provision of taxation services for FY2019.

The AC, having evaluated the performance of the external auditors, taking into account the Audit Quality indicators disclosure provided by the external auditors has recommended to the Board the nomination of Ernst & Young LLP for re-appointment as the Company's external auditors at the forthcoming AGM.

The Company confirms that it complies with Rules 712 and 716 of the Catalist Rules on the appointment of auditing firms for the Company, subsidiaries and significant associated companies.

The AC periodically receives updates on changes in accounting standards shared by the external auditors.

Whistle-blowing Policy

The Company has in place a whistle-blowing policy. The Company's staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting to the AC a whistle-blowing report through the whistleblowing channels of the Company, immediate supervisors or the admin manager of the Company. The Company will consider and decide whether or not to conduct an investigation and acknowledge the receipt of the report within 5 working days.

Depending on the nature of the concern raised, the investigation may be conducted with the assistance of experts or advisers, such as the internal auditors and the external auditors, forensic professionals, and the police or Commercial Affairs Department.

The Lead Independent Director together with the AC will ensure that any disciplinary, civil and/or criminal action that is initiated following the completion of investigations is appropriate and impartial. All investigation reports will be properly documented.

The details of the policy have been disseminated and made available to all parties concerned in the Company's code of conduct.

There was no whistle-blowing report received during FY2019.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11 **Shareholder Rights and Conduct of General Meetings**

The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company treats all Shareholders fairly and equitably, and recognises, protects and facilitates the exercise of Shareholders' rights and continually reviews and updates such governance arrangements.

The Company is committed to making timely, full and accurate disclosures to Shareholders and the public. All information on the Company's new initiatives which would be likely to materially affect the price or value of the Company's shares will be promptly disseminated via SGXNET and the Company website, http://clearbridgehealth.com to ensure fair communication with Shareholders. The Company does not practice selective disclosure.

All Shareholders are informed of general meetings through notices or circulars sent to them. Shareholders will be given the opportunity to participate effectively in and vote at the general meetings.

The Constitution allows members of the Company to appoint not more than 2 proxies to attend, speak and vote at the general meetings on their behalf. A relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to as different share or shares held by such member.

Supplementary Retirement Scheme Investors ("**SRS Investors**") may attend and cast their vote(s) at the general meetings in person. SRS Investors who are unable to attend the general meetings but would like to vote, may inform their Supplementary Retirement Scheme approved nominees to appoint the chairman of the general meetings to act as their proxy.

Dividend Policy

The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors such as levels of cash and accumulated profits, actual and projected financial performance, projected levels of capital requirements and general financing conditions, restrictions on payment of dividends imposed on the Group by its financing arrangements (if any), general economic and business conditions in countries the Group operates and other relevant factors as the Board may deem appropriate.

No dividend was declared by the Company for FY2019 as the Company did not have distributable profits.

Conduct of Shareholder Meetings

Shareholders are encouraged to attend the general meetings to ensure a high level of accountability and to stay apprised of the Group's strategy and goals. Shareholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions to be passed. Notice of the general meetings will be advertised in newspapers and announced on SGXNET.

The Constitution allows for abstentia voting (including but not limited to the voting by mail, electronic mail or facsimile). A shareholder is entitled to attend and vote or to appoint not more than 2 proxies who need not be a shareholder, to attend and vote at the general meetings on his behalf.

CORPORATE GOVERNANCE REPORT

The Board does not implement absentia-voting methods by mail, electronic mail or facsimile, until issues on security and integrity are satisfactorily resolved.

An independent polling agent will be appointed by the Company for general meetings who will explain the rules, including the voting procedures that govern the general meeting. The Company ensures that Shareholders are given the opportunity to participate effectively in and vote at general meetings.

The Company ensures that there are separate resolutions at general meetings on each distinct issue. Separate resolutions are proposed for substantially separate issues at Shareholders' meetings for approval. "Bundling" of resolutions is done only where the resolutions are interdependent and linked so as to form one significant proposal and only where there are reasons and material implications involved.

All Directors (including the respective chairmen of the Board Committees) will be present at general meetings to address Shareholder's queries. The external auditors are also required to be present to address Shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report. The chairman of the meeting shall facilitate constructive dialogue between shareholders and the Board, Management, external auditors and other relevant professionals. The chairman should also allow specific directors such as board committee chairs or the lead independent director to answer queries on matters related to their roles.

The Company will prepare the detailed Shareholders' meeting minutes, which include comments and the questions received from Shareholders and responses from the Board and the Management. These minutes will be made available to Shareholders on Company website as soon as practicable.

All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meetings. Electronic poll voting will be adopted so as to better reflect Shareholders' interest and ensure greater transparency. Votes cast for and against each resolution will be tallied and displayed live-on-screen to Shareholders immediately at the general meeting.

Principle 12 **Engagement with Shareholders**

The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Communication with Shareholders

The Company commits itself to disclose and convey pertinent information to all stakeholders in a timely manner.

General meetings are the principal forum for dialogue with Shareholders and Shareholders are encouraged to participate in such meetings. During these meetings, Shareholders are able to engage with the Board and the Management in discussions on the Group's business activities, financial performance and other business-related matters. This enables the Company to solicit feedback from the investment community on a range of strategic and topical issues which provide valuable insights to the Company on investors' views.

The Group's financial results and annual reports are announced or issued within the period specified under the Catalist Rules, and are also made available to the public via the Company's website, http://clearbridgehealth.com. The website is also updated regularly with voluntary interim updates on useful and relevant information to provide Shareholders a better understanding of the Company's performance in the context of the current business environment and various other investor-related information on the Company which serves as an important resource for investors.

As and when necessary, the Executive Director and the key management personnel will meet analysts and fund managers who wish to seek a better understanding of the Group's business and operation.

The Company has appointed an investor relations firm, 8PR Asia Pte Ltd, to manage communication with its stakeholders and to ensure that their queries and concerns are promptly addressed by the relevant management personnel.

CORPORATE GOVERNANCE REPORT

Principle 13 **Managing Stakeholders Relationship**
The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interest of the Company are served.

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to secure the long-term future of the Company. The Company's key efforts on sustainability are focused on creating sustainable value for our key stakeholders, which include communities, customers, staff, regulators, Shareholders and vendors.

The Company maintains a corporate website at www.clearbridgehealth.com to communicate and engage stakeholders. For more information on the stakeholder engagements, refer to page 26 of this annual report.

Material Contracts

Save for the Service Agreement, there were no material contracts of the Company and its subsidiaries involving the interests of the CEO, any Directors or controlling Shareholder which is either still subsisting at the end of FY2019 or, if not then subsisting, entered into since the end of FY2018.

Interested Persons Transaction ("IPT")

There were no IPTs during FY2019. The Group does not have a general mandate for IPT.

The Company has implemented an internal policy in respect of any transactions with an interested person (as defined in the Catalist Rules) and has established procedures for the review and approval of all IPTs entered into by the Group. In the event that a potential conflict of interest arises, the Director concerned will not participate in discussions, and shall abstain from decision making, and refrain from exercising any influence over other members of the Board.

The Company has also established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and the transactions will not be prejudicial to the interest of the Group and its minority Shareholders. To ensure compliance with Chapter 9 of the Catalist Rules, the Board and the AC will review, on a quarterly basis, IPTs entered into by the Group (if any).

Dealing in Securities

The Company and its subsidiaries have adopted an internal policy which prohibits the Directors and officers of the Group from dealing in the securities of the Company while in possession of price-sensitive information. All Directors and officers of the Group are expected to observe insider trading laws at all times.

The Company, the Directors and officers of the Group are discouraged from dealing in the Company's securities on short-term considerations and are prohibited from dealing in the Company's securities during the period commencing 2 weeks before the announcement of the Company's quarterly financial statements and 1 month before the announcement of the Company's half-yearly financial statements and full-year financial statements, and ending on the date of the announcement of the relevant results.

Non-sponsor Fees

No non-sponsor fees were paid to the Company's sponsor, United Overseas Bank Limited, for FY2019.

Use of Initial Public Offering ("IPO") Proceeds

Pursuant to the IPO of the Company, the Company received net proceeds of approximately S$22.00 million (the "**IPO Net Proceeds**").

CORPORATE GOVERNANCE REPORT

The IPO Net Proceeds have been utilised as follows:

	Amount allocated (as disclosed in the offer document) (S$'000)	Amount utilised as at the date of this annual report (S$'000)	Balance (S$'000)
Expansion of medical clinics/centres business organically or through, inter alia, investments, mergers and acquisitions, joint ventures and/or strategic collaborations	11,000	(6,685)	4,315
Expansion of laboratory testing services business organically or through, inter alia, investments, mergers and acquisitions, joint ventures and/or strategic collaborations	3,000	(3,000)	–
Working capital and general corporate purposes[(1)]	8,000	(8,000)	–
Total	22,000	(17,685)	4,315

Note:

(1) Comprises operating expenses

Use of Convertible Bonds Proceeds

Pursuant to the issuance of the convertible bonds on 8 March 2019 and 17 May 2019, the Company received net proceeds of approximately S$10.48 million (the "**CB Net Proceeds**").

The CB Net Proceeds have been utilised as follows:

	Amount allocated (as disclosed in the convertible bonds announcement) (S$'000)	Amount utilised as at the date of this annual report (S$'000)	Balance (S$'000)
Expansion of medical clinics, medical centres and/or laboratory testing services business through mergers and acquisitions, joint ventures, strategic collaborations and/or investment, or organically	7,336	(7,336)	–
General working capital purpose[(1)]	3,144	(3,144)	–
Total	10,480	(10,480)	–

Note:

(1) Comprises operating expenses

CORPORATE GOVERNANCE REPORT

Use of Placement Proceeds

Pursuant to the issuance of the placement shares on 19 August 2019, the Company received net proceeds of approximately S$11.28 million (the "**Placement Net Proceeds**").

The Placement Net Proceeds have been utilised as follows:

	Amount allocated (as disclosed in the placement announcement) (S$'000)	Amount utilised as at the date of this annual report (S$'000)	Balance (S$'000)
Expansion of the Company's businesses through mergers and acquisitions, joint ventures, strategy collaborations and/or investment, or organically in Asia	7,893	–	7,893
General working capital purpose[(1)]	3,383	(3,383)	–
Total	11,276	(3,383)	7,893

Note:

(1) Comprises operating expenses

DIRECTORS' STATEMENT

The Directors present their statement to the members together with the audited consolidated financial statements of Clearbridge Health 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 2019.

1. 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 2019 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(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.

2. DIRECTORS

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

Chen Johnson
Yee Pinh Jeremy
Mark Benedict Ryan
Andrew John Lord
Tan Soon Liang (Chen Shunliang)
Mah How Soon (Ma Haoshun)

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as described in paragraph 4 below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose 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.

4. DIRECTORS' INTERESTS IN SHARES OR 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 and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest			Deemed interest		
Name of Director	**At 1.1.2019**	**At 31.12.2019**	**At 21.1.2020**	**At 1.1.2019**	**At 31.12.2019**	**At 21.1.2020**
Chen Johnson	77,055,100	77,055,100	77,055,100	–	–	–
Yee Pinh Jeremy	2,898,593	7,787,773	7,787,773	14,578,200	14,578,200	14,578,200
Mark Benedict Ryan	–	–	–	1,048,800	2,097,600	2,097,600

DIRECTORS' STATEMENT

5. SHARE OPTIONS

By the Company

(a) Clearbridge Health Performance Share Plan

At an Extraordinary General Meeting held on 20 November 2017, shareholders approved the Clearbridge Health Performance Share Plan (the "Plan") that gives the rights to grant awards in the form of shares to full time employees of the Group or Group Directors at the absolute discretion of the Remuneration Committee (the "RC").

The RC, comprising four directors, Mr. Andrew John Lord, Mr. Chen Johnson, Mr. Mark Benedict Ryan and Mr. Mah How Soon (Ma Haoshun), is responsible for administering the Plan.

On 6 December 2019, the Company granted share awards to certain employees of the Company pursuant to the Clearbridge Health Performance Share Plan. A total of 9,620,000 ordinary shares were granted at the fair value of S$0.13, which was based on market price of the shares on the date of grant. Two-third of the awarded shares were vested on 18 December 2019 and remaining one-third of the awarded shares will vest on 18 December 2020.

Except for the shares awards granted to certain employees, no other shares or options:

(i) were granted to Directors and controlling shareholders of the Company under the Plan during the financial year under review;

(ii) none of the participants were regarded by the Directors as controlling shareholders of the Company; and

(iii) none of the participants were granted shares representing 5% or more of the total number of shares available under the Plan.

By subsidiary

(b) Settlement shares and option

On 4 April 2019, the Group entered into a settlement agreement with an ex-employee of a subsidiary, Clearbridge BioPhotonics Inc. ("CBBP Inc"), where 17,515 settlement shares of Clearbridge BioPhotonics Pte. Ltd. ("CBBP"), were granted to the ex-employee in connection with the termination of his employment due to cessation of operation in CBBP Inc.

In addition, on 4 April 2019, the Group entered into a settlement agreement with employees of CBBP Inc., where 42,065 shares options of CBBP were granted to the employees in connection with the termination of employment of certain employees due to cessation of operation in CBBP Inc. The options are immediately exercisable and expires three years from the grant date. The options were approved by the shareholders on 4 April 2019. It is administered by the Board of Directors of the subsidiaries.

Date of grant	Exercise price per Ordinary Share	Balance at 1 Jan 2019	Options granted	Options exercised	Options cancelled/ lapsed	Balance at 31 Dec 2019	Exercise period
4 April 2019	**S$67.40**	–	**29,877**	–	–	**29,877**	4 April 2019 – 3 April 2022
4 April 2019	**S$68.70**	–	**12,188**	–	–	**12,188**	4 April 2019 – 3 April 2022

Except as disclosed above, during the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares of the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

DIRECTORS' STATEMENT

6. AUDIT COMMITTEE

The Audit Committee (AC) carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50. Further details regarding the AC are disclosed in the Corporate Governance Report.

7. AUDITOR

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

On behalf of the Board of Directors,

Chen Johnson
Director

Yee Pinh Jeremy
Director

Singapore
3 April 2020

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Independent Auditor's Report to the Members of Clearbridge Health Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Clearbridge Health 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 2019, 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 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

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

Key audit matters

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

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

1) Valuation of financial instruments

The Group measures the derivative financial assets and liabilities amounting to S$2,357,000 and S$2,025,000 at fair value through profit or loss respectively and other investments amounting to S$1,860,000 at fair value through other comprehensive income.

Determining the fair value of these instruments is inherently subjective as they comprise unquoted equity instruments and derivatives whereby the fair valuation required the use of valuation models. The valuation models use various unobservable inputs which are subject to high estimation uncertainty. The use of different valuation models and assumptions could produce significantly different estimates of fair value. Given that the valuation of these instruments involves the application of unobservable inputs such as projected stock price volatility, discount rates and rate of successful equity financing, amongst others, there is greater estimation uncertainty in the determination of these values. As such, the valuation of the financial instruments is considered to be a key audit matter.

Management engaged an external valuation specialist to determine the fair value of the financial instruments.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Key audit matters (Continued)

1) Valuation of financial instruments (Continued)

Our audit procedures included, amongst others, evaluating the reasonableness of the key estimates and key assumptions, with the management and valuer. We considered the independence, objectivity and the relevant experience of the external valuation specialist. In addition, we involved our internal valuation specialist to assist in testing the appropriateness of the valuation methodologies and certain key assumptions used by the external valuation specialist such as projected stock price volatility, discount rates and rate of successful equity financing. We also considered the adequacy of the disclosures required with regard to the nature and valuation of the financial instruments in Note 34 to the consolidated financial statements.

2) Accounting for business combination

During the financial year, the Group completed the acquisition of 49% equity interest in PT Indo Genesis Medika ("IGM Labs"), and the completion of the subscription of the exchangeable bond for S$2,200,000, which represent a 20.6% interest in IGM Labs. On 24 June 2019, the Group completed the subscription of redeemable exchangeable bond for S$2,100,000 that can be exchangeable to a 20% interest in IGM Labs. Subsequent to the mentioned transactions, the Group held an interest of 89.6% in IGM Labs. The total purchase consideration for this acquisition is S$9,667,000.

On 29 August 2019, the Group completed another acquisition of 51% equity interest in nine dental clinics operating under the "Dental Focus" brand name for a total purchase consideration of S$5,304,000.

The consideration for these acquisitions was settled through cash and involved contingent consideration. These acquisitions were accounted for using the acquisition method where the Group performed a purchase price allocation ("PPA") exercise with the assistance of external valuers as disclosed in Note 11 to the consolidated financial statements.

We have identified this as a key audit matter based on the quantitative materiality of the acquisitions, the significant management judgement and estimates involved in the PPAs, including the measurement of the fair value of the purchase consideration and the allocation of the purchase consideration to the fair value of the identifiable assets and liabilities of the acquirees.

Our audit procedures included, amongst others, reading the purchase agreements to obtain an understanding of the transactions and the key terms, review the valuation of purchase consideration and the PPA performed. An important element of our audit relates to management's identification of acquired assets and liabilities and their fair values. We have corroborated this identification with our knowledge of the business, our understanding of management's business plans, and management's explanations on the rationale of the acquisition and future plans. We involved our internal specialists in reviewing the valuation methodologies adopted by management and the valuer, and assessing the key assumptions and inputs used in measuring the fair values of acquired assets and liabilities, as well as the fair value of the considerations. We further assessed the adequacy of the disclosures on these business combinations in Note 11 to the consolidated financial statements.

3) Impairment assessment of goodwill

As at 31 December 2019, the Group's recorded goodwill amounted to S$32,107,000. This represents 33% of the Group's total assets and 48% of the Group's non-current assets on the consolidated statement of financial position.

Due to the significant carrying amount of the goodwill, level of management judgement involved and sensitivity of assumptions used in the cash flow projections as part of impairment testing, we have considered this matter as a key audit matter.

Our procedures included, amongst others, understanding management's impairment assessment process which include their basis in the identification of cash-generating units to which goodwill have been allocated to, and preparation of the budget upon which the value-in-use calculation is based on. We assessed the reasonableness of the key assumptions and methodologies used by the Group in their value-in-use calculations, by comparing to market available data such as publicly available industry reports and our expectations of key inputs like the projected revenue growth and pre-tax discount rates. We also tested the sensitivity of certain key assumptions by performing break-even analysis of the recoverable amounts. We involved our internal valuation specialist to support our assessment. We also assessed the adequacy of the disclosures in Note 17 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Other information

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

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

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and 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.

- 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.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Auditor's responsibilities for the audit of the financial statements (Continued)

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
3 April 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 S$'000	2018 S$'000
Revenue	4	**21,533**	6,135
Purchases		**(14,373)**	(3,250)
Employees benefits expense	5	**(8,365)**	(7,415)
Depreciation expense		**(3,109)**	(1,018)
Amortisation expense		**(94)**	(81)
Research and development expenses		**–**	(20)
Other income	6	**1,552**	636
Fair value loss on other investments		**–**	(1,444)
Fair value gain/(loss) on associates		**1,503**	(4,020)
Fair value loss on derivative financial instruments		**(2,881)**	(2,119)
Other operating expenses		**(5,258)**	(5,802)
Finance costs	7	**(1,935)**	(329)
Loss before taxation	8	**(11,427)**	(18,727)
Income tax expense	9	**(116)**	(158)
Loss for the year		**(11,543)**	(18,885)
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Net fair value gain on equity instruments at fair value through other comprehensive income		**–**	375
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations		**284**	(213)
Total comprehensive income for the year, net of tax		**(11,259)**	(18,723)
Loss attributable to:			
Owners of the Company		**(10,511)**	(18,448)
Non-controlling interests		**(1,032)**	(437)
		(11,543)	(18,885)
Total comprehensive income attributable to:			
Owners of the Company		**(10,373)**	(18,251)
Non-controlling interests		**(886)**	(472)
		(11,259)	(18,723)
Loss per share (cents per share)			
– Basic and diluted	10	**(2.01)**	(3.79)

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

STATEMENTS OF **FINANCIAL POSITION**

AS AT 31 DECEMBER 2019

	Note	Group		Company	
		2019	2018	2019	2018
		S$'000	S$'000	S$'000	S$'000
Non-current assets					
Investments in subsidiaries	11	**–**	–	**28,112**	33,181
Investments in associate	12	**14,733**	13,230	**–**	–
Derivative financial instruments	13	**2,357**	3,788	**–**	–
Property, plant and equipment	14	**11,990**	6,625	**25**	23
Right-of-use assets	15	**1,787**	–	**–**	–
Intangible assets	16	**1,143**	266	**3**	3
Goodwill on consolidation	17	**32,107**	22,296	**–**	–
Other investments	18	**1,860**	1,860	**–**	–
Other receivables	21	**703**	–	**–**	–
Amounts due from subsidiaries	22	**–**	–	**28,310**	23,783
		66,680	48,065	**56,450**	56,990
Current assets					
Cash at banks and short-term deposits	19	**13,560**	8,005	**7,845**	3,509
Trade receivables	20	**10,753**	2,050	**–**	–
Prepayments		**534**	275	**321**	86
Other receivables	21	**3,638**	3,954	**83**	88
Amounts due from subsidiaries	22	**–**	–	**30,496**	15,307
Inventories	23	**1,754**	413	**–**	–
		30,239	14,697	**38,745**	18,990
Total assets		**96,919**	62,762	**95,195**	75,980
Current liabilities					
Borrowings	27	**4,797**	470	**1,893**	400
Trade payables	24	**4,443**	1,007	**–**	–
Other payables	25	**12,848**	7,072	**543**	360
Amounts due to subsidiaries	26	**–**	–	**3,648**	2,848
Derivative financial instruments	13	**706**	–	**–**	–
Lease liabilities	15	**842**	–	**–**	–
Contract liabilities	4	**412**	473	**–**	–
Income tax payable		**148**	196	**–**	15
		24,196	9,218	**6,084**	3,623
Net current assets		**6,043**	5,479	**32,661**	15,367

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Group		Company	
	Note	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Non-current liabilities					
Borrowings	27	**16,850**	2,419	**12,649**	611
Deferred tax liabilities	28	**1,820**	1,821	**–**	–
Other payables	25	**2,428**	1,774	**–**	–
Lease liabilities	15	**919**	–	**–**	–
Derivative financial instruments	13	**1,319**	–	**1,319**	–
		23,336	6,014	**13,968**	611
Total liabilities		**47,532**	15,232	**20,052**	4,234
Net assets		**49,387**	47,530	**75,143**	71,746
Equity attributable to owners of the Company					
Share capital	29	**88,945**	77,670	**88,945**	77,670
Capital reserve	30	**(2,179)**	(2,179)	**(6,716)**	(6,716)
Share-based payment reserve	30	**2,646**	1,379	**2,296**	1,214
Fair value reserve	30	**1,110**	1,110	**–**	–
Currency translation reserve	30	**(125)**	(263)	**–**	–
Accumulated losses		**(40,104)**	(30,041)	**(9,382)**	(422)
Equity attributable to owners of the Company		**50,293**	47,676	**75,143**	71,746
Non-controlling interests		**(906)**	(146)	**–**	–
Total equity		**49,387**	47,530	**75,143**	71,746

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 2019

Group	Note	Share capital S$'000	Capital reserve S$'000	Share-based payment reserve S$'000	Fair value reserve S$'000	Currency translation reserve S$'000	Accumulated losses S$'000	Equity attributable to owners of the Company S$'000	Non-controlling interests S$'000	Total S$'000
As at 1 January 2019		77,670	(2,179)	1,379	1,110	(263)	(30,041)	47,676	(146)	47,530
Total comprehensive income for the year										
Loss for the year		–	–	–	–	–	(10,511)	(10,511)	(1,032)	(11,543)
Other comprehensive income for the year		–	–	–	–	138	–	138	146	284
Total comprehensive income for the year		–	–	–	–	138	(10,511)	(10,373)	(886)	(11,259)
Transactions with owners, recognised directly in equity										
Dividend		–	–	–	–	–	–	–	(205)	(205)
Share-based payment – equity settled	5	–	–	1,267	–	–	–	1,267	203	1,470
Issuance of ordinary shares	29	11,275	–	–	–	–	–	11,275	–	11,275
Effects of dilution of interest in subsidiaries	11	–	–	–	–	–	448	448	(448)	–
Changes in ownership interests in subsidiaries										
Acquisition of subsidiaries		–	–	–	–	–	–	–	576	576
As at 31 December 2019		88,945	(2,179)	2,646	1,110	(125)	(40,104)	50,293	(906)	49,387

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 2019

Group	Note	Share capital S$'000	Capital reserve S$'000	Share-based payment reserve S$'000	Fair value reserve S$'000	Currency translation reserve S$'000	Accumulated losses S$'000	Equity attributable to owners of the Company S$'000	Non-controlling interests S$'000	Total S$'000
Balance as at 1 January 2018 (FRS framework)		73,897	(2,179)	165	–	(85)	(10,858)	60,940	(1,297)	59,643
Adoption of SFRS(I) 9		–	–	–	735	–	(735)	–	–	–
Balance as at 1 January 2018 (SFRS(I) framework)		73,897	(2,179)	165	735	(85)	(11,593)	60,940	(1,297)	59,643
Total comprehensive income for the year										
Loss for the year		–	–	–	–	–	(18,448)	(18,448)	(437)	(18,885)
Other comprehensive income for the year		–	–	–	375	(178)	–	197	(35)	162
Total comprehensive income for the year		–	–	–	375	(178)	(18,448)	(18,251)	(472)	(18,723)
Transactions with owners, recognised directly in equity										
Grant of equity-settled shares to an employee	5	–	–	1,214	–	–	–	1,214	–	1,214
Issuance of ordinary shares pursuant to acquisition of subsidiaries	11	3,773	–	–	–	–	–	3,773	1,623	5,396
Total		3,773	–	1,214	–	–	–	4,987	1,623	6,610
Balance as at 31 December 2018		77,670	(2,179)	1,379	1,110	(263)	(30,041)	47,676	(146)	47,530

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 2019

	Note	Share capital S$'000	Capital reserve S$'000	Share-based payment reserve S$'000	Retained earnings/ (accumulated losses) S$'000	Total S$'000
Company						
As at 1 January 2018		73,897	(6,716)	–	1,730	68,911
Grant of equity-settled shares to an employee	5	–	–	1,214	–	1,214
Issuance of ordinary shares pursuant to acquisition of subsidiaries		3,773	–	–	–	3,773
Loss for the year, representing total comprehensive income for the year		–	–	–	(2,152)	(2,152)
As at 31 December 2018 and 1 January 2019		77,670	(6,716)	1,214	(422)	71,746
Share-based payment – equity settled	5	–	–	1,082	–	1,082
Issuance of ordinary shares	29	11,275	–	–	–	11,275
Loss for the year, representing total comprehensive income for the year		–	–	–	(8,960)	(8,960)
As at 31 December 2019		88,945	(6,716)	2,296	(9,382)	75,143

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 2019

	Note	2019 S$'000	2018 S$'000
Operating activities			
Loss before taxation		**(11,427)**	(18,727)
Adjustments for:			
Share-based payment – equity settled		**1,470**	1,214
Depreciation expense	14,15	**3,109**	1,018
Amortisation expense	16	**94**	81
Inventories written off		**52**	–
Plant and equipment written off		**763**	–
Loss/(gain) on disposal of property, plant and equipment		**9**	(40)
Interest income		**(210)**	(273)
Interest expense	7	**1,935**	329
Fair value adjustment on contingent consideration for business combinations		**(642)**	194
Fair value loss on derivative financial instruments		**2,881**	2,119
Fair value (gain)/loss on associates		**(1,503)**	4,020
Fair value loss on other investments		**–**	1,444
Unrealised foreign exchange loss		**107**	151
Operating cash flows before changes in working capital		**(3,362)**	(8,470)
Increase in trade receivables		**(8,703)**	(912)
(Increase)/decrease in prepayments		**(259)**	4
Decrease in other receivables		**2,846**	176
Increase in inventories		**(10)**	(157)
Increase in trade payables		**3,436**	449
Decrease in other payables		**(1,852)**	(1,317)
Cash flows used in operations		**(7,904)**	(10,227)
Income tax paid		**(49)**	(43)
Interest paid		**(892)**	(53)
Interest received		**210**	110
Net cash flows used in operating activities		**(8,635)**	(10,213)
Investing activities			
Purchase of property, plant and equipment		**(1,710)**	(1,676)
Payment for contingent consideration		**(2,000)**	–
Acquisition of intangible assets		**(17)**	–
Proceed from disposal of property, plant and equipment		**–**	69
Net cash outflow from acquisition of subsidiaries		**(11,619)**	(5,823)
Loan to a third party		**–**	(2,820)
Net cash flows used in from investing activities		**(15,346)**	(10,250)
Financing activities			
Dividends paid to non-controlling interests		**(205)**	–
Proceeds from bank loans		**8,680**	1,103
Proceeds from issuance of convertible bonds		**11,000**	–
Proceeds from convertible loan		**1,000**	–
Proceeds from issuance of shares		**11,275**	–
Repayment of loans and borrowings		**(1,891)**	(160)
Repayment of lease liabilities		**(363)**	–
Increase in restricted deposits		**(3,233)**	(235)
Net cash flows generated from financing activities		**26,263**	708
Net increase/(decrease) in cash and cash equivalents		**2,282**	(19,755)
Effect of foreign exchange rate changes, net		**40**	(215)
Cash and cash equivalents at 1 January		**7,770**	27,740
Cash and cash equivalents at 31 December	19	**10,092**	7,770

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 2019

1. CORPORATE INFORMATION

1.1 *The Company*

The Company (Registration No. 201001436C) is incorporated in Singapore with its principal place of business and registered office at 37 Jalan Pemimpin, #08-05 Mapex, Singapore 577177. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding company. The principal activities of the subsidiaries and associates are disclosed in Notes 11 and 12 to the financial statements, respectively.

The Company's ordinary shares have been listed on the Catalist Board of Singapore Exchange Securities Trading Limited (the "SGX-ST") since 18 December 2017.

1.2 *The Restructuring Exercise*

During the financial year 2019, the Group has re-organized the ownership of the various entities to better reflect how these entities are clustered and managed. The transfers that took place can be grouped as follows:

(i) Clearbridge Medica Sdn Bhd, Medic Laser Private Limited and Medic Surgical Private Limited were transferred from Clearbridge Medical Asia Pte Ltd to Clearbridge Medical Group Pte. Ltd.;

(ii) Clearbridge Medical Asia Pte Ltd transferred its entire interest in its subsidiaries, Clearbridge Health (Phillippines) Inc. and Clearbridge Medical (Phillippines) Inc. to its parent, Clearbridge Medical Group Pte. Ltd.;

(iii) Clearbridge Medical Asia Pte Ltd. was transferred from Clearbridge Medical Group Pte. Ltd., to SAM Laboratory Pte. Ltd.; and

(iv) Clearbridge Lifestyle Pte. Ltd. was transferred from Clearbridge Health Limited to Clearbridge Medical Group Pte. Ltd.

As these transactions were common control transactions, there is no impact on the consolidated financial statements.

(v) In October 2019, the Group completed the deregistration of two of its subsidiaries namely Insight Medical Australia Pty Ltd and Clearbridge Health USA Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The consolidated financial statements of the Group, 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)").

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

The financial statements are presented in Singapore Dollar ("SGD" or "S$") and all values are rounded to the nearest thousand ("S$'000"), except when otherwise indicated.

2.2 *Adoption of new and amended standards and interpretations*

The accounting policies adopted are consistent with those previously applied 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 2019. Except for the impact arising from the adoption of SFRS(I) 16 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ***Adoption of new and amended standards and interpretations (Continued)***

SFRS(I) 16 *Leases*

SFRS(I) 16 supersedes FRS 17 Leases, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

The effect of adoption of SFRS(I) 16 as at 1 January 2019 is as follows:

	S$'000 Increase
Assets	
Right-of-use assets	800
Total assets	800
Liabilities	
Lease liabilities	800
Total liabilities	800

The Group has lease contracts for office premises. Before the adoption of SFRS(I) 16, the Group classified its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to Note 2.19 for the accounting policy prior to 1 January 2019.

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.19 to the financial statements for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of the initial application.

The Group also applied the available practical expedients wherein it:

– Used a single discount rate to a portfolio of leases with reasonably similar characteristics

– Relied on its assessment of whether leases are onerous immediately before the date of initial application

– Applied the short-term leases exemptions to lease term that ends within 12 months of the date of initial application

– Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

– Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 *Adoption of new and amended standards and interpretations (Continued)*

SFRS(I) 16 *Leases* (Continued)

Leases previously accounted for as operating leases (Continued)

Based on the above, as at 1 January 2019:

– Right-of-use assets of S$800,000 were recognised and presented separately in the balance sheet for its leases previously classified as operating leases.

– Lease liabilities of S$800,000 were recognised.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	S$'000
Assets	
Operating lease commitments as at 31 December 2018	1,343
Weighted average incremental borrowing rate as at 1 January 2019	8.06%
Discounted operating lease commitments as at 1 January 2019	997
Less:	
Commitments relating to short-term leases	(194)
Commitments relating to leases of low-value assets	(3)
Lease liabilities as at 1 January 2019	800

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective as at 31 December 2019.

Description	**Effective for annual periods beginning on or after**
Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Amendments to SFRS(I) 3 *Definition of a Business*	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*	1 January 2020
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

The directors expect that the adoption of the standards will have no material impact on the financial statements in the year of initial application.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 *Basis of consolidation and business combinations (Continued)*

(a) ***Basis of consolidation (Continued)***

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.

(b) ***Business combinations and goodwill***

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the amount that would be recognised in accordance with the accounting policy for provisions set out in Note 2.16.

<u>Call option to acquire additional interest in a subsidiary</u>

The Group has been granted call option by a shareholder of the subsidiary to acquire the shareholder's interest in the subsidiary.

The call option provides the Group present access to return over all of the shares held by the shareholder. The Group accounts for the effect of the call option as though it owns the shareholder's interest in the subsidiary. The proportion allocated to the Group and non-controlling interests in preparing consolidated financial statements is determined by taking into account the eventual exercise of those potential rights and call options that currently give the entity access to the returns. The Group also recognise a financial liability to the shareholder under the call option.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.6 *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 statement of financial position, investments in subsidiaries are accounted for at cost less impairment losses.

2.7 *Associates*

Investments in associates which are held as part of the Group's investment portfolio are designated upon initial recognition as investments at fair value through profit or loss as their performance is managed and evaluated on a fair value basis. This treatment is permitted by SFRS(I) 1-28 Investments in Associates which allows investments held indirectly by venture capital organisation, or mutual fund, unit trust and similar entities to be recognised and measured at fair value through profit or loss and accounted for in accordance with SFRS(I) 9, with changes in fair value recognised in the profit or loss in the period of change.

2.8 *Foreign currency*

The financial statements are presented in Singapore Dollar, 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 subsidiary companies 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 Singapore dollar at the rate of exchange ruling at the end of reporting periods and the 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 ***Property, plant and equipment***

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

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

Computer equipment	–	3 to 5 years
Furniture and fittings	–	3 to 11 years
Office equipment	–	3 to 11 years
Medical equipment	–	3 to 6 years
Laboratory equipment	–	3 to 5 years
Motor vehicles	–	5 to 8 years
Renovation	–	3 to 11 years
Freehold property	–	50 years

Work-in-progress included in the property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

2.10 ***Intangible assets***

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

(a) ***CAP accreditation***

The CAP Laboratory Accreditation ("CAP Accreditation") arose due to the acquisition of a subsidiary and relates to an accreditation attained by a clinical lab certifying that the lab's quality has complied with certain requirements. The useful life of the cap accreditation is estimated to be 2 years as the laboratory is required to undergo re-inspection every two years to maintain the CAP Accreditation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 *Intangible assets (Continued)*

(b) ***Customer relationships***

Customer relationships acquired in business combinations, including joint operation contracts entered by a subsidiary with hospitals for installation of renal dialysis facilities were initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 8 to 10 years.

(c) ***Favourable rental agreement***

Favourable rental agreement arose due to the acquisition of a subsidiary and relates to an operating lease in which the terms are favourable to the Group relative to the market terms. The useful life of the favourable rental agreement is 2.75 years.

2.11 *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 of continuing operations are recognised in profit or loss.

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

2.12 *Financial instruments*

(a) ***Financial assets***

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 *Financial instruments (Continued)*

(a) ***Financial assets (Continued)***

Subsequent measurement

Investment in debt instruments at amortised cost

Financial assets that are held for 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 derecognised or impaired, and through amortisation process.

Investment in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in OCI, changes in fair value are recognised in profit or loss.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

Derecognition

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

(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 rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Financial liabilities at fair value through profit and loss are derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also at fair value through profit and loss unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gain or losses arising from changes in fair value of the financial liabilities are recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 *Financial instruments (Continued)*

(b) ***Financial liabilities (Continued)***

Derecognition

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

2.13 *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 and financial guarantee contracts. 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).

For trade receivables and contract assets, the Group applied 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.

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.

2.14 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.15 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis, and includes all costs of purchases and other costs incurred in bringing the inventories to their present location and condition. Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2.16 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 *Provisions (Continued)*

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 *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. Where the grant relates to income, the grant is recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as “Other income”.

2.18 *Employee benefits*

(a) ***Defined contribution plans***

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions are made into separate state managed entities, such as the Central Provident Fund in Singapore, Mandatory Provident Fund in Hong Kong, Social Security Fund in Philippines, Indonesia and United States and Employees Provident Fund in Malaysia under a defined contribution plan, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) ***Employee share-based payment***

Employees of the Group receive remuneration in the form of equity instruments 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 of the equity instruments at the grant date which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share-based payment 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 equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

(c) ***Employee leave entitlement***

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

2.19 *Leases*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 *Leases (Continued)*

Group as a lessee (Continued)

(a) ***Right-of-use assets***

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows.

Office and clinical premises	–	1 to 12 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.11 to the financial statements.

(b) ***Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) ***Short-term leases and leases of low-value assets***

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(d) ***Accounting policy prior to 1 January 2019***

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 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 ***Revenue recognition***

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.

Rendering of medical and clinical services

The Group renders consultations, clinical treatments, medical tests and aesthetics treatments to patients. Revenue from the provision of consultations, clinical treatments and medical tests are recognised when the services to be provided are completed at a point in time.

Revenue from the provision of aesthetics services, usually sold in bundled packages, are recognised upon completion of the series of distinct services rendered over time based on number of sessions utilised. The allocation of revenue is based on utilisation at the stand-alone selling price.

A contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract liability is recognised as revenue when services are rendered.

Laboratory testing services

The Group provides laboratory testing services to clinics. Revenue is recognised when the tests are completed at a point in time and the amount of revenue is based on contractual price.

Renal care revenue

(a) ***Renal care services***

The Group renders renal care support services to hospitals. Revenue is recognised when the services provided to the hospitals, to enable the hospitals to provide renal services to each patient, is complete.

The amount of revenue recognised is based on the contractual price and invoiced once at every month end to the hospitals.

(b) ***Sales of renal care consumables***

The Group supplies dialysis treatment consumables to the hospitals. Revenue is recognised when the goods are delivered to the hospital and all criteria for acceptance have been satisfied.

The amount of revenue recognised is based on the contractual price and invoiced once at every month end to the hospitals.

2.21 ***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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 *Taxes (Continued)*

(b) ***Deferred tax***

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

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

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

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

Deferred tax assets are recognised for all deductible temporary differences, 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 on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 *Share capital and share issuance expenses*

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

2.23 *Contingencies*

A contingent liability is:

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

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

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

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

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

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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 accompanying disclosure, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgement, which has the most significant effect on the amounts recognised in the financial statements.

(a) ***Control over investees***

The Group made investments in entities by investing in equity instruments issued by the investees, such as: ordinary shares or preference shares. Investments are also made by holding convertible bond or convertible/exchangeable bond/loans issued by the investees.

The Group has carried out assessment in accordance with SFRS(I) 10 to determine if the Group has control over respective investees. Amongst the factors considered by the Group includes: relevant activities of the investees, power to direct the relevant activities through existing rights or potential voting rights, substantive right or protective right conferred to the shareholders in the reserved matters, exposure or rights to variable returns, etc.

The determination of the relevant activities of the investees and whether reserved matters are substantive in nature or protective in nature requires judgement. In making this judgement, the Group evaluates the memorandum and articles of association of the investees as well as the shareholders agreements.

Based on the assessment, the Group has accounted for some of its investees, for which the Group has control, as subsidiaries of the Group. For investees where the Group does not have control but have significant influence, the Group has accounted for those investees as associates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.1 *Judgements made in applying accounting policies (Continued)*

(b) ***Purchase price allocation review***

The Group has exercised significant judgement regarding the allocation of the purchase price to the assets and liabilities acquired, including judgement made relating to: identification of intangible assets, fair value adjustments to the carrying amount of assets and liabilities of the acquirees during the purchase price allocation review.

Please refer to Note 3.2(b) for the estimate made by the Group during the purchase price allocation review.

3.2 *Key source of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) ***Fair value measurement of financial instruments***

The valuation of unquoted financial assets and liabilities involves estimates, assumptions and judgement based upon available information and does not necessarily represent amounts which might ultimately be realised, since such amounts depend on future events. Due to the inherent uncertainty of valuation, the estimated fair values for the unquoted financial instruments may differ significantly from the amounts that might ultimately be realised and the differences could be material.

When the fair values of financial instruments cannot be derived from active markets, fair value is determined using valuation techniques and processes such as market comparable approach and Option Pricing Model ("OPM").

These financial instruments include call options granted by a shareholder over investments in associates and other investments.

Inputs into these models are derived from observable markets where possible, but if this is not feasible, significant estimates is required to establish fair values. The significant estimates include projected stock price volatility, discount rates and rate of successful equity financing. Changes in assumptions used in these estimates could affect the fair values of the financial instruments.

The valuation approach, significant estimates used and the sensitivity analysis are disclosed in Note 34.

(b) ***Purchase price allocation review***

Accounting for business combination requires extensive use of accounting estimates to allocate the purchase price to the fair market values of the assets and liabilities purchased as well as the fair value of the consideration (i.e. the fair value of the shares issued to acquire the accquirees).

As mentioned in 3.1(b) above, the Group has exercised judgement to determine the fair value adjustments required during the purchase price allocation review. Key assumptions applied are pre-tax discount rate, discount for lack of marketability, estimation of contract life and probability of meeting net profit after tax ("NPAT").

(c) ***Impairment of goodwill on consolidation***

As disclosed in Note 17 to the financial statements, the recoverable amounts of the cash generating units, which goodwill have been allocated to, are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows. The key assumptions applied in the determination of the value in use, are disclosed and further explained in Note 17 to the financial statements.

The carrying amount of the goodwill on consolidation as at 31 December 2019 is S$32,107,000 (2018: S$22,296,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. REVENUE

(a) ***Disaggregation of revenue***

	Healthcare systems		Medical clinics/centres		Total revenue	
	2019	2018	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Major product or service lines						
Rendering of medical and clinical services	**–**	–	**5,973**	2,931	**5,973**	2,931
Laboratory testing services	**10,664**	520	**–**	–	**10,664**	520
Renal care revenue	**4,896**	2,684	**–**	–	**4,896**	2,684
	15,560	3,204	**5,973**	2,931	**21,533**	6,135
Primary geographical markets						
Singapore	**354**	520	**4,096**	1,271	**4,450**	1,791
Philippines	**–**	–	**1,044**	1,198	**1,044**	1,198
Indonesia	**15,206**	2,684	**–**	–	**15,206**	2,684
Hong Kong, Malaysia and others	**–**	–	**833**	462	**833**	462
	15,560	3,204	**5,973**	2,931	**21,533**	6,135
Timing of transfer of goods or services						
At a point in time	**15,560**	3,204	**5,262**	2,480	**20,822**	5,684
Over time	**–**	–	**711**	451	**711**	451
	15,560	3,204	**5,973**	2,931	**21,533**	6,135

(b) ***Methods used in recognising revenue***

Recognition of revenue from aesthetics packages

For the bundled package sale of aesthetic services where the Group satisfies its performance obligations over time, management has determined that an output method provides a faithful depiction of the Group's performance in transferring control of the services to the customers, as it reflects the direct measurements of the value to the customer of services transferred to date relative to the remaining services promised under the contract. The measure of progress is based on the number of sessions utilised as a percentage of the total sessions sold in a package.

(c) ***Receivables and contract liabilities***

Information about receivables and contract liabilities from contract with customers is disclosed as follows:

	Group	
	2019	2018
	S$'000	S$'000
Receivables from contracts with customers (Note 20)	**10,753**	2,050
Contract liabilities	**412**	473

Contract liabilities primarily relate to the Group's obligation to transfer services to customers for which the Group has received advances from customers for sale of aesthetic services. Contract liabilities are recognised as revenue as the Group performs under the contract.

During the year, there are no contract liabilities arising from business combinations (2018: S$283,000).

During the year, revenue recognised that was included in the contract liability balance at the beginning of the year is S$357,000 (2018: Nil)

The Group expects to recognise S$412,000 (2018: S$473,000) as revenue relating to the transaction price allocated to the unsatisfied performance obligations as at year-end in the financial year 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. EMPLOYEES BENEFITS EXPENSE

	Group	
	2019	**2018**
	S$'000	**S$'000**
Directors' remuneration	**321**	325
Salaries and bonuses	**5,849**	5,115
Defined contribution plan	**492**	524
Share-based payment – equity settled	**1,325**	1,214
Share options expenses	**145**	–
Others	**233**	237
	8,365	7,415

Service agreement

On 18 November 2017, the Company entered into a three-year Service Agreement with the Executive Director and CEO (the "Executive") of the Company where a performance bonus is granted in the form of cash and shares to the Executive.

1. Performance bonus in the form of cash or shares (the "First Performance Bonus") will vest if the following conditions are met:

   a. where the Operating Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") is less than or equal to S$7,500,000, 10% on the Group's Operating EBITDA to be paid either in cash and/or Shares; and

   b. where the Operating EBITDA is more than S$7,500,000, 5% on such amount of the Group's Operating EBITDA in excess of S$7,500,000 plus S$750,000, to be paid either in cash and/or Shares.

2. Performance bonus in the form of shares (the "Second Performance Bonus") will vest upon the first occurrence of the Company achieving the following respective milestones:

   a. Number of shares equivalent to 1% of the then current share capital of the Company, shall be issued to the Executive in a single tranche credited as fully paid if the first milestone as described below is met:

      i. an Operating EBITDA of S$2,000,000 or more for the financial year; or

      ii. a daily market capitalisation of S$150,000,000 or more for every day over a consecutive three month period and the volume weighted average price of the Company's shares calculated over every trading day being more than 15% above the issued price at IPO for every day over that consecutive three month period.

   b. Number of shares equivalent to 2% of the then current share capital of the Company, shall be issued to the Executive in a single tranche credited as fully paid if the second milestone as described below is met:

      i. an Operating EBITDA of S$7,500,000 or more for the financial year is met; or

      ii. a daily market capitalisation of S$300,000,000 or more for every day over a consecutive three month period and the volume weighted average price of the Company's shares calculated over every trading day being more than 25% above the issued price at IPO for every day over that consecutive three month period.

   c. Number of shares equivalent to 2% of the then current share capital of the Company, shall be issued to the Executive in a single tranche credited as fully paid if the third milestone as described below is met:

      i. an Operating EBITDA of S$15,000,000 or more for the financial year is met; or

      ii. a daily market capitalisation of S$600,000,000 or more for every day over a consecutive three month period and the volume weighted average price of the Company's shares calculated over every trading day being more than 50% above the issued price at IPO for every day over that consecutive three month period.

5. **EMPLOYEES BENEFITS EXPENSE (CONTINUED)**

Service agreement (Continued)

2. Performance bonus in the form of shares (the "Second Performance Bonus") will vest upon the first occurrence of the Company achieving the following respective milestones: (Continued)

For the avoidance of doubt, the Operating EBITDA for the first milestone, second milestone and third milestone are achieved on a cumulative basis. Hence unless the previous milestones have been paid, the previous milestones shall be payable in the event the second or third milestones are met.

The contractual life of the Second Performance Bonus is three years and if the conditions are not met, the rights to the issuance of shares will lapse. There are no cash settlement alternatives.

Fair value of shares granted

The fair value of shares granted is estimated at the date of the grant using a Monte Carlo simulation model, taking into account the terms and conditions upon which the options were granted. The model simulates the probability of meeting the Operating EBITDA and the Market Capitalisation targets. It takes into account the management's assumption of the Group's forecast and the share price fluctuation covariance of the Company to predict the distribution of the share performance.

The following table lists the key inputs to the model used for share-based payment for the years ended 31 December 2019 and 2018:

Dividend (%)	–
Expected volatility (%)	42.9
Risk-free interest rate (%)	1.7
Share price at the grant date (S$)	0.3

In 2018, the milestone for the second performance bonus was met. Accordingly, 4,810,000 shares were earned by the Executive and issued during the year.

The expense recognised in profit or loss for performance share payment during the year is S$229,000 (2018: S$1,214,000).

Performance share plan

On 6 December 2019, the Company granted share awards to certain employees of the Company pursuant to the Clearbridge Health Performance Share Plan. A total of 9,620,000 ordinary shares were granted at the fair value of S$0.13, which was based on market price of the shares on the date of grant. Two-third of the awarded shares were vested on 18 December 2019 and remaining one-third of the awarded shares will vest on 18 December 2020. There has been no cancellation or modification to the performance share plan during the year.

The expense recognised in profit or loss for performance share plan during the year is S$853,000.

Shares settlement

On 4 April 2019, the Group entered into a settlement agreement with an ex-employee of a subsidiary, Clearbridge BioPhotonics Inc. ("CBBP Inc"), where 17,515 settlement shares of Clearbridge BioPhotonics Pte. Ltd. ("CBBP"), were granted to the ex-employee in connection with the termination of his employment due to cessation of operation in CBBP Inc.

Fair value of shares granted

The following table lists the key inputs to the model used for share-based payment for the year ended 31 December 2019:

Dividend (%)	–
Expected volatility (%)	95.0
Risk-free interest rate (%)	2.0
Share price at the grant date (S$)	13.9

The expense recognised in profit and loss for share settlement during the year is S$243,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. EMPLOYEES BENEFITS EXPENSE (CONTINUED)

Share options settlement

On 4 April 2019, the Group entered into a settlement agreement with employees of CBBP Inc., where 42,065 shares options of CBBP were granted to the employees in connection with the termination of employment of certain employees due to cessation of operation in CBBP Inc.

Fair value of shares granted

The following table lists the key inputs to the model used for share options payment for the year ended 31 December 2019:

Dividend (%)	–
Expected volatility (%)	95.0
Risk-free interest rate (%)	2.0
Share price at the grant date (S$)	13.9

The expense recognised in profit and loss for share options settlement during the year is S$145,000.

6. OTHER INCOME

	Group	
	2019	**2018**
	S$'000	**S$'000**
Interest income from:		
Financial assets measured at amortised cost		
– Bank deposits	**93**	85
– Loan to a third party	**117**	65
Financial assets at fair value through profit or loss		
– Convertible loans issued by an associate	**–**	123
Grant income	**171**	132
Licensing income	**102**	136
Gain on disposal of property, plant and equipment	**–**	40
Fair value adjustment on contingent consideration	**642**	–
Net foreign exchange differences	**325**	–
Others	**102**	55
	1,552	636

Licensing income of the Group for the year ended 31 December 2019 mainly relates to licensing of the Group's patents held under the strategic investments segment to third parties.

7. FINANCE COSTS

	Group	
	2019	**2018**
	S$'000	**S$'000**
Interest expense on:		
– Convertible bonds	**1,226**	–
– Call options	**240**	240
– Bank loans	**393**	85
– Lease liabilities	**76**	4
	1,935	329

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8. LOSS BEFORE TAXATION

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

	Group	
	2019	**2018**
	S$'000	**S$'000**
Audit fees – auditors of the Company	**449**	290
Non-audit fees – auditors of the Company	**34**	42
Fair value (gain)/loss due to adjustment on contingent consideration	**(642)**	194
Inventory written off	**52**	–
Professional fees	**1,858**	2,535
Plant and equipment written off	**763**	–
Depreciation expense	**3,109**	1,018
Amortisation expense	**94**	81
Loss/(gain) on disposal of property, plant and equipment	**9**	(40)

9. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

	Group	
	2019	**2018**
	S$'000	**S$'000**
Current income tax		
– Current income taxation	**119**	156
– (Over)/under provision in respect of previous years	**(2)**	19
Deferred tax		
– Current deferred taxation	**–**	(17)
– Over provision in respect of previous years	**(1)**	–
	116	158

Domestic income tax for Singapore companies is calculated at 17% (2018: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Relationship between tax expense and accounting loss

	Group	
	2019	**2018**
	S$'000	**S$'000**
Loss before taxation	**(11,427)**	(18,727)
Tax at the domestic rates applicable to profits in the countries where the Group operates	**(2,218)**	(3,303)
Effect of expenses not deductible	**1,950**	2,511
Effect of income not subject to taxation	**(318)**	(43)
Effect of tax incentives	**(163)**	(101)
Deferred tax assets not recognised	**868**	1,075
(Over)/under provision in respect of previous years	**(3)**	19
Income tax expense	**116**	158

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. INCOME TAX EXPENSE (CONTINUED)

Relationship between tax expense and accounting loss (Continued)

A loss transfer system of group relief (known as "group relief system") for companies was introduced in Singapore with effect from Year of Assessment 2003. Under the group relief system, a company belonging to a group may transfer its current year unabsorbed capital allowances, current year unabsorbed trade losses and current year unabsorbed donations (loss items) to another company belonging to the same group, to be deducted against the assessable income of the latter company.

On 31 December 2019, the Company intends to receive unabsorbed tax losses of S$1,341,000 (2018: S$1,076,000) from its subsidiaries under the group relief system, subject to compliance with the relevant rules and procedures and agreement of Inland Revenue Authority of Singapore ("IRAS").

10. LOSS PER SHARE

Basic loss per share is calculated by dividing loss for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share is calculated by dividing loss for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the loss and share data used in the computation for basic and diluted loss per share for the financial years ended 31 December 2019 and 2018:

	Group	
	Basic and diluted	
	2019	**2018**
	S$'000	**S$'000**
Loss for the year attributable to owners of the Company	**(10,511)**	(18,448)

	Number of ordinary shares '000	
	Basic and diluted	
Weighted average number of shares for basic and diluted loss per share computation	522,066	487,125
Basic and diluted loss per share (cents)	(2.01)	(3.79)

11. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019	**2018**
	S$'000	**S$'000**
Unquoted shares, at cost	**33,181**	33,181
Impairment losses on subsidiary	**(5,069)**	–
	28,112	33,181

Impairment of investment in subsidiaries

During the financial year ended 31 December 2019, management performed an impairment review of its investment in subsidiaries and assess that the fair value of a subsidiary is lower than the cost of investment of S$10,870,000. As a result of the review, the Company recognised an impairment loss of S$5,069,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) ***Composition of the Group***

The Group has the following investments in subsidiaries at the end of the reporting period:

Name	Principal activities (Country of incorporation and operations)	Proportion of ownership interest 2019 %	2018 %
Held by the Company			
Clearbridge BSA Pte. Ltd.[(4)]	Investment holding (Singapore)	**100**	100
Clearbridge Assays Pte. Ltd.[(4)]	Investment holding (Singapore)	**100**	100
Clearbridge Medical Group Pte. Ltd.[(4)]	Clinics/centres and other general medicine services (Singapore)	**100**	100
Sam Laboratory Pte. Ltd.[(4)]	Medical laboratories (Singapore)	**100**	100
Clearbridge Lifestyle Pte. Ltd. (formerly known as Clearbridge Lifestyle Asia Pte. Ltd.[(4)(10)]	Management consultancy for healthcare organisation (Singapore)	**–**	100
Clearbridge Biophotonics Pte. Ltd.[(3)(4)]	Manufacturing of optical instrument and photographic equipment (Singapore)	**68.60**	75
Held by Clearbridge Medical Group Pte. Ltd.			
Clearbridge Medical Hong Kong Corporation Limited[(4)]	Biotechnology and life sciences (Hong Kong)	**100**	100
Clearbridge Health (Philippines) Inc.[(5)(10)]	Clinics/centres and other general medical services. (Philippines)	**99.99**	–
Medic Laser Private Limited[(4)(10)]	Clinics/centres and other general medical services. (Singapore)	**85**	–
Medic Surgical Private Limited[(4)(10)]	Clinics/centres and other general medical services. (Singapore)	**85**	–
Clearbridge Medica Sdn Bhd[(6)(10)]	Clinics/centres and other general medical services. (Malaysia)	**100**	–
Clearbridge Lifestyle Pte. Ltd. (formerly known as Clearbridge Lifestyle Asia Pte. Ltd.[(4)(10)]	Management consultancy for healthcare organisation (Singapore)	**100**	–
Insight Medical Australia Pty. Ltd.[(1)(10)]	Dormant (Australia)	**–**	100
Clearbridge Medical Asia Pte. Ltd.[(4)(10)]	Clinics/centres and other general medicine services (Singapore)	**–**	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) ***Composition of the Group (Continued)***

Name	Principal activities (Country of incorporation and operations)	Proportion of ownership interest 2019 %	2018 %
Held by Sam Laboratory Pte. Ltd.			
Clearbridge Medical Asia Pte. Ltd.[4][10]	Clinics/centres and other general medicine services (Singapore)	**100**	–
PT Indo Genesis Medika[5][8][9]	Medical laboratories (Indonesia)	**89.60**	–
Biomedics Laboratory Pte. Ltd.[2][6]	Medical laboratories (Singapore)	**100**	–
Held by Clearbridge Assays Pte. Ltd.			
Clearbridge Health USA Inc.[1][10]	Dormant (USA)	**–**	100
Held by Clearbridge Biophotonics Pte. Ltd.			
Clearbridge Biophotonics, Inc.[3][6]	Manufacturing of optional instrument and photographic equipment (USA)	**68.60**	75
Clearbridge Biophotonics, FPM Inc.[3][4]	Biomedical image system research (USA)	**68.60**	75
Held by Clearbridge Health (Philippines) Inc.			
Clearbridge Medical Philippines, Inc. (formerly known as Marzan Health Care Inc.)[5]	Clinics/centres and other general medical services (Philippines)	**65**	65
Held by Clearbridge Medical Hong Kong Corporation Limited			
Shanghai Kai Zhun Health Management Co. Ltd. (上海凯准健康管理有限公司)[6]	Distribution of medical devices and related services (China)	**100**	100
Held by Clearbridge Lifestyle Pte. Ltd.			
Clearbridge Dental Holdings Pte Ltd.[2][4]	Investment holding (Singapore)	**51**	–
Held by Clearbridge Medical Asia Pte. Ltd.			
Clearbridge Medicentre Private Limited[6]	Clinics/centres and other general medical services. Providing consultancy and sales of specialised and critical care medical services and devices. (India)	**99.99**	99.99
PT Tirta Medika Jaya[5][7]	Supply of medical consumable related to haemodialysis activity (Indonesia)	**55**	55

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) ***Composition of the Group (Continued)***

Name	Principal activities (Country of incorporation and operations)	Proportion of ownership interest 2019 %	2018 %
PT Clearbridge Health Indonesia.[6]	Dormant (Indonesia)	**100**	100
Medic Laser Private Limited[4][10]	Clinics/centres and other general medical services. (Singapore)	–	85
Medic Surgical Private Limited[4][10]	Clinics/centres and other general medical services. (Singapore)	–	***85***
Clearbridge Medica Sdn Bhd[6][10]	Clinics/centres and other general medical services. (Malaysia)	–	100
Clearbridge Health (Philippines) Inc.[5][10]	Clinics/centres and other general medical services. (Philippines)	–	99.99
Held by PT Clearbridge Health Indonesia			
PT Clearbridge Medical Indonesia[6]	Dormant (Indonesia)	**49**	49
Held by Clearbridge Dental Holdings Pte. Ltd.			
Dental Town (AMK) Pte. Ltd.[4]	Provision of dental and ancillary services	**51**	–
LKDS (Hougang Green) Pte. Ltd.[4]	Provision of dental and ancillary services	**51**	–
LKDS (Simei) Pte. Ltd.[4]	Provision of dental and ancillary services	**51**	–
LKDS (Yishun) Pte. Ltd.[4]	Provision of dental and ancillary services	**51**	–
Urban Dental (SG) Pte. Ltd.[4]	Provision of dental and ancillary services	**51**	–
Dental Focus (Bendemeer) Pte. Ltd.[4]	Provision of dental and ancillary services	**51**	–
Dental Focus (Pioneer) Pte. Ltd.[4]	Provision of dental and ancillary services	**51**	–
Dentalfamily (Pioneer) Pte. Ltd.[4]	Provision of dental and ancillary services	**51**	–
Dental Focus (People's Park) Pte. Ltd.[4]	Provision of dental and ancillary services	**51**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) *Composition of the Group (Continued)*

(1) These subsidiaries were deregistered in 2019, as disclosed in Note 1.2.

(2) These subsidiaries were incorporated in 2019.

(3) The ownership interest of these entities includes those held by a shareholder of the subsidiary, who has granted call option to the Group to acquire the shareholder's interest in these subsidiaries. Accordingly, the Group recognised a financial liability to the shareholder under the call option.

(4) Audited by Ernst & Young LLP, Singapore for statutory audit and/or group consolidation purpose.

(5) Audited by member firms of EY Global in the respective countries.

(6) Not required to perform statutory audit and not material to the group.

(7) The ownership interest of this subsidiary includes those held by a non-controlling shareholder who has 6% of the issued share capital in the subsidiary. The shareholder's interest is pledged for a convertible bond subscribed by Clearbridge Medical Asia Pte. Ltd. ("CBMA") and exchangeable at CBMA's option into shares representing 6% equity interest in the subsidiary. The Group accounts for the effect of convertible bond as though it owns the shareholder's interest in the subsidiary. The proportion allocated to the Group and non-controlling interest is determined by taking into account the eventual exercise of the convertible bond that currently gives the Group access to the returns.

(8) The ownership interest of this subsidiary includes those held by a non-controlling shareholder who has 20.6% of the issued share capital in the subsidiary. The shareholder's interest is pledged for a convertible bond subscribed by Sam Laboratory Pte. Ltd. ("SAM") and exchangeable at SAM's option into shares representing 20.6% equity interest in the subsidiary. The Group accounts for the effect of convertible bond as though it owns the shareholder's interest in the subsidiary. The proportion allocated to the Group and non-controlling interest is determined by taking into account the eventual exercise of the convertible bond that currently gives the Group access to the returns.

(9) The ownership interest of this subsidiary includes those held by a non-controlling shareholder. The shareholder's interest is pledged for a redeemable exchangeable bond subscribed by SAM Laboratory Pte. Ltd. ("SAM") and exchangeable at SAM's option into shares representing 20% equity interest in the subsidiary. The Group accounts for the effect of redeemable exchangeable bond as though it owns the shareholder's interest in the subsidiary. The proportion allocated to the Group and non-controlling interest is determined by taking into account the eventual exercise of the redeemable exchangeable bond that currently gives the Group access to the returns.

(10) In 2019, these subsidiaries undergone an internal restructuring exercise, as disclosed in Note 1.2.

The following schedule shows the effects of changes in the Group's ownership interest in certain subsidiaries that did not result in change of control.

	Group	
	2019	**2018**
	S$'000	**S$'000**
Effects of dilution gain of interest in subsidiaries (Note A)	**448**	–

Note A: The share settlement arrangement disclosed in Note 5 resulted in the change of proportion held by the controlling and non-controlling interest in Clearbridge Biophotonics Pte. Ltd. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) ***Interest in subsidiaries with material non-controlling interest ("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 interest held by NCI %	Profit/(loss) allocated to NCI during the reporting period S$'000	Accumulated NCI at the end of the reporting period S$'000	Dividends paid to NCI S$'000
31.12.2019					
Clearbridge Biophotonics Pte. Ltd. and its subsidiaries	Singapore and USA	31.4	(743)	(2,736)	–
Clearbridge Medical Philippines, Inc. (formerly known as Marzan Health Care Inc.)	Philippines	35	(603)	(29)	–
PT Tirta Medika Jaya	Indonesia	45	(229)	635	–
PT Indo Genesis Medika	Indonesia	10.4	94	727	–
Clearbridge Dental Holdings Pte Ltd. and its subsidiaries	Singapore	49	184	315	–
31.12.2018					
Clearbridge Biophotonics Pte. Ltd. and its subsidiaries	Singapore and USA	25	(452)	(1,749)	–
Clearbridge Medical Philippines, Inc. (formerly known as Marzan Health Care Inc.)	Philippines	35	(230)	574	–
PT Tirta Medika Jaya	Indonesia	45	131	864	–

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised statements of financial position

	Clearbridge Biophotonics Pte. Ltd. and its subsidiaries		Clearbridge Medical Philippines, Inc.		PT Tirta Medika Jaya		PT Indo Genesis Medika		Clearbridge Dental Holdings Pte. Ltd. and its subsidiaries	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Current assets	**127**	76	**1,016**	1,134	**3,155**	2,464	**11,755**	–	**2,766**	–
Non-current assets	**8**	9	**1,220**	2,199	**1,510**	782	**6,425**	–	**5,720**	–
Current liabilities	**(4,749)**	(4,773)	**(1,337)**	(785)	**(3,255)**	(1,293)	**(11,456)**	–	**(6,255)**	–
Non-current liabilities	**(5,267)**	(4,402)	**(5)**	–	**–**	(35)	**–**	–	**(1,578)**	–
Net (liabilities)/ assets	**(9,881)**	(9,090)	**894**	2,548	**1,410**	1,918	**6,724**	–	**653**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) ***Interest in subsidiaries with material non-controlling interest ("NCI") (Continued)***

Summarised statements of comprehensive income

	Clearbridge Biophotonics Pte. Ltd. and its subsidiaries		Clearbridge Medical Philippines, Inc.		PT Tirta Medika Jaya		PT Indo Genesis Medika		Clearbridge Dental Holdings Pte. Ltd. and its subsidiaries	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Total income	**102**	264	**723**	1,103	**4,908**	2,710	**10,310**	–	**2,408**	–
Total expenses	**(2,758)**	(1,957)	**(2,447)**	(1,763)	**(5,479)**	(2,304)	**(9,417)**	–	**(2,042)**	–
Income tax (expense)/credit	**(1)**	(4)	**–**	–	**(133)**	(87)	**–**	–	**3**	–
(Loss)/income for the year	**(2,657)**	(1,697)	**(1,724)**	(660)	**(704)**	319	**893**	–	**369**	–
Other comprehensive income										
Exchange difference on translation of foreign operations	**72**	(94)	**33**	–	**196**	(27)	**–**	–	**–**	–
Total comprehensive income for the year	**(2,585)**	(1,791)	**(1,691)**	(660)	**(508)**	292	**893**	–	**369**	–

Other summarised information

	Clearbridge Biophotonics Pte. Ltd. and its subsidiaries		Clearbridge Medical Philippines, Inc.		PT Tirta Medika Jaya		PT Indo Genesis Medika		Clearbridge Dental Holdings Pte. Ltd. and its subsidiaries	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Net cash (outflow)/inflow from operating activities	**(2,726)**	(1,640)	**149**	(387)	**1,125**	(411)	**2,146**	–	**(2,873)**	–
Net cash (outflow)/inflow from investing activities	**–**	(10)	**(219)**	(437)	**(953)**	(211)	**(1,195)**	–	**14**	–
Net cash inflow/(outflow) from financing activities	**2,699**	1,767	**–**	812	**–**	1,050	**(1,042)**	–	**3,101**	–
Net cash (outflow)/inflow	**(27)**	117	**(70)**	(12)	**172**	428	**(91)**	–	**242**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) ***Acquisition of PT Indo Genesis Medika***

On 7 May 2019, the Group completed the acquisition of 49% equity interest in PT Indo Genesis Medika ("**IGM Labs**") and the completion of the subscription of the exchangeable bond ("**EB**") for S$2,200,000 or IDR 23 billion, which represent a 20.6% interest in IGM Labs. On 24 June 2019, the Group completed the subscription of redeemable exchangeable bond ("**REB**") for S$2,100,000 or IDR 22 billion that can be exchangeable to a 20% interest in IGM Labs. Subsequent to the mentioned transactions, the Group held an interest of 89.6% in IGM Labs.

IGM Labs was established in 2018 and is in the business of provision of laboratory testing services by partnering with medical device equipment manufacturers and hospitals. The provisional fair values of the identifiable assets and liabilities of IGM Labs as at the acquisition date were:

	S$'000
Property, plant and equipment	6,524
Intangible assets	954
Trade and other receivables	2,041
Inventories	1,383
Cash and cash equivalents	66
	10,968
Trade and other payables	(5,138)
Total identifiable net assets at provisional fair value	5,830
Non-controlling interest measured at non-controlling interest's proportionate share of IGM Labs' net identifiable assets	(606)
Provisional goodwill arising from acquisition	4,443
	9,667
Consideration transferred for the acquisition of IGM Labs:	
Cash paid	8,477
Deferred cash settlement	1,190
	9,667
Effect of the acquisition of IGM Labs on cash flows:	
Total consideration for 89.6% equity interest acquired, settled in cash	9,667
Consideration settled in cash	9,667
Less: cash and cash equivalents of subsidiary acquired	(66)
Net cash outflow on acquisition	(9,601)

Transaction costs

Transaction costs related to the acquisition of S$343,000 have been recognised in the "other operating expenses" line item in the Group's statement of comprehensive income for the year ended 31 December 2019.

Trade and other receivables

Trade and other receivables acquired comprise trade receivables and other receivables with a fair value which is also the gross amount of S$336,000 and S$1,705,000, respectively. It is expected that the full contractual amount of receivables can be collected.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) ***Acquisition of PT Indo Genesis Medika (Continued)***

Goodwill arising from acquisition

The goodwill of S$4,443,000 represents anticipated value arising from synergy created from the IGM Labs' existing network of hospital partners and the healthcare system existing business to deliver the company's precision medicine products or services in Indonesia.

Impact of the acquisition on profit or loss

From the acquisition date, IGM Labs has contributed S$10,308,000 of revenue and profit of S$893,000 for the year. If the business combination had taken place at the beginning of the reporting period, the Group's revenue would have been S$21,559,000 and the Group's loss, net of tax, would have been S$13,613,000.

(d) ***Acquisition of Nine Dental Clinics***

On 29 August 2019, the Group completed the acquisition of 51% equity interest in nine dental clinics operating under the "Dental Focus" brand name. The provisional fair values of the identifiable assets and liabilities of the nine dental clinics as at the acquisition date were:

	S$'000
Property, plant and equipment	488
Right-of-use assets	555
Trade and other receivables	1,675
Cash and cash equivalents	107
	2,825
Borrowings	(741)
Lease liabilities	(555)
Trade and other payables	(1,260)
Total identifiable net assets at provisional fair value	269
Non-controlling interest measured at non-controlling interest's proportionate share of nine dental clinics' net identifiable assets	(132)
Provisional goodwill arising from acquisition	5,167
	5,304
Consideration transferred for the acquisition of nine dental clinics:	
Cash paid	3,315
Provisional contingent consideration recognised as at acquisition date	1,989
	5,304
Effect of the acquisition of nine dental clinics on cash flows:	
Total consideration for 51% equity interest acquired	5,304
Less: non-cash consideration	(1,989)
Consideration settled in cash	3,315
Less: cash and cash equivalents of subsidiary acquired	(107)
Net cash outflow on acquisition	(3,208)

11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(d) ***Acquisition of Nine Dental Clinics (Continued)***

Contingent consideration arrangement

As part of the purchase agreement with the previous owner of the nine dental clinics, a contingent consideration has been agreed. Additional cash payments shall be payable to the previous owner of nine dental clinics of:

(i) Tranche A amount of S$663,000, if the nine dental clinics generate net profits after taxation (“NPAT”) of not less than S$1,300,000 for the 12-months period ending 28 August 2020; and

(ii) Tranche B amount of S$1,326,000, less Tranche A payout amount, if the nine dental clinics generate a cumulative NPAT of not less than S$2,600,000 for the 24-month period ending 28 August 2021; and

(iii) Tranche C amount of S$1,989,000, less Tranche A and Tranche B payout amounts, if the nine dental clinics generate a cumulative NPAT of not less than S$3,900,000 for the 36-month period ending 28 August 2022.

As at the acquisition date, the fair value of the contingent consideration was estimated at S$1,989,000.

As at 31 December 2019, based on management’s review, the key performance indicators of Dental Focus continue to show that the targets are probable due to an expansion of the business and revenue growth. The fair value of the contingent consideration was calculated by applying the income approach using the probability-weighted payout approach and at a discount rate of 1.68%. As at the acquisition date, the fair value of the contingent consideration was estimated at S$1,989,000. The fair value adjustment of the contingent consideration was nil as the acquisition had taken place close to the reporting date.

Transaction costs

Transaction costs related to the acquisition of S$157,000 have been recognised in the “other operating expenses” line item in the Group’s statement of comprehensive income for the year ended 31 December 2019.

Trade and other receivables

Trade and other receivables acquired comprise trade receivables and other receivables with a fair value which is also the gross amount of S$128,000 and S$1,547,000, respectively. It is expected that the full contractual amount of receivables can be collected.

Goodwill arising from acquisition

The goodwill of S$5,167,000 represents anticipated value arising from synergy created from the “Dental Focus” network by deploying other products or services within the Group are potentially realising economic of scale.

Impact of the acquisition on profit or loss

From the acquisition date, nine dental clinics has contributed S$2,276,000 of revenue and profit of S$416,000 for the year. If the business combination had taken place at the beginning of the reporting period, the Group’s revenue would have been S$25,498,000 and the Group’s loss, net of tax, would have been S$11,147,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(e) *Acquisition of Clearbridge Medical Philippines, Inc in 2018*

On 17 January 2018, the Group completed the acquisition of 65% equity interest in Clearbridge Medical Philippines, Inc. (formerly known as Marzan Health Care Inc.) ("**CBMPI**"). CBMPI was established in 2015 and is in the business of operating an integrated ambulatory medical centre in Quezon city, branded the Clearbridge Medical Centre (formerly known as Marzan Health Care Diagnostic Centre). The fair values of the identifiable assets and liabilities of CBMPI as at the acquisition date were:

	S$'000
Property, plant and equipment	2,260
Trade and other receivables	65
Inventories	1
Cash and cash equivalents	75
	2,401
Trade and other payables	(106)
Total identifiable net assets at fair value	2,295
Non-controlling interest measured at non-controlling interest's proportionate share of CBMPI's net identifiable assets	(804)
Goodwill arising from acquisition	268
	1,759
Consideration transferred for the acquisition of CBMPI:	
Cash paid	1,267
Deferred cash settlement	349
Contingent consideration recognised as at acquisition date	143
	1,759
Effect of the acquisition of CBMPI on cash flows:	
Total consideration for 65% equity interest acquired	1,759
Less: non-cash consideration	(492)
Consideration settled in cash	1,267
Less: cash and cash equivalents of subsidiary acquired	(75)
Net cash outflow on acquisition	(1,192)

Contingent consideration arrangement

As part of the purchase agreement with the previous owner of CBMPI, a contingent consideration has been agreed. Additional cash payments shall be payable to the previous owner of CBMPI of:

(i) PHP3,481,000 or S$91,000, if the entity generates earnings before interest, tax, depreciation and amortisation ("EBITDA") of not less than PHP3,600,000 or S$94,000 for the year ending 31 December 2019; and

(ii) PHP3,481,000 or S$91,000, if the entity generates EBITDA of not less than PHP3,600,000 or S$94,000 for the year ending 31 December 2020.

As at the acquisition date, the fair value of the contingent consideration was estimated at PHP5,505,000 or S$143,000.

As at 31 December 2019, the fair value of the contingent consideration has been adjusted to reflect the probability of CBMPI achieving the agreed EBITDA. The fair value of the contingent consideration as at 31 December 2019 has been decreased by S$71,000 to S$84,000 (31 December 2018 has been increased by S$12,000 to S$155,000). The fair value of the contingent consideration was calculated by applying the income approach using the probability-weighted payout approach and at a discount rate of 8.3%. This fair value adjustment of contingent consideration is recognised in the "other income" line item in the Group's statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(f) ***Acquisition of Medic Laser Private Limited and Medic Surgical Private Limited in 2018***

On 2 April 2018, the Group completed the acquisition of 85% equity interest in Medic Laser Private Limited ("**MLPL**") and Medic Surgical Private Limited ("**MSPL**"), respectively. MLPL and MSPL were established in 2012 and 2011, respectively and are in the business of providing aesthetic, surgical and general medical services in Singapore. The fair values of the identifiable assets and liabilities of MLPL and MSPL as at the acquisition date were:

	S$'000
Property, plant and equipment	327
Intangible assets	99
Trade and other receivables	152
Inventories	60
Cash and cash equivalents	510
	1,148
Trade and other payables	(204)
Contract liabilities	(283)
Deferred tax liabilities	(17)
Income tax payable	(63)
Total identifiable net assets at fair value	581
Non-controlling interest measured at non-controlling interest's proportionate share of MLPL and MSPL's net identifiable assets	(87)
Goodwill arising from acquisition	6,971
	7,465
Consideration transferred for the acquisition of MLPL and MSPL:	
Cash paid	2,000
Fair value of the newly issued shares of the Company	2,885
Contingent consideration recognised as at acquisition date	2,580
	7,465
Effect of the acquisition of MLPL and MSPL on cash flows:	
Total consideration for 85% equity interest acquired	7,465
Less: non-cash consideration	(5,465)
Consideration settled in cash	2,000
Less: cash and cash equivalents of subsidiary acquired	(510)
Net cash outflow on acquisition	(1,490)

<u>Equity instruments issued as part of consideration transferred</u>

In connection with the acquisition of 85% equity interest in MLPL and MSPL, the Company issued 6,337,136 ordinary shares with a fair value of S$0.46 each. The fair value of these shares has been determined by management, with the assistance of an independent valuer, based on the volume weighted average share price of the Company as at the acquisition date, and took into consideration the discount for lack of marketability on the period of moratorium.

<u>Contingent consideration arrangement</u>

As part of the purchase agreement with the previous owner of MLPL and MSPL, a contingent consideration has been agreed. Additional cash payments shall be payable to the previous owner of MLPL and MSPL as follows:

(i) Tranche A up to a maximum of S$2,000,000, if the entities generate EBITDA of S$828,000 for the year ended 31 December 2018; and

(ii) Tranche B up to a maximum of S$3,000,000, less Tranche A payout amount, if the entities generate a cumulative combined EBITDA of S$2,484,000 for the 3 years period ending 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(f) ***Acquisition of Medic Laser Private Limited and Medic Surgical Private Limited in 2018 (Continued)***

As at the acquisition date, the fair value of the contingent consideration was estimated at S$2,580,000.

As at 31 December 2019, the key performance indicator of MLPL and MSPL shows that the target has been met and the achievement of remaining target continues to be probable based on historical performance of the subsidiaries. During the year, S$2,000,000 from Tranche A was paid. As a result, the fair value of the contingent consideration as at 31 December 2019 has been decreased by S$1,803,000 to S$953,000 (31 December 2018 has been increased by S$159,000 to S$2,739,000). The fair value of the contingent consideration was calculated by applying the income approach using the probability-weighted payout approach and at a discount rate of 8.3%. This fair value adjustment of contingent consideration is recognised in the "other income" line item in the Group's statement of comprehensive income.

(g) ***Acquisition of PT Tirta Medika Jaya in 2018***

On 23 April 2018, the Group completed the acquisition of 55% equity interest in PT Tirta Medika Jaya ("**TMJ**"). TMJ was established in 2013 and is in the business of providing renal care services by partnering with medical device equipment manufacturers and hospitals in Indonesia. The fair values of the identifiable assets and liabilities of TMJ as at the acquisition date were:

	S$'000
Property, plant and equipment	504
Intangible assets	141
Prepaid taxes	350
Trade and other receivables	965
Inventories	130
Cash and cash equivalents	159
	2,249
Trade and other payables	(586)
Deferred tax liabilities	(35)
Total identifiable net assets at fair value	1,628
Non-controlling interest measured at non-controlling interest's proportionate share of TMJ's net identifiable assets	(733)
Goodwill arising from acquisition	4,055
	4,950
Consideration transferred for the acquisition of TMJ:	
Cash paid	3,300
Fair value of the newly issued share of the Company	888
Contingent consideration recognised as at acquisition date	762
	4,950
Effect of the acquisition of TMJ on cash flows:	
Total consideration for 55% equity interest acquired	4,950
Less: non-cash consideration	(1,650)
Consideration settled in cash	3,300
Less: cash and cash equivalents of subsidiary acquired	(159)
Net cash outflow on acquisition	(3,141)

11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(g) ***Acquisition of PT Tirta Medika Jaya in 2018 (Continued)***

Equity instruments issued as part of consideration transferred

In connection with the acquisition of 55% equity interest in TMJ, the Company issued 1,973,566 ordinary shares with a fair value of S$0.45 each. The fair value of these shares has been determined based on the volume weighted average share price of the Company as at the acquisition date, and took into consideration the discount for lack of marketability on the period of moratorium.

Contingent consideration arrangement

As of 31 December 2019 the fair value of the contingent consideration as at 31 December 2019 has been decreased by S$785,000 to Nil (31 December 2018 has been increased by S$23,000 to S$785,000) to reflect the probability of TMJ achieving the agreed performance. The fair value of the contingent consideration was calculated by applying the income approach using the probability-weighted payout approach and at a discount rate of 16%. This fair value adjustment of contingent consideration is recognised in the "other income" line item in the Group's statement of comprehensive.

Goodwill arising from acquisition

The purchase price allocation review ("PPA review") of TMJ is deemed to be provisional as at 31 December 2018 as the uncertainty of the value added tax ("VAT") position had not been completed by the date the financial statements was authorized for issue. During the year, on completion of the valuation, goodwill arising from acquisition increased by S$201,000 from provisional value of S$4,055,000 to S$4,256,000. None of the goodwill recognized is expected to be deductible for income tax purposes.

Adjustment to goodwill principally arose due to revision to the fair value of trade and other receivables which decreased by S$201,000.

Comparative information has not been restated to reflect this adjustment because it is not material to the Group's financial performance or position.

12. INVESTMENTS IN ASSOCIATE

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Investment designated as FVTPL				
Quoted equity shares				
– Ordinary shares	**14,733**	13,230	**–**	–

Changes in fair value amounting to a gain of S$1,503,000 (2018: loss of S$4,020,000) have been included in profit or loss for the year.

In connection with a fundraising exercise undertook by the Group's associate, Biolidics Limited (formerly known as Clearbridge Biomedics Pte. Ltd.) ("**Biolidics**") on 6 July 2018 (the "Biolidics Fundraising Exercise"), the Group's 126,703 preference shares representing 9.99% equity interest in Biolidics were converted into ordinary shares of Biolidics at the conversion ratio of one ordinary share for one preference share.

On the same day, pursuant to the Biolidics Fundraising Exercise, the Group converted the convertible loans issued by Biolidics into 63,263 ordinary shares representing 4.99% equity interest in Biolidics. The Group transferred the convertible loans at a fair value of S$2,199,000 from other investments to investments in associates.

The ordinary shares of Biolidics were listed on the Catalist Board of SGX-ST on 19 December 2018.

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12. INVESTMENTS IN ASSOCIATE (CONTINUED)

Following the completion of the initial public offering of Biolidics, the Group's direct interests in Biolidics decreased from 40% to 25%. The direct interest of 25% is recognised as investments in associates as at 31 December 2019 and 31 December 2018.

Details of the Group's associate are as follows:

Name of associate	Principal activities (Country of incorporation and operations)	Proportion of ownership interest	
		2019	2018
		%	%
Biolidics Limited (formerly known as Clearbridge Biomedics Pte. Ltd.)[(1)]	Research and development of biotechnology, life and medical science (Singapore)	**25**	25

(1) Audited by Ernst & Young LLP, Singapore.

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with SFRS(I):

	Biolidics Limited	
	2019	2018
	S$'000	S$'000
Current assets	**7,718**	13,263
Non-current assets	**1,904**	929
Current liabilities	**(1,419)**	(1,532)
Non-current liabilities	**(437)**	(101)
Net assets of the associates	**7,766**	12,559
Revenue	**1,438**	1,268
Total comprehensive loss for the year	**(4,792)**	(6,261)

13. DERIVATIVE FINANCIAL INSTRUMENTS

The Group was granted call options by third parties to acquire the third parties' interest in associates or other investments. The call options are derivative financial instruments accounted for at fair value through profit or loss:

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Assets				
Call options issued under the BSA operator agreement to acquire (Note A):				
Quoted equity shares in an associate	**1,637**	2,925	**–**	–
Unquoted equity shares in:				
– other investee	**720**	863	**–**	–
Non-current assets	**2,357**	3,788	**–**	–
Liabilities				
Issuance of convertible bonds (Note B)	**1,319**	–	**1,319**	–
Redeemable convertible bond (Note C)	**706**	–	**–**	–
	2,025	–	**1,319**	–
Current liabilities	**706**	–	**–**	–
Non-current liabilities	**1,319**	–	**1,319**	–

13. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Note A: In prior years, the Group entered into an investment arrangement with a third party who will coinvest dollar-for-dollar into investments deemed as qualifying investments under the Biomedical Sciences Accelerator ("BSA") operator agreement. As part of the arrangement, the third party has granted written call options to Clearbridge BSA Pte. Ltd. ("CBBSA"), a wholly owned subsidiary of the Group, which represents CBBSA's right to call on investments invested by the said third party during the period from February 2014 to February 2020. The call option exercise consideration is equivalent to the third party's investment cost plus a return at a rate of 8% annual cumulative non-compounding simple interest.

In prior year, the convertible loans held by the third party in an associate, Biolidics were converted into ordinary shares of Biolidics following the completion of the Biolidics Fundraising Exercise, as discussed in Note 12. The ordinary shares of Biolidics were listed on Catalist Board of SGX-ST in December 2018.

Subsequent to year end, the third party had extended the expiry date of the call options for a period of 9 months, from 28 February 2020 to 28 November 2020.

Note B: Relates to the redeemable option and convertible options of the convertible bonds issued by the Company on 8 March 2019 and 17 May 2019 respectively. Please refer to the Note 27(vii) for details on the convertible bonds.

Note C: During the financial year, a subsidiary, SAM Laboratory Pte. Ltd. ("SAM") entered into a redeemable exchangeable bond subscription agreement to subscribe for a redeemable exchangeable bond ("REB") issued by a third party. The REB will be exchangeable at SAM's option into shares in IGM Labs held by the third party representing 20% of the total issued share capital of IGM Labs subject to third party's option to redeem the REB at the price of S$2,100,000 or IDR 22 billion within one year from the completion date.

Changes in fair value amounting to a loss of S$2,881,000 (2018: S$2,119,000) have been included in profit or loss for the year.

14. PROPERTY, PLANT AND EQUIPMENT

Group	Computer equipment S$'000	Furniture and fittings S$'000	Office equipment S$'000	Medical equipment S$'000	Laboratory equipment S$'000	Motor vehicles S$'000	Renovation S$'000	Freehold Property S$'000	Work-in-progress S$'000	Total S$'000
Cost:										
At 1 January 2018	126	119	41	61	–	–	94	2,251	–	2,692
Additions	101	102	35	467	501	–	350	–	416	1,972
Acquisition of subsidiaries	51	85	38	1,858	–	80	905	–	74	3,091
Written off/disposal	–	(3)	–	(100)	–	–	(16)	–	–	(119)
Reclassification	–	11	2	–	–	–	72	–	(85)	–
Exchange difference	2	(2)	–	–	–	–	(9)	–	10	1
At 31 December 2018 and 1 January 2019	280	312	116	2,286	501	80	1,396	2,251	415	7,637
Additions	17	9	15	111	–	–	789	–	769	1,710
Acquisition of subsidiaries	324	4	–	100	–	–	6,584	–	–	7,012
Written off/disposal	(8)	(174)	(8)	(1,201)	–	–	(62)	–	–	(1,453)
Exchange difference	1	(1)	–	(32)	–	8	76	–	(32)	20
At 31 December 2019	614	150	123	1,264	501	88	8,783	2,251	1,152	14,926
Accumulated depreciation:										
At 1 January 2018	36	24	7	5	–	–	19	4	–	95
Charge for the year	78	95	27	423	55	14	281	45	–	1,018
Written off/disposal	–	(3)	–	(71)	–	–	(16)	–	–	(90)
Exchange difference	(3)	(4)	(1)	2	–	–	(5)	–	–	(11)
At 31 December 2018 and 1 January 2019	111	112	33	359	55	14	279	49	–	1,012
Charge for the year	129	63	22	480	116	20	1,764	45	–	2,639
Written off/disposal	(4)	(103)	(5)	(531)	–	–	(38)	–	–	(681)
Exchange difference	(3)	–	–	(41)	–	1	9	–	–	(34)
At 31 December 2019	233	72	50	267	171	35	2,014	94	–	2,936
Carrying amount:										
At 31 December 2018	169	200	83	1,927	446	66	1,117	2,202	415	6,625
At 31 December 2019	381	78	73	997	330	53	6,769	2,157	1,152	11,990

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14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Computer equipment S$'000	Office equipment S$'000	Total S$'000
Cost:			
At 1 January 2018	23	1	24
Additions	10	14	24
At 31 December 2018 and 1 January 2019	33	15	48
Additions	2	13	15
At 31 December 2019	35	28	63
Accumulated depreciation:			
At 1 January 2018	17	1	18
Charge for the year	5	2	7
At 31 December 2018 and 1 January 2019	22	3	25
Charge for the year	7	6	13
At 31 December 2019	29	9	38
Carrying amount:			
At 31 December 2018	11	12	23
At 31 December 2019	6	19	25

The cash outflow on acquisition of property, plant and equipment amounted to S$1,710,000 (2018: S$1,676,000).

Assets pledged as security

The Group's freehold property with a carrying amount of S$2,157,000 (2018: S$2,202,000) are mortgaged to secure the Group's bank loan (Note 27).

The Group's laboratory equipment with a carrying amount of S$217,000 (2018: S$276,000) is mortgaged to secure the Group's fixed bank loan (Note 27).

15. LEASES

Group as a lessee

The Group has lease contracts for office and clinical premises used in its operations. Leases of office and clinical premises generally have lease terms between 1 and 12 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are no lease contracts that include extension or termination options and variable lease payments.

The Group also has certain leases of warehouse premises with lease terms of less than 12 months in which the Group applies the 'short-term lease' recognition exemptions for these leases.

15. LEASES (CONTINUED)

Group as a lessee (Continued)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Group

	Office and clinical premises S$'000
At 1 January 2019	–
Effects of Adoption of SFRS (I) 116	800
At 1 January 2019 (revised)	800
Additions	885
Acquisition of subsidiary	555
Depreciation expense	(470)
Exchange difference	17
At 31 December 2019	1,787

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group 2019 S$'000
At 1 January 2019	–
Effects of Adoption of SFRS (I) 116	800
At 1 January 2019 (revised)	800
Additions	828
Acquisition of subsidiary	555
Accretion of interest	76
Payments	(439)
Exchange difference	(59)
At 31 December 2019	1,761
Current	842
Non-current	919
	1,761

The following are the amounts recognised in profit or loss:

	Group and Company 2019 S$'000
Depreciation of right-of-use assets	470
Interest expense on lease liabilities	76
Expense relating to short-term leases (included in other expenses)	330
Total amount recognised in profit or loss	876

The Group had total cash outflows for leases of S$769,000 in 2019. The Group also had non-cash additions to right-of-use assets of S$1,440,000 and lease liabilities of S$1,383,000 in 2019.

Commitments

As at 31 December 2019, the Group has a lease contract that has not yet commences. The future lease payments for these non-cancellable leases contract is S$95,000 within one year, S$191,000 within five years.

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16. INTANGIBLE ASSETS

Group	Patent rights S$'000	Trademark S$'000	CAP Accreditation S$'000	Customer relationships S$'000	Favourable rental agreement S$'000	Computer Software S$'000	Total S$'000
Cost:							
At 1 January 2018	99	3	105	17	–	–	224
Additions	–	–	–	–	–	–	–
Acquisition of a subsidiary	–	–	–	141	99	–	240
Translation differences	–	–	–	1	–	–	1
At 31 December 2018 and 1 January 2019	99	3	105	159	99	–	465
Additions	–	–	–	–	–	17	17
Acquisition of subsidiaries	–	–	–	954	–	–	954
At 31 December 2019	99	3	105	1,113	99	17	1,436
Accumulated amortisation:							
At 1 January 2018	99	–	18	1	–	–	118
Charge for the year	–	–	52	2	27	–	81
At 31 December 2018 and 1 January 2019	99	–	70	3	27	–	199
Charge for the year	–	–	35	19	36	4	94
At 31 December 2019	99	–	105	22	63	4	293
Carrying amount:							
At 31 December 2018	–	3	35	156	72	–	266
At 31 December 2019	–	3	–	1,091	36	13	1,143

17. GOODWILL ON CONSOLIDATION

	Group 2019 S$'000	Group 2018 S$'000
Carrying amount:		
At the beginning of the year	**22,296**	11,002
Goodwill arising from acquisitions	**9,811**	11,294
At the end of the year	**32,107**	22,296

Impairment testing of goodwill

Goodwill acquired through business combinations have been allocated to two CGUs, which are also the reportable operating segments, for impairment testing as follows:

	2019 S$'000	2018 S$'000
Medical clinics/centres	**21,407**	16,239
Healthcare systems	**10,700**	6,057
	32,107	22,296

17. GOODWILL ON CONSOLIDATION (CONTINUED)

Impairment testing of goodwill (Continued)

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	Medical clinics/centres		Healthcare systems	
	2019	**2018**	**2019**	**2018**
Growth rates	3%	3%	3%	3%
Pre-tax discount rates	19%	17%	19%	19%

Key assumptions used in the value in use calculations

The calculations of value in use for both CGUs are most sensitive to the following assumptions:

Assumption	Description
Growth rates	The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.
Pre-tax discount rates	Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Sensitivity to changes in assumptions

With regards to the assessment of value in use for both CGUs, the Group believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

18. OTHER INVESTMENTS

	Group		Company	
	2019	**2018**	**2019**	**2018**
	S$'000	**S$'000**	**S$'000**	**S$'000**
At fair value through other comprehensive income				
Unquoted equity shares	**1,860**	1,860	**–**	–

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18. OTHER INVESTMENTS (CONTINUED)

Unquoted equity shares represent investment in an entity not listed on any stock exchange.

As at 31 December 2019, the fair value of the investment in unquoted equity shares of Singapore Institute of Advanced Medicine Holdings Pte. Ltd. designated by the Group at fair value through other comprehensive income amounted to S$1,860,000 (2018: S$1,860,000). The Group has elected to measure these equity securities at FVOCI due to the Group's intention to hold these equity instruments for long-term appreciation. During the year, the Group recognised a gain for changes in fair value of the investment of Nil (2018: S$375,000) in other comprehensive income.

In 2018, changes in fair value amounting to a loss of S$1,444,000 have been included in profit or loss.

19. CASH AT BANKS AND SHORT-TERM DEPOSITS

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Cash at banks	**5,554**	4,233	**2,485**	509
Short-term deposits	**8,006**	3,772	**5,360**	3,000
	13,560	8,005	**7,845**	3,509

Certain cash at banks earns interest. Short-term deposits are made for varying periods of between one to nine months and earn interests at the respective short-term deposit rates. The average interest as at 31 December 2019 is between 1.45%-2.18% (2018: 0.25%-1.58%) per annum.

Cash and cash equivalents denominated in foreign currencies as at 31 December 2019 and 2018 are as follows:

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
US dollar	**28**	137	**6**	2
Euro	**2**	2	**2**	2
Australian dollar	**–**	10	**–**	–
Others	**17**	4	**–**	–

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	2019 S$'000	2018 S$'000
Cash at banks and short-term deposits	**13,560**	8,005
Less: Restricted deposits	**(3,468)**	(235)
Cash and cash equivalents per consolidated cash flow statement	**10,092**	7,770

Restricted deposits represent bank balances of certain subsidiaries placed with banks to obtain credit facilities and loans.

20. TRADE RECEIVABLES

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
External parties	**10,753**	2,050	**–**	–

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20. TRADE RECEIVABLES (CONTINUED)

Trade receivable balances are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash. The average credit period is 30 to 60 days. There are no trade receivables denominated in foreign currencies.

Expected credit losses

There is no allowance for expected credit losses arising from the Group's trade receivables as at 31 December 2019 (2018: Nil) as the expected credit losses are not material.

21. OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Current				
Deposits	**389**	203	**4**	4
Amounts due from related parties	**1,902**	133	**9**	9
Amounts due from an associate	**50**	43	**–**	2
Loan to a third party	**–**	2,720	**–**	–
Prepaid taxes	**694**	499	**–**	–
Others	**603**	356	**70**	73
	3,638	3,954	**83**	88
Non-current				
Amounts due from a related party	**703**	–	**–**	–

Current amounts due from related parties are unsecured, non-interest bearing and repayable monthly over the next 12 months.

Non-current amount due from a related party is unsecured, bears interest at 6.9% per annum starting from May 2022 and is repayable monthly until May 2023.

Amounts due from an associate relate to interest accrued on convertible loans issued by an associate.

Loan to a third party is unsecured, bears interest at 11% per annum and is repayable within 9 months from the drawdown date.

22. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2019	2018
	S$'000	S$'000
Current		
Interest bearing	**2,499**	3,954
Non-interest bearing	**27,997**	11,353
	30,496	15,307
Non-current		
Interest bearing amount	**12,666**	10,718
Non-interest bearing	**15,644**	13,065
	28,310	23,783

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

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22. AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

The current interest bearing amounts are unsecured, bear interest of 8% or 12% per annum (31 December 2018: 8% or 12%) and are repayable on demand.

The non-current interest bearing amounts are unsecured, bear interest of 8% per annum (31 December 2018: 8%), are repayable on demand but are not expected to be recovered within the next 12 months, accordingly these are classified as non-current.

23. INVENTORIES

	Group	
	2019 S$'000	2018 S$'000
Medical supplies (at lower of cost and net realisable value)	**1,754**	413

In 2019, S$12,255,000 (2018: S$2,740,000) was recognised as an expense in cost of sales.

24. TRADE PAYABLES

Trade payables balances are unsecured, non-interest bearing, and are expected to be settled between 30 to 60 days. There are no trade payables denominated in foreign currencies.

25. OTHER PAYABLES

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Current				
Accruals	**1,937**	604	**325**	114
Liability arising from call option to acquire additional interest in a subsidiary	**5,013**	3,653	**–**	–
Contingent consideration for business combinations	**663**	1,905	**–**	–
Deferred consideration	**1,297**	–	**–**	–
Other creditors	**3,938**	910	**218**	246
	12,848	7,072	**543**	360
Non-current				
Accruals	**63**	–	**–**	–
Other creditors	**2**	–	**–**	–
Contingent consideration for business combinations	**2,363**	1,774	**–**	–
	2,428	1,774	**–**	–

Accruals mainly relate to accruals for payroll and professional fees.

Other creditors are non-interest bearing and are generally on a 30 to 60 days term.

Liability arising from call option to acquire additional interest in a subsidiary relates to call option granted by a shareholder to acquire the shareholder's interest in a subsidiary. As the Group accounts for the effect of the call option as though it owns the shareholder's interest in the subsidiary as disclosed in Note 2.4, a liability representing the cost, bearing an interest of 8% per annum, cumulative non-compounding is recognised.

Contingent consideration for business combinations are in relation to the acquisitions made by the Group during the year as disclosed in Note 11.

26. AMOUNTS DUE TO SUBSIDIARIES

Amounts due to subsidiaries by the Company are unsecured, non-interest bearing, non-trade related, repayable on demand and to be settled in cash.

27. BORROWINGS

	Group		Company	
	2019	**2018**	**2019**	**2018**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Current				
Fixed rate bank loans	**1,796**	56	**–**	–
Floating rate bank loans	**2,779**	414	**1,671**	400
Redeemable convertible bonds	**222**	–	**222**	–
	4,797	470	**1,893**	400
Non-current				
Fixed rate bank loans	**395**	218	**–**	–
Floating rate bank loans	**5,411**	2,201	**1,605**	611
Redeemable convertible bonds	**11,044**	–	**11,044**	–
	16,850	2,419	**12,649**	611
Total borrowings	**21,647**	2,889	**14,542**	1,011

			Group		Company	
			2019	**2018**	**2019**	**2018**
	Effective interest rate	**Maturity**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Total borrowings comprise:						
Fixed rate bank loans	1.12%-9.75%	May 2020 – Jul 2023	**2,191**	274	**–**	–
Floating rate bank loans	4.54%-11.45%	Sep 2021 – Oct 2042	**8,190**	2,615	**3,276**	1,011
Redeemable convertible bonds	7%	Mar 2022	**11,266**	–	**11,266**	–
			21,647	2,889	**14,542**	1,011

Included in the bank loans are:

(i) Loan amounting to S$218,000 (2018: S$274,000) which is secured by laboratory equipment;

(ii) Loan amounting to S$1,628,000 (2018: S$1,604,000) which is secured by the freehold office unit of the Group;

(iii) Loan amounting to S$3,276,000 (2018: S$1,011,000) which is secured by all rights, interest in all material contracts and assets owned by the Company's subsidiaries;

(iv) Loan amounting to S$3,286,000 (2018: Nil) which is secured by a charge over the issued share capital of the Company's subsidiaries, fixed deposit in the name of the Company's subsidiaries and corporate guarantee provided by the Company;

(v) Loan amounting to S$1,400,000 (2018: Nil) which is secured by fixed deposit in the name of the Company's subsidiary and standby letter of credit provided by the Company's subsidiary;

(vi) Loans amounting to S$573,000 (2018: Nil) which are secured by personal guarantee provided by a minority shareholder and corporate guarantee provided by the Company's subsidiaries; and

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27. **BORROWINGS (CONTINUED)**

(vii) During the financial year, the Company issued Series 1 and Series 2 convertible bonds of S$9,500,000 and S$1,500,000, on 8 March 2019 and 17 May 2019, respectively. The convertible bonds bear interest at the rate of 7.0% per annum and will mature on March 2022 and May 2022, respectively.

The redeemable option allows the Company to redeem the convertible bonds 18 months after the issue date. The redemption premium is half of the unearned interest from the redemption date to the maturity date and an addition redemption premium calculated as follows:

(i) 9.0% of the principle for early redemption between 18 months and 24 months from the issue of the bonds;

(ii) 14.4% of the principal for early redemption between 24 months and 30 months from the issue of the bonds; and

(iii) 20.0% principle for early redemption after 30 months from issue of the bonds.

Upon maturity, the Company is required to redeem the convertible bonds at 120% of the principle.

The convertible bonds may be converted at any time from the issuance date to the maturity date at the option of the holder at S$0.28 per share. During the year, the Company issued 80,450,200 new ordinary shares via placement and this resulted in an adjustment to the conversion price of S$0.28 to S$0.14.

Certain adjustment clauses within the terms of the convertible bonds results in the convertible option not meeting the "fixed for fixed" criteria. Therefore, the redeemable and convertible option is classified as a derivative liability.

A reconciliation of liabilities arising from financing activities is as follows:

	1.1.2019	**Cash flows**	**Non-cash changes**				**31.12.2019**
			Acquisition	**Accretion of interests**	**Derivative liabilities arising from convertible loan**	**Others**	
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Bank loans							
– Current	**470**	315	741	393	–	2,656	**4,575**
– Non-current	**2,419**	6,043	–	–	–	(2,656)	**5,806**
Convertible bonds							
– Current	**–**	–	–	–	–	222	**222**
– Non-current	**–**	10,615	–	1,226	(575)	(222)	**11,044**
	2,889	16,973	741	1,619	(575)	–	**21,647**

	1.1.2018	**Cash flows**	**Non-cash changes**		**31.12.2018**
			Acquisition	**Accretion of interests**	
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Floating rate bank loan A & B					
Current	9	405	–	–	414
Non-current	1,632	560	–	9	2,201
Obligation under a finance lease					
Current	–	–	56	–	56
Non-current	–	(22)	240	–	218
	1,641	943	296	9	2,889

28. DEFERRED TAX LIABILITIES

Deferred tax as at 31 December 2019 and 2018 relates to the following:

	Group		Company	
	2019 S$'000	**2018 S$'000**	**2019 S$'000**	**2018 S$'000**
Balance as at 1 January	**1,821**	1,786	–	–
Deferred tax liabilities arising from the acquisition of subsidiaries	–	52	–	–
Credited to profit or loss	**(1)**	(17)	–	–
Balance as at 31 December	**1,820**	1,821	–	–

Deferred tax liabilities as at 31 December 2019 and 2018 related to the following:

	Group		Company	
	2019 S$'000	**2018 S$'000**	**2019 S$'000**	**2018 S$'000**
Fair value gain on financial instruments	**1,765**	1,766	–	–
Deferred tax liabilities arising from business combinations	**55**	55	–	–
	1,820	1,821	–	–

Unrecognised tax losses

Subject to the agreement with the Comptroller of Income Tax and the relevant provisions of the income Tax Act, the Group has estimated unabsorbed tax losses of S$24,050,000 (2018: S$23,308,000) and unutilised capital allowances of S$285,000 (2018: S$70,000) available for offset against future profit. The tax losses can be carried forward indefinitely subject to the conditions imposed by law including the retention of majority shareholders (the "Shareholding test") as defined.

29. SHARE CAPITAL

	Group and Company			
	2019		2018	
	No. of shares	**S$'000**	No. of shares	**S$'000**
Ordinary shares				
At the beginning of year	**489,310,702**	**77,670**	481,000,000	73,897
Issued during the year	**91,673,532**	**11,275**	8,310,702	3,773
At the end of the year	**580,984,234**	**88,945**	489,310,702	77,670

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

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30. OTHER RESERVES

(a) ***Capital reserve***

This represents the effects of a series of transactions with shareholders prior to the listing of the Company in December 2017.

(b) ***Share-based payment reserve***

Share-based payment reserve represents the equity-settled shares granted to employees (Note 5).

(c) ***Fair value reserve***

Fair value reserve represents the cumulative fair value changes, net of tax, of financial assets carried at fair value through other comprehensive income until they are disposed.

(d) ***Currency translation reserve***

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

31. OTHER RELATED PARTY TRANSACTIONS

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	
	2019 S$'000	2018 S$'000
Interest income on convertible loan from an associate	–	123
Professional services fee charged to an associate	–	25

Compensation of directors and key management personnel

	Group	
	2019 S$'000	2018 S$'000
Short-term benefits	**1,023**	1,028
Post-employment benefits	**61**	66
Share-based payment – equity settled	**1,082**	1,214
Directors' fee	**180**	173
	2,346	2,481
Comprise amounts paid to:		
Directors of the Company	**878**	1,825
Other key management personnel	**1,468**	656
	2,346	2,481

The remuneration of directors and key management is determined by the board of directors having regard to the performance of individuals.

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32. CONTINGENCIES

Contingent asset

As of 31 December 2019, the key performance indicators of TMJ showed that it is increasingly uncertain that TMJ will meet the cumulative EBITDA earnout target. Based on terms of the purchase agreement, in the event that the cumulative 3 years EBITDA of TMJ is less than S$3,000,000, the amount payable would be calculated based on the following:

Contingent consideration amount of S$1,100,000 less past contingent consideration paid and add back shortfall amount.

Shortfall amount represents S$3,000,000 less 3 years cumulative EBITDA of TMJ. If the amount payable is negative, the vendor is required to pay the shortfall amount.

The shortfall amount is not virtually certain and therefore not recognised in these financial statements.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, market risk, liquidity risk and interest risk. The board of directors reviews and agrees on policies and procedures for the management of these risks.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(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's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group'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 exposure to bad debts is not significant.

The Group considers 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.

The Group has determined the default event on a financial asset to be:

1) for financial assets receivable from government linked counterparties, 150 days after due date; and

2) for financial assets receivable from individuals and non-government linked corporate counterparties, 90 days after due date.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the company compares the risk of default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition.

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) *Credit risk (Continued)*

To assess whether there is a significant increase in credit risk, the Group compares 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 considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 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 debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 90 to 150 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 company continues 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.

(i) Non-trade financial assets and loans at amortised cost

The Group uses three categories of internal credit risk ratings for debt instruments and 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 specific to the counterparty and other external information that could affect the counterparty's behaviour.

The Group computes expected credit loss for this group of financial assets using the probability of default approach. In calculating the expected credit loss rates, the Group considers implied probability of default based on historical loss rates for each category of counterparty, and adjusts for forward looking macroeconomic data such as GDP growth.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) ***Credit risk (Continued)***

(i) Non-trade financial assets and loans at amortised cost (Continued)

A summary of the Group's internal grading category in the computation of the Group's expected credit loss model for the debt instruments and loans is as follows:

Category	**Definition of category**	**Basis for recognition of expected credit loss provision**
Grade I	Customers 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.	Lifetime expected credit losses
Grade III	Interest and/or principal repayments are 90 days past due.	Lifetime expected credit losses

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

No loss allowance provision for other non-trade financial assets and loan has been provided as management has assessed the impact to be not significant.

The gross carrying amount of other non-trade financial assets and 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:

Group		**2019 S$'000**	**2018 S$'000**
12-month ECL	Non-trade financial assets at amortised cost	**3,647**	735
12-month ECL	Loans at amortised cost	**–**	2,720
	Total	**3,647**	3,455

The gross carrying amount of non-trade financial assets and loans at amortised cost of the Company as at 31 December 2019, without taking into account of any collaterals held or other credit enhancements which represents the maximum exposure to loss, is S$3,647,000 (2018: S$3,455,000).

(ii) 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 type of customers. The expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Management has assessed that the impact of the loss allowance provision as at 31 December 2019 and 2018 are not significant.

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) ***Credit risk (Continued)***

(iii) Concentration risk

Summarised below is the information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix, grouped by geographical region:

As at 31 December 2019	**Singapore S$'000**	**Indonesia S$'000**	**Philippines S$'000**	**Others S$'000**	**Total S$'000**
Current	**56**	**4,285**	**93**	**34**	**4,468**
0 to 30 days past due	**254**	**1,788**	**32**	**8**	**2,082**
31 to 90 days past due	**77**	**2,367**	**59**	**9**	**2,512**
91 to 120 days past due	**7**	**820**	**53**	**11**	**891**
More than 121 days past due	**17**	**668**	**115**	**–**	**800**
Total	**411**	**9,928**	**352**	**62**	**10,753**

As at 31 December 2018	**Singapore S$'000**	**Indonesia S$'000**	**Philippines S$'000**	**Others S$'000**	**Total S$'000**
Current	69	226	193	18	506
0 to 30 days past due	135	118	172	25	450
31 to 90 days past due	42	587	9	1	639
91 to 120 days past due	7	143	83	–	233
More than 121 days past due	11	191	18	2	222
Total	264	1,265	475	46	2,050

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group	
	2019 S$'000	**2018 S$'000**
Singapore	**411**	264
Philippines	**352**	475
Indonesia	**9,928**	1,265
Others	**62**	46
	10,753	2,050

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) ***Credit risk (Continued)***

(iii) Concentration risk (Continued)

Credit risk concentration profile (Continued)

At the end of the reporting period, approximately:

(i) 67% of the Group's trade receivables were due from 4 major customers located in Indonesia (2018: 50% was due from 5 major customer located in Philippines and Indonesia).

(ii) 61% (2018: 4%) of the Group's other receivables were due from related parties while almost all of the Company's receivables were balances with related parties.

There are no other debtors who represent more than 5% of the Group's total balance of trade and other receivables. Other than the above, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

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 at banks and short-term deposits, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(b) ***Market risk***

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity shares and unquoted equity shares. The quoted equity shares are listed on the Catalist Board of the Singapore Exchange Securities Trading Limited in Singapore and are classified as held for trading. The Group does not have exposure to commodity price risk.

Sensitivity analysis for equity price risk

At the end of the reporting period, if the price of the quoted shares held had been 2% (2018: 2%) higher/lower with all other variables held constant, the Group's profit before tax would have been S$295,000 (2018: S$59,000) higher/lower, arising as a result of higher/lower fair value gains on investment in associates.

The sensitivity analysis for unquoted shares is disclosed in Note 34.

(c) ***Liquidity risk***

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds.

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) ***Liquidity risk (Continued)***

Analysis of financial instruments by remaining contractual maturities

Non-derivative financial liabilities

Group	One year or less S$'000	One to five years S$'000	Over five years S$'000	Total S$'000
31.12.2019				
Financial liabilities:				
Trade payables	**4,443**	**–**	**–**	**4,443**
Other payables	**12,848**	**2,428**	**–**	**15,276**
Borrowings	**5,867**	**19,456**	**2,113**	**27,436**
Lease Liability	**842**	**919**	**–**	**1,761**
Total undiscounted financial liabilities	**24,000**	**22,803**	**2,113**	**48,916**
31.12.2018				
Financial liabilities:				
Trade payables	1,007	–	–	1,007
Other payables	7,271	2,201	–	9,472
Borrowings	594	1,430	2,360	4,384
Total undiscounted financial liabilities	8,872	3,631	2,360	14,863

(d) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

The Group's policy is to obtain the most favourable rates available and to minimise the interest rate risks by placing such balances on varying maturities and interest rate terms.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 100 (2018: 100) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been S$68,000 (2018: S$28,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

34. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(a) ***Fair value hierarchy***

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

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

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

– Level 3 – Unobservable inputs for the asset or liability.

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

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34. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

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

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

	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments S$'000	Significant observable inputs other than quoted prices S$'000	Significant unobservable inputs S$'000	Total S$'000
2019				
Assets measured at fair value				
Financial assets				
Investments in associates at FVTPL Quoted equity shares	**14,733**	**–**	**–**	**14,733**
Derivatives financial assets	**–**	**–**	**2,357**	**2,357**
Other investments at FVOCI				
Unquoted equity shares	**–**	**1,860**	**–**	**1,860**
Financial assets as at 31 December 2019	**14,733**	**1,860**	**2,357**	**18,950**
Liabilities measured at fair value				
Financial liabilities				
Derivatives financial liabilities				
– Redeemable convertible option on convertible bonds	**–**	**–**	**1,319**	**1,319**
– Redeemable option on REB	**–**	**–**	**706**	**706**
Contingent consideration for business combinations	**–**	**–**	**3,026**	**3,026**
Financial liabilities as at 31 December 2019	**–**	**–**	**5,051**	**5,051**
2018				
Assets measured at fair value				
Financial assets				
Investments in associates at FVTPL				
Quoted equity shares	13,230	–	–	13,230
Derivatives financial instruments	–	–	3,788	3,788
Other investments at FVOCI				
Unquoted equity shares	–	1,860	–	1,860
Financial assets as at 31 December 2018	13,230	1,860	3,788	18,878
Liabilities measured at fair value				
Financial liabilities				
Contingent consideration for business combinations	–	–	3,679	3,679
Financial liabilities as at 31 December 2018	–	–	3,679	3,679

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34. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

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

The following is a description of the valuation techniques and inputs used in the fair value measurement for unquoted equity shares that is categorised within Level 2 of the fair value hierarchy:

Other investments

Unquoted equity shares are valued using the market approach valuation technique with market observable inputs. The most frequently applied valuation techniques include Guideline Public Company Method ("GPC") and Guideline Public Transaction Method ("GPT"). The techniques use derived market multiples from market prices of comparable companies or actual transactions involving either minority or controlling interests in either publicly traded or closely held companies.

(d) ***Level 3 fair value measurements***

(i) ***Information about significant unobservable inputs used in Level 3 fair value measurements***

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair Value as at 31 December 2019 S$'000	Valuation techniques	Significant Unobservable inputs	Relationship unobservable inputs to fair value
Derivative financial assets				
Call options	**2,357**	Binomial Option Pricing Model "OPM" methodology. The stock price is projected based on a lattice tree structure under the binomial option pricing model and the strike price is derived based on the underlying investments cost and a simple non-compounding interest rate of 8%.	Projected stock price volatility	The higher the volatility, the higher the fair value. An increase by 10% points would result in a higher fair value of S$60,000.
Financial assets as at 31 December 2019	2,357			
Derivative financial liabilities				
Redeemable convertible option on redeemable convertible bonds	**1,319**	Binomial Option Pricing Model "OPM" methodology. The stock price is projected based on the fair value of the shares of the Company.	Projected stock price volatility	The higher the volatility, the higher the fair value. An increase by 10% points would result in a higher fair value of S$343,000.
Redeemable option on REB	**706**	Binomial Option Pricing Model "OPM" methodology. The stock price is projected based on the fair value of shares of a subsidiary.	Projected stock price volatility	The higher the volatility, the higher the fair value. An increase by 10% points would result in a higher fair value of S$50,000.
Other payables				
Contingent consideration for business combinations	**3,026**	Discounted cash flow and probability of meeting EBITA or NPAT target based on projected cash flow.	Discount rate	The higher the discount rate, the lower the fair value. An increase by 1% would result in a lower fair value of S$26,000.
Financial liabilities as at 31 December 2019	5,051			

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34. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(d) ***Level 3 fair value measurements (Continued)***

(i) ***Information about significant unobservable inputs used in Level 3 fair value measurements (Continued)***

Description	Fair Value as at 31 December 2018 S$'000	Valuation techniques	Significant Unobservable inputs	Relationship unobservable inputs to fair value
Derivative financial instruments				
Call options	3,788	Binomial Option Pricing Model "OPM" methodology. The stock price is projected based on a lattice tree structure under the binomial option pricing model and the strike price is derived based on the underlying investments cost and a simple non-compounding interest rate of 8%.	Projected stock price volatility	The higher the volatility, the higher the fair value. An increase by 10% points would result in a higher fair value of S$220,000.
Financial assets as at 31 December 2018	3,788			
Other payables				
Contingent consideration for business combinations	3,679	Discounted cash flow and probability of meeting EBITA or NPAT target based on projected cash flow.	Discount rate	The higher the discount rate, the lower the fair value. An increase by 1% would result in a lower fair value of S$30,000.
Financial liabilities as at 31 December 2018	3,679			

(ii) ***Movements in Level 3 assets and liabilities measured at fair value***

	Fair value measurements using significant unobservable inputs (Level 3)					
	Unquoted equity shares S$'000	Convertible loans issued by an associate S$'000	Call options S$'000	Derivative financial liabilities S$'000	Contingent consideration S$'000	Total S$'000
At 1 January 2018	15,052	3,543	5,907	–	–	24,502
Reclassification[1]	2,198	(2,198)	–	–	–	–
Transfer out to level 1(b)	(13,230)	–	–	–	–	(13,230)
Total (losses)/gains included in profit or loss	(4,020)	(1,345)	(2,119)	–	(194)	(7,678)
Arising from acquisition of subsidiaries	–	–	–	–	(3,485)	(3,485)
At 31 December 2018 and 1 January 2019	**–**	**–**	**3,788**	**–**	**(3,679)**	**109**
Total (losses)/gains included in profit or loss	**–**	**–**	**(1,431)**	**(1,450)**	**642**	**(2,239)**
Recognition of derivative arising from convertible bonds	**–**	**–**	**–**	**(575)**	**–**	**(575)**
Payment for contingent consideration	**–**	**–**	**–**	**–**	**2,000**	**2,000**
Arising from acquisition of subsidiaries	**–**	**–**	**–**	**–**	**(1,989)**	**(1,989)**
At 31 December 2019	**–**	**–**	**2,357**	**(2,025)**	**(3,026)**	**(2,694)**

(1) In 2018, the convertible loans issued by an associate were converted into ordinary shares of the associate and reclassified to investments in associates, as disclosed in Note 12.

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34. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(d) ***Level 3 fair value measurements (Continued)***

(ii) ***Movements in Level 3 assets and liabilities measured at fair value (Continued)***

In 2018, the Group transferred the unquoted equity shares subsequently listed on the Catalist Board of SGX-ST from Level 3 to Level 1 of the fair value hierarchy. The carrying amount of the total financial assets transferred was S$13,230,000.

The shares were transferred from Level 3 to Level 1 as the valuation technique used in the fair valuation is based on a quoted price in an active market. Prior to the transfer, the fair value of the shares was determined using a valuation technique incorporating significant non market-observable inputs. The fair value of the shares was determined based on recent transactions using an OPM methodology.

(iii) ***Valuation policies and procedures***

The board of directors is responsible for setting and documenting the Group's valuation policies and procedures.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

35. CAPITAL RISK MANAGEMENT

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

Management monitors capital based on a gearing ratio. The Group is also required under the terms of its borrowing facilities to maintain a total debt-to-equity ratio not exceeding 50% (2018: 50%). Total debt is calculated as the aggregate of all interest-bearing borrowings and total equity is calculated as total equity less any non-controlling interests.

	Group	
	2019	**2018**
	S$'000	**S$'000**
Interest-bearing borrowings	**21,647**	2,889
Equity attributable to owners of the Company	**50,293**	47,676
Total debt to total equity ratio	**43.0%**	6.1%

The Group are in compliance with all externally imposed capital requirements for the year ended 31 December 2019. The Group was not subject to any externally imposed capital requirements for the year ended 31 December 2018.

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36. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on reports reviewed by the management team that are used to make strategic decisions. There are four reportable operating segments as follows:

(i) ***Strategic investments***

The strategic investments segment involves investments in identified early-stage biotechnology and information security companies, for which the performance of the investments is measured and evaluated on a fair value basis.

(ii) ***Healthcare systems***

The healthcare systems segment involves the provision of diagnostic services and manufacturing of and research and development on diagnostic related products, and provision of renal care services by partnering with medical device equipment manufacturers and hospitals.

(iii) ***Medical clinics/centres***

Medical clinics/centres segment involves the provision of general medical, dental and clinical services.

(iv) ***Corporate segment***

The corporate segment involves the corporate functions in supporting the operations of the entire Group.

No operating segments have been aggregated to form the above reportable operating segment.

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 fair value gain or loss for strategic investments, or operating profit or loss for healthcare systems, medical and dental clinics/centres and corporate segments.

2019	Strategic investments S$'000	Healthcare systems S$'000	Medical clinics/ centres S$'000	Corporate S$'000	Adjustments and eliminations S$'000	Notes	Total S$'000
Revenue:							
External customers	–	15,559	5,974	–	–		21,533
Inter-segment	–	249	257	–	(506)	(A)	–
Total revenue	–	15,808	6,231	–	(506)		21,533
Results:							
Interest income	–	138	19	53	–		210
Depreciation expense	–	(1,635)	(1,462)	(12)	–		(3,109)
Amortisation expense	–	(73)	(21)	–	–		(94)
Other income	–	254	416	30	–		700
Fair value adjustment of contingent consideration for business combinations	–	–	642	–	–		642
Fair value gain on associates	1,503	–	–	–	–		1,503
Fair value loss on derivative financial instruments	(1,431)	(706)	–	(744)	–		(2,881)
Segment loss	(210)	(2,563)	(3,602)	(5,168)	–		(11,543)
Assets:							
Investments in associates	14,733	–	–	–	–		14,733
Other investments	1,860	–	–	–	–		1,860
Derivative financial instruments	2,357	–	–	–	–		2,357
Additions to non-current assets	–	1,234	476	17	–	(B)	1,727
Segment assets	18,961	36,461	33,207	8,290	–		96,919
Segment liabilities	(1,397)	(16,626)	(13,107)	(16,402)	–		(47,532)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

36. SEGMENT INFORMATION (CONTINUED)

2018	Strategic investments S$'000	Healthcare systems S$'000	Medical clinics/ centres S$'000	Corporate S$'000	Adjustments and eliminations S$'000	Notes	Total S$'000
Revenue:							
External customers	–	3,204	2,931	–	–		6,135
Inter-segment	–	83	161	–	(244)	(A)	–
Total revenue	–	3,287	3,092	–	(244)		6,135
Results:							
Interest income	123	72	20	58	–		273
Depreciation expense	(1)	(211)	(798)	(8)	–		(1,018)
Amortisation expense	–	(54)	(27)	–	–		(81)
Other income	172	18	71	102	–		363
Fair value adjustment of contingent consideration for business combinations	–	–	(194)	–	–		(194)
Fair value loss on other investments	(1,444)	–	–	–	–		(1,444)
Fair value loss on associates	(4,020)	–	–	–	–		(4,020)
Fair value loss on derivative financial instruments	(2,119)	–	–	–	–		(2,119)
Segment loss	(8,688)	(787)	(5,995)	(3,415)	–		(18,885)
Assets:							
Investments in associates	13,230	–	–	–	–		13,230
Other investments	1,860	–	–	–	–		1,860
Derivative financial instruments	3,788	–	–	–	–		3,788
Additions to non-current assets	10	998	940	24	–	(B)	1,972
Segment assets	18,995	13,114	26,944	3,709	–		62,762
Segment liabilities	(5,994)	(891)	(6,948)	(1,399)	–		(15,232)

Note A: Inter-segment revenues are eliminated on consolidation.

Note B: Additions to non-current assets consist of additions to property, plant and equipment.

Geographical information

Please refer to Note 4 for revenue information based on geographical location of customers. Non-current assets information on the geographical location assets is as follows:

	Non-current assets	
	2019 S$'000	**2018 S$'000**
Singapore	**51,753**	40,376
Philippines	**2,177**	2,673
Indonesia	**12,315**	4,838
Hong Kong, Malaysia and others	**435**	178
	66,680	48,065

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

37. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) On 17 February 2020, Seeds Capital Pte. Ltd. has agreed to further extend nine months to exercise the call option which would have been expired date on 28 February 2020. The revised expiry date for the call option would now be 28 November 2020.

(b) On 27 March 2020, the Group announced that the Company's wholly-owned subsidiary, Sam Lab has entered into conditional sales and purchase agreement with Biolidics to dispose the entire issued and paid-up capital of Biomedics Laboratory Pte. Ltd. held by Sam Lab. (the "disposal")

If Biolidics makes payment within 12 months upon completion of the disposal, the total consideration of the disposal shall be S$3,500,000. Otherwise, the total consideration of the disposal shall be S$3,700,000.

The disposal is still incomplete at the time that these financial statements have been authorised for issue as the Group is still pending the execution of the definitive agreement.

38. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Directors on 3 April 2020.

STATISTICS OF SHAREHOLDINGS

AS AT 19 MARCH 2020

Number of shares : 580,984,234
Class of shares : Ordinary shares
Voting rights : One vote per share

The Company did not hold any treasury shares or subsidiary holdings.

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 19 March 2020, approximately 59.20% of the total number of issued ordinary shares of the Company was held by the public as defined in the Catalist Rules. Accordingly, Rule 723 of the Catalist Rules has been complied with.

DISTRIBUTION OF HOLDERS OF SHARES BY SIZE OF SHAREHOLDINGS AS AT 19 MARCH 2020

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 – 99	0	0.00	0	0.00
100 – 1,000	26	2.50	17,788	0.00
1,001 – 10,000	183	17.61	1,319,000	0.23
10,001 – 1,000,000	769	74.02	81,312,546	14.00
1,000,001 and above	61	5.87	498,334,900	85.77
TOTAL	**1,039**	**100.00**	**580,984,234**	**100.00**

TWENTY LARGEST HOLDERS OF SHARES AS AT 19 MARCH 2020

No.	Name of shareholder	No. of shares	% of shares
1	DBS NOMINEES PTE LTD	112,447,861	19.35
2	CITIBANK NOMINEES SINGAPORE PTE LTD	89,603,198	15.42
3	MAYBANK KIM ENG SECURITIES PTE. LTD	47,967,000	8.26
4	COOP INTERNATIONAL PTE LTD	41,330,500	7.11
5	TIMOTHY COOK DRAPER & MELISSA PARKER DRAPER	18,390,100	3.17
6	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	16,713,800	2.88
7	WONG YAT FOO	11,130,400	1.92
8	MRS WONG YAT SUN NEE TAY LEE TIANG	10,358,600	1.78
9	CHONG SIEW HONG	9,268,850	1.60
10	ANDREW TREVATT	7,276,100	1.25
11	YEO KHEE SENG BENNY	6,748,000	1.16
12	CHONG CHEE WAH	6,604,100	1.14
13	UOB KAY HIAN PTE LTD	6,592,000	1.13
14	PHILLIP SECURITIES PTE LTD	6,223,200	1.07
15	YEE PINH JEREMY	4,849,590	0.83
16	CHOW CIT FONG	4,330,000	0.75
17	OCBC SECURITIES PRIVATE LTD	4,266,700	0.73
18	SIMON HOO KIA WEI	4,045,706	0.70
19	NG MUI EE	3,709,693	0.64
20	CHANG LING SEOW	3,546,850	0.61
	TOTAL	**415,402,248**	**71.50**

STATISTICS OF SHAREHOLDINGS
AS AT 19 MARCH 2020

SUBSTANTIAL SHAREHOLDERS AS AT 19 MARCH 2020

Name	No. of shares in which substantial shareholders have direct interest	%	No. of shares in which substantial shareholders are deemed to have interest	%
Chen Johnson	77,055,100	13.26	–	–
Coop International Pte. Ltd.	41,330,500	7.11	–	–
Bonvests Holdings Limited(1)	–	–	41,330,500	7.11
Amereus Group Pte. Ltd.	39,771,600	6.85	–	–
Maxim Vorobyev(2)	–	–	39,771,600	6.85
Chen Chung Ni Johnny(3)	31,059,800	5.35	–	–

Notes:

(1) Bonvests Holdings Limited holds the entire issued and paid-up share capital of Coop International Pte. Ltd. Accordingly, Bonvests Holdings Limited is deemed interested in the shares held by Coop International Pte. Ltd. by virtue of section 4 of the Securities and Futures Act.

(2) Maxim Vorobyev holds the entire issued and paid-up share capital of Amereus Group Pte. Ltd. Accordingly, he is deemed interested in the shares held by Amereus Group Pte. Ltd. by virtue of Section 4 of the Securities and Futures Act.

(3) Chen Chung Ni Johnny is the father of Johnson Chen.

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