



MEDINEX LIMITED

ANNUAL REPORT 2020

INNOVATING OUR WAY
FORWARD

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Medinex Limited (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 7 December 2018. The initial public offering of the Company was sponsored by Novus Corporate Finance Pte. Ltd. (the "**Sponsor**").

This annual report has been prepared by the Company and reviewed by the Sponsor, in compliance with Rule 226(2)(b) of the SGX-ST Listing Manual Section B: Rules of Catalist.

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report.

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.

CORPORATE PROFILE



OUR VISION

To be the preferred support platform for primary and secondary healthcare providers with a multidisciplinary approach.

OUR MISSION

To provide a one-stop solution for healthcare entrepreneurs to start-up and grow their business through our support platform.

Medinex Limited ("**Medinex**" or the "**Company**", and together with our subsidiaries, the "**Group**") is a Singapore-based medical support services provider, specialising in providing professional support services to medical clinics. Our scope of medical support services includes overseeing the setting up of clinics, facilitating applications for relevant clinic licences, providing business support services such as accounting, tax agent services, human resource management services and corporate secretarial services. We also provide X-rays, pre-employment check-ups, health screenings services, and pharmaceutical services to our clients, assisting them in procuring medical and pharmaceutical products.

As an ancillary service, we provide business support services such as accounting and tax agent services, and corporate services to companies outside of the healthcare industry.

Medinex has been accredited as an Accredited Training Organisation (ATO) for the attainment of the Chartered Accountant (Singapore) designation.



OUR SERVICES

MEDICAL SUPPORT SERVICES

- Provide customised and value-added support services to clients in primary and secondary healthcare sectors comprising general practitioners and specialists
- Provide turnkey solutions as well as detailed and strategic advice to general practitioners and specialists on establishing clinic facilities

PHARMACEUTICAL SERVICES

- Procure medical and pharmaceutical products for customers in Singapore
- Such medical and pharmaceutical products are obtained from authorised distributors in Singapore

BUSINESS SUPPORT SERVICES

- Provide a spectrum of business support services to assist clients to benefit from operational and cost efficiencies generated from economies of scale
- Serve clients over a variety of industries, including but not limited to food and beverage, retail, education and beauty

LETTER TO SHAREHOLDERS



FY2020 has been a year of growth and new initiatives despite the challenges that the COVID-19 pandemic had brought about. Medinex Limited continued its efforts in expanding its business through forging ties with partners to fulfil our mission.

TAN LEE MENG

Non-Executive Chairman

Dear Shareholders,

We are delighted to present to you our annual report for the financial period from 1 January 2019 to 31 March 2020 (“FY2020”).

FY2020 has been a year of growth and new initiatives despite the challenges that the COVID-19 pandemic had brought about. Medinex Limited (“**Medinex**” or the “**Company**”) continued its efforts in expanding its business through forging ties with partners to fulfil our mission to provide a one-stop solution for entrepreneurs to start-up and grow their businesses through our support platforms.

STRATEGIC INVESTMENTS & MILESTONES

Strategic investments have been at the forefront of Medinex’s growth strategy since its listing on Catalist of the SGX-ST on 7 December 2018. In the last 15 months, Medinex has made the following acquisitions:

1. In March 2019, the Company had invested 55% in Sen Med Holdings, a predominantly X-ray and health screening business owned by Dr. Jitendra Kumar Sen, who was our highly valued client for more than 10 years. The acquisition has contributed approximately S\$0.56 million to the Group’s profit attributable to owners of the Company of approximately S\$3.64 million.
2. In May 2019, we acquired 100% in Ark Leadership & Learning Pte. Ltd. (“**Ark LL**”), a profitable human resource consultancy firm owned by Ms. Valerie Low. The inclusion of Ark LL’s services to the Group provided synergies and allowed the Group to expand its range of human resource services to include, *inter alia*, designing and conducting training programmes, developing talent-attraction and retention strategies, human resource consultancy and advisory services. The increased range of services that the Group offers has strengthened the Group’s position as a one-stop medical support services provider.
3. In May 2019, Medinex, together with HC Surgical Specialists Limited, Horizon Venture Pte. Ltd. and Shinex Capital Pte. Ltd., entered into a joint venture, Zenmedic Capital Pte. Ltd. (“**Zenmedic**”), for the

sole purpose of investing in Nuffield Dental Holdings Private Limited (“**Nuffield**”). Medinex had provided a loan of S\$625,000 to Zenmedic for the purpose of funding the investment in Nuffield, through a redeemable convertible loan agreement entered into between Zenmedic and Nuffield. Nuffield was ranked second by the Straits Times as Singapore’s second fastest growing company, with compound annual growth rate of 186.8% between 2014 and 2017 in February 2019. This investment is also part of Medinex’s plan to expand the Group’s business operations via strategic partnerships.

4. In July 2019, we acquired 100% in SKI Corporate Services Pte. Ltd. (currently known as Medinex Advisory Pte. Ltd.) and SKI Consultancy Pte. Ltd. (collectively known as the “**SKI Group**”), companies which provide business support services such as accounting, tax and corporate secretarial services. The acquisition of SKI Group allows the Group to expand its customer base by gaining access to a greater number of potential clients in the information technology and advertising fields, which the Group does not have a strong foothold in.
5. In September 2019, Medinex entered into a convertible loan agreement of S\$750,000 with Singapore Paincare Holdings Limited (“**SPH**”), and the loan amount had, on 13 July 2020, been converted into shares of SPH. SPH has commenced trading on the Catalist board of the Singapore Exchange Securities Trading Limited on 30 July 2020.

These acquisitions have brought Medinex to a new stage of growth. We have achieved an increase in profit attributable to owners of the Company from approximately S\$0.82 million in the financial year ended 31 December 2018 to approximately S\$3.64 million in FY2020. In addition, these acquisitions allow the Group to expand its customer base and create cross-selling opportunities through its business support platform.

LETTER TO SHAREHOLDERS

As the global COVID-19 pandemic situation prolongs, businesses across different sectors continue to experience uncertainties in the midst of a downward revenue trend. Medinex needs to be prudent and be prepared for the challenges forward.

JESSIE LOW MUI CHOO

*Executive Director and
Chief Executive Officer*



EMBRACING H.O.P.E

As the global COVID-19 pandemic situation prolongs, businesses across different sectors continue to experience uncertainties in the midst of a downward revenue trend. While there is no significant impact from the COVID-19 pandemic in the short term, Medinex needs to be prudent and be prepared for the challenges forward. In view of this, we are launching the H.O.P.E strategies:

HEALTHCARE SERVICE PORTALS

We have set up a digital supply-chain portal – Clinickaki.sg – to provide seamless online services for potential and existing clients. This portal intends to serve as a one-stop service and distribution point for medical services and related supplies. It hosts a pool of medical practitioners, specialists and nursing professionals which provides the locum services for the medical clinics. The portal will also act as a meeting point for potential buyers and sellers of medical practices.

Capitalizing on the rapidly growing online business environment, we are setting up a separate digital media business unit. We will support our clients in marketing their services and accelerating the online presence by developing their e-portals. This will enlarge their potential target markets which will in turn bring about more business opportunities for the Company.

Both initiatives will further strengthen Medinex's position as an integrated medical support service provider.

OPERATIONAL EFFECTIVENESS

To keep abreast of the developments and maintain prudence in operating expenses, we have integrated and streamlined the various functionalities of the subsidiaries to better manage and reduce the overall corporate costs and expenses.

As part of our measures to counter cost pressure from clients and our competitors, we have recently set up an operation unit in Johor Bahru, Malaysia to tap on lower manpower cost while maintaining stringent internal controls and quality outputs.

PRINCIPAL ACTIVITIES EXPANSION

Due to the increasing affluence and disposable incomes of regional economies outside of Singapore, such as China and India, we have put in place plans to expand our

principal business consultancy and support activities into assisting regional investors to establish their businesses in Singapore.

With Singapore's comparatively favourable business support, IP protection and legal environments, many regional investors and start-up companies have been rapidly establishing their bases in Singapore over the decade. Our many years of business support services experience and connections will facilitate their expansion and help them spring-board their growth locally and in the region.

ENGAGEMENT

With physical activities and interactions being limited due to COVID-19, it is even more pertinent for us to discover new norms of engaging our customers so that we could continue to deliver the same, if not higher level of service experience. Higher frequency of virtual engagements will be, in the future, the default mode in connecting with our customers.

In addition, customizing and reinventing our services to better meet the changing needs of customers will be our top priority. We are committed to walk through these challenging times with our customers so as to emerge stronger.

DIVIDEND

Despite of the challenging global market outlook, Medinex is fully committed to fulfil its intention in the offer document dated 30 November 2018 on recommending dividend of not less than 70% of the net profits attributable to owners of the Company for each of FY2019 and FY2020 (prior to the change of the Group's financial year end). For the financial period from 1 January 2019 to 31 December 2019, we have declared a total dividend of S\$2.2 million.

APPRECIATION

On behalf of the Board of Directors, we would like to thank the continual support from our shareholders and associates over the past year. We would also like to thank all our employees for their dedication and commitment in servicing our clients and partners. In view of the global challenges ahead, we pledge to continue to serve you to the best of our ability and look forward to a year of sustained performance and forging closer ties with you in the year ahead.

BOARD OF DIRECTORS

TAN LEE MENG

Non-Executive Chairman



Mr. Tan Lee Meng was appointed as our Non-Executive Chairman on 22 May 2017 and re-elected on 30 April 2019. He is also a non-executive director of a subsidiary, Nex Healthcare Pte. Ltd. ("**Nex**") and a member of the Audit, Remuneration and Nominating Committee.

Mr. Tan has more than 20 years of experience in business development, incubating and investing in companies, and project management. He started his career in 1994, assisting his family in establishing construction and property-related businesses in Malaysia. In 1994, he was appointed as director of Asia Progress International Pte Ltd which participated in the Masterplan for Information Technology in Education to roll out the information technology training for teachers from the Ministry of Education in 1996. In 2000, he set up LinksTech Holding Pte Ltd to provide strategic investments in information technology companies. Since then, he has been providing investment and consultancy services to individuals and companies on their investments and merger and acquisition exercises and serves as a director overseeing the investments of his own companies. Mr. Tan was previously an independent director of BRC Asia Limited and Hisaka Holdings Ltd (now known as Regal International Group Ltd.), and a non-executive director of See Hup Seng Limited (now known as SHS Holdings Ltd) and Sibercert Pte Ltd (a subsidiary of PSB Corporation).

Mr. Tan graduated from Oklahoma City University in 1993 with a Bachelor of Science (Summa cum Laude) and obtained a Master of Business Administration (Investment and Finance) from the University of Hull.

JESSIE LOW MUI CHOO

Executive Director and Chief Executive Officer



Ms. Jessie Low Mui Choo was appointed as Executive Director and Chief Executive Officer on 1 June 2017. Ms. Low is responsible for the overall management, strategic planning and business development of our Group.

Ms. Low commenced her career in Ernst & Young LLP (then known as Ernst & Young) as an audit assistant in 1990. She joined Huan Long Court Chinese Restaurant Pte Ltd as an assistant accountant in 1994 before heading the internal audit department of Pan Malayan Holdings Limited in 1995. In 1996, she founded El-Shaddai Consultants as a sole proprietorship and provided business and system planning advisory services until 2002. She later incorporated JK Corporate Services Pte. Ltd. to undertake the business of El-Shaddai Consultants in 2003. In 2005, she registered Ark Assurance (formerly known as Jessie Karun & Associates) to provide audit and accounting services and her Registered Public Accountant's registration is under Ark Assurance. In 2014, Ms. Low practised as Principal Partner at Ark Alliance LLP until 2017 when she was appointed as the Chief Executive Officer of our Company.

Ms. Low holds a Master of Business Administration from the University of Adelaide. She is an Accredited Tax Practitioner (Income Tax & GST), a Registered Public Accountant, a Fellow of the Institute of Singapore Chartered Accountant ("**ISCA**"), a Member of the Association of Chartered Certified Accountants ("**ACCA**") and an ASEAN Chartered Professional Accountant.

LIM TAI TOON

Lead Independent Non-Executive Director



Mr. Lim Tai Toon was appointed as Lead Independent Non-Executive Director on 14 November 2018 and re-elected on 30 April 2019. He is also the Chairman of the Audit Committee and a member of the Remuneration and Nominating Committee.

Mr. Lim began his career with the Singapore Armed Forces ("**SAF**") in 1979 for 14 years where he held various senior positions, including the post of Army Budget Controller. After leaving the SAF, Mr. Lim has worked for several companies listed on the SGX-ST, serving as Head, Corporate Affairs of Ipco International Limited from 1994 to 1995, Chairman and Managing Director of Startech Electronics Limited (currently known as Incredible Holdings Ltd.) from 2003 to 2006 and Executive Director of Eastgate Technology Ltd from 2006 to 2009. Mr. Lim was executive director of Ark Capital Pte. Ltd., which was Financial Advisor to Renewable Energy Asia Group Ltd. in 2010. He is currently Chairman and Executive Director of Ark Lanka Holdings (Private) Limited and Food Studio (Private) Limited and Chairman and Chief Executive Officer of Food Studio Holdings Pte. Ltd. Mr. Lim was also a nominee for WestLB AG as creditor of First Engineering Limited in 2008 to 2009 and independent director of Afro-Asia Shipping Company (Private) Limited from 2011 to 2013.

BOARD OF DIRECTORS

WEE YIAP FOOK SAN

Independent
Non-Executive Director



Mr. Lim is currently also an independent director of Medtecs International Corporation Limited, a company listed on the SGX-ST and Taiwan Stock Exchange as Taiwan Depository Receipt, as Lead Independent Director and Chairman of the Audit Committee.

Mr. Lim graduated from the National University of Singapore with a Degree of Bachelor of Accountancy in 1985 and obtained a Master of Business Administration from Brunel University and Master of Business Information Technology from Curtin University of Technology in 1994 and 2004 respectively.

Mr. Wee Yiap Fook San was appointed as Independent Non-Executive Director on 14 November 2018 and re-elected on 30 April 2019. He is also the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committee.

Mr. Wee started his career with Philips Singapore Private Limited as Engineering Specialist from 1975 to 1978. He then spent approximately three (3) years as a lecturer at Ngee Ann Polytechnic and Singapore Polytechnic, before returning to the private sector as process engineer and production superintendent for Philips Electronics Singapore Pte. Ltd. ("**Philips Singapore**") at its Tuner Factory from 1982 to 1983, and moved to Philips Singapore's Video Factory to become purchasing manager from 1984 to 1986, and senior procurement manager from 1986 to 1988. Mr. Wee left Philips Singapore in 1988 to pursue his Master in Business Administration. He established and managed the International Procurement Office of the National Organisation Purchasing Centre between 1990 to 1991 and was regional product manager of Philips Lighting Electronics Pte. Ltd. between 1991 to 1992.

Mr. Wee was appointed as Managing Director of Fow Seng Plastic Pte. Ltd. in 1992 and Anchor Electronics Corporation Pte. Ltd. in 1993 to assist these companies in turning around their business. In 1994, Mr. Wee founded Turnaround Management Services Pte Ltd to provide turnaround services for distressed companies.

With a keen interest in providing education for children, Mr. Wee founded the Learning Point group of companies and the Hua Cheng group of companies in 1994 and 2000 respectively.

Mr. Wee graduated with a Bachelor of Science in Engineering from Coventry University in 1981 and obtained his Master in Business Administration from The University of Warwick in 1990.

SURESH KUMAR

Independent
Non-Executive Director



Mr. Suresh Kumar was appointed as the Independent Non-Executive Director on 27 May 2019. He is also the Chairman of the Nominating Committee and a member of the Remuneration and Audit Committee.

Mr. Kumar started his career as an analyst covering various areas such as currencies and interest rates before moving into equities. He spent majority of his career in the finance industry including proprietary trading and fixed income/structured products.

He then moved into corporate finance, specializing in corporate fund raising including raising capital for initial public offerings of companies listed on Catalist and private equity investments.

With a passion to help children with special needs, Mr. Kumar is currently working with the Lazarus Centre, an early intervention centre focusing on applied behavioural analysis therapy for children with Autism as well as educational therapy for Dyslexia. He assists with admissions, testing and therapy.

Mr. Kumar graduated from the National University of Singapore with a Bachelor of Arts in History and a Master of Applied Finance. He is also a Chartered Financial Analyst and Chartered Valuer/Appraiser.

Mr. Kumar will not be seeking re-appointment at the forthcoming annual general meeting of the Company ("**AGM**") and will retire as Independent Non-Executive Director of the Company after the conclusion of the AGM.

KEY MANAGEMENT

LEE KIM HUNG

Chief Operating Officer



Mr. Lee Kim Hung is the Chief Operating Officer of the Group. He is responsible for developing and executing of long-term strategies of the Group. He also heads the operations of Nex Healthcare Pte. Ltd., a 100% owned subsidiary of Medinex, ensuring effective controls and alignments of the business strategies.

Mr. Lee started his career in 1993 with the SAF, where he held various positions including Programme Manager and Manager for Strategic Plans and Policies in the Army Department of Training, until he left in 2010. From 2010 to 2011, he was Senior Manager, Business Development & Plans at ST Kinetics Pte. Ltd. (now known as Innosparks Pte. Ltd.). From 2011 to 2013, he was Chief Executive Officer of the Singapore Badminton Association. Since 2013, he has been involved in the healthcare business, being Chief Operating Officer and thereafter Chief Executive Officer of Northeast Health International Pte. Ltd.

Mr. Lee holds a Master of Business Administration from Nanyang Technological University and a Masters of Science from the University of Central Florida. He obtained his Bachelors of Engineering (First Class Honours in Aeronautical Engineering) from the University of London in 1993. He was awarded the SAF Merit Scholarship by the SAF in 1990.

LOW SIAM KIANG

Financial Controller



Ms. Low Siam Kiang is the Financial Controller of the Group. She heads the finance team and is responsible for the overall financial management and accounting functions including corporate finance, taxation, budgetary control, regulatory compliance and reporting.

Ms Low is currently a director of the Group's subsidiaries, Medinex Corporate Services Pte. Ltd., Medinex Healthcare Pte. Ltd., AccTax Management Consultancy Pte. Ltd. ("**AccTax**"), Medinex Professional Services Pte Ltd ("**MPS**"), Medinex Advisory Pte. Ltd. ("**Medinex Advisory**"), Ark Leadership & Learning Pte. Ltd. ("**ARK LL**") and Sen Med Holdings Pte. Ltd. ("**Sen Med**").

Ms. Low has more than 20 years of experience in accounting and finance. She started her career with PFS Pte. Ltd., an entity in Prima group of companies. She joined Medinex in 2010 and has been overseeing the finance and accounting functions of the Group since.

Ms. Low is an Accredited Tax Practitioner (Income Tax), a Chartered Accountant of ISCA, and an Affiliate Member of ACCA.

CHAI YEE HOI

Managing Director



Mr. Chai Yee Hoi is the Managing Director overseeing the Business Support Services of the Group. He is responsible for servicing of the corporate clients and providing tax advisory. He is also the director for AccTax, a 100% owned subsidiary of Medinex.

Mr. Chai started his career with Inland Revenue Department of the Ministry of Finance in 1986. He worked with various audit firms and small medium enterprises over the years. In 1993, he joined the Inland Revenue Authority of Singapore (IRAS), where he led a team of tax audit officers to perform audits of organizations in various industries. He subsequently joined Ernst & Young LLP as Goods and Services Tax ("**GST**") Manager in 2000. In 2005, he was GST Consultant at Robin Chia & Co., where he provided GST consultancy services to various companies and conducted seminars and workshops on GST and related matters in Singapore and Malaysia. Mr. Chai founded GST Academy and AccTax in 2006.

Mr. Chai is an Accredited Tax Advisor (Income Tax & GST), a non-practising Member of the ISCA and a Fellow of ACCA of the United Kingdom.

KEY MANAGEMENT

VALERIE LOW

Business Development Director



Ms. Valerie Low is the Business Development Director of the Group. She heads the Business Development function of the Group, focusing on clients' engagement, business expansions and diversifications. She is also the Managing Director of Ark LL, a wholly owned subsidiary of Medinex where she is responsible for the operations of Ark LL.

Ms. Low has more than 20 years of experience in human resource consultation and training across different industries such as Healthcare, Banking & Finance, Logistics and Service. She was the Vice President in United Overseas Bank Limited (UOB) before heading a regional team in FedEx Corporation, a Fortune 100 company, focusing on Talent and Management Development.

Ms. Low founded Ark LL in 2014 to provide consultation in leadership and organization development. She has facilitated projects and training in Singapore and various parts of Asia.

Ms. Low holds a Master of Arts in Education and Human Development from the George Washington University, a Graduate Diploma in Human Resource Management from the Singapore Institute of Management, and a Bachelor of Arts in Social Work from the National University of Singapore. She is also a certified Strengths Performance Coach with Gallup University and a recognized management consultant with Enterprise Singapore.

NG GUAN KIAT

Managing Director

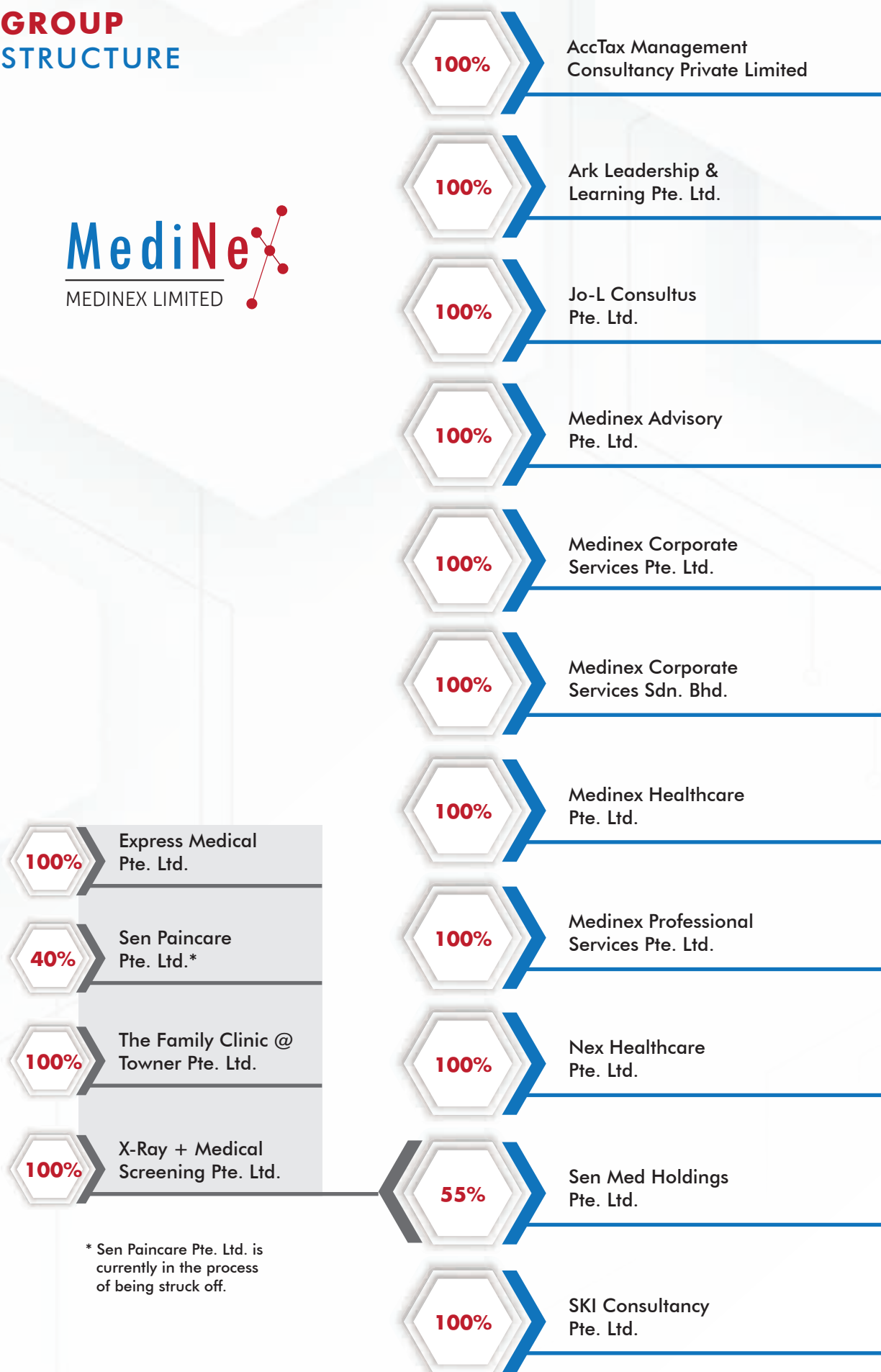


Mr. Ng Guan Kiat is the Managing Director of MPS (formerly known as Patceljon Professional Services Pte. Ltd.) and Jo-L Consultus Pte. Ltd. ("Jo-L"), 100% owned subsidiaries of Medinex. He is responsible for the operations of MPS and Jo-L.

Mr. Ng has more than 25 years of accounting experience, having started his career at Communications Systems Engineering Pte Ltd (now known as Radiomarine Systems Pte Ltd) as an accountant in 1992. He left in 1995 to take up the position of accountant and financial analyst at Jaya Holdings Limited until 1997. From 1997 to 1998, he was Finance Manager at Kemayan Project Pte Ltd, a subsidiary of Kemayan Corporation Berhad. Thereafter, he joined Hutchison Intrapage Pte Ltd (now known as Intrapage Pte Ltd), a member of the Hutchison telecommunications group, as Finance Manager from 1998 to 2001. Mr. Ng founded the business support services business of PPS in 2002 and Jo-L in 2012.

Mr. Ng holds a Master in Business Administration (Investment and Finance) from the University of Hull. He obtained his Bachelor of Business from the University of Tasmania in 1992. Mr. Ng is a Chartered Accountant of ISCA and a Certified Practising Accountant of CPA Australia.

GROUP STRUCTURE



* Sen Paincare Pte. Ltd. is currently in the process of being struck off.

PERFORMANCE REVIEW

FINANCIAL REVIEW

During FY2020, Medinex made a number of acquisitions which included Ark LL, Sen Med, Medinex Advisory (formerly known as SKI Corporate Services Pte. Ltd.) and SKI Consultancy Pte. Ltd. ("**SKIC**"). These acquisitions allow the Company to expand its range of services to include, *inter alia*, x-rays, pre-employment check-ups and health screenings through Sen Med and an expansion of the customer base of the Group's business support services. The Company also entered into a joint venture with three (3) other parties in respect of Zenmedic for the purpose of investing in a company providing dental services.

The Group's revenue for FY2020, albeit covers a financial period of 15 months from 1 January 2019 to 31 March 2020, achieve great results of approximately S\$16.74 million, amounting to an increase of 85.9% from the Group's revenue of approximately S\$9.01 million in FY2018. The revenue contributions were mainly generated from the full revenue contribution from the Group's subsidiaries, MPS (previously known as Patceljon Professional Services Pte Ltd) and Jo-L which were acquired in the financial year ended 31 December 2018 ("**FY2018**") and revenue contribution from the acquisition of the Group's new subsidiaries in FY2020.

Other income has increased by approximately 450.7% from S\$0.07 million in FY2018 to S\$0.40 million in FY2020 comprising mainly of fixed deposits interest, government grants, fair value gain on financial asset at fair value through profit or loss, commission income and rental income.

Inventories and consumables used and changes in inventories increased by approximately S\$1.61 million or approximately 48.8% due to the acquisition of Sen Med in March 2019.

Employee benefits expense increased by approximately S\$2.49 million, or approximately 95.0% due to additional headcounts arising from the acquisitions of Sen Med, Ark LL, SKIC and Medinex Advisory in FY2020.

Amortisation and depreciation expenses increased by approximately S\$0.67 million or approximately 910.8% in FY2020 as compared to FY2018 due mainly to (a) depreciation recognised for right-of-use assets arising from the adoption of SFRS(I) 16 effective from 1 January 2019 of approximately S\$0.66 million, and (b) increase in amortization of intangible assets of approximately S\$0.03 million arising from acquisition of subsidiaries, and slightly offset by a decrease in depreciation of plant and equipment of approximately S\$0.02 million due to reclassification of assets financed by finance lease payables under SFRS(I) 1-17 previously to right-of-use assets.

Loss allowance on receivables increased by approximately S\$0.17 million or 669.2% due to higher impairment provisions, by taking into consideration the COVID-19 situation.

Other expenses decreased by approximately S\$0.38 million or approximately 20.3% in FY2020, mainly due to the one-off IPO expenses of S\$1.06 million incurred in FY2018, and partially offset by higher operating expenses as a result of an increase in (a) platform fee of approximately S\$0.30 million, (b) cost of service of approximately S\$0.20 million, (c) valuation fee of S\$0.04 million, (d) inventories write off of approximately S\$0.03 million, and (e) overall increase in other expenses of approximately S\$0.11 million.

Finance cost increased by approximately S\$0.08 million due mainly to interest recognised for right-of-use assets arising from the adoption of SFRS(I) 16 effective from 1 January 2019.

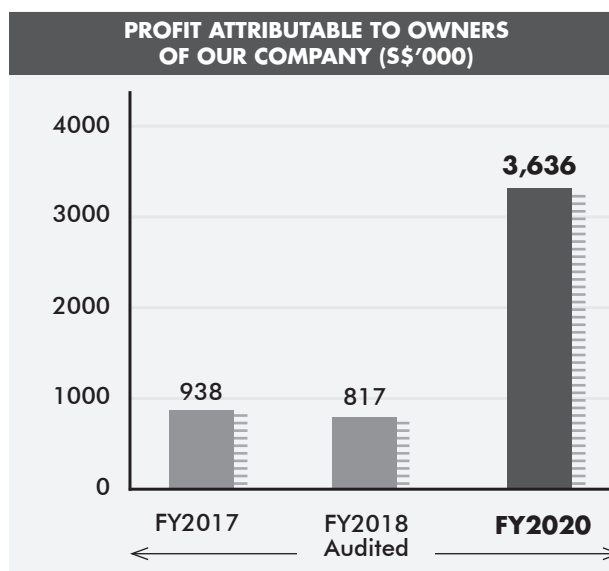
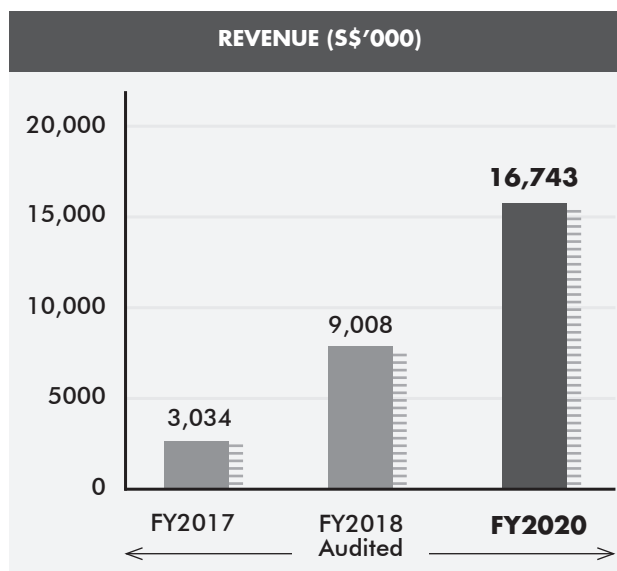
Share of results of joint venture is due to the investment in approximately 27.8% of the issued share capital of Zenmedic. The profit of approximately S\$0.06 million is mainly due to the fair value gain on the convertible loan provided by Zenmedic to Nuffield.

FINANCIAL POSITION

The Group is in a healthy financial position, with net assets attributable to owners of the Company of approximately S\$14.26 million and net cash balance (including fixed deposits) of approximately S\$5.27 million as at 31 March 2020.

PERFORMANCE REVIEW

FINANCIAL HIGHLIGHTS



Total assets have increased from approximately S\$14.83 million in FY2018 to approximately S\$19.32 million in FY2020, as a result of an increase in the intangible assets by approximately S\$3.41 million and an increase in trade and other receivables by approximately S\$1.13 million, both arising from the newly acquired subsidiaries made during the financial period.

Total liabilities have increased from approximately S\$1.30 million as at 31 December 2018 to approximately S\$4.71 million as at 31 March 2020. This increase is primarily due to an increase in trade and after payables by approximately S\$0.89 million, lease liabilities/finance lease payables by approximately S\$1.92 million, contract liabilities by approximately S\$0.25 million, current income tax payable by approximately S\$0.31 million and deferred tax liabilities of approximately S\$0.04 million.

Equity attributable to owners of the parent has increased slightly from approximately S\$13.53 million as at 31 December 2018 to approximately S\$14.26 million as at 31 March 2020 due to an increase of approximately S\$0.33 million in retained earnings arising from the newly acquired subsidiaries, and an increase in other reserve of approximately S\$0.41 million arising from the share-based payments for the acquisition of Ark LL.

CASH FLOW

The Group recorded net cash generated from operating activities of approximately S\$3.94 million in FY2020, mainly due to operating cash flow before changes in working capital of approximately S\$5.45 million, and adjusted for net working capital outflow of approximately S\$1.21 million and income tax paid of approximately S\$0.30 million. Our net working capital outflow were mainly due to (a) the increase in trade and other receivables of approximately S\$0.87 million, (b) increase in inventories of approximately S\$0.34 million, (c) decrease in trade and other payables of approximately S\$0.21 million, and partially offset by (a) decrease in prepayment of approximately S\$0.01 million, and (b) decrease in contract assets and contract liabilities of approximately S\$0.20 million.

Net cash used in investing activities of approximately S\$3.49 million in FY2020 was mainly due to acquisition of subsidiaries, Sen Med, Ark LL, SKIC and Medinex Advisory, loan to joint venture, Zenmedic and the investment in convertible loan provided to SPH.

Net cash used in financing activities amounted to approximately S\$4.32 million, arising mainly from the dividend payout to shareholders of the Company and non-controlling interests of Sen Med of approximately S\$3.62 million, and repayment of lease liabilities of approximately S\$0.71 million.

Overall, the Group recorded a net decrease in cash and cash equivalents of approximately S\$3.87 million in FY2020, mainly due to acquisitions of new subsidiaries and payment of dividend.

SUSTAINABILITY REPORT

MESSAGE FROM EXECUTIVE DIRECTOR AND CEO

Dear Stakeholders,

I am pleased to present the inaugural Sustainability Report of Medinex Limited ("**Medinex**" or the "**Company**", and together with our subsidiaries, the "**Group**"), which provides information on the sustainability of our business and practices during the financial period from 1 January 2019 to 31 March 2020 ("**FY2020**").

As Singapore prepares to meet its long-term healthcare needs in a sustainable manner, the Group endeavours to play a pivotal role in the building of a sustainable healthcare ecosystem in Singapore. We have been working towards creating more medical support services and has set up the digital supply-chain portal - Clinickaki.sg. More details on this can be found on page 3 of the Annual Report.

With the emerging markets around Singapore, such as China and India, becoming more affluent, we also seek to expand our business support services by assisting and facilitating these investors in establishing their businesses in Singapore and in the region.

As we seek to expand our business, we will identify and prioritise sustainability aspects (environmental, social, economic and governance) that have a material impact on the Group, as well as integrate such sustainability features into our business operations. The Group aims to utilise emergent technologies and upgrade our existing information technology infrastructure to include automation and data security facilities. This will increase our efficiency and productivity in responding to the gradually shifting business landscapes.

On behalf of the Board of Directors (the "**Board**"), I would like to express my gratitude to our clients, business partners and shareholders for their unwavering support. We look forward to your continual support as we strive to develop a more sustainable environment and healthcare ecosystem for all.

Jessie Low Mui Choo
Executive Director and Chief Executive Officer ("**CEO**")

GOVERNANCE AND STATEMENT OF THE BOARD

The Group's Board and senior management provide strategic direction and consider sustainability issues as part of our strategic formulation. To implement our sustainability efforts, a Sustainability Task Force (the "**Task Force**") comprising key management personnel and chaired by the Human Resource Director has been established to oversee the sustainability performance of the Group.

The Board approves the material economic, environmental, social and governance ("**ESG**") factors identified by the Task Force, and ensures that the factors identified are managed and monitored.

Please refer to the Corporate Governance Report in this Annual Report for more information on the Group's corporate governance practices, precautionary measures and risk management structure.

ORGANISATION PROFILE

Headquartered in Singapore, Medinex Limited was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 7 December 2018.

The Group is a provider of medical support services, specialising in providing professional support services to medical clinics ("**Medical Support Services**"). Apart from overseeing the setting up of clinics, facilitating applications for relevant clinic licences and providing business support services such as accounting and tax agent services, human resource management services and corporate secretarial

services, Medinex also provides pharmaceutical services to its clients, assisting them in procuring medical and pharmaceutical products ("**Pharmaceutical Services**"). As an ancillary service, we provide business support services to companies outside of the healthcare industry ("**Business Support Services**").

MEDICAL SUPPORT SERVICES

- Provide customised and value-added support services to clients in primary and secondary healthcare sectors comprising general practitioners and specialists
- Provide turnkey solutions as well as detailed and strategic advice to general practitioners and specialists on establishing clinic facilities

BUSINESS SUPPORT SERVICES

- Provide a spectrum of business support services to assist clients to benefit from operational and cost efficiencies generated from economies of scale
- Serve clients over a variety of industries, including but not limited to food and beverage, retail, education and beauty

PHARMACEUTICAL SERVICES

- Procure medical and pharmaceutical products for customers in Singapore
- Such medical and pharmaceutical products are obtained from authorised distributors in Singapore

SUSTAINABILITY REPORT

OUR SUSTAINABILITY STORY

Our Mission

To provide a one-stop solution for healthcare entrepreneurs to start-up and grow their business through our support platform.

Our Vision

To be the preferred support platform for primary and secondary healthcare providers with a multidisciplinary approach.

Sustainability Philosophy

We envisage to achieve sustainability in our services. We endeavour to establish a sustainable healthcare ecosystem by simultaneously considering the economic, environmental and social issues of Medinex and its clients, as well as integrating sustainability features into our business operations.

We strictly comply with local laws and regulations and the Personal Data Protection Act ("PDPA") to ensure that there is no incident of regulatory breach and PDPA non-compliance in our services.

Sustainability Targets

We will implement strict screening of new pharmaceutical suppliers for our clients using environmental and social criteria to ensure that there are zero incidents of environmental and social non-compliance along the supply chain. We aim to improve the productivity of our operations by advancing our innovations and technologies.

Below is a summary table of the Group's sustainability targets and performance during the reporting period.

Segment	Performance and Targets in FY2020
Performance in FY2020	
Pharmaceutical Services	Achieved zero breach of product health and safety
Medical Support Services	Achieved zero breach of PDPA
Business Support Services	Achieved zero breach of PDPA
Targets for FY2021	
Pharmaceutical Services	Zero breach of product health and safety
Medical Support Services	Zero breach of PDPA
Business Support Services	Zero breach of PDPA
Group	Implement a training programme for employee development
Group	Zero negative impacts on local communities

ETHICS AND INTEGRITY

Anti-corruption

GRI 205-1, 205-2, 205-3

The Group's anti-corruption policy is strictly implemented in the course of business. Our anti-corruption policy includes managing Conflict of Interest and gift acceptance, and all employees informed and educated on the Group's anti-corruption policy and zero tolerance against corruption. We also conduct anti-money laundering trainings for staff as a refresher.

There was no reported incident of corruption in FY2020.

The Group has also put in place a whistle-blowing policy, details of which can be found under the Corporate Governance Report set out from pages 19 to 39 in this Annual Report.

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

The Group understands that stakeholder engagement is the key to sustainable growth. We determine the material topics based on their materiality to our business and our stakeholders. Our stakeholders are groups that have a material impact on or are materially impacted by our operations.

The following table summarises our key stakeholders, engagement platforms and their key concerns:

Stakeholders	Engagement platforms	Issues of concern	Refer to Section(s)
Customers	<ul style="list-style-type: none"> Feedback 	<ul style="list-style-type: none"> Service quality and productivity Product quality and safety 	<ul style="list-style-type: none"> Medical Support Services Business Support Services Pharmaceutical Services
Employees	<ul style="list-style-type: none"> Performance appraisal system 	<ul style="list-style-type: none"> Remuneration and benefits 	<ul style="list-style-type: none"> Employee Retention
Suppliers	<ul style="list-style-type: none"> Supplier evaluation 	<ul style="list-style-type: none"> Product safety compliance 	<ul style="list-style-type: none"> Managing Our Pharmaceutical Supply Chain
Government and regulators	<ul style="list-style-type: none"> SGX quarterly announcements Annual reports Ongoing dialogues 	<ul style="list-style-type: none"> Compliance with government agencies 	<ul style="list-style-type: none"> Managing Our Pharmaceutical Supply Chain PDPA
Shareholders and investors	<ul style="list-style-type: none"> Annual reports Investor relations management 	<ul style="list-style-type: none"> Economic performance Anti-corruption 	<ul style="list-style-type: none"> Financial Statements Anti-corruption

REPORTING PRACTICE

The Group's first sustainability report has been produced in accordance with the Global Reporting Initiatives ("GRI") Standards: Core option covering our performance for FY2020. The GRI Standards represent the global best practices for reporting on economic, environmental and social topics.

The report incorporates the primary components of describing sustainability practices as set out in Rule 711B and Practice Note 7F of the Catalist Rules on a "comply or explain" basis. Details of the primary components are outlined in the SGX Five Primary Components Index Section.

GRI does not require external assurance and the Task Force has assessed that external assurance is not required as the Group is strengthening the foundations of its sustainability reporting framework.

Detailed section and page references in line with the GRI Standards can be found in the GRI Standards Content Index Section.

Our material topics are identified through our engagement with stakeholders via various engagement platforms and are based on the significance of their impact in relation to the key issues of concerns raised by our internal and external stakeholders, as outlined in the Stakeholder Engagement Section.

We also take reference from our enterprise risk management ("ERM") framework to identify and assess ESG risks. This approach ensures that material ESG risks are considered in the context of the Group's overall risk environment.

SUSTAINABILITY REPORT

Material Topics	Applicable Segment
ECONOMIC	
GRI 203: Indirect Economic Impacts	Business Support Services
GRI 205: Anti-corruption	Applicable across the Group
ENVIRONMENTAL	
GRI 302: Energy	Applicable across the Group
GRI 307: Environmental Compliance	
SOCIAL	
GRI 401: Employment	Applicable across the Group
GRI 403: Occupational Health and Safety	
GRI 404: Training and Education	
GRI 405: Diversity and Equal Opportunity	
GRI 416: Customer Health and Safety	Pharmaceutical Services
GRI 417: Marketing and Labelling	
GRI 418: Customer Privacy	Medical Support Services, Business Support Services
GRI 419: Socio-economic Compliance	Applicable across the Group

PHARMACEUTICAL SERVICES

The Group endeavours to build a strong foundation in the development of a sustainable healthcare ecosystem in Singapore through the integration of sustainability in our purchasing decisions of medical and pharmaceutical products for our customers. While the shift to a truly sustainable healthcare system will not happen overnight, we are committed to the long journey, and we start from implementing sustainable procurement practices to ensure that end users get the best healthcare products that they need to keep them in good health.

Managing Our Pharmaceutical Supply Chain

GRI 416-1, 416-2, 417-1, 417-2, 419-1

Medinex is committed to making the quality and safety of our procured pharmaceutical products our topmost priority. We place utmost importance in procuring from licensed and reputational pharmaceutical suppliers to ensure consumer product safety along our supply chain for all procured products. We evaluate our suppliers on a regular basis to ensure that they meet regulatory standards in product safety and labelling. We only engage suppliers who strictly comply with local regulations regarding product information and labelling, including information on product contents and instructions for safe use. The Drug Facts label on the pharmaceutical products of our suppliers are approved by the Health Sciences Authority (“HSA”) and are truthful and comprehensible.

In FY2020, the Group did not have any reported incident of non-compliance regarding product health and safety, as well as product information and labelling.

The Group operates in strict compliance with socioeconomic laws and regulations that are applicable to our business. We keep ourselves abreast of the industrial and national regulations and standards to ensure that we stay current on compliance regulations. In FY2020, there were no incidents of non-compliance with laws and regulations in the social and economic area.

MEDICAL SUPPORT SERVICES

The Group endeavours to increase productivity and operational efficiency for our clients through our medical support services which include turnkey solutions and strategic advice. Following the implementation of PDPA and step up in data protection and enforcement actions in the past few years, we seek to minimise our clients’ challenges and risks in the securing of their customer data where applicable.

PDPA

GRI 418-1

The Group and our suppliers strictly comply with the regulations under PDPA to ensure customer privacy for our clients. Where data collection and management is involved in our services, we treat all data as personal data and bound ourselves to stringent obligations to minimise accidental exposure of personal data and boost clients’ confidence in our commitment towards securing data.

In FY2020, there were no substantiated complaints concerning breaches of customer privacy and losses of customer data due to our mismanagement.

SUSTAINABILITY REPORT

BUSINESS SUPPORT SERVICES

Apart from companies in the healthcare industry, our business support services are made available for companies outside the healthcare industry. We focus on areas such as business modelling, human resource management, employee training, implementing accounting and taxation measures and growth strategies to help our clients expand their business with an all-rounded approach.

Indirect Economic Impact GRI 203-2

Medinex aims to improve the efficiency and productivity of our clients through our services by adopting new information technology and growth strategies in their business. By enhancing the skills and knowledge of their employees, we endeavour to spur our clients to greater growth.

PDPA GRI 418-1

The Group strictly complies with the regulations under PDPA when handling private data of our clients and their employees. Where data collection and management is involved in our services, we treat all data as personal data and bound ourselves to stringent obligations to minimise accidental exposure of personal data and boost clients' confidence in our commitment towards securing data.

In FY2020, there were no substantiated complaints concerning breaches of customer privacy and losses of customer data due to our mismanagement.

OUR ENVIRONMENT

The Group is committed to the preservation of the environment by implementing energy conservation initiatives to effectively reduce our carbon footprint.

Energy Management GRI 302-4

The Group is committed to achieving our environmental objectives and targets to ensure that we are operating sustainably. We strive to reduce energy consumption through measures such as increasing our energy efficiency and using light-emitting diodes ("LED") lights that are more environmentally friendly than the conventional florescent lights.

We will monitor our energy consumption and quantify our energy savings to effectively reduce our energy wastage and intensity in the near future.

Environmental Compliance GRI 307-1

Medinex takes extra precaution in ensuring strict compliance with local environmental regulations during daily operations. We ensure that our operations have no adverse impact on the environment.

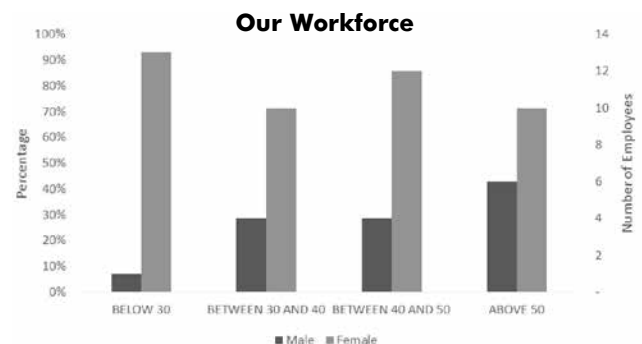
There was no incident of non-compliance with environmental laws and regulations in FY2020.

OUR PEOPLE, OUR ASSETS

The Group endeavours to create an inclusive workplace environment, committed to mutual respect, fairness and equality for all our staff and workers.

Workforce Diversity GRI 401-1, 405-1

We advocate fair employment and endeavour to achieve a balanced and diversified workforce. As at 31 March 2020, the Group had a total strength of 60 employees, of which 16 were new hires during the reporting period.



Employee Retention GRI 401-2, 401-3, 404-3, 405-2

The Group recognises the valuable contribution of all employees. All employees are assessed regularly for their performance and remunerated fairly based on their experience, qualifications and performance, regardless of age or gender. We endeavour to create more opportunities to train and develop our employees based on their individual performance appraisals to ensure that they continue to enhance and refine their existing skills and develop newer ones in support of the Group's mission and goals.

We prioritise the welfare of our employees by granting a range of employee benefits such as medical insurance, healthcare and birthday leave. In FY2020, 5 employees are entitled to parental leave.

SUSTAINABILITY REPORT

COVID-19 Support

GRI 203-2, 403-3

In FY2020, a newly discovered coronavirus emerged and resulted in the formidable COVID-19 outbreak which evolved into a global pandemic. It has impacted the economy greatly and affected many industries. During these unsettling times, we stay committed to our stakeholders and make the utmost effort to adhere to safe distancing measures, amongst others, in response to Government's call.

We prioritise the safety of our employees by embracing 'work from home' arrangements to the further extent possible and educate all staff on the necessary measures to ensure that they are well-prepared in keeping themselves safe such as practising safety distancing and wearing a face mask.

Some of our clients have their businesses and cash flow affected by COVID-19 and we stay committed to supporting our clients through these bad times by meeting via video conferencing more frequently to advise on cost-cutting strategies and providing discounted services when necessary. The Group understands that assisting our clients to tide through this difficult period will allow us to build solid partnerships with our clients in the long term.

While there is no significant impact from the COVID-19 in the short term, the Company has to gear itself up to counteract the longer term impact especially with the increasing number of business closures and cost pressure from clients whose survival are at stake.

With the physical activities and interactions being limited, we need to embark on new forms of engagement so as to deliver the same, if not higher level of service experience for the clients.

To lessen the impact of a downward revenue trend of our clients, we are investing in an online marketing platform and technology to assist our clients to accelerate their presence online in order to garner more business opportunities both locally and regionally.

To cope with the cost pressure from our clients and our competitors, we have recently set up an operation unit in Malaysia to capitalise on the lower manpower cost while maintaining stringent internal controls and quality outputs.

The two months of circuit breaker had pushed us to tap on technology to engage our clients virtually to ensure the continuity in providing the customer-centric services.

The increasing reliance on technology and artificial intelligence have caused us to move to providing higher value services that cannot be easily substituted such as business consultation and customized data analytical services.

The above strategies were part of the H.O.P.E strategies that the Company has set in place to prepare itself for the upcoming challenges that are being brought about by the COVID-19 pandemic. More details of the H.O.P.E strategies can be found in the section entitled "Letter to Shareholders" of the Annual Report.

SUSTAINABILITY REPORT

SGX FIVE PRIMARY COMPONENTS INDEX

S/N	Primary Component	Section Reference
1	Material Topics	<ul style="list-style-type: none"> Stakeholder Engagement Pharmaceutical Services, Medical Support Services, Business Support Services, Our Environment
2	Policies, Practices and Performance	<ul style="list-style-type: none"> Message from Executive Director and CEO Our Sustainability Story Pharmaceutical Services, Medical Support Services, Business Support Services, Our Environment
3	Board Statement	Governance & Statement of the Board
4	Targets	Our Sustainability Story
5	Sustainability Reporting Framework	Reporting Practice

GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure	Section Reference
GRI 102: General Disclosures 2016	102-1 Name of the organisation	Message from Executive Director and CEO
	102-2 Activities, brands, products, and services	Organisation Profile
	102-3 Location of headquarters	Organisation Profile
	102-4 Location of operations	Organisation Profile
	102-5 Ownership and legal form	Annual Report 2020
	102-6 Markets served	Organisation Profile
	102-7 Scale of the organisation	Organisation Profile
	102-8 Information on employees and other workers	Workforce Diversity
	102-9 Supply chain	Our Sustainability Story
	102-10 Significant changes to the behavior and its supply chain	Annual Report 2020
	102-11 Precautionary Principle or approach	Annual Report 2020
	102-14 Statement from senior decision-maker	Message from Executive Director and CEO
	102-15 Key impacts, risks, and opportunities	Message from Executive Director and CEO, Our Sustainability Story
	102-16 Values, principles, standards, and norms of behavior	Ethics and Integrity
	102-17 Mechanisms for advice and concerns about ethics	Ethics and Integrity
	102-18 Governance structure	Annual Report 2020
	102-40 List of stakeholder groups	Stakeholder Engagement
	102-42 Identifying and selecting stakeholders	Stakeholder Engagement
102-43 Approach to stakeholder engagement	Stakeholder Engagement	
102-44 Key topics and concerns raised	Stakeholder Engagement	
102-45 Entities included in the consolidated financial statements	Annual Report 2020	
102-46 Defining report content and topic boundaries	Reporting Practice	
102-47 List of material topics	Reporting Practice	

SUSTAINABILITY REPORT

GRI Standard	Disclosure	Section Reference
	102-50 Reporting period	Reporting Practice
	102-52 Reporting cycle	Reporting Practice
	102-53 Contact point for questions regarding the report	Contents
	102-54 Claims of reporting in accordance with the GRI standards	Reporting Practice
	102-55 GRI content index	GRI Standards Content Index
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Reporting Practice
	103-2 The management approach and its components	Our Sustainability Story
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	Business Support Services, COVID-19 Support
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Anti-corruption
	205-2 Communication and training about anti-corruption policies and procedures	Anti-corruption
	205-3 Confirmed incidents of corruption and actions taken	Anti-corruption
GRI 302: Energy 2016	302-4 Reductions of energy consumption	Our Environment
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Workplace Diversity
	401-2 Benefits provided to full time employees that are not provided to temporary or part-time employees	Employee Retention
	401-3 Parental leave	Employee Retention
GRI 403: Occupational Health and Safety 2016	403-3 Workers with high incidence or high risk of diseases related to their occupation	COVID-19 Support
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	Employee Retention
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Workforce Diversity
	405-2 Ratio of basic salary and remuneration of women to men	Employee Retention
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Managing Our Pharmaceutical Supply Chain
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Managing Our Pharmaceutical Supply Chain
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	Managing Our Pharmaceutical Supply Chain
	417-2 Incidents of non-compliance concerning product and service information and labelling	Managing Our Pharmaceutical Supply Chain
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	PDPA
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	Managing Our Pharmaceutical Supply Chain

CORPORATE GOVERNANCE REPORT

For the financial period from 1 January 2019 to 31 March 2020

Medinex Limited (“**Medinex**” or the “**Company**”) and its subsidiaries (the “**Group**”) are committed to maintaining a high standard of corporate governance to ensure greater transparency, to protect shareholders’ interests and enhance shareholders’ value.

The Group adopts practices based on the Code of Corporate Governance 2018 (the “**Code**”) issued on 6 August 2018.

This report describes the Group’s corporate governance practices that were in place for the financial period from 1 January 2019 to 31 March 2020 (“**FY2020**”), with specific reference made to the principles and provisions as set out in the Code and SGX-ST Listing Manual Section B: Rules of the Catalist (the “**Catalist Listing Manual**”), where applicable.

While it is always the objective of the Group to ensure all the provisions in the Code are followed strictly. Where there are areas of the current practices which deviate from the Code, appropriate explanations are provided accordingly.

(A) BOARD MATTERS

The Board’s Conduct of Its Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

[Provision 1.1]

The primary function of the Board of Directors (the “**Board**”) is to provide effective leadership and direction and works with Management to enhance the long-term value of the Group to its shareholders and other stakeholders.

The Board sets the tone for the Group in respect of ethics, values and desired organisational culture, and also ensures proper accountability within the Group.

The Board has the overall responsibility for reviewing the strategic and performance objectives, financial plans and performance reviews, key operational initiatives, major funding and investment proposals and corporate governance practices.

In addition, the principal duties of the Board include:

- Approve the corporate direction and strategy of the Group and monitor the performance of the Management;
- Review the adequacy and integrity of the Company’s internal controls, risk management systems, and financial information reporting system;
- Approve the nomination and appointment of key managerial personnel;
- Approve the annual budget, major funding proposals and investment proposals, and ensuring the necessary financial and human resources are in place for the Company to meet its objectives;
- Identify the key stakeholder groups and recognise that their perceptions affect the Company’s reputation;
- Review the financial performance and necessary reporting compliance;
- Set company values and standards (including ethical standards) and ensure that obligations to shareholders and other stakeholders are understood and met;
- Assume responsibility for corporate governance; and
- Consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

CORPORATE GOVERNANCE REPORT

For the financial period from 1 January 2019 to 31 March 2020

Directors are required to promptly disclose any conflict or potentially conflict of interest, whether directly or indirectly, in relation to any matters, transactions or proposed transactions with the Group as soon as is practicable after the relevant facts have come to their knowledge. Any Director who has a conflict of interest which is likely to impact his independence or conflict with a subject under discussion by the Board is required to immediately declare his interest to the Board and recuse himself from participating in any discussion and voting on the subject matter.

[Provision 1.2]

Directors are constantly kept abreast of developments in regulatory, legal, and accounting frameworks that are of relevance to the Group through participation in the relevant training courses, seminars and workshops.

The Company is working on a training map for all Directors to receive relevant training. Board members are encouraged to attend seminars and receive training in connection with their duties as directors in areas such as accounting and legal knowledge, particularly on latest developments to relevant laws, regulations, accounting standards and changing commercial risks to enable them to make well-informed decisions and to ensure that the directors are competent in carrying out their expected roles and responsibilities.

The Board ensures that incoming new Directors are familiarised with the Group's businesses and corporate governance practices upon their appointment, to facilitate the effective discharge of their duties. Upon appointment, the incoming new Director receives a formal letter of appointment setting out his/her duties. All newly appointed Directors will undergo an orientation programme where the Director would be 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 get a better understanding of the Group's business, the Directors had met with the key management personnel of the Group.

In compliance of Rule 406(3)(a) and Practice Note 4D of the Catalist Listing Manual, the Company had registered and Mr. Suresh Kumar had attended all the relevant programmes under the Listed Entity Director Programme organized by Singapore Institute of Directors ("SID") within one (1) year of his appointment as a director of the Company on 27 May 2019.

The Directors are also encouraged to attend the relevant courses and programmes from the SID to be acquainted with the role and responsibilities of a Director in the context of a listed company.

The table below shows the training and briefings attended by the new Director, Mr Suresh Kumar:-

Course	Date of Training Attended	Training Provider
LED 1 – Listed Entity Director Essentials	4 March 2020	Singapore Institute of Directors
LED 2 – Board Dynamics	11 March 2020	
LED 3 – Board Performance	17 March 2020	
LED 4 – Stakeholder Engagement	21 May 2020	
LED 5 – Audit Committee Essentials	29 May 2019	
LED 7 – Nominating Committee Essentials	31 May 2019	
LED 8 – Remuneration Committee Essentials	31 May 2019	

In addition to the above, the external and internal auditors of the Group, regularly brief the audit committee members at the latter's meetings on developments in accounting and governance standards, cybersecurity matters and changes in code of corporate governance and listing rules. The CEO and Management also update the Board at board meetings on business and strategic developments and the current environment of the industry, whenever necessary.

[Provision 1.3]

The Board has delegated the day-to-day operations to the Management while reserving key matters for Board approval. Key functions of the Board include approving consolidated financial statements for the Group, conflict of interest checks for directors, disposal of assets, strategic planning and material acquisitions, share issuances, dividends, and other matters which require Board's approval.

CORPORATE GOVERNANCE REPORT

For the financial period from 1 January 2019 to 31 March 2020

The Board's approval is required for transactions or matters such as major investments, corporate restructuring, mergers and acquisitions, material acquisitions or disposal of assets, the release of the Group's financial results announcements, interested person transactions of a material nature and declaration of dividends.

Clear directions have been imposed on Management that such matters must be approved by the Board. Apart from the reserved matters as stated above, the Board also approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to Management so as to optimise operational efficiency.

While key matters relating to the Group's objectives, strategies and policies require the Board's direction and approval, the Management is responsible for overseeing the day-to-day management and business operation of the Group and implementing the Board-approved strategic policies.

[Provision 1.4]

The Board has delegated certain functions to various board committees, namely the Audit Committee ("AC"), Nominating Committee ("NC"), and Remuneration Committee ("RC") (collectively, the "Board Committees"). Each of the various Board Committees has its own written terms of reference and whose actions are reported to and monitored by the Board. The Board accepts that while these various Board Committees have the authority to examine particular 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 composition of the Board Committees are as follows:-

Board Committees / Designation	AC	NC	RC
Chairman	Lim Tai Toon	Suresh Kumar	Wee Yiap Fook San
Member	Tan Lee Meng	Tan Lee Meng	Tan Lee Meng
Member	Wee Yiap Fook San	Lim Tai Toon	Lim Tai Toon
Member	Suresh Kumar	Wee Yiap Fook San	Suresh Kumar

[Provision 1.5]

The Board convenes scheduled meetings and additional meetings as and when necessary. Directors who are unable to attend Board meetings physically are allowed to attend the meetings via video or telephone conferencing or by means of a similar communication equipment. The Board and Board committees also make decisions by way of written circularized resolutions.

The Directors' attendance at the Board, the Board committees' and general meetings of the Company held in FY2020 are as below:

	Board	AC	NC	RC	AGM / EGM
No. meetings held in FY2020	2	3	1	1	2
Name of Directors	No. of meetings attended				
Mr. Tan Lee Meng	2	2	1	1	2
Ms. Jessie Low Mui Choo	2	3*	1*	1*	2
Mr. Lim Tai Toon	2	3	1	1	2
Mr. Wee Yiap Fook San	2	2	1	1	2
Mr. Suresh Kumar [#]	1	2	0	0	0

Notes:

* Executive Director was invited to sit in the AC, NC and RC meetings.

appointed as Independent Non-executive Director, chairman of the NC and member of the AC and RC on 27 May 2019.

CORPORATE GOVERNANCE REPORT

For the financial period from 1 January 2019 to 31 March 2020

In cases where a Director has multiple Board representations, the NC assesses whether such Director has been adequately carrying out his/her duties as a Director of the Company. To address competing time commitments when Directors serve on multiple Boards, the Board will set a maximum limit of directorships that a Director may hold concurrently for listed companies. Although some of the Directors have multiple Board representations, the NC has considered and is satisfied that each of them is able to and has adequately carried out his/her duties as a Director of the Company for FY2020, given that each of them does not currently hold more than two (2) directorships in listed companies (including the Company) and there were sufficient time and effort taken to discharge their duties in the best interests of the Group. The considerations in assessing the capacity of Directors include expected and/or competing time commitments of Directors, such as whether or not the commitment is in a full-time or part-time employment capacity, geographical location of the Directors, size and composition of the Board. *[Provision 4.5]*

Each Director's listed company board directorships and principal commitments can be found in the profile of the Board of Directors section of the Annual Report. *[Provision 4.5]*

[Provision 1.6]

Management recognises the importance of ensuring the flow of information to the Directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. All Board and Board Committees papers are distributed to Directors in advance to allow sufficient time for Directors to prepare for the meetings.

Management's proposals to the Board for approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations.

[Provision 1.7]

The Board has at all times separate and independent access to the Management through electronic mail, telephone and face-to-face meetings and may request for any additional information at any times to enable them to make informed decisions. Key management personnel of the Group, the Company's auditors and external consultants are invited to attend Board and Board committee meetings to update and provide independent professional advice on specific issues, if required.

Should Directors, whether as a group or individually, require professional advice, the Group, upon direction by the Board, shall appoint a professional advisor selected by the Group or the individual, approved by the Chairman, to render the advice. The cost of such service shall be borne by the Group.

Directors have access to the Company Secretary. The Company Secretary's responsibilities include among others, assisting in ensuring that Board's procedures are observed and that Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act, Companies Act and Catalist Listing Manual, are complied with.

The Company Secretary and/or her representative attend and prepare minutes for all Board and Board Committees meetings. The Company Secretary assists the Chairman of the Board, the chairman of the Board Committees and Management in the development of the agendas for their meetings. The appointment and the removal of the Company Secretary are subject to the Board's approval.

Board Composition and Guidance

Principle 2: 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.

[Provision 2.1]

The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a director is independent in conduct, character and judgement, and has any 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.

CORPORATE GOVERNANCE REPORT

For the financial period from 1 January 2019 to 31 March 2020

For the purpose of determining each Independent Director's independence, every Independent Director has provided a declaration on their independence for acting as a director of the Company based on the requirements under the Code and deliberated upon by the NC and the Board.

The NC determines the independence of each Director based on the definition of independence set out in the Code and Catalist Listing Manual. For FY2020, the NC and Board are of the view that the independent element on the Board is maintained and are satisfied with the independent status of the following Independent Directors:-

- Mr. Lim Tai Toon
- Mr. Wee Yiap Fook San
- Mr. Suresh Kumar

[Provisions 2.2 & 2.3]

The Board has five (5) members and comprises the following:

Name of Director	Designation
Mr. Tan Lee Meng	Non-executive Chairman
Ms. Jessie Low Mui Choo	Executive Director and Chief Executive Officer
Mr. Lim Tai Toon	Lead Independent Non-executive Director
Mr. Wee Yiap Fook San	Independent Non-executive Director
Mr. Suresh Kumar	Independent Non-executive Director

A majority of three out of five directors on the Board are Independent Non-executive Directors.

[Provision 2.4]

The Company recognizes that board diversity is an essential element contributing to its sustainable development and strategic success. The Company believes that board diversity augments decision-making and a diverse board is more effective in dealing with organizational changes and less likely to suffer from group think.

The Group has in place a Board Diversity Policy which endorses the principle that its Board should have a balance of skill, knowledge, experience and diversity of perspectives appropriate to the Group's business to promote the inclusion of different perspectives and ideas, mitigate against group think.

The NC reviews the size and composition of the Board and Board Committees and the skills and core competencies of its members to ensure an appropriate balance and diversity of skills, experience, gender, age and knowledge of the Company. The Board considers that its Directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

The Board encourages active participation and engagement among the Directors for dynamic and stimulating exchanges of views and opinions at Board's and Board committees' meetings. The Directors make decisions using their collective wisdom and exercise their individual opinions whilst at all times acting in the best interest of the Group. No individual or group of Directors within the Board is supposed to dominate or is able to dominate the discussion process and decision-making. Where necessary, the Non-executive Directors (i) constructively challenge and help develop proposals on strategy, (ii) review the performance of the Management in meeting agreed goals and objectives and monitor the reporting performance, and (iii) meet and discuss on the Group's affairs without the presence of Management.

The NC has reviewed the composition of the Board and the Board committees during the course of FY2020 and is of the view the current Board and Board committees are of an appropriate size and comprise directors with appropriate balance and mix of skills, knowledge, experience, gender and age after taking into consideration the size of the current business operations of the Group.

The objective of the NC is to review and assess the Board composition and assess how to further strengthen the current skillsets of the Directors for more diversity of perspectives appropriate to the Group's business.

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[Provision 2.5]

During the year, the Non-Executive Directors and Independent Non-executive Directors communicate among themselves without the presence of Management as and when the need arises. The Chairman of such meetings then provided feedback to the Board and/or Management, as appropriate. The Company also benefits from Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board Committee meetings.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

[Provision 3.1]

The Chairman and the Chief Executive Officer ("CEO") positions are held by separate individuals, who are not related to each other. This is so that an appropriate balance of power and authority, with clear divisions of responsibilities, increased accountability and greater capacity of the Board for independent decision making, can be attained. This segregation of roles also facilitates a healthy, open exchange of views and opinions between the Board and Management in their deliberation of the business, strategic plans and key activities of the Company.

[Provision 3.2]

The Chairman bears the primary responsibility for the workings of the Board, ensuring its effective function, sets its agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues. He promotes a culture of openness and debate at the Board. He also ensures that the Board meetings are held whenever necessary; the Directors receive accurate, clear and timely information, encourages constructive relations between Management and the Board, as well as between Executive, Non-executive and Independent Directors and facilitates the effective contribution of Non-executive and Independent Directors; and ensures effective communication with shareholders. The Chairman also plays an instrumental role in charting directions and strategies and providing the Group with strong leadership and vision. He is responsible for promoting high standards of corporate governance.

The CEO is primarily responsible for the day-to-day management of the operations and performance of the Group; and reports to the Board on the Group's operations and performance. She has overall responsibility for the organisational effectiveness and the implementation of policies and decisions of the Board. The CEO works closely with the Chairman on formulating the Group's operational strategies and matters to be tabled at the Board level.

The presence of a strong, independent and active participation of the Independent Directors ensures the proper functioning of the Board and good check and balance. Their performance and appointment to the Board is reviewed by the NC and their remuneration packages are reviewed by the RC periodically. As such, the Board believes that there are adequate safety measures in place against an uneven concentration of power and authority, and the Chairman and CEO do not have unfettered powers of decisions.

[Provision 3.3]

Mr. Lim Tai Toon, the Lead Independent Non-executive Director, is available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the Financial Controller has failed to resolve or is inappropriate or inadequate.

Board Membership

Principle 4: 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.

[Provision 4.2]

The NC comprises the following four (4) members, three (3) of whom are Independent Non-executive Directors:-

Mr. Suresh Kumar	Independent Non-executive Director	Chairman
Mr. Tan Lee Meng	Non-executive Chairman	Member
Mr. Lim Tai Toon	Lead Independent Non-executive Director	Member
Mr. Wee Yiap Fook San	Independent Non-executive Director	Member

The NC is guided by the terms of reference approved by the Board and sets out the duties and responsibilities of this committee.

CORPORATE GOVERNANCE REPORT

For the financial period from 1 January 2019 to 31 March 2020

[Provision 4.1 & 4.3]

The NC's principal functions are to:

- review and approve any new employment of related persons to directors and proposed terms of their employment;
- review of board succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- development of a process and criteria for evaluation of the performance of the Board, the Board Committees and Directors;
- review of training and professional development programs for the Board and the Directors;
- recommend to the Board on Board appointments, including re-nominations of existing Directors for re-election in accordance with the Company's Constitution, taking into account the Director's contribution and performance;
- review the adequacy of the size of the Board, taking into consideration the scope and nature of operations of the Company. The Board must comprise members with an appropriate balance and diversity of skills, experience, gender and knowledge of the Company;
- assess whether a Director is able to and has adequately carried out his duties as a director of the company in particular where the director concerned has multiple Board representations;
- determination on an annual basis, whether a director is independent, bearing in mind the relevant provisions of the Code and all other salient factors; and
- review the appointment and re-appointment of Directors (including alternate Director, if any).

The NC has put in place a formal process for the selection of new directors to increase transparency of the nomination process in identifying and evaluating nominees for directors. The search and nomination process for new directors involves a review of the existing size and composition of the Board. In such reviews, the NC endeavours to ensure that the size of the Board is adequate and not unwieldy to interfere with efficiency in decision-making; and the composition of the Board is appropriately diverse with views and opinions for discussion and decision-making. The NC considers factors such as the ability of the potential candidate to contribute to discussions, deliberations and activities of the Board. In addition, the relevant experience, qualification, competence and attributes of the prospective candidates are evaluated in considering their appointment to the Board. In doing so, where necessary and appropriate, the NC may rely on its networking contacts and/or recommendations from fellow Board members to assist with identifying and short listing of candidates. Subsequent to the interview of the shortlisted candidates, NC would recommend the selected candidate to the Board for consideration and approval.

The Company's Constitution provides that one-third of the directors (or, if their number is not a multiple of three, the number nearest to but not less than one third) shall retire from office and are subject to re-election at every AGM. All Directors are required to retire from office at least once in every three years. Newly appointed directors must also submit themselves for election at the next AGM immediately following their appointment. The shareholders approve the election and re-election of Board members at the AGM.

The NC is responsible for re-election of directors. In its deliberations on the re-election of existing Directors, the NC would assess the performance (including his/her contribution and performance as an Independent Director, if applicable) of the Director in accordance with the performance criteria set by the Board and also consider the current needs of the Board. Subject to the NC's satisfactory assessment, the NC would recommend the proposed election or re-election of the Director to the Board for its consideration and approval. Directors subject to retirement pursuant to the Company's Constitution will give his/her consent to seek for re-election and whom being eligible, will be recommended by the Board for re-election at the forthcoming AGM of the Company.

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Pursuant to the Company's Constitution, Ms. Jessie Low Mui Choo and Mr. Suresh Kumar will retire as a Director of the Company at the forthcoming AGM. Mr. Suresh Kumar had indicated to the Board that he will not be seeking for re-election at the forthcoming AGM, and will accordingly retire as an Independent Director of the Company at the conclusion of the forthcoming AGM. Following the conclusion of the forthcoming AGM, Mr. Suresh Kumar will also cease to be the Chairman of the NC and a member of the AC and RC.

The NC has assessed and is satisfied that Ms. Jessie Low Mui Choo is properly qualified for re-election by virtue of her skills, experience and their contribution of guidance and time to the Board's deliberations. As such, the NC has recommended to the Board that Ms. Jessie Low Mui Choo, who is due to retire in accordance with the Company's Constitution, be nominated for re-election at the forthcoming AGM.

Ms, Jessie Low Mui Choo will, upon re-election as a Director of the Company, remain as the Executive Director and Chief Executive Officer of the Company.

Ms, Jessie Low Mui Choo had abstained from voting on any resolution and making any recommendation and/or participating in respect of matters in which she has an interest.

The Company currently does not have any alternate director.

[Provision 4.4]

On an annual basis, the Directors are each required to provide information on their current shareholding interests, areas of conflicts (if any), directorship in other companies; and declare their independence (for Independent Directors) and time commitment towards discharging of their responsibilities.

The NC determines annually, and as and when circumstances require, based on a Director's Independence Checklist completed, if a director is independent, having regard to the circumstances or independence criteria set forth in provision 2.1 of the Code. The NC determined that, during the course of FY2020, there was no Director whose relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, affect their independence as an independent director of the Company. The Board is in accord with the NC's determination.

In determining whether a director is able to and had been adequately carrying out his/her duties as a Director of the Group, the NC also takes into account the results of the assessment of individual director, and the respective directors' actual conduct on the Board, in making this determination.

Presently, none of the Independent Directors has served for more than nine years.

Board Performance

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

[Provisions 5.1 & 5.2]

The NC has developed a process for performance evaluation of the Board, the Board's Committees and individual Directors and conducts annual assessment on the performance of the Board as a whole, the Board Committees and individual directors and takes into account each Director's contribution and devotion of time and attention given to the Company.

This process is conducted using a questionnaire designed to assess the performance of the Board and the Board Committees. Individual Directors are assessed on self-evaluation basis. The responses received from the questionnaires are then tabulated and collated before giving to the Chairman of the NC for his review and discussion at the NC meeting. The conclusion of the assessment derived from the consolidated results and recommendations are then presented to the Board for its review and adoption, if deemed necessary.

The Board reviews the evaluation conducted by the NC based on the consolidated results received from the Directors and recommendations put forward by the Directors for improvement of performance and effectiveness of the Board, the Board Committees and individual Directors. Following the review, the Board is of the view that the Board, the Board Committees and individual Directors performed consistently good and operated effectively for FY2020.

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The NC proposes performance criteria for the Board and the Board Committee which include, among others, Independent Directors to involve and participate more often in management meetings to enable the Management team to have more opportunities to leverage on the Directors' experience and knowledge to further improve the current business and operation of the Group.

The Directors, led by the NC assessed the performance of the Chairman of the Board for FY2020 at the Board meeting and provided the feedback to the Chairman of the Board.

There was no external consultant involved in the Board's evaluation process in FY2020.

[Provision 1.4]

The NC had performed the following activities for FY2020:-

- reviewed the proposed terms of reference of the NC;
- developed the process for performance evaluation of the Board, the Board's Committees and individual Directors;
- reviewed the re-election of Directors, and making recommendation to the Board for their approval;
- reviewed the independency of the Independent Directors;
- reviewed the structure, size and composition of the Board;
- reviewed the succession plans for the Board and Key Management Personnel; and
- reviewed the training and professional development programs for the Directors.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: 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.

[Provision 6.2]

The RC comprises the following four (4) members, all of whom are Non-executive Directors and three (3) of whom are Independent Non-executive Directors:

Mr. Wee Yiap Fook San	Independent Non-executive Director	Chairman
Mr. Tan Lee Meng	Non-executive Chairman	Member
Mr. Lim Tai Toon	Lead Independent Non-executive Director	Member
Mr. Suresh Kumar	Independent Non-executive Director	Member

[Provision 6.1]

The RC is responsible for ensuring 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 member of the RC is involved in deliberations and voting on any resolution in respect of any remuneration, compensation, options, or any form of benefits to be granted to him or that of employees related to him.

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The members of the RC carried out their duties in accordance with the terms of reference which include the following key terms:

- review and recommend to the Board for endorsement, a framework of remuneration for the Board and key management personnel. The framework covers all aspect of remuneration, including but not limited to, director's fees, salaries, allowances, bonuses, grant of shares, options, shares-based incentives and awards and benefits in kind;
- review and recommend to the Board, the specific remuneration packages for each directors as well as for the key management personnel;
- consult professional consultancy firms where necessary in determining remuneration packages; and
- review all aspects of remuneration of Executive Directors and key management personnel including the Company's obligations arising in the event of termination of their service contracts, to ensure the contracts contain fair and reasonable termination clauses which are not overly generous. [Provision 6.3]

[Provision 6.4]

The RC has access to the professional advice of external experts in the area of remuneration, where required.

No remuneration consultants were engaged by the Company in FY2020.

Level and Mix of Remuneration

Principle 7: 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.

[Provision 7.1]

The remuneration of the Company's Directors and key management personnel has been formulated to attract, retain and motivate these executives to run the Company successfully. The level and structure of remuneration are aligned with the long-term interests and risk policies of the Company.

The Company adopts a remuneration policy for employees comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Company and the individual. The remuneration policy is aligned with the interests of the shareholders and promotes long-term success of the Group. No remuneration consultants were engaged by the Company in FY2020.

The RC reviews the service contracts of the Company's Executive Director and key management personnel. The compensation commitments in service contracts are reviewed periodically or as and when necessary.

The Company has put in place two shares plans namely "Medinex Performance Share Plan" ("**PSP**") and "Medinex Employee Share Option Scheme" ("**ESOS**") (collectively the "**Share Plans**").

PSP is a compensation scheme that promotes higher performance goals and recognises exceptional achievement. PSP is based on the principle of pay-for-performance and is designed to enable the Company to reward, retain and motivate employees of the Group to achieve superior performance. The purpose of the PSP is to give the Company greater flexibility to align the interest of employees of the Group, especially key executives with the interest of shareholders.

ESOS will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. ESOS is designed to primarily reward and retain employees whose services are vital to the Company's success.

The Share Plans were adopted on 9 November 2018 for a period of ten (10) years and will expire on 9 November 2028. Further details of the Share Plans are set out in the Company's offer document dated 30 November 2018.

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[Provision 7.2]

The RC reviews the remuneration of the Non-executive Directors to ensure the remuneration of the non-executive directors of the Company is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

Non-executive Directors receive a basic fee for their services and are eligible to participate in the Share Plans so as to better align the interest of the Non-executive Directors with the interests of shareholders. The RC ensures that the Non-executive Directors should not be over-compensated to the extent that their independence may be compromised.

[Provision 7.3]

The RC takes into consideration the need to ensure the remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long-term.

Disclosure on Remuneration

Principle 8: 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.

[Provisions 8.1 & 8.3]

The remuneration of Directors, CEO and key management personnel (who are not Directors or the CEO) of the Group for FY2020, is set out below:-

Directors' Remuneration

Directors	Fees (\$'000)	Salary ⁽¹⁾ (\$'000)	Bonus ⁽¹⁾ (\$'000)	Other Benefits ⁽²⁾ (\$'000)	Total (\$'000)
Ms. Jessie Low Mui Choo	–	405	–	30	435
Mr. Tan Lee Meng	25	–	–	–	25
Mr. Lim Tai Toon	31	–	–	–	31
Mr. Wee Yiap Fook San	25	–	–	–	25
Mr. Suresh Kumar*	17	–	–	–	17

* appointed as an Independent Non-executive Director, Chairman of NC and a member of the AC and RC on 27 May 2019

Notes:

- (1) Salary and bonus include employer's contributions to Central Provident Fund.
 (2) Other benefits refer to benefits-in-kind such as car, housing allowances, club membership etc. made available to directors as appropriate

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Top 5 Key Management Personnel's Remuneration

Key Management Personnel	Fees (%)	Salary ⁽¹⁾ (%)	Bonus ⁽¹⁾ (%)	Other Benefits ⁽²⁾ (%)	Total (%)
<u>\$\$250,001 and \$\$500,000</u>					
Mr. Lee Kim Hung	–	79.9%	17.3%	2.8%	100.0%
<u>Below \$\$250,000</u>					
Ms. Low Siam Kiang	–	66.1%	30.8%	3.1%	100.0%
Mr. Chai Yee Hoi	–	93.8%	6.2%	–	100.0%
Ms. Low Mui Keow, Valerie ⁽³⁾	21.4%	58.8%	15.5%	4.3%	100.0%
Mr. Ng Guan Kiat	–	88.4%	11.6%	–	100.0%

Notes:

- (1) Salary and bonus include employer's contributions to Central Provident Fund.
- (2) Other benefits refer to benefits-in-kind such as car, housing allowances, club membership etc. made available to directors as appropriate
- (3) Ms. Low Mui Keow, Valerie is the sister of Jessie Low Mui Choo, the Executive Director, CEO and controlling Shareholder of the Company.

The aggregate total remuneration for the top five (5) key management personnel (who are not Directors or CEO) is approximately S\$860,000 for FY2020.

The Company did not grant any termination, retirement and post-employment benefits to the Directors, the CEO and the rest of the Key Management Personnel during FY2020.

[Provision 8.2]

Save for Ms. Valerie Low's remuneration as disclosed above, the remuneration of the employee(s) who is/are immediate family of a director, the CEO and substantial shareholder of the Company is as follows:

Name	Fees (%)	Salary ⁽¹⁾ (%)	Bonus ⁽¹⁾ (%)	Other Benefits ⁽²⁾ (%)	Total (%)
<u>\$\$150,001 and \$\$200,000</u>					
Mr. Karunanithi S/O Letchumanan ⁽³⁾	–	74.6%	18.2%	7.2%	100.0%

Notes:

- (1) Salary and bonus include employer's contributions to Central Provident Fund.
- (2) Other benefits refer to benefits-in-kind such as car, housing allowances, club membership etc. made available to directors as appropriate
- (3) Spouse of Jessie Low Mui Choo, the Executive Director, CEO and controlling shareholder of the Company

For FY2020, save as disclosed above, the Company and its subsidiaries do not have any other employee or an immediate family member of a director or the CEO or a substantial shareholder and whose remuneration exceeds S\$100,000.

Save for Ms. Jessie Low Mui Choo who is a controlling shareholder of the Company, there is no employee who is a substantial shareholder of the Company. Save for Mr. Karunanithi S/O Letchumanan and Ms. Valerie Low who are the spouse and sister of Ms. Jessie Low Mui Choo, there is no employee who is related to a substantial shareholder of the Company.

There were no awards and/or options granted under the Share Plans in FY2020.

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[Provision 1.4]

The RC performed the following activities in FY2020:-

- reviewed the proposed terms of reference of the RC;
- reviewed the service contract of key management personnel;
- reviewed the remuneration packages for Executive Directors, key management personnel and Employees related to the Directors of the Company and recommended to the Board for approval; and
- reviewed the Directors' Fees and recommended to the Board for approval.

Directors' Fees

The fees paid/payable to independent directors take into account factors such as effort and time spent, and responsibilities of these directors. In this regard, the Company will be seeking shareholders' approval at the AGM of the Company, for the payment of directors' fees of S\$97,918 for FY2020. The Directors' fees are pro-rated according to their appointment and retirement date for the year, where applicable. No Director decides his own fees.

(C) ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: 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.

[Provisions 9.1 & 9.2]

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

The Board acknowledges that it is responsible for maintaining a sound system of internal control and risk management, but recognises that no cost effective internal control system and risk management will preclude all errors and irregularities. Internal controls and risk management can provide only reasonable and not absolute assurance against material misstatement, losses, human errors, fraud or other irregularities.

Management is responsible to the Board for the design, implementation, and monitoring of the Group's risk management and internal control systems and to provide the Board with a basis to determine the Group's level of risk tolerance and risk policies.

The Board received assurance from the CEO and the Financial Controller of the Company that the financial records of the Group have been properly maintained and the financial statements for FY2020 give a true and fair view of the Group's operations and finances.

The Board also received assurance from the CEO and key management personnel of the Group who are responsible, that the risk management and internal control systems of the Group were adequate and effective as at 31 March 2020.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors, discussions with external auditors and reviews performed by Management and the assurances provided by the CEO, the Financial Controller and key management personnel, as stated in the afore paragraph, the Board is of the view that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2020.

The AC concurs with the Board's view that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place of the Group were adequate and effective as at 31 March 2020.

CORPORATE GOVERNANCE REPORT

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Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

[Provision 10.2]

The AC comprises the following four (4) members, all of whom are Non-executive Directors and three (3) of whom are Independent Non-executive Directors:

Mr. Lim Tai Toon	Lead Independent Non-executive Director	Chairman
Mr. Tan Lee Meng	Non-executive Chairman	Member
Mr. Wee Yiap Fook San	Independent Non-executive Director	Member
Mr. Suresh Kumar	Independent Non-executive Director	Member

The Chairman of the AC, Mr. Lim Tai Toon, graduated from National University of Singapore with a Degree of Bachelor of Accountancy in 1985 and obtained a Master of Business Administration from Brunel University in 1994.

Mr. Tan Lee Meng has been providing investment and consultancy services to individuals and companies on their investments and merger and acquisition exercises since 2000. He graduated from Oklahoma City University in 1993 with a Bachelor of Science (Summa cum Laude) and obtained a Master of Business Administration (Investment and Finance) from the University of Hull.

Mr. Wee Yiap Fook San graduated with a Bachelor of Science in Engineering from Coventry University in 1981 and obtained his Master in Business Administration from the University of Warwick in 1990. Since 1992, he has been providing turnaround services for distressed companies.

Mr. Suresh Kumar graduated from National University of Singapore with a Bachelor of Arts (Honours) History in 1995 and obtained his Master of Science (Applied Finance) in 2001. He is a Chartered Financial Analyst and Chartered Valuer/Appraiser.

More detailed profiles of the Directors can be found on pages 4 and 5 of the Annual Report.

The NC and the Board are satisfied that the members of AC have recent and relevant accounting or related financial management expertise and experience to discharge the AC functions.

[Provision 10.3]

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

[Provision 10.1]

The AC is guided by the terms of reference approved by the Board. The principal duties, responsibilities and activities of the AC are to:

- assisting the Board in the discharge of its responsibilities on financial reporting matters;
- reviewing with the internal and external auditors, the audit plans, scope of work, evaluation of the system of internal accounting controls, management's letter and management's response, and results compiled by the Group's internal and external auditors;
- reviewing the half-yearly and annual financial statements and results announcements (including casting an oversight on the guaranteed profits provided to the Company and the related payments to the Company) before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Listing Manual and any other statutory or regulatory requirements;
- reviewing significant financial reporting issues and judgements with the Financial Controller and the external auditors so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance before their submission to the Board;

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- reviewing the assurance from the CEO and Financial Controller on the financial records and financial statements;
- reviewing the effectiveness and adequacy of the Group's internal control and procedures, including financial, operational, compliance and information technology controls, and risk management policies and systems established by the management, and ensure coordination between the Group's internal and external auditors, and management;
- reviewing the assistance given by the management to the auditors and discuss concern and problems, is any, arising from the audit, and any matters which the auditors may wish to discuss (in absence of the management where necessary);
- reviewing the adequacy, effectiveness, independence, scope and results of the external audit and internal audit functions, and assessing the independence and objectivity of the external auditors;
- reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;
- making recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- reviewing and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls and risk management systems with the Financial Controller and the internal and external auditors, including financial, operation, compliance and information technology controls via reviews carried out by the internal auditors;
- reviewing the nature and extent of non-audit services provided by the external auditors;
- reviewing any transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Listing Manual;
- reviewing any potential conflicts of interest;
- reviewing and approve any hedging policies and instruments to be implemented by the Group;
- undertaking 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;
- reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on, and ensure that the Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns; and
- generally undertaking such other functions and duties as may be required by law or the Catalist Listing Manual, and by such amendments made thereto from time to time.

During the course of review of the financial statements for FY2020, the AC discussed with the Management and the external auditor on the significant issues that were brought to the AC's attention. These material issues which the external auditor assessed to be most significant in its audit of the financial statements for the year under review have been highlighted in the key audit matters section of Independent Auditor's Report.

The AC reviewed the work performed by the Management and made enquiries relevant to the key audit matters. In addition, the AC also reviewed and discussed the findings presented and related work performed by the external auditor. The AC was satisfied that these material issues have been properly addressed and appropriately adopted and disclosed in the financial statements.

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The AC reviews the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them. The total fees paid in respect of audit and non-audit to the external auditors, BDO LLP for FY2020 are as stated below:

External Auditor Fee for FY2020	S\$	% of total audit fees
Total audit fees	136,500	100.0%
Total non-audit fees	–	–
Total fees paid	136,500	100.0%

No non-audit services were provided by the external auditors in FY2020.

The Company and Group have complied with Rule 712 and Rule 715 of the Catalist Listing Manual in the appointment of its auditors. The AC recommends to the Board the reappointment of Messrs BDO LLP as the external auditors of the Group at the forthcoming AGM, taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority.

[Provision 1.4]

In the course of FY2020, the AC carried out the following activities:-

- reviewed the proposed terms of reference of the AC;
- reviewed the effectiveness of the Company's internal audit function;
- reviewed the adequacy and effectiveness of the Company's internal controls systems, including financial, operational, compliance and information technology controls, and risk management system;
- received the statement of assurance from the CEO and Financial Controller in respect of the integrity of the financial results and statements of the Group and the effectiveness of the Company's internal control systems, including financial, operational, compliance and information technology controls, and risk management system;
- reviewed half-yearly and full year financial statements (audited and unaudited), and recommending to the Board for approval;
- reviewed interested/related parties transactions;
- reviewed audit plan/report and assess the independence of external auditors;
- reviewed internal audit plan/report and the appointment of internal auditors;
- reviewed the nomination of external auditors for re-appointment at AGM and determined their remuneration, and made appropriate recommendations to the Board for approval;
- met with the internal and external auditors of the Company without the presence of management.

The Group recognises the importance of providing the Board with accurate and relevant information on a timely basis. Management provides the Board with management accounts, operations reviews and related explanations together with the financial statements on a half-yearly basis and as the Board may require from time to time. The AC reviews the half-yearly and full year financial statements and recommends to the Board for approval.

The Board reviews and approves the interim half year and full year results before its release. Results for the half-yearly and full year are released to shareholders within the timeframe stipulated under Rule 705 of the Catalist Listing Manual. In presenting the annual and half-yearly financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of the Group's performance, position and prospects. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

CORPORATE GOVERNANCE REPORT

For the financial period from 1 January 2019 to 31 March 2020

The Board also provides negative assurance confirmation to shareholders on the integrity of the half-yearly financial statements.

The AC also conducts reviews of all interested person transactions (“IPT”) to ensure that all IPTs of the Company are properly documented. Accordingly, the AC is satisfied that all material IPTs for FY2020 which warrant disclosure or further discussion have been properly reviewed and announced, where applicable; and there are no improprieties in this area.

The AC is kept abreast by the Management, the Company’s Continuing Sponsor, Company Secretaries and the External Auditors of changes to accounting standards, Catalist Listing Manual and other regulations which could have an impact on the Group’s business and financial statements.

The Company has adopted a Whistle-Blowing Policy which sets the framework to encourage the reporting in good faith of serious concerns or escalate serious matters on a confidential basis without fear of reprisal, dismissal, or discriminatory treatment. The Whistle-Blowing Policy provides procedures to validate concerns and for investigation to be carried out independently. The employees of the Group are aware of the existence of the Whistle-Blowing Policy as it has been circulated to all employees of the Group. A copy of the Group’s Whistle-Blowing Policy is also available on the corporate website of the Company. The person in charge of receiving whistle-blowing reports is Mr. Lim Tai Toon, the Company’s Lead Independent Non-executive Director. [Provision 10.1(f)]

[Provision 10.4]

The Company has outsourced its internal audit function to RSM Risk Advisory Pte. Ltd. (“RSM”). The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the firm for the internal audit function. The internal audit function has unfettered access to the Company’s documents, records, properties and personnel, including the AC, and has appropriate standing within the Group.

The AC is satisfied that RSM is staffed by independent, suitably qualified and experienced professionals with the relevant experience and has adequate resources to perform its function effectively. Mr Dennis Lee, the head of the internal audit function team, is highly qualified with almost 17 years of audit, internal audit and risk management experience. RSM carries out its function in accordance to the standards set by the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

[Provision 10.5]

The AC has met with the external auditors, and the internal auditors, without the presence of Management, once in FY2020 and obtained feedback on the competency and adequacy of the finance function to ascertain if there was any material weakness in control effectiveness in the Group’s financial reporting and operational systems. Besides scheduled meetings, the internal and external auditors as well as the AC Chairman have direct and open access channels of communication.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights and Conduct of General Meetings

Principle 11: 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.

[Provision 11.1]

To facilitate shareholders’ ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis. The Company recognises that the release of timely and relevant information is central to good corporate governance and enables shareholders to make informed decisions in respect of their investments in the Company. All shareholders are entitled to attend the general meetings and are accorded the opportunity to participate effectively in the general meetings.

CORPORATE GOVERNANCE REPORT

For the financial period from 1 January 2019 to 31 March 2020

The Company's Constitution allows a shareholder to appoint up to two (2) proxies to attend and vote in the shareholders' place at the general meetings. Indirect investors who hold the Company's shares through a nominee company or custodian bank or through CPF/SRS agent bank may attend and vote at each general meetings. Pursuant to Section 181(1C) of the Companies Act, Chapter 50, a member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the general meetings, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

The Board welcomes the view of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. The Board encourages active shareholder participation in shareholders general meetings and believes that general meetings are an opportune forum and suitable platform for shareholders and the Board and Management of the Company to engage in active exchange of ideas.

The Company sends its Annual Report and Notice of general meetings to all shareholders. The Notice will also be made available on SGXNET and the Company's website.

The Company conducts a poll voting for all proposed resolutions at general meetings for greater transparency in the voting process. The total number of votes cast for or against the resolutions will also be announced after the meetings via SGXNET.

The Company Secretaries or their representative prepares minutes of general meetings which capture the essence of comments and queries from shareholders and responses to them from the Board and Management.

[Provision 11.2]

The Company provides for separate resolutions at general meetings on each distinct issue. All the resolutions at the general meetings are single item resolutions. Detailed information on each item in the annual general meeting ("**AGM**") and extraordinary general meeting ("**EGM**") agenda is in the explanatory notes to the Notice of AGM or Notice of EGM in the Annual Report or Circular respectively.

[Provision 11.3]

At the general meetings, shareholders have the opportunity to raise questions to the Board and Management, and clarify with them any issues they may have relating to the resolutions to be passed. Board members and Management are required to attend shareholders' meetings and are on hand to address any questions raised. The Company's external auditors are also present to address shareholders' queries on the conduct of audit and the preparation and content of the auditors' report, where necessary and appropriate. All minutes of general meetings, including the questions raised by shareholders in relation to the meeting agenda and the responses from the Board and/or Management, will be made available to shareholders upon their request.

All Directors attended the AGM and EGM of the Company held on 30 April 2019 save for Mr. Suresh Kumar who was appointed as director of the Company on 27 May 2019.

[Provision 11.4]

The Company's Constitution allows all shareholders to appoint up to two proxies to attend general meetings and vote on their behalf. As the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax.

[Provision 11.5]

Minutes of general meetings are published on the Company's corporate website at <http://www.medinex.com.sg/investor-relations-2-2/>.

[Provision 11.6]

The Company does not have a fixed dividend policy in place. The Company may declare an annual dividend with the approval of the shareholders in a general meeting, but the amount of such dividend shall not exceed the amount recommended by the Board. The Board may also declare an interim dividend without the approval of the shareholders.

Despite not having a fixed dividend policy, the Directors intend to recommend and distribute dividends of no less than 70% of the Group's net profit after tax attributable to Shareholders for each of FY2018, FY2019 and FY2020 as stated in the offer document dated 30 November 2018.

CORPORATE GOVERNANCE REPORT

For the financial period from 1 January 2019 to 31 March 2020

Due to the change in financial year end of the Company from 31 December to 31 March, the dividend distribution statement as mentioned in the Offer Document shall apply to FY2018, FY2020 and FY2021 instead.

The Company had on 14 August 2019 and 18 December 2019 declared interim dividends and distributed them on 13 September 2019 and 17 January 2020 respectively. Given that the second interim dividend paid in 17 January 2020 was actually meant for final dividend for FY2019 before the change of the Company's financial year, there will be no final dividend recommended to be declared by the directors for FY2020 in this forthcoming AGM.

Engagement with Shareholders

Principle 12: 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.

[Provision 12.1]

The Group is committed to maintaining high standards of corporate disclosure and transparency. The Group values dialogue sessions with its shareholders. The Group believes in regular, effective, and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

Material information is disclosed in an adequate, accurate, and timely manner via SGXNET and corporate website. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNET.

The Group's corporate website is the key resource of information for shareholders. In addition to the financial results materials, it contains a wealth of investor related information on the Group, including profiles of key management personnel, list of announcements made via SGXNET and important Company policies like the investor relations policy and whistle blowing policy.

All shareholders are encouraged to contact the Company with any queries or concerns. The contact details of the Company can be found easily on the corporate website. The AGM is a good platform for shareholders to engage with the Board and Management. During the meetings, the shareholders will be invited and are encouraged to ask questions on the resolutions tabled and to express their views. At the same time, they will be updated on the Group's corporate achievements and financial performance.

[Provision 12.2]

The Company has established an investor relation policy that governs regular, effective and fair communication with shareholders. A copy of the Company's investor relations policy is available on the corporate website of the Company.

[Provision 12.3]

The investor relation policy sets out mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions.

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: 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 interests of the company are served.

[Provision 13.1]

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to work towards sustainable growth. The Company's efforts on sustainability are focused on creating sustainable value for our key stakeholders, which include employees, lenders, investors, clients and regulators / Government.

[Provision 13.2]

The Company's strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period can be found under Sustainability Report section of the Annual Report.

CORPORATE GOVERNANCE REPORT

For the financial period from 1 January 2019 to 31 March 2020

[Provision 13.3]

The Company maintains a current corporate website at <http://www.medinex.com.sg>. Any members of public who wish to receive updates on the Company's corporate information and SGXNet announcements may visit the said corporate website and submit their request under "Contact Us".

The contact details of the investor relations teams are also available on the Company's corporate website, to enable the stakeholders to contact the Company, is required.

With the above, the Company hopes to have a good communication and engagement with all its stakeholders.

(F) OTHER CORPORATE GOVERNANCE MATTERS

Dealing In Securities

Catalist Rule 1204(19)

In line with Rule 1204(19) of the Catalist Listing Manual regarding the dealings in securities, the Company issues a half yearly circular to its directors, officers and employees reminding them of the restrictions on dealings in listed securities of the Group during the period commencing one (1) month before announcement of the Company's half year and full year results as the case may be, and ending on the date of the announcement of the relevant results. Directors, officers and employees are also directed to refrain from dealing in listed securities of the Group at any time they are in possession of unpublished price sensitive information, or on short-term considerations.

Material Contracts

Catalist Rule 1204(8)

Save for those disclosed under the section "Interested Person Transactions", there were no material contracts entered into by the Company and its subsidiaries involving the interests of its CEO, Directors or controlling shareholders which are either still subsisting at the end of FY2020 or if not then subsisting, entered into since the end of the previous financial year ended 31 March 2020.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC, and that transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

The Company does not have any prior shareholders' mandate pursuant to Catalist Rule 920. There were IPTs conducted during the financial year with the details of these IPTs are set out as follows:-

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (S\$'000)
Low Mui Keow, Valerie (Lu Mei Jiao, Valerie) ⁽¹⁾	1,008	-
HC Surgical Specialists Limited & Shinex Capital Pte. Ltd. ⁽²⁾	626	-
JK Group Services Pte Ltd ⁽³⁾	150	-
Dr. Heah Sieu Min ⁽⁴⁾	144	-
HC Surgical Specialists Limited ⁽⁵⁾	140	-

CORPORATE GOVERNANCE REPORT

For the financial period from 1 January 2019 to 31 March 2020

Notes:-

- (1) The purchase consideration for the acquisition of 100% equity interest in Ark LL from Low Mui Keow, Valerie (sister of Jessie Low Mui Choo, the Executive Director and Chief Executive Officer of the Company), of which S\$600,000 of the purchase consideration has been paid to Low Mui Keow, Valerie. Please refer to the circular dated 15 April 2019 and the announcements made by the Company on 26 March 2019, 24 April 2019, 30 April 2019 and 6 May 2019 for more details.
- (2) The aggregate value of the Company's equity participation and shareholder's loan to the joint venture entity, Zenmedic, as announced by the Company on 2 May 2019 and 9 May 2019. The joint venture was entered into with, among others, the Company's controlling shareholders, HC Surgical Specialists Limited and Shinex Capital Pte. Ltd. Please refer to the announcements for more details.
- (3) Rental of the entire unit at 111 North Bridge Road, #23-04 Peninsular Plaza, Singapore 179098 from JK Group Services Pte. Ltd., which is 90% owned by Mr Karunanithi S/O Letchumanan (spouse of Jessie Low Mui Choo, the Executive Director and Chief Executive Officer of the Company) and 10% owned by Jessie Low Mui Choo.
- (4) The Company's subsidiary, Medinex Corporate Services Pte. Ltd., provides business support services to Dr. Heah Sieu Min's personal companies.
- (5) The Company's subsidiaries, Nex Healthcare Pte. Ltd. and Medinex Healthcare Pte. Ltd., provide pharmaceutical services and business support services respectively to HC Surgical Specialists Limited.

Non-Sponsor Fees

For FY2020, the Company paid to its sponsor, Novus Corporate Finance Pte. Ltd. non-sponsor fees of S\$27,000.00.

Use of Proceeds

The Company refers to the net cash proceeds amounting to S\$5.28 million (excluding listing expenses of approximately S\$1.22 million) raised from the IPO on the Catalist Board of SGX-ST on 7 December 2018.

As at the date of this announcement, the status on the use of the IPO net proceeds is as follows:

Use of IPO net proceeds	Amount allocated (S\$'000)	Amount utilised (S\$'000)	Balance (S\$'000)
Expand our Group's business operations via acquisitions, joint ventures and/or strategic partnerships	4,000.00	3,532.50 ⁽¹⁾	467.50
Working Capital	1,316.00	786.00 ⁽²⁾	530.00
Total	5,316.00	4,318.50	997.50

Notes:

- (1) Utilised for the following:-
 - (a) acquisition of Sen Med – S\$1,732,500
 - (b) acquisition of Ark LL – S\$600,000
 - (c) acquisition of SKIC and Medinex Advisory – S\$1,200,000 (including S\$120,000 earmarked for the remaining purchase consideration for this acquisition, which has not been disbursed by the Company as at the date of this annual report);
- (2) Utilised for the payment of listing expenses of S\$36,000 and the provision of the convertible loan amount of S\$750,000 to SPH.

Sustainability Reporting

Catalist Rule 711A, 711B

The Company's sustainability report is set out from pages 11 to 18 of this annual report.

DIRECTORS' STATEMENT

The Directors of Medinex Limited (the "**Company**") present their statement to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the financial period from 1 January 2019 to 31 March 2020 and the statement of financial position of the Company as at 31 March 2020.

1. Opinion of the Directors

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon 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 March 2020, and of the financial performance, changes in equity and cash flows of the Group for the financial period from 1 January 2019 to 31 March 2020; 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 as follows:

Mr. Tan Lee Meng	(Non-executive Chairman)
Ms. Jessie Low Mui Choo	(Executive Director and Chief Executive Officer)
Mr. Lim Tai Toon	(Lead Independent Non-executive Director)
Mr. Wee Yiap Fook San	(Independent Non-executive Director)
Mr. Suresh Kumar	(Independent Non-executive Director)

3. Arrangements to enable Directors to acquire shares or debentures

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

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial period had no interests in the shares or debentures of the Company and its related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance at 1 January 2019	Balance at 31 March 2020	Balance at 1 January 2019	Balance at 31 March 2020
The Company	<u>Number of ordinary shares</u>			
Ms. Jessie Low Mui Choo	27,089,140	27,443,340	–	390,000
Mr. Tan Lee Meng	11,269,440	11,649,440	–	–

By virtue of Section 7 of the Act, Ms. Jessie Low Mui Choo is deemed to have interests in the shares of all subsidiary corporations of the Company at the beginning and at the end of the financial period.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the register of directors' shareholdings, the directors' interest as at 21 April 2020 in the shares of the Company have not changed from those disclosed as at 31 March 2020.

5. Share options

There were no share options granted by the Company or its subsidiary corporations during the financial period.

There were no shares issued during the financial period by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option as at the end of the financial period.

Employee Share Option Scheme

The Company has implemented an Employee Share Option Scheme known as the Medinex Employee Share Option Scheme ("**Medinex ESOS**"). The Medinex ESOS was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 9 November 2018. No options have been granted pursuant to the Medinex ESOS as at the date of this report.

Performance Share Plan

The Company has implemented a Performance Share Plan known as the Medinex Performance Share Plan ("**Medinex PSP**"). The Medinex PSP was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 9 November 2018. No shares have been granted pursuant to the Medinex PSP as at the date of this report.

DIRECTORS' STATEMENT

6. Audit committee

The Audit Committee of the Company is chaired by Mr. Lim Tai Toon, Lead Independent Non-Executive Director, and includes Mr. Wee Yiap Fook San, an Independent Non-Executive Director, Mr. Tan Lee Meng, a Non-Executive Chairman and Mr. Suresh Kumar, an Independent Non-Executive Director. The Audit Committee has carried out its functions in accordance with Section 201B(5) of the Act, including reviewing the following, where relevant, with the Executive Directors and external auditors of the Company:

- (i) assisting the Board of Directors in the discharge of its responsibilities on financial reporting matters;
- (ii) reviewing with the internal and external auditors, the audit plans, scope of work, evaluation of the system of internal accounting controls, management letter and management's response, and results complied by the Group's internal and external auditors;
- (iii) reviewing the half-yearly and annual financial statements and results announcements (including casting an oversight on the guaranteed profits provided to the Company and the related payments to the Company) before submission to the Board of Directors for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Listing Manual and any other statutory or regulatory requirements;
- (iv) reviewing significant financial reporting issues and judgments with the Financial Controller and the external auditors so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance before their submission to the Board of Directors;
- (v) reviewing the assurance from the CEO and the Financial Controller on the financial records and financial statements;
- (vi) reviewing the effectiveness and adequacy of the Group's internal control and procedures, including financial, operational, compliance and information technology controls, and risk management policies and systems established by the management, and ensure coordination between the Group's internal and external auditors, and management;
- (vii) reviewing the assistance given by the management to the auditors and discuss concern and problems, if any, arising from the audit, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);
- (viii) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and internal audit functions, and assessing the independence and objectivity of the external auditors;
- (ix) reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;
- (x) making recommendation to the Board of Directors on the proposals to shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- (xi) reviewing and report to the Board of Directors at least annually the adequacy and effectiveness of the Group's internal controls and risk management systems with the Financial Controller and the internal and external auditors, including financial, operation, compliance and information technology controls via reviews carried out by the internal auditors;
- (xii) reviewing the nature and extent of non-audit services provided by the external auditors;
- (xiii) reviewing any transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Listing Manual;

DIRECTORS' STATEMENT

6. Audit committee (Continued)

- (xiv) reviewing any potential conflicts of interest;
- (xv) reviewing and approve any hedging policies and instruments to be implemented by the Group;
- (xvi) undertaking such other reviews and projects as may be requested by the Board of Directors and report to the Board of Directors its findings from time to time on matters arising and requiring the attention of the Audit Committee;
- (xvii) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on, and ensure that the Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns; and
- (xviii) generally undertaking such other functions and duties as may be required by law or the Catalist Listing Manual, and by such amendments made thereto from time to time.

The Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any Director and Executive Officer of the Group to attend its meetings. The external auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

7. Independent auditors

The independent auditors, BDO LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

Tan Lee Meng
Director

Jessie Low Mui Choo
Director

Singapore
4 August 2020

INDEPENDENT AUDITORS' REPORT

To the members of Medinex Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Medinex Limited (the "Company") and its subsidiaries (the "Group") as set out in pages 50 to 118, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2020;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial period from 1 January 2019 to 31 March 2020; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position 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 March 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial period from 1 January 2019 to 31 March 2020.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSA"). Our responsibilities under those standards are further described in the *Auditors' 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 financial 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.

INDEPENDENT AUDITORS' REPORT

To the members of Medinex Limited

Key Audit Matters (Continued)

KEY AUDIT MATTER	AUDIT RESPONSE
<p>1 Business combinations related to acquisitions of subsidiaries</p> <p>The Company acquired 55%, 100%, 100% and 100% equity interest in Sen Med Holdings Pte. Ltd. ("SMH"), Ark Leadership & Learning Pte. Ltd. ("ALL") and Medinex Advisory Pte. Ltd. (formerly known as SKI Corporate Services Pte. Ltd.) and SKI Consultancy Pte. Ltd. ("SKI Group") respectively for a total purchase consideration of \$3,940,500, thereby obtaining control of these entities on the respective acquisition dates during the financial period from 1 January 2019 to 31 March 2020.</p> <p>In accounting for these acquisitions, management, assisted by its external valuers, performed valuations to determine the fair values of SMH, ALL and SKI Group's identifiable assets acquired and liabilities assumed at their respective acquisition dates.</p> <p>We have determined the accounting for the acquisitions of SMH, ALL and SKI Group's to be a key audit matter as these acquisitions are material transactions during the financial period and involved significant judgements and estimates with regard to the valuation process.</p> <hr/> <p>Refer to Notes 2.3 and 7 to the financial statements.</p>	<p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> • Perused the sale and purchase agreements ("SPA") for the acquisitions to verify the terms and conditions and determine if the accounting for the acquisitions are in accordance with SFRS(I) 3 <i>Business Combinations</i> and SFRS(I) 10 <i>Consolidated Financial Statements</i>. • Assessed the independence and competency of the external valuers which included considering their experiences and qualification in performing valuations for such business combinations and discussed with the external valuers on the valuation methodologies used and the results of their work. • Perused the Purchase Price Allocation ("PPA") reports issued by the external valuers and, with the assistance of our internal valuation specialist, assessed the reasonableness of the key assumptions and valuation methods used in identification of the assets and liabilities of the acquirees, including additional intangible assets identified. • Assessed the adequacy of the disclosures in the financial statements relating to the business combinations.

INDEPENDENT AUDITORS' REPORT

To the members of Medinex Limited

Key Audit Matters (Continued)

KEY AUDIT MATTER	AUDIT RESPONSE
<p>2 Impairment assessment of goodwill</p> <p>As at 31 March 2020, the Group's goodwill amounted to approximately \$6,845,000, which included the goodwill of approximately \$3,206,000 arising from new acquisitions during the financial period from 1 January 2019 to 31 March 2020.</p> <p>Under SFRS(I) 1-36 <i>Impairment of Assets</i>, the Group is required to test goodwill for impairment annually, or more frequently if there are indications that these goodwill may be impaired.</p> <p>For the purpose of impairment assessment, management applied the value-in-use (discounted cash flow forecasts) method to determine the recoverable amounts for the respective cash generating units to which the goodwill belong.</p> <p>We have determined the impairment assessment of goodwill to be a key audit matter as the impairment assessment involved significant judgements and estimates with regard to the key assumptions used in estimating the discounted future cash flows, such as the revenue growth rates and discount rates.</p> <hr/> <p>Refer to Notes 3.2(ii) and 6 to the financial statements.</p>	<p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> • Reviewed that the cash flow projections were based on approved management forecasts and evaluated management's forecasting process by comparing previous forecasts, if any, to actual results. • Discussed with management and evaluated the reasonableness of the key assumptions made by management, including performing analytical procedures and comparing the revenue growth rates against historical performance, recent trends and market outlook caused by the COVID-19 pandemic, as appropriate. • Engaged our internal valuation specialist to evaluate the reasonableness of the discount rates used. • Performed sensitivity analysis around the key assumptions, including the revenue growth rates and discount rates, used in cash flow forecasts. • Assessed the adequacy of the disclosures in the financial statements with respect to the goodwill impairment.

INDEPENDENT AUDITORS' REPORT

To the members of Medinex Limited

Key Audit Matters (Continued)

KEY AUDIT MATTER	AUDIT RESPONSE
<p>3 Impairment assessment of investments in subsidiaries</p> <p>As at 31 March 2020, the carrying amount of the Company's investments in subsidiaries amounted to approximately \$10,922,000. The subsidiaries are service providers of medical and business support services, pharmaceutical services and medical services.</p> <p>During the financial period, arising from indications of impairment in the subsidiaries, management carried out an impairment assessment to determine whether an impairment loss should be recognised in the financial statements.</p> <p>Management determined the recoverable amounts based on the value-in-use calculations by estimating the expected discounted future cash flows to be derived from the investments in those subsidiaries. Arising from the assessment, an impairment loss of \$250,000 was recognised on the investments in subsidiaries during the financial period.</p> <p>We focused on the impairment assessment of the subsidiaries as a key audit matter owing to the significant management judgements involved in the key assumptions used in estimating the expected discounted future cash flows such as the revenue growth rates and the discount rates.</p> <hr/> <p>Refer to Notes 3.2(i) and 7 to the financial statements.</p>	<p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> ● Reviewed that the cash flow projections were based on approved management forecasts and evaluated management's forecasting process by comparing previous forecasts, if any, to actual results. ● Discussed with management and evaluated the reasonableness of the key assumptions made by management, including performing analytical procedures and comparing the revenue growth rates against historical performance, recent trends and market outlook caused by the COVID-19 pandemic, as appropriate. ● Engaged our internal valuation specialist to evaluate the reasonableness of the discount rates used. ● Performed sensitivity analysis around the key assumptions, including the revenue growth rates and discount rates, used in cash flow forecasts. ● Assessed the adequacy of the disclosures in the financial statements with respect to the impairment assessment of investments in subsidiaries.

INDEPENDENT AUDITORS' REPORT

To the members of Medinex Limited

Other Information

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT

To the members of Medinex Limited

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 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 auditors' report is Leong Hon Mun Peter.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
4 August 2020

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2020

	Note	Group		Company	
		31 March 2020	31 December 2018	31 March 2020	31 December 2018
		\$	\$	\$	\$
ASSETS					
Non-current assets					
Plant and equipment	4	58,867	96,702	15,918	3,037
Right-of-use assets	5	1,914,744	–	–	–
Intangible assets	6	7,193,086	3,780,053	–	–
Investments in subsidiaries	7	–	–	10,922,872	7,232,372
Investment in joint ventures	8	139,515	–	91,519	–
Financial assets at fair value through profit or loss (“FVTPL”)	9	886,613	780	885,833	–
Other receivables	10	534,106	–	534,106	–
		10,726,931	3,877,535	12,450,248	7,235,409
Current assets					
Inventories	11	836,406	472,951	–	–
Trade and other receivables	10	2,355,395	1,229,564	937,150	2,169,942
Contract assets	12	51,183	23,417	–	–
Prepayments		86,475	94,207	59,561	81,723
Fixed deposit	13	1,528,600	4,150,234	1,019,600	3,000,000
Cash and bank balances	13	3,735,740	4,982,089	620,717	3,410,742
		8,593,799	10,952,462	2,637,028	8,662,407
Total assets		19,320,730	14,829,997	15,087,276	15,897,816
EQUITY AND LIABILITIES					
Equity					
Share capital	14	14,163,317	14,163,317	14,163,317	14,163,317
Other reserves	15	(1,540,381)	(1,948,381)	408,000	–
Retained earnings	16	1,641,901	1,312,242	69,628	1,511,797
Equity attributable to owners of the parent		14,264,837	13,527,178	14,640,945	15,675,114
Non-controlling interests		344,409	–	–	–
Total equity		14,609,246	13,527,178	14,640,945	15,675,114
Non-current liabilities					
Lease liabilities/Finance lease payables	17	1,376,340	3,933	–	–
Deferred tax liabilities	18	59,210	24,004	–	–
Provisions	19	28,671	28,671	–	–
		1,464,221	56,608	–	–

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2020

	Note	Group		Company	
		31 March 2020	31 December 2018	31 March 2020	31 December 2018
		\$	\$	\$	\$
Current liabilities					
Trade and other payables	20	1,705,729	813,003	436,331	209,241
Contract liabilities	12	388,148	141,539	–	–
Lease liabilities/Finance lease payables	17	538,823	5,577	–	–
Bank borrowing	21	10,000	-	10,000	–
Current income tax payable		604,563	286,092	–	13,461
		3,247,263	1,246,211	446,331	222,702
Total liabilities		4,711,484	1,302,819	446,331	222,702
Total equity and liabilities		19,320,730	14,829,997	15,087,276	15,897,816

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial period from 1 January 2019 to 31 March 2020

	Note	Period from 1 January 2019 to 31 March 2020 \$	Year ended 31 December 2018 \$
Revenue	22	16,742,917	9,008,421
<i>Other item of income</i>			
Other income	23	401,758	72,525
<i>Items of expense</i>			
Changes in inventories		378,084	20,590
Inventories and consumables		(5,300,362)	(3,329,109)
Employee benefits expense	24	(5,111,659)	(2,620,682)
Depreciation and amortisation expenses	25	(747,710)	(74,207)
Loss allowance on receivables		(199,510)	(26,379)
Other expenses		(1,497,740)	(1,879,788)
Finance costs	26	(81,927)	(2,788)
Share of results of joint venture, net of tax		63,621	–
Profit before income tax	27	4,647,472	1,168,583
Income tax expense	28	(553,154)	(261,518)
Profit for the financial period/year, representing total comprehensive income for the financial period/year		4,094,318	907,065
Profit and total comprehensive income attributable to:			
Owners of the parent		3,636,089	816,613
Non-controlling interests		458,229	90,452
		4,094,318	907,065
Earnings per share (cents)			
- Basic and diluted	29	2.77	0.83

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period from 1 January 2019 to 31 March 2020

GROUP

	Note	Share capital \$	Other reserves \$	Retained earnings \$	Equity attributable to owners of the parent \$	Non-controlling interests \$	Total equity \$
Balance at 1 January 2019		14,163,317	(1,948,381)	1,312,242	13,527,178	-	13,527,178
Profit for the financial period		-	-	3,636,089	3,636,089	458,229	4,094,318
Total comprehensive income for the financial period		-	-	3,636,089	3,636,089	458,229	4,094,318
Contributions by and distributions to owners							
Share-based payments	16	-	408,000	-	408,000	-	408,000
Dividends		-	-	(3,306,430)	(3,306,430)	-	(3,306,430)
Total transactions with owners		-	408,000	(3,306,430)	(2,898,430)	-	(2,898,430)
Transactions with non-controlling interests							
Acquisition of subsidiaries	7	-	-	-	-	381,180	381,180
Dividend paid to non-controlling interests in subsidiaries	30	-	-	-	-	(495,000)	(495,000)
Total transactions with non-controlling interest		-	-	-	-	(113,820)	(113,820)
Balance at 31 March 2020		<u>14,163,317</u>	<u>(1,540,381)</u>	<u>1,641,901</u>	<u>14,264,837</u>	<u>344,409</u>	<u>14,609,246</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period from 1 January 2019 to 31 March 2020

GROUP

	Note	Share capital \$	Other reserves \$	Retained earnings \$	Equity attributable to owners of the parent \$	Non-controlling interests \$	Total equity \$
Balance at 1 January 2018		5,627,237	–	495,629	6,122,866	–	6,122,866
Profit for the financial year		–	–	816,613	816,613	90,452	907,065
Total comprehensive income for the financial year		–	–	816,613	816,613	90,452	907,065
Contributions by owners							
Restructuring exercise	7, 16	2,189,060	(1,948,381)	–	240,679	(240,679)	–
Issue of shares	14	6,800,000	–	–	6,800,000	–	6,800,000
Share issue expense	14	(452,980)	–	–	(452,980)	–	(452,980)
Total transactions with owners		8,536,080	(1,948,381)	–	6,587,699	(240,679)	6,347,020
Transactions with non-controlling interests							
Subscription of shares by non-controlling interests in subsidiaries		–	–	–	–	150,227	150,227
Total transactions with non-controlling interests		–	–	–	–	150,227	150,227
Balance at 31 December 2018		<u>14,163,317</u>	<u>(1,948,381)</u>	<u>1,312,242</u>	<u>13,527,178</u>	<u>–</u>	<u>13,527,178</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial period from 1 January 2019 to 31 March 2020

	Period from 1 January 2019 to 31 March 2020 \$	Year ended 31 December 2018 \$
Operating activities		
Profit before income tax	4,647,472	1,168,583
Adjustments for:		
Amortisation of intangible assets	54,903	25,406
Depreciation of plant and equipment	31,349	48,801
Depreciation of right-of-use assets	661,458	–
Loss allowance on receivables	199,510	26,379
Bad debt recovered	(8,230)	(8,721)
Bad debts written off	–	6,652
Inventories written off	30,425	5,413
Fair value gain on financial assets at FVTPL	(135,833)	(235)
Interest income	(53,327)	(11,440)
Interest expense	81,927	2,788
Share of results of joint venture	(63,621)	–
Operating cash flows before working capital changes	5,446,033	1,263,626
Working capital changes:		
Inventories	(336,775)	(26,003)
Trade and other receivables	(867,687)	(100,747)
Contract asset and contract liabilities	194,056	–
Prepayments	10,437	(81,625)
Trade and other payables	(212,781)	9,035
Cash generated from operations	4,233,283	1,064,286
Income tax paid	(296,747)	(68,959)
Net cash from operating activities	3,936,536	995,327
Investing activities		
Acquisition of subsidiaries, net of cash acquired	(2,136,789)	(1,219,132)
Purchase of plant and equipment	(42,506)	(15,676)
Interest received	53,327	11,440
Dividend income from joint venture	15,625	–
Investment in a joint venture	(625)	–
Loans to a joint venture	(625,000)	–
Investment in financial asset at FVTPL	(750,000)	–
Net cash used in investing activities	(3,485,968)	(1,223,368)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial period from 1 January 2019 to 31 March 2020

	Note	Period from 1 January 2019 to 31 March 2020 \$	Year ended 31 December 2018 \$
Financing activities			
Advances from Director (Note A)		–	2,559
Proceeds from issuance of shares		–	6,500,000
Proceeds from bank loan		10,000	–
Repayment to Director (Note A)		–	(26,270)
Repayment of principal portion of lease liabilities (31 December 2018: Repayment of obligations under finance lease) (Note A)		(623,171)	(27,031)
Repayment of interest portion of lease liabilities (31 December 2018: Repayment of obligations under finance lease) (Note A)		(81,927)	(2,788)
Dividends paid to owners of the parent		(3,306,430)	–
Dividends paid to non-controlling interests (Note C)		(317,023)	–
Share issue expenses (Note B)		–	(152,980)
Net cash (used in)/from financing activities		(4,318,551)	6,293,490
Net change in cash and cash equivalents		(3,867,983)	6,065,449
Cash and cash equivalents at beginning of financial period/year		9,132,323	3,066,874
Cash and cash equivalents at end of financial period/year	13	5,264,340	9,132,323

Note A: Reconciliation of liabilities arising from financing activities

	1 January 2019 \$	Adoption of SFRS (I) 16 \$	Arising from acquisition of subsidiaries \$	Additions \$	Cash flows \$	Non-cash changes Accretion of interest \$	31 March 2020 \$
Lease liabilities/ Finance lease payables	9,510	1,215,314	1,250,010	63,500	(705,098)	81,927	1,915,163
Bank borrowing	–	–	–	–	10,000	–	10,000

	1 January 2018 \$	Cash flows \$	Non-cash changes Arising from acquisition of subsidiaries \$	31 December 2018 \$
Amount due to director of the Company	23,711	(23,711)	–	–
Finance lease payables	25,348	(27,031)	11,193	9,510

Note B: Share issue expenses

These represents the share issue expenses capitalised in equity of \$452,980 in prior financial year, which \$152,980 was paid by cash and the remaining portion of \$300,000 was satisfied through issuance of 1,200,000 ordinary shares.

Note C: Dividends paid to non-controlling interest

There is no cash outflow for dividends declared of \$177,977, which including an amount of \$45,000 remained unpaid as at 31 March 2020 and \$132,977 were used to offset against non-trade payables that were due to the non-controlling interest.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

These notes form an integral part of and should be read in conjunction with the financial statements.

1. General corporate information

1.1 Domicile and activities

Medinex Limited (the "Company") is a public limited company incorporated and domiciled in Singapore. The Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 7 December 2018.

The Company's registered office and its principal place of business is located at 111 North Bridge Road #23-04 Peninsula Plaza Singapore 179098. The registration number of the Company is 200900689W. The Group's ultimate controlling party is Jessie Low Mui Choo.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

The statement of financial position of the Company as at 31 March 2020 and the consolidated financial statements of the Company and its subsidiaries ("the Group") for the financial period from 1 January 2019 to 31 March 2020 were authorised for issue in accordance with a Directors' resolution dated 4 August 2020.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

Items included in the individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar, which is the functional currency of the Company and the presentation currency of the financial statements. The financial statements are expressed in Singapore dollar ("S\$"), unless otherwise stated.

The preparation of financial statements in conformity with SFRS(I) requires the management to exercise judgement in the process of applying the Group's and the Company's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the financial period. Although these estimates are based on management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial period in which the estimate is revised if the revision affects only that financial year, or in the financial year of revision and future years if the revision affects both current financial period and future financial years.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

During the current financial period, the Group and the Company have adopted all the new and revised SFRS(I) and SFRS(I) Interpretation ("SFRS(I) INT") that are relevant to their operations and effective for the current financial period. The adoption of these new or revised SFRS(I) and SFRS(I) INT did not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current financial period or prior financial years except as disclosed below.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

Changes in accounting policy

New standards, amendments and interpretations effective from 1 January 2019

SFRS(I) 16 Leases

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement Contains a Lease*, SFRS(I) INT 1-15 *Operating leases - Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. SFRS(I) 16 provides a single lessee accounting model which eliminates the distinction between operating and finance leases for lessees. SFRS(I) 16 requires lessee to capitalise all leases on the statements of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the right-of-use assets will be depreciated and the lease liabilities will be measured at amortised cost. From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SFRS(I) 16.

The Group applied SFRS(I) 16 retrospectively with the cumulative effect of initially applying this standard as an adjustment to the opening retained earnings as at 1 January 2019 (the "date of initial application"). The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under SFRS(I) 1-17, SFRS(I) INT 4, SFRS(I) INT 1-15 and SFRS(I) INT 1-27 were not reassessed. The definition of lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

In applying the modified retrospective approach, the Group has taken advantage of the following practical expedients:

- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics;
- Initial direct costs have not been included in the measurement of the right-of-use assets as the date of initial application; and
- For the purpose of measuring the right-of-use asset, hindsight has been used. Therefore, it has been measured based on prevailing estimates at the date of initial application and not retrospectively by making estimates and judgements (such as lease terms) based on circumstances on or after the lease commencement date.

As a lessee, the Group previously classified leases as finance or operating lease based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most leases. For those low-value assets based on the value of the underlying asset when new and leases with a lease term of 12 months or less, the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

On adoption of SFRS(I) 16, the Group recognised right-of-use assets and lease liabilities in relation to office premises and office equipment which had previously been classified as operating leases.

Lease liabilities from operating leases under the principles of SFRS(I) 1-17 in relation to motor vehicle was measured at the present value of the remaining lease payments, discounted using lessee's incremental borrowing rate as at 1 January 2019. The weighted average incremental borrowing rate applied to lease liabilities on 1 January 2019 was 3% to 3.86%.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

Changes in accounting policy (Continued)

New standards, amendments and interpretations effective from 1 January 2019 (Continued)

SFRS(I) 16 Leases (Continued)

Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.

For a lease that was classified as finance lease applying SFRS(I) 1-17, the carrying amount of the asset acquired under finance lease and finance lease payable at the date of initial application shall be the carrying amount of the right-of-use assets and lease liabilities as at 1 January 2019.

The effect of adopting SFRS(I) 16 as at 1 January 2019 was increasing/(decreasing) the line items of the consolidated statement of financial position as follows:

	\$
Assets	
Plant and equipment	(50,577)
Right-of-use assets	<u>1,265,891</u>
Liabilities	
Non-current liabilities	
Lease liabilities	835,716
Finance lease payables	<u>(3,933)</u>
Current liabilities	
Lease liabilities	389,108
Finance lease payables	<u>(5,577)</u>

The aggregate lease liabilities recognised in the consolidated statement of financial position as at 1 January 2019 and the Group's operating lease commitments as at 31 December 2018 can be reconciled as follows:

	\$
Operating lease commitments as at 31 December 2018 (Note 31)	925,160
Add: Effect of extension options reasonably certain to be exercised	<u>388,661</u>
	1,313,821
Effect of discounting using the incremental borrowing rate as at date of initial application	(98,507)
Add: Finance lease payable recognised at 31 December 2018	<u>9,510</u>
Lease liabilities as at 1 January 2019	<u>1,224,824</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

SFRS(I) issued but not yet effective

As at the date of authorisation of these financial statements, the following SFRS(I) were issued but not yet effective and have not been early adopted in these financial statements:

		Effective date (annual periods beginning on or after)
SFRS(I) 1-1, SFRS(I) 1-8 (Amendments)	: Definition of Material	1 January 2020
SFRS(I) 3 (Amendments)	: Definition of a Business	1 January 2020
SFRS(I) 17	: Insurance Contracts	1 January 2021
SFRS(I) 16 (Amendment)	: Covid-19-Related Rent Concessions	1 June 2020
SFRS(I) 1-1 (Amendments)	: Classification of Liabilities as Current or Non-current	1 January 2023
SFRS(I) 10 and SFRS(I) 1-28 (Amendments)	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7	: Interest Rate Benchmark Reform	1 January 2020
Various (Amendments)	Amendments to References to the Conceptual Framework in SFRS (I) Standards	1 January 2020
SFRS(I) 1-1 (Amendments)	: Classification of Liabilities as Current or Non-current	1 January 2023
SFRS(I) 3 (Amendments)	: Reference to the Conceptual Framework	1 January 2022
SFRS(I) 1-16 (Amendments)	: Property, Plant and Equipment—Proceeds before Intended Use	1 January 2022
SFRS(I) 1-37 (Amendments)	: Onerous Contracts—Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020		1 January 2022

Consequential amendments were also made to various standards as a result of these new or revised standards.

Management anticipates that the adoption of the above SFRS(I), if applicable, will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries made up to the end of the reporting period. The financial statements of the subsidiaries are prepared for the same reporting date as that of the parent company.

Accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group to ensure consistency.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which that control ceases. In preparing the consolidated financial statements, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment loss of the asset transferred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the equity's net assets in the event of liquidation may be initially measure either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having deficit balance.

Changes in the Group's interest in subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the 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 interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

2.3 Business combinations

The acquisitions of subsidiaries are accounted for using the acquisition method. The considerations transferred for the acquisitions are measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration transferred also includes the fair value of any contingent consideration measured at the acquisition date. Subsequent changes in fair value of contingent consideration which is deemed to be an asset or liability will be recognised to profit or loss, except for contingent consideration which was classified as equity shall not be remeasured and its subsequent settlement shall be accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 Income Taxes and SFRS(I) 1-19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

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

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Acquisition under common control

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously and no adjustments are made to reflect the fair values or recognised any new assets or liabilities, including no goodwill is recognised as a result of the combination. The components of equity of the acquired entities are added to the same components within the Group equity. Any difference between the consideration paid for the acquisition and share capital of acquiree is recognised directly to equity as merger reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

2. Summary of significant accounting policies (Continued)

2.4 Plant and equipment

Plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure relating to the plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the Company, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

An item of 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.

Low value assets items which cost less than \$1,000 are recognised as an expense directly in profit or loss in the financial year of acquisition.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the plant and equipment over their estimated useful life as follows:

	<u>Years</u>
Computer	1 to 3
Furniture and fittings	3
Office equipment	3
Renovation	5 to 9
Motor vehicle	8
Medical equipment	3 to 5

The residual values, estimated useful life and depreciation method are reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

2.5 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The useful life of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite life are amortised on a straight-line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least once 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. The amortisation expense on intangible assets with finite useful life is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

2. Summary of significant accounting policies (Continued)

2.5 Intangible assets (Continued)

Intangible assets with indefinite useful life or not yet available for use are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either at individual 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 changes in useful life from indefinite to finite is made on prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Goodwill

Goodwill arising on the acquisition of subsidiary represents the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Customer listing

Customer listing was acquired through business combinations, and measured at fair value as at the date of acquisition. Subsequently, customer listing is carried at cost less accumulated amortisation and impairment losses, if any. Amortisation is recognised in profit or loss on a straight-line basis over 3 to 9 years.

Customer listing is assessed for impairment whenever there is an indication that the intangible asset may be impaired. The useful life and amortisation method are reviewed at the end of each reporting period to ensure that the period of amortisation and amortisation method are consistent with previous estimates and the expected pattern of consumption of the future economic benefits.

2.6 Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Investments in subsidiaries are accounted for at cost, less impairment loss, if any, in the Company's statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

2. Summary of significant accounting policies (Continued)

2.7 Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Joint ventures are initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is included in the carrying amount of the investment in joint venture.

Under the equity method, the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Post-acquisition changes in the Group's share of net assets of joint ventures and distributions received are adjusted against the carrying amount of the investments.

Losses of a joint venture in excess of the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment) are not recognised, unless the Group has incurred legal or constructive obligations to make good those losses or made payments on behalf of the associate or joint venture.

Where a Group entity transacts with a joint venture, unrealised profits are eliminated to the extent of the Group's interest in the joint venture. Any eliminated gain that is in excess of the carrying amount of the Group's interest in the joint venture should be recognised as deferred income. Unrealised losses are also eliminated, but only to the extent that there is no impairment.

As the dates of the joint ventures' audited financial statements used are not contemporaneous with that of the Group, the Group's share of results is arrived at based on the latest available unaudited management financial statements up to the end of the reporting period. Consistent accounting policies are applied for like transactions and events in similar circumstances.

2.8 Impairment of non-financial assets excluding goodwill

The carrying amounts of non-financial assets excluding goodwill are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets. Impairment loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

2. Summary of significant accounting policies (Continued)

2.8 Impairment of non-financial assets excluding goodwill (Continued)

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the assets belong. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable willing parties less costs of disposal. Value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the 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. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment loss are recognised in profit or loss. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.9 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 purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price at which inventories can be realised in the ordinary course of business, less estimated costs to be incurred to make the sale. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying value of those inventories to the lower of cost and net realisable value.

2.10 Financial assets

The Group and the Company classify their financial assets into one of the categories below, depending on the Group's and the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group and the Company shall reclassify their affected financial assets when and only when the Group and the Company changes their business model for managing these financial assets. Other than financial assets in a qualifying hedging relationship, the Group's and the Company's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

2. Summary of significant accounting policies (Continued)

2.10 Financial assets (Continued)

Amortised cost (Continued)

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties, fixed deposits and cash and bank balances and other receivables due from third parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's and the Company's financial assets measured at amortised cost comprise trade and other receivables, fixed deposits and cash and bank balances in the statements of financial position.

Financial assets at fair value through other profit or loss ("FVTPL")

The Group and the Company have a number of listed and unlisted entities which are not accounted for as subsidiaries, associates or joint ventures. For equity investments that are either held for trading or irrevocable election to measure fair value changes through other comprehensive income has not been made, the fair value changes is recognised in profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments' carrying amount.

Purchases and sales of financial assets measured at fair value through profit or loss are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through profit or loss.

Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash and deposits with banks. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

2. Summary of significant accounting policies (Continued)

2.12 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new equity instruments are shown in the equity as a deduction from the proceeds.

2.13 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise. 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.

2.14 Financial liabilities

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and the Company determine the classification of their financial liabilities at initial recognition.

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Borrowing

Borrowing is initially recognised at fair value, net of transaction costs incurred. Borrowing is subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowing using the effective interest method.

Borrowing which are due to be settled within 12 months after the end of the reporting period are presented as current borrowing even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period and before the financial statements are authorised for issue.

Derecognition of financial liabilities

The Group and the Company derecognise their financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

2. Summary of significant accounting policies (Continued)

2.15 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts and variable amounts, if any.

Rendering of professional services

The Group provides professional services including accounting support services, tax administration, corporate secretarial services, training service, human resource management services and business and management consultancy services to its customers. Certain revenue contracts with customers consist of multiple professional services under one contract. Upon adoption of SFRS(I) 15, the management assessed each contract and unbundled these services as distinct performance obligations. The Group allocated transaction price to each performance obligation based on its relative stand-alone selling price.

The Group recognises revenue from rendering professional service, except for corporate secretarial services and human resource advisory service, at point in time upon completion of service. The performance obligations of for corporate secretarial services and human resources management services are satisfied over time because the customer simultaneously receives and consumes the benefits. Revenue is recognised over time over the service contract term. Limited judgement is needed to identify when the point of control passes to customers.

The customers are invoiced either on yearly basis or based on the billing terms specified in contract. Contract asset is recognised when the Group has unconditional rights to the consideration for those works performed under the contract but has not yet billed the customer. A contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer or advance billing to the customer. Contract liabilities are recognised as revenue as the Group fulfills its performance obligation under the contract. There is no element of financing in the revenue transactions as customers are required to pay within a credit term of 0 to 60 days.

Rendering of medical services

The Group provides medical services including health screenings and general medical services. In the rendering of these services, there are no variable considerations noted in the contract with customers. The Group recognises revenue from rendering medical services at point in time upon completion of service. Limited judgement is needed to identify when the point of control passes to customers.

The customers are invoiced on the billings terms specified in contract. For individual patients, customers do not have credit terms and are generally cash on delivery. For patients on corporate schemes, customers are required to pay within a credit term of 90 days from date of service rendered. There are no payments collected prior to services rendered.

The Group provides medical services including medical and x-ray screening for foreign workers, consultations, clinical treatments and general medical services. In the rendering of these services, there are no variable considerations noted in the contract with customers. The Group recognises revenue from rendering medical services at point in time upon completion of service. Limited judgement is needed to identify when the point of control passes to customers.

The customers are invoiced on the billings terms specified in contract. For individual patients, customers do not have credit terms and are generally cash on delivery. For patients on corporate schemes, customers are required to pay within a credit term of 90 days from date of service rendered. There are no payments collected prior to services rendered.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

2. Summary of significant accounting policies (Continued)

2.15 Revenue recognition (Continued)

Sale of goods

Revenue from sales of medical and pharmaceutical products are recognised at a point in time based on customer acknowledgement of delivery as control is transferred to the customer. Limited judgement is needed to identify when the point of control passes to customers. There is no element of financing in the Group's revenue transactions as customers are required to pay within a credit term of 30 to 90 days.

2.16 Grants

Grants are recognised at fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grants relate to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures. Grants related to an asset may be presented in the statements of financial position by deducting the grant in arriving at the carrying amount of the asset.

2.17 Leases

As lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- a fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

2. Summary of significant accounting policies (Continued)

2.17 Leases (Continued)

As lessee (Continued)

Initial measurement (Continued)

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right-of-use assets (excluding those which meet the definition of investment property) and lease liabilities separately from other assets and other liabilities in the consolidated statement of financial position.

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset on the following bases:

	<u>Years</u>
Office premises	3 to 9
Office equipment	3 to 5
Motor vehicles	8
Medical equipment	3

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.8 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities and variable lease payments not included in the measurement of the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

2. Summary of significant accounting policies (Continued)

2.17 Leases (Continued)

As lessee (Continued)

Subsequent measurement (Continued)

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use being adjusted by the same amount.
- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the negotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Group has elected to account for the entire contract as a lease. The Group does not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

As lessor

The accounting policy applicable to the Group as a lessor in the comparative period was the same under SFRS(I) 16 except when the Group is an intermediate lessor.

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as an operating lease, the Group recognises lease income from sublease in profit or loss within "Other income". The right-of-use asset relating to the head lease is not derecognised.

For contract which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

2. Summary of significant accounting policies (Continued)

2.17 Leases (Continued)

Accounting policy prior to 1 January 2019

When the Group and the Company are the lessee of operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

When the Group as lessee of finance leases

Leases in which the Group assumes substantially the risks and rewards of ownership are classified as finance leases.

Upon initial recognition, plant and equipment acquired through finance leases are capitalised at the lower of their fair value and the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between finance charge and reduction of the lease liability. The finance charge is allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability. Finance charge is recognised in profit or loss.

When the Group is the lessor of operating leases

Leases where the Group retains substantially all risks and rewards incidental to the ownership are classified as operating leases.

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

2.18 Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in profit or loss in the same financial year as the employment that gives rise to the contributions.

Employee leave entitlements

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

2.19 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as expenses in profit or loss in the financial year in which they are incurred. Borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

2. Summary of significant accounting policies (Continued)

2.20 Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, or in other comprehensive income.

Current income tax expense is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to income tax payable in respect of previous financial years. Taxable income differs from profit reported as profit or loss because it excluded items of income or expenses that are taxable or deductible in other years and it further excludes items of income or expenses that are not taxable or tax deductible.

Deferred tax is provided, using the balance sheet liability method, for 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 is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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 profits will be available against which the temporary differences can be utilised.

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.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority and where there is intention to settle the current tax assets and liabilities on a net basis.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.21 Dividends

Dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by shareholders.

2.22 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the Group) and whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

3. Critical accounting judgements and key sources of estimation uncertainty

3.1 Critical judgements made in applying the accounting policies

In the process of applying the accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements, except as disclosed in below:

(i) Revenue recognition

With the application of SFRS(I) 15 *Revenue from Contracts with Customers*, the management considered the detailed criteria for the recognition of revenue, in particular, the allocation of transaction price.

The Group has exercised significant judgement to determine the allocation of transaction price for each identified performance obligation for multiple professional services offered under one contract. Management has made their assessment of the allocation of transaction prices, including considering the individual stand-alone selling prices which may vary due to the different level of complexity of the professional services.

3.2 Key sources of estimation uncertainty

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

(i) Impairment of investments in subsidiaries

The Company follows the guidance of SFRS(I) 1-36 *Impairment of Assets*, in determining whether investments in subsidiaries are impaired. This determination requires significant judgements and assumptions. The Company evaluates, among other factors, the duration and extent to which the recoverable amount of an investment is less than its carrying amount, the financial health and near-term business outlook of the investments, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Investment in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets and where applicable, cash-generating units ("CGU") have been determined based on value-in-use calculations. The value-in-use calculation requires the Company to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The Company's carrying amount of investments in subsidiaries as at 31 March 2020 was \$10,922,872 (31 December 2018: \$7,232,372) and an allowance for impairment loss of approximately \$250,000 (31 December 2018: \$Nil) was recognised as at 31 March 2020 as disclosed in Note 7 to the financial statements.

(ii) Goodwill

Management determines whether goodwill is impaired at least on an annual basis and whenever there is an indication that they are impaired. The process of evaluating potential impairment of goodwill requires significant judgements and assumptions. Management estimates the recoverable amount of the CGU to which the goodwill has been allocated. Recoverable amount of the CGU is determined based on value-in-use calculations. The value-in-use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Any excess of the carrying values over the discounted future cash flows are recognised as impairment loss in profit or loss. The carrying amount of the Group's goodwill as at 31 March 2020 was \$6,844,779 (31 December 2018: \$3,638,843).

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(iii) Loss allowance for trade and other receivables

Trade and other receivables

Management determines the expected loss based on the simplified approach arising from default for trade receivables, by categorising them based on its historical loss pattern, historical payment profile as well as credit risk profile of customers. Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. Specific allowance for impairment of trade receivables was made for those customers identified in financial difficulties during the financial year. For non-trade receivables, management considers the performance, financial capability as well as payment profile of these non-trade receivables in order to determine the appropriate stage of expected credit loss for these receivables. Probability or risk of default is then being estimated by considering the future conditions. The carrying amounts of trade and other receivables are disclosed in Note 10 to the financial statements.

Amounts due from subsidiaries and joint venture

Management determines whether there is significant increase in credit risk of these subsidiaries and joint venture since initial recognition. Management reviews the financial performance and results of these subsidiaries and joint venture. No loss allowance was recognised as at 31 March 2020 and 31 December 2018. The amounts due from subsidiaries and joint venture are disclosed in Note 10 to the financial statements.

(iv) Measurement of lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Group has determined the discount rate by reference to the respective lessee's incremental borrowing rate when the rate inherent in the lease is not readily determinable. The Group obtains the relevant market interest rate after considering the applicable geographical location where the lessee operates as well as the term of the lease. Management considers its own credit spread information from its recent borrowings, industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease.

The average incremental borrowing rate applied to lease liabilities as at 31 March 2020 was 3% to 3.86%. The carrying amount of lease liabilities as at 31 March 2020 was \$1,915,163. If the incremental borrowing rate had been 0.71% higher or lower than management's estimates, the Group's lease liabilities would have been lower by \$26,814 or higher by \$26,814.

(v) Fair value measurement of financial asset at FVTPL

The financial asset at FVTPL relates to the investment in unquoted equity securities as disclosed in Note 9 to the financial statements, measured at fair value as at the end of the reporting period.

As at the end of the reporting period, the fair values of financial asset at FVTPL has been determined by management, assisted by its external valuer, and are considered as level 3 recurring fair value measurements. The significant judgement and assumptions to the valuations include probability of the successful rate of the initial public offering of the equity instrument were made by the management as at the end of the reporting period. The carrying value of the financial asset at FVTPL for the investment in unquoted equity securities of the Group and the Company as at 31 March 2020 was \$885,833 and \$885,833 respectively.

If the probability of the successful rate of the initial public offering of the equity instrument had been 10% higher or lower than management's estimates, the Group's profit would have been higher by approximately \$47,000 or lower by \$47,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

4. Plant and equipment

	Computer \$	Furniture and fittings \$	Office equipment \$	Renovation \$	Motor vehicles \$	Medical equipment \$	Total \$
Group							
Cost							
Balance at 1 January 2019	49,445	9,313	29,418	61,733	59,539	–	209,448
Reclassified to right-of-use assets	–	–	(19,421)	–	(59,539)	–	(78,960)
Balance at 1 January 2019	49,445	9,313	9,997	61,733	–	–	130,488
Arising from acquisition of subsidiaries	1,258	–	–	326	–	–	1,584
Additions	19,486	2,203	1,500	15,642	–	3,675	42,506
Balance at 31 March 2020	70,189	11,516	11,497	77,701	–	3,675	174,578
Accumulated depreciation							
Balance at 1 January 2019	36,540	2,110	25,400	39,733	8,963	–	112,746
Reclassified to right-of-use assets	–	–	(19,421)	–	(8,963)	–	(28,384)
Balance at 1 January 2019	36,540	2,110	5,979	39,733	–	–	84,362
Depreciation for the financial year	14,770	2,640	2,376	11,053	–	510	31,349
Balance at 31 March 2020	51,310	4,750	8,355	50,786	–	510	115,711
Net carrying amount							
Balance at 31 March 2020	18,879	6,766	3,142	26,915	–	3,165	58,867

	Computer \$	Furniture and fittings \$	Office equipment \$	Renovation \$	Motor vehicle \$	Total \$
Group						
Cost						
Balance at 1 January 2018	44,688	4,014	20,867	33,666	59,539	162,774
Arising from acquisition of subsidiaries	2,506	289	7,805	–	–	10,600
Additions	5,003	5,010	746	28,067	–	38,826
Written off	(2,752)	–	–	–	–	(2,752)
Balance at 31 December 2018	49,445	9,313	29,418	61,733	59,539	209,448
Accumulated depreciation						
Balance at 1 January 2018	27,558	141	15,274	22,444	1,280	66,697
Depreciation for the financial year	11,734	1,969	10,126	17,289	7,683	48,801
Written off	(2,752)	–	–	–	–	(2,752)
Balance at 31 December 2018	36,540	2,110	25,400	39,733	8,963	112,746
Net carrying amount						
Balance at 31 December 2018	12,905	7,203	4,018	22,000	50,576	96,702

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

4. Plant and equipment (Continued)

	Computer \$	Office equipment \$	Renovation \$	Total \$
Company				
Cost				
Balance at 1 January 2019	31,077	16,927	33,666	81,670
Additions	13,534	1,302	6,262	21,098
Balance at 31 March 2020	<u>44,611</u>	<u>18,229</u>	<u>39,928</u>	<u>102,768</u>
Accumulated depreciation				
Balance at 1 January 2019	28,040	16,927	33,666	78,633
Depreciation for the financial period	6,473	543	1,201	8,217
Balance at 31 March 2020	<u>34,513</u>	<u>17,470</u>	<u>34,867</u>	<u>86,850</u>
Net carrying amount				
Balance at 31 March 2020	<u>10,098</u>	<u>759</u>	<u>5,061</u>	<u>15,918</u>
Cost				
Balance at 1 January 2018 and 31 December 2018	<u>31,077</u>	<u>16,927</u>	<u>33,666</u>	<u>81,670</u>
Accumulated depreciation				
Balance at 1 January 2018	22,036	15,136	22,444	59,616
Depreciation for the financial year	6,004	1,791	11,222	19,017
Balance at 31 December 2018	<u>28,040</u>	<u>16,927</u>	<u>33,666</u>	<u>78,633</u>
Net carrying amount				
Balance at 31 December 2018	<u>3,037</u>	<u>-</u>	<u>-</u>	<u>3,037</u>

As at 31 December 2018, the Group's carrying amounts of motor vehicle that was acquired under finance lease were \$50,577. This asset has been reclassified to right-of-use assets as at 1 January 2019.

For the purpose of consolidated statement of cash flows, the Group's additions to plant and equipment during the financial period/year were financed as follows:-

	Period from 1 January 2019 to 31 March 2020 \$	Year ended 31 December 2018 \$
Additions of plant and equipment	42,506	38,826
Less: Provision for reinstatement cost	-	(23,150)
Cash payments to acquire plant and equipment	<u>42,506</u>	<u>15,676</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

5. Right-of-use assets

	Office premises \$	Office equipment \$	Motor vehicles \$	Medical equipment \$	Total \$
Group					
Cost					
Balance at 1 January 2019					
- Adoption of SFRS(I) 16 (Note 2.1)	1,203,903	11,411	-	-	1,215,314
Reclassified from plant and equipment	-	-	50,577	-	50,577
	1,203,903	11,411	50,577	-	1,265,891
Arising from acquisition of subsidiaries	1,185,852	-	-	60,959	1,246,811
Additions	-	-	-	63,500	63,500
Balance at 31 March 2020	2,389,755	11,411	50,577	124,459	2,576,202
Accumulated depreciation					
Balance at 1 January 2019	-	-	-	-	-
Depreciation for the financial period	603,031	3,642	9,603	45,182	661,458
Balance at 31 March 2020	603,031	3,642	9,603	45,182	661,458
Net carrying amount					
Balance at 31 March 2020	1,786,724	7,769	40,974	79,277	1,914,744

Restrictions

Motor vehicles and medical equipment with a carrying amount of \$128,020 included above are secured over the lease liabilities of \$136,704 as at 31 March 2020. The asset will be seized and returned to lessor in the event of default by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

6. Intangible assets

	Customer listing \$	Goodwill \$	Total \$
Group			
Cost			
Balance at 1 January 2019	167,549	3,638,843	3,806,392
Arising from acquisition of subsidiaries	262,000	3,205,936	3,467,936
Balance at 31 March 2020	<u>429,549</u>	<u>6,844,779</u>	<u>7,274,328</u>
Accumulated amortisation			
Balance at 1 January 2019	26,339	–	26,339
Amortisation for the financial period	54,903	–	54,903
Balance at 31 March 2020	<u>81,242</u>	<u>–</u>	<u>81,242</u>
Net carrying amount			
Balance at 31 March 2020	<u>348,307</u>	<u>6,844,779</u>	<u>7,193,086</u>
Remaining useful life at end of financial period	<u>1 – 6 years</u>	<u>Indefinite</u>	
Cost			
Balance at 1 January 2018	50,405	2,390,122	2,440,527
Arising from acquisition of subsidiaries	117,144	1,248,721	1,365,865
Balance at 31 December 2018	<u>167,549</u>	<u>3,638,843</u>	<u>3,806,392</u>
Accumulated amortisation			
Balance at 1 January 2018	933	–	933
Amortisation for the financial year	25,406	–	25,406
Balance at 31 December 2018	<u>26,339</u>	<u>–</u>	<u>26,339</u>
Net carrying amount			
Balance at 31 December 2018	<u>141,210</u>	<u>3,638,843</u>	<u>3,780,053</u>
Remaining useful life at end of financial year	<u>2 – 7 years</u>	<u>Indefinite</u>	

Amortisation expense was included in “depreciation and amortisation expenses” line item of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

6. Intangible assets (Continued)

Goodwill arising from the business combination were related to the acquisition of subsidiaries that are expected to benefit from the business combination except for Medinex Professional Services Pte. Ltd. (formerly known as Patceljon Professional Services Pte. Ltd.) ("PPS") and Jo-L Consultus Pte. Ltd. ("Jo-L"), Sen Med Holdings Pte. Ltd. and its subsidiaries ("SMH") and Medinex Advisory Pte. Ltd. (formerly known as SKI Corporate Services Pte. Ltd.) and SKI Consultancy Pte. Ltd. ("SKI Group") which are determined as one CGU respectively. Before recognition of impairment loss, the carrying amount of goodwill had been allocated as follows:

	31 March 2020	31 December 2018
	\$	\$
Name of subsidiaries		
Nex Healthcare Pte. Ltd. ("Nex")	2,390,121	2,390,121
Acctax Management Consultancy Pte. Ltd. ("Acctax")	335,034	335,034
PPS and Jo-L	913,688	913,688
SMH	1,266,614	–
ALL	871,648	–
SKI Group	1,067,674	–
	<u>6,844,779</u>	<u>3,638,843</u>

Impairment test of goodwill and customer listing

Goodwill and customer listing with finite life arising from the business combinations were related to the business support, medical support, pharmaceutical services and medical services segment, of which, each subsidiary is an individual cash-generating units ("CGUs") that are expected to benefit from the business combination except for PPS and Jo-L and SKI Group which are determined as one CGU respectively.

As at 31 March 2020, the recoverable amount of the CGU has been determined based on value-in-use calculations using management-approved discounted cash flow projections covering 5 years (31 December 2018: 5 years). Management assessed 5 years cash flows and projection to terminal year for the financial forecast of the CGU as appropriate considering the management's plan for its business plan in the near future. The revenue growth rates are based on management's best estimate and discount rates that reflect current market assessment of the time value of money and the risks specific to the CGUs.

Key assumptions used for value-in-use calculations:

	Revenue growth rate		Pre-tax discount rate	
	31 March 2020	31 December 2018	31 March 2020	31 December 2018
Nex	–33% to 3%	5% to 7%	14%	14%
Acctax	–10% to 5%	–5% to 9%	11%	17%
PPS and Jo-L	–32% to 1%	3% to 6%	15%	19%
SMH	–66% to 157%	–	15%	–
ALL	–20% to 9%	–	11%	–
SKI Group	–30% to 2%	–	11%	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

6. Intangible assets (Continued)

Impairment test of goodwill and customer listing (Continued)

Terminal growth of 0.5% (31 December 2018: 1%) was applied to all CGUs in the cash flows projection to terminal year.

Revenue and terminal growth rates – The forecasted growth rates are based on management's expectations for each CGU from historical trends as well as average growth rates of the industry.

Discount rates - Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

As at the end of the reporting period, the recoverable amount of the CGU was determined to be higher than its carrying amount and therefore, no impairment loss was recognised.

7. Investments in subsidiaries

	Company	
	Period from 1 January 2019 to 31 March 2020	Year ended 31 December 2018
	\$	\$
Unquoted equity investments, at cost		
Balance at beginning of financial period/year	7,232,372	3,589,235
Additions during the financial period/year	3,940,500	3,643,137
	11,172,872	7,232,372
Impairment loss during the financial period/year	(250,000)	-
Balance at end of financial period/year	10,922,872	7,232,372

Movement in allowance for impairment loss was as follows:

	Company	
	Period from 1 January 2019 to 31 March 2020	Year ended 31 December 2018
	\$	\$
Balance at beginning of financial period/year	-	-
Impairment loss during the financial period/year	250,000	-
Balance at end of financial period/year	250,000	-

Impairment on investments in subsidiaries

As at the end of the reporting period, the Company carried out a review of the investment in subsidiaries, having regard for indicators of impairment on investments in subsidiaries based on the existing performance of subsidiaries. Following the review, an impairment loss of approximately \$250,000 (31 December 2018: \$Nil) was recognised in respect of two subsidiaries for the financial period from 1 January 2019 to 31 March 2020. These subsidiaries had ceased business operations during the financial period and have plans to be struck off subsequent to the end of the financial period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

7. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows:

Name of company	Principal place of business	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
			31 March 2020	31 December 2018	31 March 2020	31 December 2018
			%	%	%	%
Held by the Company						
Medinex Corporate Services Pte. Ltd. ⁽¹⁾	Singapore	Business support services	100	100	–	–
Medinex Healthcare Services Pte. Ltd. ⁽¹⁾	Singapore	Medical support services	100	100	–	–
Nex Healthcare Pte. Ltd. ⁽¹⁾	Singapore	Medical support services and pharmaceutical services	100	100	–	–
AccTax Management Consultancy Private Limited ⁽¹⁾	Singapore	Business support services	100	100	–	–
Medinex Professional Services Pte. Ltd. (formerly known as Patceljon Professional Services Pte Ltd) ⁽¹⁾	Singapore	Business support services	100	100	–	–
Jo-L Consultus Pte. Ltd. ⁽¹⁾	Singapore	Business support services	100	100	–	–
Ark Leadership & Learning Pte. Ltd. ⁽¹⁾	Singapore	Human resource consultancy and learning development services	100	–	–	–
Medinex Advisory Pte. Ltd. (formerly known as SKI Corporate Services Pte. Ltd.) ⁽¹⁾	Singapore	Business support services	100	–	–	–
SKI Consultancy Pte. Ltd. ⁽¹⁾	Singapore	Business support services	100	–	–	–
Sen Med Holdings Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	55	–	45	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

7. Investments in subsidiaries (Continued)

Name of company	Principal place of business	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by the non-controlling interests	
			31 March 2020	31 December 2018	31 March 2020	31 December 2018
			%	%	%	%
Held by the Sen Med Holdings Pte. Ltd.						
The Family Clinic @ Towner Pte. Ltd. ⁽¹⁾	Singapore	Operation of medical clinic and the provision of medical services	55	–	45	–
X-Ray + Medical Screening Pte. Ltd. ⁽¹⁾	Singapore	Operation of medical clinic, provision of medical services and medical diagnostic imaging centres	55	–	45	–
Express Medical Pte. Ltd. ⁽¹⁾	Singapore	Operation of medical clinic and the provision of medical services	55	–	45	–

⁽¹⁾ Audited by BDO LLP, Singapore

Acquisition of subsidiaries

Acquisition of Acctax Management Consultancy Private Limited (“Acctax”)

On 5 January 2018, the Company entered into a sale and purchase agreement, pursuant to which the Company acquired 50% equity interest in and obtained control of Acctax, a company incorporated in Singapore. The consideration for the acquisition amounted to \$375,000, of which was satisfied in full by cash.

Under the terms of the sale and purchase agreement, the vendor had provided the Group with a profit after tax guarantee of \$450,000 over a three (3)-year period (“Acctax Guaranteed profit”). In the event when the actual aggregate profit after tax is less than guaranteed profit, the vendor undertakes to pay to Acctax’s shareholders, in proportion of their respective shareholdings in Acctax, at a five times of average of the shortfall between Acctax Guaranteed profit and actual net profit after tax over three year period.

On 5 November 2018, the Company entered into the Restructuring Agreement to acquire the remaining 50% equity interest in Acctax, for a consideration of \$749,060, which was paid by way of issuance of the Company’s ordinary shares with fair value of \$1,398 each.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

7. Investments in subsidiaries (Continued)

Acquisition of Medinex Professional Services Pte. Ltd. (formerly known as Patceljon Professional Services Pte Ltd) ("PPS") and Jo-L Consultus Pte. Ltd. ("Jo-L")

On 15 June 2018, the Company entered into a sale and purchase agreement, pursuant to which the Company acquired 60% equity interest of PPS and Jo-L both companies which are incorporated in Singapore. The Group has determined the ability to control and direct the relevant activities of the above mentioned entities from 1 July 2018 onwards. The consideration for the acquisition amounted to \$993,781 and \$85,296 respectively, of which was satisfied in full by cash, except for \$53,954 were paid in cash to the vendor during the financial period from 1 January 2019 to 31 March 2020.

Under the terms of the sale and purchase agreement, the vendor had provided a profit guarantee that the aggregate profit after tax of PPS and Jo-L shall be at least \$360,000 for each of the financial years ending 31 December 2018 and 31 December 2019 ("Guaranteed Profit"). To the extent that the actual audited aggregate profit after tax for the respective financial year is less than 90% of the Guaranteed Profit, the vendor undertakes to pay to PPS and Jo-L's shareholders, in proportion of their respective shareholdings, the shortfall between the actual aggregate profit after tax and the Guaranteed Profit.

On 5 November 2018, the Company entered into the Restructuring Agreement to acquire the remaining 40% equity interest in PPS and Jo-L for an aggregate consideration of \$1,440,000, which was paid by way of issuance of the Company's ordinary shares with fair value of \$1,398 each. Pursuant to the acquisitions, PPS and Jo-L became wholly-owned subsidiaries of the Company.

On 3 April 2019, pursuant to Supplemental Agreement entered by the Company with the vendor which defined "profit after tax" for Guaranteed Profit computation purposes, PPS and Jo-L met the Guaranteed Profit for the financial year ended 31 December 2018 and for financial period from 1 January 2019 to 31 March 2020.

Acquisition of Sen Med Holdings Pte. Ltd. and its subsidiaries ("SMH")

The Company acquired 55% equity interest in SMH and obtained control of SMH from 1 March 2019 onwards. SMH holds 100% of the issued and paid-up share capital of three companies, namely The Family Clinic @ Towner Pte Ltd ("TFC"), Express Medical Pte Ltd ("EM") and X-Ray + Medical Screening Pte Ltd ("XRM"), which all companies are incorporated in Singapore. The consideration for the acquisition amounted to \$1,732,500, of which was satisfied in full by cash.

Acquisition of Ark Leadership & Learning Pte. Ltd. ("ALL")

The Company acquired 100% equity interest in ALL, a company incorporated in Singapore and obtained control of ALL from 1 May 2019 onwards.

The consideration for the acquisition amounted to \$1,008,000, of which an amount of \$600,000 was paid by cash and the remaining \$408,000 will be satisfy by issuance of 1,483,636 of the Company's ordinary shares, at fair value of \$0.275 per ordinary share. The issuance of the shares consideration will be satisfied upon the fulfilment of the profit guarantee requirement as described below. The Company has recognised the deferred shares consideration in share-based payment reserve.

Under the terms of the sale and purchase agreement, the vendor had provided a profit guarantee that the aggregate profit after tax of for a three (3)-year period commencing from 1 April 2019 and shall not be less than \$576,000. In the event when the actual aggregate profit after tax is less than guaranteed profit, the vendor undertakes to pay to ALL's shareholders, in proportion of their respective shareholdings in ALL, at a 5.25 times of average of the shortfall between ALL Guaranteed profit and actual net profit after tax over three year period. Management has assessed based on cash flow projections for 36 months, ALL would be able to achieve the Guaranteed profit over a three year period.

Acquisition of Medinex Advisory Pte. Ltd. (formerly known as SKI Corporate Services Pte. Ltd.) and SKI Consultancy Pte. Ltd. ("SKI Group")

The Company acquired 100% equity interest in SKI Group which are companies incorporated in Singapore and obtained control of these companies from 1 July 2019 onwards. The consideration for the acquisition amounted to \$1,200,000, of which was satisfied in full by cash, except for \$120,000 which will be settled in cash subsequent to the financial period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

7. Investments in subsidiaries (Continued)

Acquisition of subsidiaries (Continued)

The Company acquired the above subsidiaries in order to expand the Group's medical support service and business support sector as well as to benefit from the expected synergies that can be achieved in combining the operations of these subsidiaries with the Group such as expanding the Group's presence in Singapore and tapping on the subsidiaries' workforce expertise.

The fair values of the identifiable assets and liabilities of the subsidiaries as at the respective dates of acquisition during the financial period were:

	SMH \$	ALL \$	SKI Group \$	Total \$
Plant and equipment	326	–	1,258	1,584
Right-of-use assets	1,133,723	–	113,088	1,246,811
Intangible assets	–	150,000	112,000	262,000
Inventories	57,104	–	–	57,104
Trade and other receivables	161,988	49,430	170,844	382,262
Prepayments	2,705	–	5,570	8,275
Cash and cash equivalents	1,172,702	25,719	131,244	1,329,665
Total assets	<u>2,528,548</u>	<u>225,149</u>	<u>534,004</u>	<u>3,287,701</u>
Trade and other payables	(527,950)	(59,901)	(212,040)	(799,891)
Contract liabilities	–	–	(24,786)	(24,786)
Lease liabilities/Finance lease payables	(1,132,456)	–	(117,554)	(1,250,010)
Deferred tax liabilities	–	(25,500)	(19,040)	(44,540)
Current income tax payables	(21,076)	(3,396)	(28,258)	(52,730)
Total liabilities	<u>(1,681,482)</u>	<u>(88,797)</u>	<u>(401,678)</u>	<u>(2,171,957)</u>
Net identifiable assets at fair value	847,066	136,352	132,326	1,115,744
Consideration transferred:				
- Purchase consideration	(1,732,500)	(1,008,000)	(1,200,000)	(3,940,500)
- Non-controlling interest measured at the non-controlling interests' proportionate share of net identifiable assets	(381,180)	–	–	(381,180)
Goodwill arising from acquisition	<u>(1,266,614)</u>	<u>(871,648)</u>	<u>(1,067,674)</u>	<u>(3,205,936)</u>

From the dates of their acquisition, SMH, ALL and SKI Group have contributed \$4,531,056 and \$1,636,087 to the Group's revenue and profit for the financial period respectively. If the combination had taken place at the beginning of the financial period, the Group's revenue for the financial period from 1 January 2019 to 31 March 2020 would have been \$17,793,126 and profit before income tax would have been \$5,125,305.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

7. Investments in subsidiaries (Continued)

Acquisition of subsidiaries (Continued)

The effect of acquisition of subsidiaries on the consolidated statement of cash flows were as follows:

	Period from 1 January 2019 to 31 March 2020 \$	Year ended 31 December 2018 \$
Total purchase consideration	3,940,500	1,454,077
Less: Non-cash consideration	(408,000)	–
Less: Cash and cash equivalents of subsidiaries acquired	(1,329,665)	(180,991)
Less: Consideration payable	(120,000)	(53,954)
Add: Consideration paid for acquisition in prior financial year	53,954	–
Net cash outflow on acquisition	<u>2,136,789</u>	<u>1,219,132</u>

Trade and other receivables acquired comprise gross trade and other receivables amounting to \$382,262 (31 December 2018: \$209,553) which approximates fair value. It is expected that full contractual amount of receivables can be collected.

Goodwill of \$3,205,936 (31 December 2018: \$1,248,721) arising from the acquisitions is attributable to expected synergies that can be achieved in combining the operations of these subsidiaries with the Group such as expanding the Group's presence in Singapore and tapping on the subsidiaries' workforce expertise. These intangibles identified are subsumed into goodwill as they do not meet the recognition criteria for identifiable intangible assets.

Transaction costs related to the acquisition of subsidiaries amounting to \$7,881 (31 December 2018: \$3,596) have been recognised in the "other expenses" line item in the Group's profit or loss for the financial period from 1 January 2019 to 31 March 2020.

In previous financial year, pursuant to the further acquisitions of equity interest in Acctax, PPS and Jo-L, the effects of changes in the Group's ownership interest in subsidiaries that did not result in change of control, on the equity attributable to owners of the parent were as follows:

	Period from 1 January 2019 to 31 March 2020 \$	Year ended 31 December 2018 \$
Consideration transferred:		
- non cash purchase consideration	–	2,189,060
Less: Non-controlling interest acquired	–	(240,679)
Difference recognised in capital reserves (Note 15)	<u>–</u>	<u>1,948,381</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

7. Investments in subsidiaries (Continued)

Non-controlling interests

Summarised financial information in relation to the subsidiary that have non-controlling interests ("NCI") that are material to the Group, before intra-group eliminations and together with amounts attributed to NCI, is presented below:

	Sen Med Holdings Pte. Ltd. and its subsidiaries
	31 March 2020
	\$
	<hr/>
Revenue	3,706,282
Profit before income tax	1,167,437
Income tax expense	149,150
Profit after income tax	1,018,287
Profit allocated to NCI	458,229
Other comprehensive income allocated to NCI	–
Total comprehensive income allocated to NCI	458,229
Dividends paid to NCI	495,000
Cash flows generated from operating activities	905,518
Cash flows used in investing activities	(3,709)
Cash flows used in financing activities	(1,218,739)
Net cash outflow	(316,930)
Assets:	
Current assets	1,448,746
Non-current assets	931,668
Liabilities:	
Current liabilities	910,471
Non-current liabilities	704,591
Net assets	765,352
Accumulated NCI	<hr/> 344,409 <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

8. Investment in joint ventures

	Group		Company	
	31 March 2020	31 December 2018	31 March 2020	31 December 2018
	\$	\$	\$	\$
Balance at the beginning of financial period/year	–	–	–	–
Unquoted equity investment, at cost	625	–	625	–
Deemed investment arising from discount on non-current receivables from a joint venture (Note 10)	90,894	–	90,894	–
Share of results, net of dividend received	47,996	–	–	–
Balance at the end of financial period/year	139,515	–	91,519	–

The amount due from joint venture form part of the Group's net investment in joint ventures. The loan is unsecured and is expected to be settled within next three years from the date of disbursement. The amount due from joint venture is denominated in Singapore dollar.

The details of the joint ventures are as follows:

Name of company	Principal place of business	Principal activities	Effective equity interest held by the Group	
			31 March 2020 %	31 December 2018 %
Held by the Company				
Zenmedic Capital Pte Ltd	Singapore	Investment holding company	27.8	–
Held by Sen Med Holdings Pte. Ltd.				
Sen Paincare Pte. Ltd.	Singapore	Clinic and other general medical services	40	–

Acquisition of equity interests in joint venture

On 2 May 2019, the Company acquired 625 ordinary shares in Zenmedic Capital Pte. Ltd. ("ZCPL") at a cash consideration of \$625, which represents 27.8% of shareholdings.

Incorporation of joint venture

On 18 June 2019, the Group set up a joint venture company, Sen Paincare Pte. Ltd. The Group acquired 40 ordinary shares at a cash consideration of \$40, which represents 40% of shareholdings. As at 31 March 2020, this joint venture is dormant and in the process of being struck off. As the aggregated amount of cost of investment for this joint venture is \$40 and the total share of loss before tax from 1 January 2019 to 31 March 2020 is \$1,212, which is insignificant to the Group, it has not been recognised in the statements of financial position as at 31 March 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

8. Investment in joint ventures (Continued)

Summarised financial information in relation to the joint venture is presented below:

Summarised statement of financial position

	31 March 2020 \$
Current assets	57,599
Non-current assets	2,404,686
Current liabilities	(37,389)
Non-current liabilities	(2,250,000)
Net assets	<u>174,896</u>

The above amounts of assets and liabilities include the following:

	31 March 2020 \$
Cash and cash equivalents	15,065
Current liabilities (excluding trade and other payables and provisions)	(3,963)
Non-current liabilities (excluding trade and other payables and provisions)	<u>–</u>

Summarised statement of comprehensive income

	31 March 2020 \$
Revenue	–
Income tax expense	(3,963)
Profit for the financial period representing profit from continuing operations and total comprehensive income for the financial period	<u>228,853</u>
Dividends received from joint venture	15,625
<i>Included in the above amounts are:</i>	
Depreciation	–
Interest income	93,236
Interest expense	–
Income tax expense/(income)	<u>(3,963)</u>

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in significant joint venture for the financial period from 1 January 2019 to 31 March 2020, is as follows:

	31 March 2020 \$
Proportion of Group ownership	27.8%
Net assets of the joint venture	174,896
Interest in joint venture	48,621
Deemed investment arising from discount on non-current receivables from a joint venture (Note 10)	90,894
Carrying value	<u>139,515</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

9. Financial assets at fair value through profit or loss ("FVTPL")

	Group		Company	
	31 March 2020	31 December 2018	31 March 2020	31 December 2018
	\$	\$	\$	\$
Quoted equity investment	780	780	–	–
Unquoted equity securities	885,833	–	885,833	–
	886,613	780	885,833	–

	Group		Company	
	Period from 1 January 2019 to 31 March 2020	Year ended 31 December 2018	Period from 1 January 2019 to 31 March 2020	Year ended 31 December 2018
	\$	\$	\$	\$
Balance at beginning of financial period/year	780	–	–	–
Arising from acquisition of subsidiaries	–	545	–	–
Additions during the financial period/year	750,000	–	750,000	–
Fair value gain recognised through profit or loss	135,833	235	135,833	–
Balance at end of financial period/year	886,613	780	885,833	–

Fair value measurement

The quoted equity shares are listed in Singapore. The Group intends to hold these investments for long-term for appreciation in value as well as strategic investments purposes. The investments in listed equity securities have no fixed maturity date nor coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial period/year.

On 30 July 2019, the Company entered into a convertible loan agreement with Singapore Paincare Holdings Limited ("SPH") and invested \$750,000 in the convertible loan, which classified as unquoted equity securities in financial asset at fair value through profit or loss. The fair value of the Group's investment in unquoted equity securities were valued by an independent valuation firm and the valuation techniques used to derive the fair value is option valuation approach and is considered as level 3 fair value measurements. The significant judgements and assumptions to the valuations include probability of the successful rate of the initial public offering of the equity instrument.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

10. Trade and other receivables

	Group		Company	
	31 March 2020	31 December 2018	31 March 2020	31 December 2018
	\$	\$	\$	\$
Non-current assets				
Other receivables				
- joint venture	534,106	-	534,106	-
Current assets				
Trade receivables				
- third parties	2,084,585	1,120,613	-	-
- corporate shareholder	-	12,812	-	-
- related parties	90,194	57,300	-	-
	2,174,779	1,190,725	-	-
Loss allowance on receivables	(232,408)	(32,898)	-	-
	1,942,371	1,157,827	-	-
Other receivables				
- third parties	4,905	7,775	4,563	-
- subsidiaries	-	-	904,153	2,106,315
- joint venture	7,912	-	7,912	-
- related parties	73,676	-	-	-
Goods and services tax recoverable, net	-	9,283	-	63,107
Deposits	98,824	54,679	480	520
Grant receivable in respect of Jobs Support Scheme ("JSS")	227,707	-	20,042	-
	2,335,395	1,229,564	937,150	2,169,942
	2,889,501	1,229,564	1,471,256	2,169,942

Trade receivables are generally on credit terms of ranging from 0 to 90 (31 December 2018: 0 to 90) days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The non-trade amounts due from joint venture and related parties included expenses paid on behalf for related parties, which are unsecured, non-interest bearing and repayable on demand.

The non-trade amount due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

The management estimates the fair value of this non-current other receivables due from a joint venture with reference to the stipulated repayment period using a discount rate based on the prevailing available market borrowing rates at 5.25% at the end of the reporting period.

The fair value of the amount due from the joint venture is within Level 3 of the fair value hierarchy. The difference between the non-current receivables and the fair values was recorded as a deemed investment (Note 8).

The grant receivables and deferred grant income relate to JSS announced by the Singapore Government to provide wage support to employers to help them retain their local employees during this period of economic uncertainty. In determining the timing of recognition of the JSS grant income, the management evaluated the entity is impacted from April 2020 onwards following the circuit-breaker measure, hence no grant income is recognised during the financial period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

10. Trade and other receivables (Continued)

The Group determined, by reference to past default experience and expected credit losses ("ECL"), which incorporate forward looking estimates. In calculating the ECL rates, the Group considers historical loss rates for each aging bracket of customers and adjust for forward looking macroeconomic data that may affect the ability of the debtors to settle receivables.

The Board of Directors has taken into account information that it has available internally about these subsidiaries' past, current and expected operating performance and cash flow position. The Board of Directors assess the risk of default is considered to be minimal as these subsidiaries are able to repay on demand. Therefore, amount due from subsidiaries has been measured based on 12-month expected credit loss model and subject to immaterial credit loss.

The Group recognises lifetime ECL for trade receivables based on individually significant customers or the ageing of customers collectively that are not individually significant. At the reporting period, the analysis of trade receivables and the carrying amount of allowances for impairment loss are as follows:

Group	ECL Weightage %	Gross carrying amount \$	Loss allowance on receivables \$	Net carrying amount \$
As at 31 March 2020				
Other customers collectively assessed				
Not past due	1.1%	939,898	(10,291)	929,607
Past due less than 1 month	1.5%	423,339	(6,478)	416,861
Past due 1 to 2 months	2.4%	195,399	(4,744)	190,655
Past due 2 to 3 months	3.8%	193,179	(7,389)	185,790
Past due over 3 months	34.4%	334,319	(114,861)	219,458
		2,086,134	(143,763)	1,942,371
Credit impaired customers		88,645	(88,645)	-
		2,174,779	(232,408)	1,942,371
As at 31 December 2018				
Other customers collectively assessed				
Not past due	-	545,048	-	545,048
Past due less than 1 month	-	269,838	-	269,838
Past due 1 to 2 months	-	151,402	-	151,402
Past due 2 to 3 months	3%	76,978	(2,086)	74,892
Past due over 3 months	5%	122,485	(5,838)	116,647
		1,165,751	(7,924)	1,157,827
Credit impaired customers		24,974	(24,974)	-
		1,190,725	32,898	1,157,827

The individually impaired trade receivables relate mainly due to those customers who were given extended credit terms and collection efforts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

10. Trade and other receivables (Continued)

Movement in allowance for impairment loss on third parties trade receivables was as follows:

	Group	
	Period from 1 January 2019 to 31 March 2020	Year ended 31 December 2018
	\$	\$
Balance at beginning of financial period/year	32,898	6,519
Allowance made during the financial period/year	199,510	26,379
Balance at end of financial period/year	232,408	32,898

The currency profile of trade and other receivables as at the end of the reporting period is Singapore dollar.

11. Inventories

	Group	
	31 March 2020	31 December 2018
	\$	\$
Medical and pharmaceutical products for resale	836,406	472,951

During the financial period from 1 January 2019 to 31 March 2020, the Group recognised an amount of \$30,425 (31 December 2018: \$5,413) in profit or loss, being part of an inventory write-down during the financial period as the inventories had expired.

The cost of inventories recognised as an expense in the Group's profit or loss amounted to \$4,920,978 (31 December 2018: \$3,308,519).

12. Contract assets and contract liabilities

	Group	
	31 March 2020	31 December 2018
	\$	\$
<u>Contract assets</u>		
Accrued revenue	51,183	23,417
<u>Contract liabilities</u>		
Deferred revenue	229,588	83,262
Service fee received in advance	158,560	58,277
	388,148	141,539

The contract assets primarily relate to the Group's rights to consideration for service rendered but not billed at the reporting date on the delivery of service. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoice the customer.

The contract liabilities primarily relate to the Group's obligation to transfer delivery of service.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

13. Cash and cash equivalents

	Group		Company	
	31 March 2020	31 December 2018	31 March 2020	31 December 2018
	\$	\$	\$	\$
Fixed deposit	1,528,600	4,150,234	1,019,600	3,000,000
Cash and bank balances	3,735,740	4,982,089	620,717	3,410,742
	5,264,340	9,132,323	1,640,317	6,410,742

Fixed deposits are placed for a period of 12 months (31 December 2018: 12 months) and bear effective interest rates of 1.80% (31 December 2018: 1.45% to 1.96%) per annum. These fixed deposits are included in the cash and cash equivalents in the consolidated statement of cash flows as there is no significant cost or penalty in converting the fixed deposits into cash before maturity.

The currency profile of cash and cash equivalents as at the end of the reporting period is Singapore dollar.

14. Share capital

	Group and Company			
	31 March 2020	31 December 2018	31 March 2020	31 December 2018
	Number of ordinary shares		\$	\$
Issued and fully-paid:				
Balance at beginning of financial period/year	131,207,540	17,040	14,163,317	5,627,237
Issuance of ordinary shares pursuant to the acquisition of subsidiaries ⁽ⁱ⁾	–	1,566	–	2,189,060
	131,207,540	18,606	14,163,317	7,816,297
Sub-division of shares ⁽ⁱⁱ⁾	–	103,988,934	–	–
Issuance of shares in satisfaction of professional fee ⁽ⁱⁱⁱ⁾	–	1,200,000	–	300,000
Issuance of shares pursuant to an initial public offering exercise ^(iv)	–	26,000,000	–	6,500,000
Share issue expenses ^(v)	–	–	–	(452,980)
Balance at end of financial period/year	131,207,540	131,207,540	14,163,317	14,163,317

- (i) Pursuant to the restructuring exercise, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 1,566 new ordinary shares on 9 November 2018 at an issue price of \$1,398 per ordinary share. The total share consideration of \$2,189,060 as a partial payment pursuant to acquisition of new subsidiaries.
- (ii) On 9 November 2018, the shareholders of the Company approved the sub-division of each existing issued ordinary share into 103,988,934 ordinary shares in the issued capital of the Company.
- (iii) On 14 December 2018, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 1,200,000 new ordinary shares at an issue price of \$0.25 per share amounting to \$300,000 as payment of professional fee.
- (iv) On 14 December 2018, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 26,000,000 new ordinary shares at an issue price of \$0.25 per ordinary share for cash consideration of \$6,500,000 pursuant to an initial public offering.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

14. Share capital (Continued)

- (v) Included in these expenses is an allocation portion of professional fees paid to the independent auditors of the Company in respect of professional services rendered as independent reporting auditors in connection with the Company's initial public offering. The allocation portion of professional fees amounted to \$37,620.

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

15. Other reserves

	Group		Company	
	31 March 2020	31 December 2018	31 March 2020	31 December 2018
	\$	\$	\$	\$
Capital reserve	(1,948,381)	(1,948,381)	–	–
Share-based payment reserve	408,000	–	408,000	–
	(1,540,381)	(1,948,381)	408,000	–

Capital reserve

The capital reserves relates to the difference between the change in non-controlling interests when acquiring additional equity interests in subsidiaries and the fair value of the consideration given for the acquisition.

Share-based payment reserve

On 1 May 2019, the Company acquired 100% equity interest of ALL at purchase consideration of \$1,008,000, which \$600,000 was satisfied by cash and the remaining \$408,000 will be satisfied through the issuance of 1,483,636 ordinary shares of the Company. The share consideration is payable three years later upon the achievement of ALL Guaranteed profit or upon the vendor repaid the shortfall of the ALL Guaranteed profit. The deferred shares consideration which is classified as an equity component will be reclassified to share capital upon issuance of ordinary shares.

The movement of the other reserves of the Group are presented in the consolidated statement of changes in equity.

16. Retained earnings

Movements in retained earnings of the Company were as follows:

	Company	
	Period from 1 January 2019 to 31 March 2020	Year ended 31 December 2018
	\$	\$
Balance at beginning of financial period/year	1,511,797	386,936
Total comprehensive income for the financial period/year	1,864,261	1,124,861
Dividends	(3,306,430)	–
Balance at end of financial period/year	69,628	1,511,797

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

17. Lease liabilities/ Finance lease payables

	31 March 2020
	\$
Group	
Balance at beginning of financial period	
- Finance lease payable under SFRS(I) 1-17	9,510
- Adoption of SFRS(I) 16 (Note 2.1)	1,215,314
	1,224,824
Arising from acquisition of subsidiaries	1,250,010
Additions	63,500
Interest expense	81,927
Lease payments	
- Principal portion	(623,171)
- Interest portion	(81,927)
Balance at end of financial period	1,915,163

The maturity analysis of lease liabilities/finance lease payables of the Group at end of reporting period are as follows:

	Group	
	31 March 2020	31 December 2018
	\$	\$
Contractual undiscounted cash flows		
- Within one financial year	586,741	6,442
- After one financial year but within five financial years	739,715	4,680
- After five financial years	713,800	-
	2,040,056	11,122
Less: Future interest expense	(125,093)	(1,612)
Present value of lease liabilities	1,915,163	9,510
Presented in consolidated statement of financial position		
- Current	538,823	5,577
- Non-current	1,376,340	3,933
	1,915,163	9,510

The Group leases a number of office premises, office equipment, motor vehicles and medical equipment with fixed payments over the lease terms.

Certain office equipment of the Group qualifies as for low value assets. The election of short-term leases is made by class of underlying assets with similar nature and use in the Group's operation whereas the low-value lease exemption is made on lease-by-lease basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

17. Lease liabilities (Continued)

As at 31 March 2020, the average incremental borrowing rate applied in the lease liabilities was 3% to 3.86%.

The effective interest rate charged for the finance lease obligations range from 3.03% to 3.86% per annum for the financial year ended 31 December 2018. The finance leases are secured on the plant and equipment purchased under finance lease arrangements.

The Group's lease liabilities of \$136,704 (31 December 2018: \$25,348) were secured over certain motor vehicles, office equipment and medical equipment classified under right-of-use assets (Note 5).

All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The currency profile of lease liabilities/finance lease payables as at the end of the reporting period is Singapore dollar.

18. Deferred tax liabilities

	Group	
	Period from 1 January 2019 to 31 March 2020	Year ended 31 December 2018
	\$	\$
Balance at beginning of financial period/year	24,004	8,409
Arising from acquisition of subsidiaries	44,540	19,914
Credited to profit or loss	(9,334)	(4,319)
Balance at end of financial period/year	59,210	24,004

Deferred tax liabilities are attributable to temporary differences arising from accelerated tax depreciation computed at Singapore's income tax rate of 17% (31 December 2018: 17%).

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

19. Provisions

	Group	
	Period from 1 January 2019 to 31 March 2020 \$	Year ended 31 December 2018 \$
Provisions for reinstatement cost		
Balance at beginning of financial period/year	28,671	–
Arising from acquisition of subsidiaries	–	5,521
Provision made	–	23,150
Balance at end of financial period/year	28,671	28,671

The provision for reinstatement cost is the estimated cost of dismantlement, removal or restoration of plant and equipment arising from the acquisition or use of asset, which is capitalised and included in the cost of plant and equipment.

20. Trade and other payables

	Group		Company	
	31 March 2020 \$	31 December 2018 \$	31 March 2020 \$	31 December 2018 \$
Trade payables				
- third parties	461,560	311,040	–	–
Other payables				
- third parties	341,696	39,318	210,772	85,354
- subsidiaries	–	–	8,000	–
- related parties	–	64,612	–	–
- director of the subsidiaries	199,716	727	–	–
Goods and services tax payable, net	151,148	–	11,699	–
Accrued expenses	313,903	397,306	185,818	123,887
Deferred grant income in respect of JSS	227,706	–	20,042	–
Refundable deposit	10,000	–	–	–
	1,705,729	813,003	436,331	209,241

Trade payables are unsecured, non-interest bearing and are normally settled between 30 to 60 (31 December 2018: 30 to 60) days' credit terms.

The non-trade amounts due to related parties and directors of the subsidiaries are unsecured, non-interest bearing and repayable on demand.

The currency profile of trade and other payables as at the end of the reporting period is Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

21. Bank borrowing

	Group and Company	
	31 March 2020	31 December 2018
	\$	\$
<i>Unsecured</i>		
Revolving working capital line	10,000	–

Bank borrowing in respect of revolving working capital line is repayable on demand, unsecured and is arranged at floating rates. During the financial period from 1 January 2019 to 31 March 2020, the average effective interest rate of the bank loan was 0.67% (31 December 2018: Nil%) per annum.

As at the end of the reporting period, the Group and the Company have banking facilities as follows:

	Group		Company	
	31 March 2020	31 December 2018	31 March 2020	31 December 2018
	\$	\$	\$	\$
Banking facilities granted	3,250,000	–	250,000	–
Banking facilities utilised	10,000	–	10,000	–

The currency profile of the bank borrowing as at the end of the respective reporting periods is Singapore dollar.

22. Revenue

Disaggregation of revenue

The Group has disaggregated revenue into various categories in the following table which is intended to:

- (i) depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data; and
- (ii) enable users to understand the relationship with revenue segment information provided in Note 33 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

22. Revenue (Continued)

Disaggregation of revenue (Continued)

Business segment	Medical support services		Business support services		Pharmaceutical services		Medical services		Total	
	Period from 1 January 2019 to 31 March 2020	Year ended 31 December 2018	Period from 1 January 2019 to 31 March 2020	Year ended 31 December 2018	Period from 1 January 2019 to 31 March 2020	Year ended 31 December 2018	Period from 1 January 2019 to 31 March 2020	Year ended 31 December 2018	Period from 1 January 2019 to 31 March 2020	Year ended 31 December 2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<u>Type of good or services</u>										
Service fee	4,589,946	3,153,393	3,461,674	1,754,246	-	-	-	-	8,051,620	4,907,639
Sale of medical and pharmaceutical products	-	-	-	-	4,985,015	4,100,782	-	-	4,985,015	4,100,782
Provision of medical services	-	-	-	-	-	-	3,706,282	-	3,706,282	-
	4,589,946	3,153,393	3,461,674	1,754,246	4,985,015	4,100,782	3,706,282	-	16,742,917	9,008,421
<u>Timing of transfer of goods and services</u>										
Point in time	4,410,073	3,055,106	2,847,402	1,595,799	4,985,015	4,100,782	3,706,282	-	15,948,772	8,751,687
Over time	179,873	98,287	614,272	158,447	-	-	-	-	794,145	256,734
	4,589,946	3,153,393	3,461,674	1,754,246	4,985,015	4,100,782	3,706,282	-	16,742,917	9,008,421

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

23. Other income

	Group	
	Period from 1 January 2019 to 31 March 2020	Year ended 31 December 2018
	\$	\$
Government grants	92,566	36,888
Fair value gain on financial assets at FVTPL	135,833	235
Interest income	53,327	11,440
Bad debt recovered	8,230	8,721
Rental income	65,925	13,241
Commission income	30,557	-
Others	15,320	2,000
	401,758	72,525

24. Employee benefits expense

	Group	
	Period from 1 January 2019 to 31 March 2020	Year ended 31 December 2018
	\$	\$
Directors' fees		
- Directors of the Company	97,918	8,125
- Directors of the subsidiaries	35,162	3,700
Salaries, bonuses and other staff benefits	4,487,818	2,356,283
Contributions to defined contribution plans	490,761	252,574
	5,111,659	2,620,682

Included in the employee benefits expense were the remuneration of Directors of the Company and key management personnel of the Group, as set out in Note 32 to the financial statements.

25. Depreciation and amortisation expenses

	Group	
	Period from 1 January 2019 to 31 March 2020	Year ended 31 December 2018
	\$	\$
Depreciation of plant and equipment	31,349	48,801
Depreciation of right-of-use assets	661,458	-
Amortisation of intangible assets	54,903	25,406
	747,710	74,207

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

26. Finance costs

	Group	
	Period from 1 January 2019 to 31 March 2020	Year ended 31 December 2018
	\$	\$
Finance lease interest	–	2,788
Lease liabilities interest	81,927	–
	81,927	2,788

27. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	Period from 1 January 2019 to 31 March 2020	Year ended 31 December 2018
	\$	\$
<i>Other expenses</i>		
Audit fees		
- auditors of the Company	136,500	85,000
Non-audit fees		
- auditors of the Company	–	–
Bad debts written off	–	6,652
Initial public offering expenses*	–	1,062,356
Lease expense for low value assets	7,898	–
Secretarial cost	278,998	96,505
Professional fees	401,525	22,149
Repair and maintenance	63,384	30,549
Set-up costs	54,953	–
Sub-contractor fees	50,450	49,125
Short term leases/2018: Operating lease expenses		
- rental of premises	11,609	271,371
- rental of other operating facilities	–	4,662
Travelling expense	43,603	22,652

* Included in these expenses were professional fees paid to the external auditors of the Company amounting to \$Nil (31 December 2018: \$153,140) in respect of an allocated portion of professional services rendered as independent reporting auditors in connection with the Company's initial public offering. The other portion of the professional fees rendered as independent reporting auditors, amounting to \$Nil (31 December 2018: \$36,860) was charged to share issues expenses under share capital.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

28. Income tax expense

	Period from 1 January 2019 to 31 March 2020 \$	Year ended 31 December 2018 \$
Current income tax		
- current financial period/year	573,340	263,620
- (over)/under provision in prior financial years	(10,852)	2,217
	<u>562,488</u>	<u>265,837</u>
Deferred tax		
- current financial period/year	(9,334)	(4,319)
	<u>553,154</u>	<u>261,518</u>
Total income tax expense recognised in profit or loss	<u>553,124</u>	<u>261,518</u>

Reconciliation of effective income tax rate

	Group	
	Period from 1 January 2019 to 31 March 2020 \$	Year ended 31 December 2018 \$
Profit before income tax	4,647,472	1,168,583
Less: Share of results of joint venture	(63,621)	-
	<u>4,583,851</u>	<u>1,168,583</u>
Income tax calculated at Singapore's statutory income tax rate of 17% (31 December 2018:17%)	779,255	198,659
Tax effect of non-deductible expenses for income tax purposes	110,249	199,183
Tax effect of income not subject to income tax	(23,092)	(40)
Tax effect of tax exempt income	(257,275)	(100,174)
Tax effect of enhanced deduction/allowance	(6,381)	(19,305)
Corporate tax rebate and incentive	(111,519)	(31,864)
Deferred tax assets not recognised	68,731	-
(Over)/Under provision of current income tax in prior financial years	(10,852)	2,217
Others	4,038	12,842
	<u>553,154</u>	<u>261,518</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

28. Income tax expense (Continued)

Unrecognised deferred tax assets

	Group	
	Period from 1 January 2019 to 31 March 2020 \$	Year ended 31 December 2018 \$
Balance at beginning of financial period/year	–	–
Amount not recognised during financial period/year	68,731	–
Balance at end of financial period/year	68,731	–

Unrecognised deferred tax assets are attributable to the following temporary differences computed at statutory income tax rate of 17% (31 December 2018: 17%):

	Group	
	31 March 2020 \$	31 December 2018 \$
Unutilised tax losses	68,731	–

As at 31 March 2020, the Group and the Company have unutilised tax losses of approximately \$404,000 (31 December 2018: \$Nil) available for offset against future taxable profits provided that in accordance with the provisions of the Singapore Income Tax Act, there is no substantial change in the composition of the shareholders and their respective shareholdings in the Group and the Company at the relevant dates when these losses are utilised and subject to the agreement by the tax authorities.

Deferred tax assets have not been recognised in respect of the tax losses as it is not certain whether future taxable profit will be available against which the Group and the Company can utilise the benefits. Accordingly, the deferred tax asset has not been recognised in the financial statements in accordance with the accounting policy in Note 2.20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

29. Earnings per share

The calculation for earnings per share is based on:

	Group	
	Period from 1 January 2019 to 31 March 2020	Year ended 31 December 2018
Profit attributable to owners of the parent (\$)	<u>3,636,089</u>	<u>816,613</u>
Weighted-average number of ordinary shares used in issue during the financial period/year applicable to earnings per share	<u>131,207,540</u>	<u>98,459,684</u>
<i>Earnings per share (in cents)</i>		
– Basic and diluted	<u>2.77</u>	<u>0.83</u>

The calculations of basic earnings per share are based on profit attributable to owners of the parent divided by the weighted average number of ordinary shares outstanding during the financial period/year.

The number of ordinary shares used for the calculation of earnings per share in a common control combination, which is accounted for using merger accounting, was the aggregate of the number of shares of the Company whose shares are outstanding after the combination for the financial year ended 31 December 2018. The 18,606 ordinary shares in the Company was sub-divided into 103,988,934 ordinary shares, which changed the number of ordinary shares outstanding without a corresponding change in resources.

The diluted earnings per share for the financial period from 1 January 2019 to 31 March 2020 and financial year ended 31 December 2018 are same as the basic earnings per share as the dilutive potential ordinary shares amounting to 1,483,636 ordinary shares do not have a material impact on the diluted earnings per share.

30. Dividends

	Group	
	Period from 1 January 2019 to 31 March 2020 \$	Year ended 31 December 2018 \$
Final tax exempt dividend of \$0.0084 per ordinary share for the financial year ended 31 December 2018	1,102,143	–
Interim tax exempt dividend of \$0.0084 per ordinary share for the financial period from 1 January 2019 to 31 March 2020	1,102,144	–
Interim tax exempt dividend of \$0.0084 per ordinary share for the financial period from 1 January 2019 to 31 March 2020	<u>1,102,143</u>	–
	<u>3,306,430</u>	–

The Board of Directors did not propose any final dividend.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

31. Operating lease commitments

The Group as lessee

As at 31 December 2018, the Group leases office and other operating facilities under non-cancellable operating leases. The operating lease commitments are based on existing rental rates. The leases have lease terms ranging from 1 to 5 years and rentals are fixed during the lease terms.

As at 31 December 2018, the future minimum lease payable under non-cancellable operating leases contracted for but not recognised as liabilities were as follows:

	Group 31 December 2018
	\$
Within one financial year	245,610
After one financial year but within five financial years	439,550
More than five financial years	240,000
	925,160

The above operating lease commitments are based on existing rental rates at the end of the reporting period.

The Group as lessors

The Group subleases its office spaces under non-cancellable operating leases. As at 31 March 2020, these non-cancellable leases have remaining lease terms of 33 (31 December 2018: 48) months.

The future minimum lease receivables under non-cancellable operating leases contracted for as at the end of the reporting period but not recognised as receivables, are as follows:

	Group	
	31 March 2020	31 December 2018
	\$	\$
Within one financial year	30,000	30,000
After one financial year but within five financial years	60,000	90,000
	90,000	120,000

The above operating lease receivables are based on existing rental rates at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

32. Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the Group and the Company with related parties during the financial period/year:

	Group		Company	
	Period from 1 January 2019 to 31 March 2020 \$	Year ended 31 December 2018 \$	Period from 1 January 2019 to 31 March 2020 \$	Year ended 31 December 2018 \$
With corporate shareholder				
Sales of medicine	–	89,641	–	–
With controlling shareholders of corporate shareholder				
Services rendered fee	–	110,252	–	–
With subsidiaries				
Expenses paid on behalf of	–	–	220,855	298,412
Management fee income	–	–	1,162,500	930,000
Dividend income	–	–	2,405,000	2,080,000
Collection on behalf for	–	–	–	15,136
Collection on behalf by	–	–	–	3,596
HR outsource expense	–	–	101,912	–
With joint ventures				
Expenses paid on behalf by	7,961	–	7,961	–
Dividend income	15,625	–	15,625	–
With related parties				
Expenses paid on behalf of	–	–	–	–
Service rendered fee	260,104	204,387	–	–
Sales of medicine	33,600	14,823	–	–
Rental expense	202,500	153,868	–	–
HR outsource expense	24,000	54,400	24,000	54,400
With director of the Company				
Advances from	–	2,559	–	2,559

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

32. Significant related party transactions (Continued)

Compensation of key management personnel

Key management personnel are directors of the Company and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly and indirectly.

The remuneration of directors and other key management personnel of the Group during the financial period/year were as follows:

	Group	
	Period from 1 January 2019 to 31 March 2020	Year ended 31 December 2018
	\$	\$
Directors of the Company		
- short-term employee benefits	417,600	459,788
- post-employment benefits	17,340	25,500
- Directors' fees	97,918	8,125
	532,858	493,413
Directors of the subsidiaries		
- short-term employee benefits	899,295	344,519
- post-employment benefits	93,977	25,709
- Directors' fees	35,162	3,700
	1,028,434	373,928
Other key management personnel		
- short-term employee benefits	242,286	100,641
- post-employment benefits	37,764	16,089
	280,050	116,730

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

33. Segment information

Business segment

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The Group has four primary business segments, which are that of medical support services, business support services, pharmaceutical services and medical services.

Medical support services business segment provides professional services to clients in primary and secondary healthcare sectors comprising general practitioners and specialists.

Business support services business segment provides professional services to customer base who are outside from healthcare industry.

Pharmaceutical services business segment provides distribution of medical and pharmaceutical products to clinics located in Singapore.

Medical services business segment provides x-rays, pre-employment check-ups and health screening in clinics located in Singapore.

Unallocated expenses include corporate headquarter which are not directly attributable to a particular reportable segment above.

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets, liabilities and expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

33. Segment information (Continued)

Business segment (Continued)

	Medical support services \$	Business support services \$	Pharmaceutical services \$	Medical services \$	Unallocated expenses \$	Consolidated \$
Period from 1 January 2019 to 31 March 2020						
Revenue						
External revenue	4,589,946	3,461,674	4,985,015	3,706,282	–	16,742,917
Profit from operations						
Share of results from joint venture, net of tax	–	–	–	–	63,621	63,621
Interest income	7,478	4,437	7,478	–	33,934	53,327
Inventories and consumables, net of changes inventories	–	–	3,958,918	962,060	–	4,920,978
Finance costs	22,896	7,811	10,870	40,350	–	81,927
Depreciation and amortisation	206,596	192,233	70,560	270,104	8,217	747,710
Employee benefits expense	1,035,876	1,406,356	702,039	976,597	990,791	5,111,659
Income tax expense	287,036	100,757	23,925	149,150	(7,714)	553,154
Reportable segment profit before income tax	3,204,142	1,337,206	193,752	1,236,797	(1,324,425)	4,647,472
Net profit for the financial period after income tax	2,917,106	1,228,303	169,827	1,087,647	(1,308,565)	4,094,318
<u>Other information:</u>						
Additions to non-current assets						
- plant and equipment	12,119	5,002	1,870	4,001	21,098	44,090
- intangible assets	–	2,201,322	–	1,266,614	–	3,467,936
- right-of-use assets	–	113,088	–	1,197,223	–	1,310,311
Investment in joint venture	–	–	–	–	139,515	139,515
Segment assets	4,902,392	5,646,292	1,816,769	3,471,080	3,484,197	19,320,730
Segment liabilities	1,146,555	895,344	685,648	1,502,647	481,290	4,711,484

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

33. Segment information (Continued)

Business segment (Continued)

	Medical support services \$	Business support services \$	Pharmaceutical services \$	Unallocated expenses \$	Consolidated \$
Year ended 31 December 2018					
Revenue					
External revenue	3,153,393	1,754,246	4,100,782	-	9,008,421
Profit from operations					
Interest income	96	276	96	10,972	11,440
Inventories and consumables, net of changes in inventories	-	-	3,308,519	-	3,308,519
Finance costs	-	690	2,098	-	2,788
Depreciation and amortisation	8,939	31,804	14,447	19,017	74,207
Employee benefits expense	713,929	722,538	532,238	651,977	2,620,682
Income tax expense	169,860	56,947	25,570	9,141	261,518
Reportable segment profit before income tax	1,409,363	567,672	154,131	(962,583)	1,168,583
Net profit for the financial period after income tax	1,239,504	510,725	128,561	(971,725)	907,065
Other information:					
Additions to non-current assets					
- plant and equipment	16,557	32,869	-	-	49,426
- intangible assets	-	1,365,865	-	-	1,365,865
Segment assets	2,220,809	1,142,512	1,127,430	10,339,246	14,829,997
Segment liabilities	609,207	323,519	154,947	215,146	1,302,819

Geographical information

The Group's revenue and assets are mainly derived from Singapore, accordingly, no geographical segment information is presented.

Major customers

The Group's revenue attributable to 1 customer in Group's pharmaceutical services of \$2,901,457 and \$3,715,798 for financial period from 1 January 2019 to 31 March 2020 and financial year ended 31 December 2018 respectively. It represents 17.33% and 41.25% of the Group's revenue during the financial period from 1 January 2019 to 31 March 2020 and 1 January 2018 to 31 December 2018 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

34. Financial instruments, financial risks and capital management

The Group's and the Company's activities expose them to credit risks and liquidity risks arising in the ordinary course of business. The Group and the Company are not exposed to foreign currency risks as their transactions are carried out in Singapore dollar. The Group and the Company are not exposed to interest rate risk as their interest bearing liabilities at the end of the reporting period is insignificant. The Group's and the Company's overall risk management strategy seek to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's management then establish the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which the risks are managed and measured. The Group and the Company do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

34.1 Credit risks

Credit risks refer to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group and the Company perform ongoing credit evaluation of its counterparties' financial condition and generally do not require collaterals.

The Group and the Company do not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics, except for the Group has outstanding trade receivables from 1 group of customers which represent 15.28% and 60.43% of total trade receivables balance as at 31 March 2020 and 31 December 2018 respectively.

The Group defines counterparties as having similar characteristics if they are related entities. Ongoing evaluation is performed on the financial condition of trade receivables.

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group and the Company. Please refer to Note 10 to the financial statements for further information on loss allowance movement.

The carrying amounts of financial assets recorded in the consolidated financial statements, grossed up for any allowances for losses, represents the Group's and the Company's maximum exposure to credit risks. The Group and the Company do not hold any collateral.

Cash and cash equivalents

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. The Group and the Company held cash and cash equivalents of \$5,264,340 and \$1,640,317 as 31 March 2020 (31 December 2018: \$9,132,323 and \$6,410,742). The cash and cash equivalents are held with banks and financial institutions counterparties, which are rated A3 to Aa1, based on Moody's ratings. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group and the Company consider that their cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

34. Financial instruments, financial risks and capital management (Continued)

34.2 Liquidity risks

Liquidity risks refer to the risks in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company actively manage their operating cash flows so as to ensure that all payment needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet their working capital requirements.

Contractual maturity analysis

The following tables detail the Group's and the Company's remaining contractual maturity for their non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected or pay.

	Within one financial year \$	After one financial year but within five financial years \$	After five financial years \$	Total \$
Group				
At 31 March 2020				
Trade and other payables	1,326,875	–	–	1,326,875
Bank borrowing	10,000	–	–	10,000
Lease liabilities/Finance lease payables	586,741	739,715	713,800	2,040,256
	1,923,616	739,715	713,800	3,377,131
At 31 December 2018				
Trade and other payables	813,003	–	–	813,003
Finance lease payables	6,442	4,680	–	11,122
	819,445	4,680	–	824,125
Company				
At 31 March 2020				
Trade and other payables	404,590	–	–	404,590
Bank borrowings	10,000	–	–	10,000
	414,590	–	–	414,590
At 31 December 2018				
Trade and other payables	209,241	–	–	209,241

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

34. Financial instruments, financial risks and capital management (Continued)

34.3 Capital management policies and objectives

The Group and the Company manage capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value.

The Group and the Company manage their capital structure which consist of equity attributable to owners of the parent, comprising issued share capital, other reserve and retained earnings as disclosed in Notes 14, 15 and 16 to the financial statements and make adjustments to it, in light with changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial period from 1 January 2019 to 31 March 2020 and financial year ended 31 December 2018.

As at 31 March 2020 and 31 December 2018, the gearing ratio is not meaningful as cash and cash equivalents are more than the Group's and the Company's total liabilities.

The Group and the Company did not have externally imposed capital requirements for the financial period from 1 January 2019 to 31 March 2020 and for the financial year ended 31 December 2018.

34.4 Fair value of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and other financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value hierarchy

The Group and the Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial assets at fair value through profit and loss are calculated using quoted prices (Level 1 of fair value hierarchy).

The carrying amounts of the current financial assets and current financial liabilities that are not carried at fair value approximate their respective fair values as at the end of the reporting period due to the relatively short-term maturity of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

34. Financial instruments, financial risks and capital management (Continued)

34.4 Fair value of financial assets and financial liabilities (Continued)

Fair values of financial instruments carried at fair value

The table below classified financial instruments carried at fair value by level of fair value hierarchy as at the end of the reporting period:

	Fair value measurements using			Total \$
	Level 1 \$	Level 2 \$	Level 3 \$	
Group				
31 March 2020				
Financial assets				
Financial assets, at FVTPL				
- Quoted equity securities	780	–	–	780
- Unquoted equity instrument	–	–	885,833	885,833
	<u>–</u>	<u>–</u>	<u>885,833</u>	<u>886,613</u>
31 December 2018				
Financial assets				
Financial assets, at FVTPL				
- Quoted equity securities	780	–	–	780
	<u>780</u>	<u>–</u>	<u>–</u>	<u>780</u>
Company				
31 March 2020				
Financial assets				
Financial assets, at FVTPL				
- Unquoted equity instrument	–	–	885,833	885,833
	<u>–</u>	<u>–</u>	<u>885,833</u>	<u>885,833</u>

The carrying amounts of financial assets at fair value through profit or loss are disclosed on the face of statements of financial position and in Note 9 to the financial statements.

There were no transfers between levels during the financial period/year and no changes in the valuation techniques of the various classes of financial assets during the financial period from 1 January 2019 to 31 March 2020 and financial year ended 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

34. Financial instruments, financial risks and capital management (Continued)

34.5 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group \$	Company \$
31 March 2020		
Financial assets, at fair value through profit or loss	886,613	885,833
Financial assets, at amortised cost	8,205,024	3,111,573
Financial liabilities, at amortised cost	<u>(3,252,038)</u>	<u>(414,590)</u>
31 December 2018		
Financial assets, at fair value through profit or loss	780	-
Financial assets, at amortised cost	10,376,022	8,517,577
Financial liabilities, at amortised cost	<u>(822,513)</u>	<u>(209,241)</u>

35. Comparative figures

- 35.1 The Group and the Company changed their financial year-end from 31 December to 31 March. Consequently, the financial statements for the current financial period covered a period of 15 months from 1 January 2019 to 31 March 2020 while the comparative figures for the financial year ended 31 December 2018 covered a period of 12 months from 1 January 2018 to 31 December 2018 and therefore the amounts presented in the financial statements are not comparable.
- 35.2 Certain other reclassifications have been made to the prior year's financial statements to enhance the comparability with current financial period's financial statements.

As a result of the above, certain line items have been amended in the consolidated statement of financial position and the related notes to the financial statements as set out below:

	31 December 2018 As previously reported \$	31 December 2018 As reclassified \$
Group		
Consolidated statement of financial position		
Trade and other receivables	1,252,981	1,229,564
Contract asset	-	23,417
Trade and other payable	954,542	813,003
Contract liabilities	<u>-</u>	<u>141,539</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 31 March 2020

36. Effect of Covid-19 outbreak on operations

As the global pandemic situation prolongs, businesses across different sectors including healthcare continues to grapple with uncertainties and the threat of a downward revenue trend.

While there is no significant impact from the COVID-19 in the short term, the Group has to gear itself up to counteract the longer term impact especially with the increasing number of business closures and cost pressure from clients whose survival is at stake. With the physical travel restrictions, the Group embarks on new forms of engagement so as to deliver the same, if not higher level of service experience for the clients.

In order to lessen the impact of a downward revenue trend of the Group's clients, the Group is investing in an online marketing platform and technology to assist the Group's clients to accelerate their presence online in order to garner more business opportunities both locally and regionally. To cope with the cost pressure from clients and the Group competitors, the Group has set up an operation unit in Malaysia to capitalise on the lower manpower cost while maintaining stringent internal controls and quality outputs.

The two months of circuit breaker had pushed the Group to tap on technology to engage the Group's clients virtually to ensure the continuity in providing the customer-centric services. The increasing reliance on technology and artificial intelligence have caused the Group to move to providing higher value services that cannot be easily substituted such as business consultation and customized data analytical services.

37. Events after the reporting period

37.1 Incorporation of Medinex Corporate Services Sdn. Bhd.

On 15 May 2020, the Company incorporated a wholly owned subsidiary in Malaysia, namely Medinex Corporate Services Sdn. Bhd. with a total issued and paid up capital of RM 2 (which equivalent to \$0.65).

37.2 Incorporation of J-Connect Media Pte. Ltd.

On 3 July 2020, the Company entered into a joint venture with several parties to incorporate J-Connect Media Pte. Ltd. ("JCM"). It has subscribed for 25,000 new shares in JCM amounting to 25.0% of the total issued share capital of \$100,000.

37.3 Investment in Singapore Paincare Holdings Limited ("SPH")

On 12 May 2020, the Company entered into a deed of amendment to the convertible loan, which classified as financial asset at fair value through profit or loss as at 31 March 2020. Pursuant to this amendment, the Company's conversion of the convertible loan into ordinary shares of SPH was fixed at 5,681,818 number of ordinary shares of SPH upon conversion. The Company converted its investment in convertible loan into SPH's ordinary shares and further acquired 2,248,000 ordinary shares in SPH on 13 July 2020 and 29 July 2020 respectively. The aggregate cost of investment in ordinary shares of SPH is amounted to \$1,244,560 and is classified as financial asset at fair value through profit or loss.

STATISTICS OF SHAREHOLDING

As at 24 July 2020

SHARE CAPITAL

Class of shares		Ordinary shares
Number of issued and paid-up shares	:	131,207,540
Voting rights	:	One vote per share

* There are no treasury shares or subsidiary holdings held as at 24 July 2020.

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 - 99	-	-	-	-
100 - 1,000	9	7.38	6,000	0.01
1,001 - 10,000	28	22.95	158,300	0.12
10,001 - 1,000,000	70	57.38	14,805,850	11.28
1,000,001 and above	15	12.29	116,237,390	88.59
TOTAL	122	100.00	131,207,540	100.00

LIST OF 20 LARGEST REGISTERED SHAREHOLDERS

No.	Name	No. of shares	%
1	HC Surgical Specialists Limited	30,071,050	22.92
2	Raffles Nominees (Pte) Limited	27,152,140	20.69
3	HSN Healthcare Pte. Ltd.	12,460,110	9.50
4	Tan Lee Meng	11,269,440	8.59
5	Shinex Capital Pte. Ltd.	8,674,460	6.61
6	Nobel Capital Venture Pte Ltd	6,000,000	4.57
7	Tan Teck Jack	4,997,460	3.81
8	Chee Boon Ping	3,750,890	2.86
9	DBS Nominees Pte Ltd	2,954,620	2.25
10	Leo Ting Ping Ronald	2,000,000	1.52
11	Citibank Nominees Singapore Pte Ltd	1,800,000	1.37
12	Chai Yee Hoi	1,698,120	1.29
13	Novus Corporate Finance Pte. Ltd.	1,200,000	0.91
14	Teou Kem Eng @ Teou Kim Eng	1,200,000	0.91
15	CGS-CIMB Securities (Singapore) Pte Ltd	1,009,100	0.77
16	UOB Kay Hian Pte Ltd	900,000	0.69
17	Lim Kheng Moh	813,100	0.62
18	Cheng Ee Lieng	800,000	0.61
19	Jeremy Lee Sheng Poh	800,000	0.61
20	Lye Kheng Leng Lawrence (Lai Qinglong Lawrence)	800,000	0.61
21	Sim Mong Teck	800,000	0.61
	Total	121,150,490	92.32

STATISTICS OF SHAREHOLDING

As at 24 July 2020

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders

Name of shareholder	Direct interest		Deemed interest	
	No. of shares	%	No. of shares	%
Jessie Low Mui Choo	27,443,340 ⁽¹⁾	20.92	390,000 ⁽¹⁾	0.30
Tan Lee Meng	11,705,740 ⁽²⁾	8.92	–	–
HC Surgical Specialists Limited (“ HCSS ”)	30,071,050	22.92	12,460,110 ⁽³⁾	9.50
Shinex Capital Pte. Ltd. (“ Shinex Capital ”)	8,674,460	6.61	12,460,110 ⁽⁴⁾	9.50
HSN Healthcare Pte. Ltd. (“ HSN Healthcare ”)	12,460,110	9.50	–	–
Dr. Heah Sieu Min	–	–	30,071,050 ⁽⁵⁾	22.92
Dr. Chia Kok Hoong	–	–	30,071,050 ⁽⁶⁾	22.92
Shine Medi-Capital Pte. Ltd.	–	–	8,674,460 ⁽⁷⁾	6.61
Sia Ling Sing	–	–	8,674,460 ⁽⁸⁾	6.61
Lim Ewe Ghee	–	–	8,674,460 ⁽⁹⁾	6.61
Tan Tin Nam	240,000	0.18	8,674,460 ⁽¹⁰⁾	6.61

- (1) Jessie Low Mui Choo holds 27,443,340 ordinary shares, of which 27,148,340 ordinary shares are held in the name of Raffles Nominees (Pte.) Limited and 295,000 ordinary shares are held in the name of Phillip Securities Nominees Pte. Ltd.. She is deemed to be interested in the 390,000 ordinary shares held by her spouse, Karunanithi s/o Letchumanan by virtue of Section 133(4) of the Securities and Futures Act (“**SFA**”).
- (2) Tan Lee Meng holds 11,705,740 ordinary shares, of which 436,300 ordinary shares are held in the name of BNP Paribas Nominees Singapore Pte. Ltd..
- (3) HCSS holds 40.0% of the total issued and paid-up share capital of HSN Healthcare, and accordingly pursuant to Section 4 of the SFA, it would be treated as having an interest in the 9.50% of the total issued and paid-up share capital of the Company held by HSN Healthcare.
- (4) Shinex Capital holds 40.0% of the total issued and paid-up share capital of HSN Healthcare, and accordingly pursuant to Section 4 of the SFA, it would be treated as having an interest in the 9.50% of the total issued and paid-up share capital of the Company held by HSN Healthcare.
- (5) Dr. Heah Sieu Min holds approximately 42.36% of the total issued and paid-up share capital of HCSS, and accordingly pursuant to Section 4 of the SFA, he would be treated as having an interest in the 22.92% of the total issued and paid-up share capital of the Company held by HCSS.
- (6) Dr. Chia Kok Hoong holds approximately 23.01% of the total issued and paid-up share capital of HCSS, and accordingly pursuant to Section 4 of the SFA, he would be treated as having an interest in the 22.92% of the total issued and paid-up share capital of the Company held by HCSS.
- (7) Shine Medi-Capital Pte. Ltd. holds 37.50% of the total issued and paid-up share capital of Shinex Capital, and accordingly pursuant to Section 4 of the SFA, it would be treated as having an interest in the 6.61% of the total issued and paid-up of the Company held by Shinex Capital.
- (8) Sia Ling Sing holds 25.00% of the total issued and paid-up share capital of Shinex Capital, and accordingly pursuant to Section 4 of the SFA, he would be treated as having an interest in the 6.61% of the total issued and paid-up of the Company held by Shinex Capital.
- (9) Lim Ewe Ghee holds 37.50% of the total issued and paid-up share capital of Shinex Capital, and accordingly pursuant to Section 4 of the SFA, he would be treated as having an interest in the 6.61% of the total issued and paid-up of the Company held by Shinex Capital.
- (10) Tan Tin Nam, the father of the Non-executive Chairman of the Company, Tan Lee Meng, holds 66.67% of the total issued and paid-up share capital of Shine Medi-Capital Pte. Ltd. which in turn hold 37.50% of the total issued and paid-up share capital of Shinex Capital, and accordingly pursuant to Section 4 of the SFA, he would be treated as having an interest in the 6.61% of the total issued and paid-up share capital of the Company held by Shinex Capital.

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 24 July 2020, approximately 29.04% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual Section B: Rules of Catalyst is complied with.

NOTICE OF ANNUAL GENERAL MEETING

Important Notes to Members

1. The Annual General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. This Notice of Annual General Meeting has been made available on SGXNET and the Company's website and may be accessed at the URL <https://www.sgx.com/securities/company-announcements> and <http://www.medinex.com.sg/investor-relations-2-2/>. A printed copy of this Notice of Annual General Meeting will NOT be despatched to members.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the Company will be held by way of electronics means on Tuesday, 25 August 2020 at 2.00 p.m. to transact the following businesses:-

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the financial period from 1 January 2019 to 31 March 2020 and the Directors' Statement and the Independent Auditors' Report thereon.
(See Explanatory Note 1)
2. To approve the payment of Directors' fees of S\$97,918 for the financial period from 1 January 2019 to 31 March 2020 (FY2018: S\$8,125). **(Resolution 1)**
3. To re-elect Ms. Jessie Low Mui Choo who is retiring pursuant to Regulation 98 of the Company's Constitution. **(Resolution 2)**
(See Explanatory Note 2)
4. To note the retirement of Mr. Suresh Kumar pursuant to Regulation 102 of the Company's Constitution.
(See Explanatory Note 3)
5. To re-appoint Messrs BDO LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 3)**
6. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:-

7. Authority to allot and issue shares
 - (a) "That, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**"), and Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), authority be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors of the Company may in their absolute discretion deem fit, to:
 - (i) allot and issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
 - (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "**Instruments**") including but not limited to the creation and issue of options, warrants, debentures or other instruments convertible into shares;

NOTICE OF ANNUAL GENERAL MEETING

- (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and
- (b) (notwithstanding the authority conferred by the Shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that:
 - (1) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed one hundred percent (100%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to Shareholders of the Company does not exceed fifty percent (50%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, and (subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of shares that may be issued under this paragraph) for the purpose of this resolution, the issued share capital shall be the Company's total number of issued shares excluding treasury shares and subsidiary holdings at the time this resolution is passed, after adjusting for;
 - (i) new shares arising from the conversion or exercise of convertible securities, or
 - (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules, and
 - (iii) any subsequent bonus issue, consolidation or subdivision of the Company's shares;
 - (2) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company; and
 - (3) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier." **(Resolution 4)**

(See Explanatory Note 4)

8. Authority to offer and grant share awards and to allot and issue shares pursuant to the Medinex Limited Performance Share Plan (the "**Medinex Performance Share Plan**")

"That:

- (a) authority be and is hereby given to the Directors of the Company to offer and grant share awards in accordance with the Medinex Performance Share Plan; and
- (b) approval be and is hereby given to the Directors of the Company to exercise full powers of the Company to allot and issue from time to time such number of shares as may be required to be allotted and issued pursuant to the award of shares under the Medinex Performance Share Plan,

provided that the aggregate number of shares to be issued pursuant to the Medinex Employee Share Option Scheme and the Medinex Performance Share Plan shall not exceed fifteen percent (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company from time to time." **(Resolution 5)**

(See Explanatory Note 5)

NOTICE OF ANNUAL GENERAL MEETING

9. Authority to offer and grant options and to allot and issue shares pursuant to the Medinex Limited Employee Share Option Scheme (the “**Medinex Employee Share Option Scheme**”)

“That:

- (a) authority be and is hereby given to the Directors of the Company to offer and grant options in accordance with the provisions of the Medinex Employee Share Option Scheme; and
- (b) approval be and is hereby given to the Directors of the Company to exercise full powers of the Company to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of the options under the Medinex Employee Share Option Scheme,

provided that the aggregate number of shares to be issued pursuant to the Medinex Employee Share Option Scheme and the Medinex Performance Share Plan shall not exceed fifteen percent (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company from time to time.”

(Resolution 6)

(See Explanatory Note 5)

By Order of the Board

Lin Moi Heyang
Company Secretary

7 August 2020

Explanatory Notes:–

1. This Agenda is meant for discussion only as under the provisions of Section 201 of the Act, the Audited Financial Statements need to be laid before the meeting and hence, the matter will not be put forward for voting.
2. Ms. Jessie Low Mui Choo will, upon re-election as a Director of the Company, remain as the Executive Director and Chief Executive Officer of the Company.

Key information on the retiring director can be found on pages 126 to 129 of the Annual Report.

3. Mr. Suresh Kumar is retiring pursuant to Regulation 102 of the Company’s Constitution and is not seeking for election at the AGM. Mr. Suresh Kumar will, upon retirement, cease to be the Independent Non-executive Director, the Chairman of the Nominating Committee, and a member of the Audit Committee and Remuneration Committee of the Company.
4. The ordinary resolution 4 above is to authorise the Directors of the Company from the date of the above Meeting until the next AGM to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate one hundred percent (100%) of the issued share capital of the Company of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing Shareholders shall not exceed fifty percent (50%) of the issued share capital (excluding treasury shares and subsidiary holdings) at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.
5. The ordinary resolutions 5 and 6 above are to authorise the Directors of the Company to offer and award shares pursuant to the Medinex Performance Share Plan as well as grant options under the Medinex Employee Share Option Scheme, provided that the aggregate number of shares to be issued shall not exceed fifteen percent (15%) of the Company’s issued shares, excluding treasury shares in the capital of the Company from time to time.

Documents for the AGM

1. The Notice of AGM, Proxy Form and Annual Report have been made available on the SGXNET as well as the Company’s websites at the following URLs:-

SGX’s website: <https://www.sgx.com/securities/company-announcements>

Company’s website: <http://www.medinex.com.sg/investor-relations-2-2/>

NOTICE OF ANNUAL GENERAL MEETING

Participation in the AGM via live webcast or live audio feed

2. As the AGM will be held by way of electronic means, members will NOT be able to attend the AGM in person. Instead, alternative arrangements have been put in place to allow members to participate at the AGM by:-
 - (a) watching the AGM proceedings via live audio-visual webcast or listening to the AGM proceedings via live audio-only feed;
 - (b) submitting questions in advance of the AGM; and/or
 - (c) appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM.
3. Members are required to pre-register their participation in the AGM ("**Pre-registration**") at this link: <https://septusasia.com/medinex-agm-registration> ("**AGM Registration and Q&A Link**") by **5.00 p.m. on 21 August 2020, Friday** ("**Registration Deadline**") for verification of their status as members (or the corporate representatives of such members).
4. Upon successful verification, each such member or its corporate representative will receive an email by **2.00 p.m. on 24 August 2020, Monday**. The email will contain instructions to access the webcast or audio feed of the AGM proceedings. Members or their corporate representatives must not forward the email to other persons who are not members and who are not entitled to participate in the AGM proceedings. Members or their corporate representatives who have pre-registered by the Registration Deadline but do not receive an email by **2.00 p.m. on 24 August 2020, Monday**, may contact Septus Singapore Pte Ltd by email at medinex_agm@septusasia.com.
5. Investors who hold Shares through depository agents (as defined in Section 81SF of the Securities and Futures Act, Chapter 289) and wish to watch the "live" audio-visual webcast of the AGM must approach their respective depository agents to pre-register by **5.00 p.m. on 13 August 2020** in order to allow sufficient time for their respective depository agents to in turn pre-register their interest with the Company.

Voting by Proxy

6. A member will not be able to vote through the "live" audio-visual webcast and voting is only through submission of proxy form. A member (whether individual or corporate) must submit his/her/its proxy form appointing the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The proxy form for the AGM may be accessed at this link: <http://www.medinex.com.sg/investor-relations-2-2/> and is available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
7. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
8. The duly executed Proxy Form can be submitted to the Company in the following manner:
 - a) if submitted in hard copy by post, be lodged at the office of the Company's Share Registrar at 80 Robinson Road, #02-00, Singapore 068898; or
 - b) if submitted electronically, by sending a scanned pdf copy electronically via email to sg.is.proxy@sg.tricorglobal.com,
 in either case, by **2.00 p.m. on 22 August 2020** (being at least 72 hours before the time appointed for holding the AGM) (the "**Proxy Deadlines**").
9. A member who wishes to submit a Proxy Form must download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by electronically to the email address provided above.
10. Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Act (including CPF investors, SRS investors and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (including their respective CPF agent banks, SRS approved banks or depository agents) to submit their voting instructions by **5.00 p.m. on 13 August 2020** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf **no later than the Proxy Deadlines**.
11. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
12. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy.
13. In the case of a member of the Company whose shares are entered against his/her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such member is not shown to have shares entered against his/her name in the Depository Register at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

NOTICE OF ANNUAL GENERAL MEETING

Submission of questions prior to the AGM

14. Members may submit questions related to the resolutions to be tabled at the AGM in the following manner:
- a) if submitted electronically, during Pre-registration via the AGM Registration and Q&A Link; or
 - b) if submitted in hard copy, by post to the Company's office at 111 North Bridge Road, #23-04 Peninsula Plaza, Singapore 179098,
- in either case, by **5.00 p.m.** on **21 August 2020**.
15. The Board of Directors of the Company will endeavour to address all substantial and relevant questions received from members prior to the AGM by publishing the responses to those questions on SGXNET at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL <http://www.medinex.com.sg/investor-relations-2-2/>. Where substantial and relevant questions submitted by members are unable to be addressed prior to the AGM, the Company will address them during the AGM through the live audio-visual webcast and live audio-only feed.
16. The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion) received. The Company will publish the minutes of the AGM on SGXNET and the Company's website within one month after the date of AGM.

Important Reminder:

In view of the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Members are advised to regularly check the Company's website or announcements released on SGXNET for the latest updates on the status of AGM. Members are also strongly encouraged to submit completed Proxy Forms electronically via email.

Personal data privacy:

By (a) submitting an instrument appointing the Chairman of the AGM as a proxy to vote at the AGM and/or any adjournment thereof, or (b) completing the Pre-registration in accordance with this Notice of AGM, or (c) submitting any question prior to the AGM in accordance with this Notice of AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purposes of processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the AGM as a proxy for the AGM (including any adjournment thereof), processing of the Pre-registration for purposes of granting access to members (or their corporate representatives in the case of members which are legal entities) to the live audio-visual webcast or live audio-only feed of the AGM proceedings and providing them with any technical assistance where necessary, addressing relevant and substantial questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions, preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines, and (ii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Jessie Low Mui Choo is the Director seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 25 August 2020 (“AGM”) (the “Retiring Director”).

Pursuant to Rule 720(5) of the Listing Manual Section B: Rules of the Catalist of the SGX-ST, the following is the information relating to the Retiring Director as set out in Appendix 7F to the Listing Manual Section B: Rules of the Catalist of the SGX-ST:-

Name	Jessie Low Mui Choo
Date of Appointment	1 June 2017
Date of last re-appointment	N.A.
Age	53
Country of principal residence	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation of the Nominating Committee and assessed the qualifications and experience of Ms. Jessie Low Mui Choo, is of the view that she has the requisite experience and capabilities to assume the duties and responsibilities as the Executive Director and Chief Executive Officer of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. Ms. Low is responsible for the overall management, strategic planning and business development for Medinex Limited.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	<ul style="list-style-type: none"> ● Executive Director ● Chief Executive Officer
Professional qualifications	Ms. Low holds a Master of Business Administration from the University of Adelaide. She is an Accredited Tax Practitioner (Income Tax & GST), a Registered Public Accountant, a Fellow of the Institute of Singapore Chartered Accountant (“ISCA”), a Member of the Association of Chartered Certified Accountants (“ACCA”) and an ASEAN Chartered Professional Accountant.
Working experience and occupation(s) during the past 10 years	Please refer to the Board of Directors section in the Annual Report.
Shareholding interest in the listed issuer and its subsidiaries	27,833,340 ordinary shares, including 390,000 ordinary shares held by her spouse, Karunanithi S/O Letchumanan (21.22%)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Her spouse, Karunanithi S/O Letchumanan, is the director of Medinex Corporate Services Pte. Ltd., Medinex Healthcare Pte. Ltd. and Medinex Professional Services Pte. Ltd., all of which are wholly-owned subsidiaries of Medinex Limited.
Conflict of Interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Jessie Low Mui Choo
<p>Other Principal Commitments* Including Directorships#</p> <p>Past (for the last 5 years)</p> <p>Present</p>	<p>Past Directorships:</p> <p>Ark Advisory Pte. Ltd. Ark Alliance LLP Ark Biztro Pte. Ltd. (formerly known as JL Property Holdings Pte. Ltd.) Ark Consulting Pte. Ltd. Ascent Engineering & Equipment Pte. Ltd. Goei Nominees (Private) Limited H.A.N.D.S. Int'l Pte. Ltd. Insight Diagnostics Pte. Ltd. JJ Global Network Pte. Ltd. JK Group Holdings Sdn. Bhd. JK Group Services Pte. Ltd. KJPS Invest Pte. Ltd. Medinex Corporate Services Pte. Ltd. Robert Wee Nominees (Private) Limited Shine International Group Pte. Ltd. Shine Venture Capital Pte. Ltd. VF Reality Pte. Ltd. (formerly known as JK Group Holdings Pte. Ltd.)</p> <p>Present Directorships:</p> <p>Advance Property Holdings Sdn. Bhd. Ark Assurance (Sole proprietorship) Ark Group Holdings Sdn. Bhd. Baby Bear Holdings Sdn. Bhd. Berlin Holdings Pte. Ltd. JK Group (F&B) Pte. Ltd. JK Strategic Management Pte. Ltd. MPM Investment Holdings Pte. Ltd. Nobel Capital Ventures Pte. Ltd. Pavilion Sq Holdings Pte. Ltd. (formerly known as L3 Holdings Pte. Ltd.) Shine F&B Pte. Ltd. Medinex Advisory Pte. Ltd. (formally known as SKI Corporate Services Pte. Ltd.) SKI Consultancy Pte. Ltd.</p>
<p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</p>	
<p>a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</p>	<p>No</p>

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Jessie Low Mui Choo
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
c) Whether there is any unsatisfied judgment against him?	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Jessie Low Mui Choo
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
<p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
<p>Any prior experience as a director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	Not applicable as this relates to re-appointment of Director.

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MEDINEX LIMITED

(the "Company")

(Incorporated in the Republic of Singapore)

(Company Registration No. 200900689W)

IMPORTANT

1. The Annual General Meeting ("AGM") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Annual Report and Notice of AGM dated 7 August 2020 may be accessed at the Company's website <http://www.medinex.com.sg/investor-relations-2-2/> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live audio-only feed), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Notice of AGM.
3. **A member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.**
4. For investors who have used their Central Provident Fund ("CPF")/Supplementary Retirement Scheme ("SRS") monies to buy shares in the capital of Medinex Limited, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS Investors are requested to contact their respective Agent Banks to specify their voting instructions and to submit their votes by 5.00 p.m. on 13 August 2020.
5. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.
6. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the AGM as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.**

PROXY FORM ANNUAL GENERAL MEETING

This proxy form has been made available on SGXNET and the Company's website and may be accessed at the URLs: <https://www.sgx.com/securities/company-announcements> and <http://www.medinex.com.sg/investor-relations-2-2/>.

*I/We _____ (Name) _____ (NRIC/Passport Number)

of _____ (Address)

being a *member/members of **Medinex Limited** (the "Company"), hereby appoint the **Chairman of the AGM** as *my/our proxy to attend and to vote for *me/us on *my/our behalf at the AGM of the Company to be held by way of electronic means (via live audio-visual webcast or live audio-only feed) on Tuesday, 25 August 2020 at 2.00 p.m. and at any adjournment thereof. *I/We direct the Chairman of the AGM as *my/our proxy to vote for or against or abstain from voting on the resolutions proposed at the AGM as indicated hereunder.

All resolutions put to the vote at the AGM shall be conducted by poll.

No.	Ordinary Resolutions	For*	Against*	Abstain*
1.	Directors' Fees of S\$97,918 for the financial period from 1 January 2019 to 31 March 2020			
2.	Re-election of Ms. Jessie Low Mui Choo as director			
3.	Re-appointment of Messrs BDO LLP as auditors of the Company			
4.	Authority to allot and issue ordinary shares			
5.	Authority to issue shares under the Medinex Performance Share Plan			
6.	Authority to issue shares under the Medinex Employee Share Option Scheme			

* If you wish to exercise all your votes "For" or "Against" or "Abstain", please tick (✓) within the box provided. Alternatively, please indicate the number of votes in the box appropriately. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.**

Dated this _____ day of _____ 2020

Total number of Shares held:	No. of Shares
CDP Register	
Register of members	

Signature/Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF



NOTES:

1. A member will not be able to attend the AGM in person. A member (whether individual or corporate) must submit his/her/its proxy form appointing the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
2. The duly executed Proxy Form can be submitted to the Company in the following manner:
 - a) if submitted in hard copy by post, be lodged at the office of the Company's Share Registrar at 80 Robinson Road, #02-00, Singapore 068898; or
 - b) if submitted electronically, by sending a scanned pdf copy by email to sg.is.proxy@sg.tricorglobal.com.

in either case, by **2.00 p.m. on 22 August 2020** (being at least 72 hours before the time appointed for holding the AGM) (the "**Proxy Deadlines**").

A member who wishes to submit a Proxy Form must download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email to sg.is.proxy@sg.tricorglobal.com.

3. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
5. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy. In addition, in the case of a member of the Company whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such member is not shown to have shares entered against his/her name in the Depository Register at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.
6. Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 (including CPF investors, SRS investors and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (including their respective CPF agent banks, SRS approved banks or depository agents) to submit their voting instructions by **5.00 p.m. on 13 August 2020** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf **no later than the Proxy Deadlines**.

PERSONAL DATA PRIVACY:

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 7 August 2020.

CORPORATE DATA

BOARD OF DIRECTORS

Mr. Tan Lee Meng

(Non-executive Chairman)

Ms. Jessie Low Mui Choo

(Executive Director and Chief Executive Officer)

Mr. Lim Tai Toon

(Lead Independent Non-executive Director)

Mr. Wee Yiap Fook San

(Independent Non-executive Director)

Mr. Suresh Kumar

(Independent Non-executive Director)

AUDIT COMMITTEE

Mr. Lim Tai Toon

(Chairman)

Mr. Tan Lee Meng

Mr. Wee Yiap Fook San

Mr. Suresh Kumar

REMUNERATION COMMITTEE

Mr. Wee Yiap Fook San

(Chairman)

Mr. Tan Lee Meng

Mr. Lim Tai Toon

Mr. Suresh Kumar

NOMINATING COMMITTEE

Mr. Suresh Kumar

(Chairman)

Mr. Wee Yiap Fook San

Mr. Tan Lee Meng

Mr. Lim Tai Toon

JOINT COMPANY SECRETARIES

Mr. Chai Yee Hoi

(a member of the ISCA)

Ms. Lin Moi Heyang

(ACIS)

REGISTERED OFFICE

111 North Bridge Road
#23-04 Peninsula Plaza
Singapore 179098
Tel: +65 6604 6330
Fax: +65 6604 6334

SHARE REGISTRAR

Tricor Barbinder Share
Registration Services
80 Robinson Road #02-00
Singapore 068898

AUDITORS

BDO LLP
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

Partner-in-charge:
Mr. Leong Hon Mun Peter
(Appointed since the financial year ended
31 December 2018)

CONTINUING SPONSOR

Novus Corporate Finance Pte. Ltd.
9 Raffles Place
#17-05 Republic Plaza Tower 1
Singapore 048619



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W: www.medinex.com.sg