



**TALKMED GROUP LIMITED**  
(Company Registration No. 201324565Z)

**UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH QUARTER AND THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**PART I - INFORMATION REQUIRED FOR FULL YEAR RESULTS ANNOUNCEMENTS**

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a) The Directors (or the “**Board**”) of TalkMed Group Limited (the “**Company**”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the fourth quarter and the financial year ended 31 December 2020 (“**Q4 2020**” and “**FY 2020**” respectively). The comparative periods in this announcement are the fourth quarter and the financial year ended 31 December 2019 (“**Q4 2019**” and “**FY 2019**” respectively).

	Q4 2020 \$'000 (Unaudited)	Q4 2019 \$'000 (Unaudited)	Increase / (Decrease) %	FY 2020 \$'000 (Unaudited)	FY 2019 \$'000 (Audited)	Increase / (Decrease) %
<b>The Group</b>						
<b>Revenue</b>	17,343	22,103	(21.5%)	62,136	75,919	(18.2%)
<b>Other items of income</b>						
Interest income	74	354	(79.1%)	709	1,307	(45.8%)
Other income	808	9	8877.8%	2,184	74	2851.4%
<b>Other items of expense</b>						
Employee benefits expense	(5,010)	(6,292)	(20.4%)	(24,375)	(25,145)	(3.1%)
Share-based payments expense	(188)	20	1040.0%	(2,112)	(220)	860.0%
Operating lease expense	(16)	(10)	60.0%	(49)	(37)	32.4%
Depreciation of right-of-use assets	(521)	(486)	7.2%	(2,090)	(1,961)	6.6%
Depreciation of plant and equipment	(352)	(364)	(3.3%)	(1,423)	(1,464)	(2.8%)
Finance costs	(127)	(107)	18.7%	(523)	(394)	32.7%
Other operating expenses	(1,658)	(1,448)	14.5%	(5,158)	(5,680)	(9.2%)
Impairment loss	(3,407)	-	N.M	(3,407)	-	N.M
Share of results of associate	73	(250)	(129.2%)	(1,044)	(1,050)	(0.6%)
Share of results of joint venture <sup>(1)</sup>	(41)	-	N.M	(41)	-	N.M
<b>Profit before tax</b>	6,978	13,529	(48.4%)	24,807	41,349	(40.0%)
Income tax expense	(2,086)	(2,677)	(22.1%)	(6,290)	(8,543)	(26.4%)
<b>Profit for the period/year</b>	<b>4,892</b>	<b>10,852</b>	<b>(54.9%)</b>	<b>18,517</b>	<b>32,806</b>	<b>(43.6%)</b>

N.M = not meaningful

Note:-

<sup>(1)</sup> Please refer to Note 21 for more details on the change in assessment of control of Sino-Singapore Hospital Management (Chongqing) Co., Ltd.

**1(a)** The Directors (or the “**Board**”) of TalkMed Group Limited (the “**Company**”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the fourth quarter and the financial year ended 31 December 2020 (“**Q4 2020**” and “**FY 2020**” respectively). The comparative periods in this announcement are the fourth quarter and the financial year ended 31 December 2019 (“**Q4 2019**” and “**FY 2019**” respectively).

<b>The Group</b>	<b>Q4 2020 \$'000 (Unaudited)</b>	<b>Q4 2019 \$'000 (Unaudited)</b>	<b>Increase / (Decrease) %</b>	<b>FY 2020 \$'000 (Unaudited)</b>	<b>FY 2019 \$'000 (Audited)</b>	<b>Increase / (Decrease) %</b>
<b>Attributable to:</b>						
Owners of the Company	6,897	11,577	(40.4%)	22,769	35,751	(36.3%)
Non-controlling interests	(2,005)	(725)	176.6%	(4,252)	(2,945)	44.4%
<b>Profit for the period/year</b>	<b>4,892</b>	<b>10,852</b>	<b>(54.9%)</b>	<b>18,517</b>	<b>32,806</b>	<b>(43.6%)</b>
<b>Other comprehensive income:</b>						
<b>Items that may be reclassified subsequently to profit or loss</b>						
Foreign currency translation	(56)	(5)	1020.0%	503	175	187.4%
Share of other reserve of associate	-	-	N.M	549	398	37.9%
<b>Other comprehensive income for the period/year, net of tax</b>	<b>(56)</b>	<b>(5)</b>	<b>1020.0%</b>	<b>1,052</b>	<b>573</b>	<b>83.6%</b>
<b>Total comprehensive income for the period/year</b>	<b>4,836</b>	<b>10,847</b>	<b>(55.4%)</b>	<b>19,569</b>	<b>33,379</b>	<b>(41.4%)</b>
<b>Attributable to:</b>						
Owners of the Company	6,951	11,602	(40.1%)	23,821	36,354	(34.5%)
Non-controlling interests	(2,115)	(755)	180.1%	(4,252)	(2,975)	42.9%
<b>Total comprehensive income for the period/year</b>	<b>4,836</b>	<b>10,847</b>	<b>(55.4%)</b>	<b>19,569</b>	<b>33,379</b>	<b>(41.4%)</b>

N.M = not meaningful

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	31/12/2020 \$'000 (Unaudited)	31/12/2019 \$'000 (Audited)	31/12/2020 \$'000 (Unaudited)	31/12/2019 \$'000 (Audited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Plant and equipment	2,015	4,891	-	-
Right-of-use assets	4,157	3,848	-	-
Investment in subsidiaries	-	-	15,629	14,508
Investment in associate	2,299	2,887	11,399	11,399
Investment in joint venture <sup>(1)</sup>	4,811	-	-	-
Loans to subsidiaries	-	-	-	8,056
Prepaid operating expenses	25	18	-	-
	<b>13,307</b>	<b>11,644</b>	<b>27,028</b>	<b>33,963</b>
<b>Current assets</b>				
Inventories	1,004	856	-	-
Prepaid operating expenses	584	610	15	24
Trade and other receivables	10,295	12,267	15,428	17,118
Cash and short-term deposits	79,430	80,698	824	1,037
	<b>91,313</b>	<b>94,431</b>	<b>16,267</b>	<b>18,179</b>
<b>Total assets</b>	<b>104,620</b>	<b>106,075</b>	<b>43,295</b>	<b>52,142</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	1,982	3,034	77	60
Other liabilities	4,518	3,412	138	154
Lease liabilities	1,786	1,774	-	-
Income tax payable	9,125	8,548	-	-
	<b>17,411</b>	<b>16,768</b>	<b>215</b>	<b>214</b>
<b>Net current assets</b>	<b>73,902</b>	<b>77,663</b>	<b>16,052</b>	<b>17,965</b>
<b>Non-current liabilities</b>				
Other liabilities	107	126	-	-
Lease liabilities	2,690	2,119	-	-
Loans from non-controlling shareholder to subsidiaries	5,657	5,371	-	-
	<b>8,454</b>	<b>7,616</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>25,865</b>	<b>24,384</b>	<b>215</b>	<b>214</b>
<b>Net assets</b>	<b>78,755</b>	<b>81,691</b>	<b>43,080</b>	<b>51,928</b>

**Note:-**

<sup>(1)</sup> Please refer to Note 21 for more details on the change in assessment of control of Sino-Singapore Hospital Management (Chongqing) Co., Ltd.

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	31/12/2020 \$'000 (Unaudited)	31/12/2019 \$'000 (Audited)	31/12/2020 \$'000 (Unaudited)	31/12/2019 \$'000 (Audited)
<b>Equity attributable to owners of the Company</b>				
Share capital	23,905	22,438	23,905	22,438
Merger reserve	(2,311)	(2,311)	-	-
Share-based payments reserve	1,583	938	1,583	938
Other reserve	2,807	2,258	-	-
Foreign currency translation reserve	213	(290)	-	-
Retained earnings	57,237	60,072	17,592	28,552
	<b>83,434</b>	<b>83,105</b>	<b>43,080</b>	<b>51,928</b>
Non-controlling interests	(4,679)	(1,414)	-	-
<b>Total equity</b>	<b>78,755</b>	<b>81,691</b>	<b>43,080</b>	<b>51,928</b>
<b>Total equity and liabilities</b>	<b>104,620</b>	<b>106,075</b>	<b>43,295</b>	<b>52,142</b>

**1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of current financial period reported on with comparative figures as at the end of the immediately preceding financial year:**

**(a) the amount repayable in one year or less, or on demand;**

None

**(b) the amount repayable after one year;**

None

**(c) whether the amounts are secured or unsecured; and**

None

**(d) details of any collaterals.**

None

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	Q4 2020 \$'000 (Unaudited)	Q4 2019 \$'000 (Unaudited)	FY 2020 \$'000 (Unaudited)	FY 2019 \$'000 (Audited)
<b>Operating Activities</b>				
Profit before tax	6,978	13,529	24,807	41,349
<u>Adjustments for:</u>				
Depreciation of plant and equipment	352	364	1,423	1,464
Depreciation of right-of-use assets	521	486	2,090	1,961
Share-based payments expense	188	(20)	2,112	220
Finance costs on unwinding of discount adjustment of loans to subsidiaries	72	68	286	272
Finance costs on lease liabilities	55	39	237	122
Interest income	(74)	(354)	(709)	(1,307)
Impairment loss	3,407	-	3,407	-
Share of results of associate	(73)	250	1,044	1,050
Share of results of joint venture <sup>(1)</sup>	41	-	41	-
Currency re-alignment	(208)	(85)	151	(85)
<b>Operating cash flows before changes in working capital</b>	<b>11,259</b>	<b>14,277</b>	<b>34,889</b>	<b>45,046</b>
<b>Changes in working capital</b>				
Increase in inventories	(41)	(15)	(148)	(574)
Decrease/(increase) in prepaid operating expenses	298	(126)	19	24
(Increase)/decrease in trade and other receivables	(2,953)	(5,220)	1,929	(3,683)
Increase/(decrease) in trade and other payables	200	27	(1,052)	1,054
(Decrease)/increase in other liabilities	(936)	(882)	1,087	(529)
Total changes in working capital	(3,432)	(6,216)	1,835	(3,708)
<b>Cash flows generated from operations</b>	<b>7,827</b>	<b>8,061</b>	<b>36,724</b>	<b>41,338</b>
Interest received	44	281	752	1,437
Interest paid on lease liabilities	(55)	(39)	(237)	(122)
Income tax paid	(2,157)	(835)	(5,713)	(6,770)
<b>Net cash flows generated from operating activities</b>	<b>5,659</b>	<b>7,468</b>	<b>31,526</b>	<b>35,883</b>
<b>Investing Activities</b>				
Purchase of plant and equipment	(917)	(36)	(1,954)	(2,128)
Effect of change in assessment of control <sup>(1)</sup>	(4,617)	-	(4,617)	-
Proceeds from return of capital from associate	-	-	-	125
Investment in joint venture	(1,875)	-	(1,875)	-
<b>Net cash flows used in investing activities</b>	<b>(7,409)</b>	<b>(36)</b>	<b>(8,446)</b>	<b>(2,003)</b>
<b>Financing Activities</b>				
Dividends paid on ordinary shares	(7,908)	-	(25,042)	(27,142)
Payment for principal portion of lease liabilities	(457)	(471)	(1,816)	(1,916)
Effect of change in assessment of control <sup>(1)</sup>	(1,250)	-	-	-
Proceeds from issuance of shares by subsidiaries to non-controlling shareholders	-	1,883	2,510	1,883
<b>Net cash flows (used in)/generated from financing activities</b>	<b>(9,615)</b>	<b>1,412</b>	<b>(24,348)</b>	<b>(27,175)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(11,365)</b>	<b>8,844</b>	<b>(1,268)</b>	<b>6,705</b>
Cash and cash equivalents at beginning of the period	90,795	71,854	80,698	73,993
Cash and cash equivalents at end of the period	79,430	80,698	79,430	80,698

**Note:-**

<sup>(1)</sup> Please refer to Note 21 for more details on the change in assessment of control of Sino-Singapore Hospital Management (Chongqing) Co., Ltd.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

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

**Note:-**

<sup>(1)</sup> Please refer to Note 21 for more details on the change in assessment of control of Sino-Singapore Hospital Management (Chongqing) Co., Ltd.

<sup>(2)</sup> Effect on adoption of SFRS(I) 16 by associate.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group (Audited)	Attributable to owners of the Company							
	Share capital	Merger reserve	Share-based payments reserve	Other reserve	Foreign currency translation reserve	Retained earnings	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2019</b>	<b>22,273</b>	<b>(2,311)</b>	<b>883</b>	<b>1,869</b>	<b>(495)</b>	<b>51,547</b>	<b>(415)</b>	<b>73,351</b>
Profit for the year	-	-	-	-	-	35,751	(2,945)	32,806
<u>Other comprehensive income</u>								
Foreign currency translation	-	-	-	-	205	-	(30)	175
Share of other reserve of associate	-	-	-	398	-	-	-	398
Other comprehensive income for the year, net of tax	-	-	-	<b>398</b>	<b>205</b>	-	<b>(30)</b>	<b>573</b>
Total comprehensive income for the year	-	-	-	<b>398</b>	<b>205</b>	<b>35,751</b>	<b>(2,975)</b>	<b>33,379</b>
<u>Distributions to and contributions by owners</u>								
Dividends	-	-	-	-	-	(27,142)	-	(27,142)
Share-based payments	-	-	220	-	-	-	-	220
Ordinary shares issued upon vesting of performance shares	165	-	(165)	-	-	-	-	-
Contribution of capital by non-controlling shareholder	-	-	-	-	-	-	1,883	1,883
<u>Changes in ownership interests in subsidiary</u>								
Acquisition of non-controlling interests without a change in control	-	-	-	(9)	-	(84)	93	-
<b>Balance at 31 December 2019</b>	<b>22,438</b>	<b>(2,311)</b>	<b>938</b>	<b>2,258</b>	<b>(290)</b>	<b>60,072</b>	<b>(1,414)</b>	<b>81,691</b>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

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

<b>The Company (Audited)</b>				
<b>Balance at 1 January 2019</b>	<b>22,273</b>	<b>883</b>	<b>19,985</b>	<b>43,141</b>
Profit for the year, representing total comprehensive income for the year	-	-	35,709	35,709
<u>Distributions to and contributions by owners</u>				
Dividends	-	-	(27,142)	(27,142)
Share-based payments	-	220	-	220
Ordinary shares issued upon vesting of performance shares	165	(165)	-	-
<b>Balance at 31 December 2019</b>	<b>22,438</b>	<b>938</b>	<b>28,552</b>	<b>51,928</b>



**1(d)(ii) Details of any changes in the company’s share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There are no changes in the Company’s share capital since 30 September 2020. As at 31 December 2020 and 31 December 2019, there were no treasury shares held by the Company and there were no subsidiary holdings.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Number of ordinary shares	
	31/12/2020	31/12/2019
Total number of issued shares	1,318,054,779	1,314,501,723

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no shares held as treasury shares as at 31 December 2020 and 31 December 2019.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

There were no subsidiary holdings.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by our auditors.

**3. Where the figures have been audited or reviewed, the auditors’ report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied.**

Except for the adoption of the Amendments to SFRS(I)s applicable for the financial period beginning on or after 1 January 2020, the same accounting policies and methods of computation have been applied. The adoption of the Amendments to SFRS(I)s did not have any material effect on the financial performance or position of the Group and the Company.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the amendments to the standards which are effective for the financial period beginning on or after 1 January 2020. The adoption of the Amendments to SFRS(I)s did not have any effect on the financial performance or position of the Group and the Company.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

The Group	Q4 2020 (Unaudited)	Q4 2019 (Unaudited)	FY 2020 (Unaudited)	FY 2019 (Audited)
Profit attributable to owners of the Company (\$'000)	6,897	11,577	22,769	35,751
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,318,054,779	1,314,501,723	1,317,341,691	1,314,422,526
Basic earnings per share (cents)	0.52	0.88	1.73	2.72
Weighted average number of ordinary shares used in the computation of diluted earnings per share	1,326,456,501	1,314,676,993	1,324,252,479	1,314,718,437
Diluted earnings per share (cents)	0.52	0.88	1.72	2.72

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	Group		Company	
	31/12/2020 (Unaudited)	31/12/2019 (Audited)	31/12/2020 (Unaudited)	31/12/2019 (Audited)
Net asset value attributable to owners of the Company (\$'000)	83,434	83,105	43,080	51,928
Net asset value per ordinary share at end of the financial period (cents)	6.33 <sup>(1)</sup>	6.32 <sup>(2)</sup>	3.27 <sup>(1)</sup>	3.95 <sup>(2)</sup>

**Note:-**

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

<sup>(2)</sup> The calculation of net asset value per ordinary share was based on 1,314,501,723 shares as at 31 December 2019.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

### **Performance Review**

#### **Q4 2020 and FY 2020**

##### **Revenue**

In Q4 2020, revenue for the Group decreased by \$4.76 million or 21.5% from \$22.10 million in Q4 2019 to \$17.34 million in Q4 2020.

The Group's revenue for FY 2020 was \$62.14 million, a decrease of \$13.78 million or 18.2% from \$75.92 million in FY 2019.

The decrease in revenue in both Q4 2020 and FY 2020 was mainly due to the COVID-19 pandemic which led to a decrease in the number of patient visits.

Revenue derived from our 60%-owned subsidiary, Stem Med Pte. Ltd. ("**Stem Med**") for stem cell processing and storage services during the year amounted to \$0.91 million. This was a decrease of \$1.27 million or 58.3% over last year.

Revenue derived from our 60%-owned subsidiary, CellVec Pte. Ltd. ("**CellVec**") for cellular and gene therapy services during the year amounted to \$0.12 million. This was a decrease of \$0.36 million or 74.3% over last year.

Revenue from our operations in Vietnam, which were carried out through our wholly-owned subsidiary, TalkMed Vietnam Pte. Ltd. during the year amounted to \$0.18 million, an increase of \$0.01 million or 6.6% compared to FY 2019.

##### **Other items of income**

###### **Interest income**

In Q4 2020, interest income decreased by \$0.28 million or 79.1%. The Group's interest income for FY 2020 was \$0.71 million, a decrease of \$0.60 million or 45.8% from \$1.31 million in FY 2019.

The decrease in interest income in both Q4 2020 and FY 2020 was due to lower interest rates on fixed deposits.

## **Performance Review (cont'd)**

### **Q4 2020 and FY 2020 (cont'd)**

#### **Other items of income (cont'd)**

##### Other income

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

In Q4 2020, other income increased by \$0.80 million or 8877.8%. The Group's other income for FY 2020 was \$2.18 million, an increase of \$2.11 million or 2851.4% from \$0.07 million in FY 2019.

The increase in other income in both Q4 2020 and FY 2020 was due to the JSS government grant and rental waivers introduced at Budget 2020 as well as the Enterprise Development Grant relating to the Group's operations in China.

#### **Other items of expense**

##### Employee benefits expense

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

In Q4 2020, employee benefits decreased by \$1.28 million or 20.4% from \$6.29 million in Q4 2019 to \$5.01 million in Q4 2020.

Employee benefits for FY 2020 decreased by \$0.77 million or 3.1% from \$25.15 million in FY 2019 to \$24.38 million in FY 2020.

The decrease in employee benefits expense in both Q4 2020 and FY 2020 was mainly due to lower bonuses paid out, partially offset by an increase in staff salaries due to the increase in headcounts arising from the Group's operations in China.

##### Share-based payments expense

Share-based payments to employees related mainly to:

- Options that were granted on 11 May 2017 and 10 May 2019 under the Company's employee share option scheme; and
- Performance shares that were granted on 11 May 2017 and 13 March 2020 under the Company's performance share plan.

In Q4 2020, it increased by \$0.21 million or 1040.0% from a net reversal of \$0.02 million in Q4 2019 to \$0.19 million in Q4 2020.

The Group's cost of share-based payments to employees for FY 2020 was \$2.11 million, an increase of \$1.89 million or 860.0% from \$0.22 million in FY 2019.

The increase in share-based payments to employees in both Q4 2020 and FY 2020 was mainly due to the recognition of share-based payments expense for the performance shares awarded to certain eligible employees of the Group on 13 March 2020.

## **Performance Review (cont'd)**

### **Q4 2020 and FY 2020 (cont'd)**

#### **Other items of expense (cont'd)**

##### Depreciation of right-of-use assets

The Group recorded depreciation of right-of-use assets of \$0.52 million and \$2.09 million in Q4 2020 and FY 2020 respectively, an increase by some \$0.04 million or 7.2% and \$0.13 million or 6.6% from \$0.49 million and \$1.96 million in Q4 2019 and FY 2019 respectively.

##### Depreciation of plant and equipment

Depreciation of plant and equipment decreased by \$0.01 million or 3.3% from \$0.36 million in Q4 2019 to \$0.35 million in Q4 2020.

Depreciation of plant and equipment for FY 2020 decreased by \$0.04 million or 2.8% from \$1.46 million in FY 2019 to \$1.42 million in FY 2020.

##### Finance costs

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

In Q4 2020, finance costs increased by \$0.02 million or 18.7% from \$0.11 million in Q4 2019 to \$0.13 million in Q4 2020.

Finance costs for FY 2020 increased by \$0.13 million or 32.7% from \$0.39 million in FY 2019 to \$0.52 million in FY 2020.

The increase in finance costs in both Q4 2020 and FY 2020 was mainly due to the increase in finance costs on lease liabilities.

##### Other operating expenses

Other operating expenses comprised mainly professional and consultancy fees, fees payable to directors of subsidiaries, utilities expenses, repair and maintenance costs, overseas travel expenses as well as laboratory consumables and services fees.

In Q4 2020, other operating expenses increased by \$0.21 million or 14.5% from \$1.45 million in Q4 2019 to \$1.66 million in Q4 2020. The increase was mainly due to the increase in expenses incurred by the Group's operations in China.

Other operating expenses for FY 2020 decreased by \$0.52 million or 9.2% from \$5.68 million in FY 2019 to \$5.16 million in FY 2020. The decrease was mainly due to the lower expenses on directors' fees, overseas travel expenses and laboratory consumables and services fees incurred by the Group.

## **Performance Review (cont'd)**

### **Q4 2020 and FY 2020 (cont'd)**

#### **Other items of expense (cont'd)**

##### Impairment loss

As a result of the adverse impact of COVID-19 on the cellular and gene therapy and stem cell industry, the outlook for lentivirus sales as well as stem cell related products and services is expected to be poor in the short and medium term as demand from non-COVID-19 research wanes. In view of this, the Company had impaired its investments in and loans to subsidiaries involved in the half year ended 30 June 2020 and in Q4 2020. The impairment loss, amounting to \$16.24 million in aggregate in FY 2020, had no impact on the Group's net profit and financial position for Q4 2020 and FY 2020.

Following the impairment of the Company's investments in and loans to subsidiaries involved, the Group assessed the recoverable amounts of the plant and equipment of its subsidiary, CellVec, and had accordingly recorded an impairment loss of \$3.41 million in the Group's income statement.

#### **Share of results of associate**

The Group's share of results after tax of associate, Hong Kong Integrated Oncology Centre Holdings Limited was a gain of \$0.07 million in Q4 2020 and a loss of \$1.04 million in FY 2020. This was a decrease in loss of \$0.32 million in Q4 2020 and \$0.01 million in FY 2020 when compared to the share of loss of \$0.25 million and \$1.05 million recorded in Q4 2019 and FY 2019 respectively.

#### **Share of results of joint venture**

The Group's share of loss after tax of its joint venture, Sino-Singapore Hospital Management (Chongqing) Co., Ltd. was \$0.04 million in both Q4 2020 and FY 2020.

#### **Income tax expense**

Income tax expense decreased by \$0.59 million or 22.1% from \$2.68 million in Q4 2019 to \$2.09 million in Q4 2020 due to lower profits in Q4 2020. The effective tax rate for Q4 2020 was 29.9% as compared to 19.8% in Q4 2019.

Income tax expense for FY 2020 decreased by \$2.25 million or 26.4% from \$8.54 million in FY 2019 to \$6.29 million in FY 2020 due to lower profits in FY 2020. The effective tax rate was 25.4% and 20.7% for FY 2020 and FY 2019 respectively.

## **Performance Review (cont'd)**

### **Q4 2020 and FY 2020 (cont'd)**

#### **Profit after tax**

The Group recorded profit after tax of \$4.89 million in Q4 2020 as compared to \$10.85 million in Q4 2019, which represented a decrease of \$5.96 million or 54.9%. The decrease in profit after tax in Q4 2020 was mainly due to a decrease in revenue, an increase in share-based payments expense and other operating expenses as well as impairment loss recognised, partially offset by an increase in other income and a decrease in employee benefits expense and share of results of associate.

In FY 2020, the Group recorded profit after tax of \$18.52 million as compared to \$32.81 million in FY 2019, which represented a decrease of \$14.29 million or 43.6%. The decrease in profit after tax in FY 2020 was mainly due to a decrease in revenue, an increase in share-based payments expense as well as impairment loss recognised, partially offset by an increase in other income and a decrease in employee benefits expense and other operating expenses.

Profit after tax excluding impairment was \$8.30 million in Q4 2020, a decrease of \$2.55 million or 23.5% from \$10.85 million in Q4 2019. Profit after tax excluding impairment was \$21.92 million in FY 2020, a decrease of some \$10.88 million or 33.2% from \$32.81 million in FY 2019.

## **Review of the Group's Financial Position**

#### **Non-current assets**

The Group's non-current assets comprised plant and equipment, right-of-use assets, investment in associate, investment in joint venture and prepaid operating expenses. Non-current assets increased by \$1.66 million which was attributable to the following:

- Increase in right-of-use assets of \$0.31 million;
- Increase in the investment in joint venture of \$4.81 million; and
- Increase in prepaid operating expenses of \$0.01 million.

These were partially offset by the following:

- Decrease in the carrying amount of plant and equipment of \$2.88 million due to impairment<sup>(1)</sup>; and
- Decrease in the carrying amount of investment in associate of \$0.59 million which arose mainly from the share of loss for FY 2020.

The Board wishes to inform shareholders that as a result of the adverse impact of COVID-19 on the cellular and gene therapy and stem cell industry, the Company had impaired its investments in and loans to subsidiaries involved in the half year ended 30 June 2020 and in Q4 2020. Please refer to the impairment loss note under performance review for more details on the impairment.

#### **Note:-**

<sup>(1)</sup> Please refer to the impairment loss note under performance review for more details.

#### **Current assets**

Current assets comprised inventories, prepaid operating expenses, trade and other receivables and cash and short-term deposits. Current assets decreased by \$3.12 million which was attributable to the following:

- Decrease in prepaid operating expenses of \$0.03 million;
- Decrease in trade and other receivables of \$1.97 million; and
- Decrease in cash and short-term deposits of \$1.27 million.

These were partially offset by the increase in inventories of \$0.15 million.

The decrease in trade and other receivables was mainly attributable to the decrease in revenue.

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

### **Current liabilities**

Current liabilities comprised trade and other payables, other liabilities, lease liabilities and income tax payable. Current liabilities increased by some \$0.64 million. Other liabilities increased by \$1.11 million mainly due to the increase in accruals for bonus and increase in deferred income arising from the JSS government grant. Lease liabilities increased by \$0.01 million. Income tax payable increased by \$0.58 million as the government had granted an automatic three-month deferment of the income tax instalment payments in respect of the financial year ended 31 December 2019. These were partially offset by the decrease in trade and other payables of \$1.05 million mainly due to the capitalisation of loans made by a non-controlling shareholder to CellVec in July 2020.

### **Non-current liabilities**

Non-current liabilities comprised other liabilities, lease liabilities and loans from non-controlling shareholder to subsidiaries. Non-current liabilities increased by \$0.84 million mainly due to the following:

- Increase in lease liabilities of \$0.57 million; and
- Increase in loans from a non-controlling shareholder to subsidiaries of \$0.29 million (due to the unwinding of discount adjustment of loans from a non-controlling shareholder to subsidiaries).

These were partially offset by the decrease in other liabilities of \$0.02 million.

### **Equity attributable to owners of the Company**

The increase was mainly attributable to the profits earned during the year, offset by final and interim dividends paid to shareholders in respect of the financial years ended 31 December 2019 and 31 December 2020 respectively.

### **Non-controlling interests**

This related to the:-

- (i) 40%, 46%<sup>(1)</sup> and 64%<sup>(2)</sup> non-controlling interests' share in the net equity of Stem Med, Stem Med Indonesia Pte. Ltd. ("**SMI**") and DrSG Cellular Wellness Pte. Ltd. ("**DrSG**") respectively; and
- (ii) 40% non-controlling interests' share in the net equity of CellVec<sup>(3)</sup>.

#### **Note:-**

- <sup>(1)</sup> Stem Med owns 90% of SMI. By virtue of the Company's 60% interest in Stem Med, the Company effectively owns 54% of SMI and the remaining 46% falls within the definition of non-controlling interests.
- <sup>(2)</sup> Stem Med owns 60% of DrSG. By virtue of the Company's 60% interest in Stem Med, the Company effectively owns 36% of DrSG and the remaining 64% falls within the definition of non-controlling interests. Stem Med and the other investment partner, A DrBrand Pte. Ltd., have mutually agreed to end their collaboration on 10 November 2020. As at the date of this announcement, DrSG is still in the process of being struck off.
- <sup>(3)</sup> Due to the allotment of shares pursuant to the capitalisation of loans by the Company to CellVec in July 2020, further capital injection made by the Company in CellVec in August 2020 and the purchase of shares from one of the non-controlling shareholders of CellVec in October 2020, the Company's shareholding in CellVec increased from 57% to 60% and consequently, the non-controlling interests decreased from 43% to 40%.



## **Review of the Group's Cash Flows**

### **Q4 2020**

#### **Operating activities**

In Q4 2020, net cash flows from operating activities amounted to some \$5.66 million. This comprised operating cash flows before changes in working capital of \$11.26 million and interest received of \$0.04 million, less net changes in working capital of \$3.43 million, interest paid on lease liabilities of \$0.06 million and income tax paid of \$2.16 million. The net increase in working capital of \$3.43 million was mainly due to the following:

- Increase in inventories of \$0.04 million;
- Increase in trade and other receivables of \$2.95 million; and
- Decrease in other liabilities of \$0.94 million.

These were partially offset by the decrease in the following:

- Decrease in prepaid operating expenses of \$0.30 million; and
- Increase in trade and other payables of \$0.20 million.

#### **Investing activities**

Net cash flows used in investing activities of some \$7.41 million was attributable to the following:

- Purchase of plant and equipment of \$0.92 million by the Group's subsidiaries in China;
- Effect of change in assessment of control<sup>(1)</sup> of \$4.62 million; and
- Investment in joint venture of \$1.88 million.

**Note:-**

<sup>(1)</sup> Please refer to Note 21 for more details on the change in assessment of control of Sino-Singapore Hospital Management (Chongqing) Co., Ltd.

#### **Financing activities**

Net cash flows used in financing activities amounted to \$9.62 million. This was attributable to the following:

- Payment of interim dividends to shareholders for FY 2020 of \$7.91 million;
- Effect of change in assessment of control<sup>(1)</sup> of \$1.25 million; and
- Payment for principal portion of lease liabilities of \$0.46 million.

**Note:-**

<sup>(1)</sup> Please refer to Note 21 for more details on the change in assessment of control of Sino-Singapore Hospital Management (Chongqing) Co., Ltd.

#### **Net decrease in cash and cash equivalents**

The above resulted in a net decrease in cash and cash equivalents of \$11.37 million.

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

### **FY 2020**

#### **Operating activities**

In FY 2020, net cash flows from operating activities amounted to \$31.53 million. This comprised operating cash flows before changes in working capital of \$34.89 million, net changes in working capital of \$1.84 million and interest received of \$0.75 million, less interest paid on lease liabilities of \$0.24 million and income tax paid of \$5.71 million.

The net decrease in working capital of \$1.84 million was mainly due to the following:

- Decrease in prepaid operating expenses of \$0.02 million;
- Decrease in trade and other receivables of \$1.93 million; and
- Increase in other liabilities of \$1.09 million.

These were partially offset by the following:

- Increase in inventories of \$0.15 million; and
- Decrease in trade and other payables of \$1.05 million.

#### **Investing activities**

Net cash flows used in investing activities of \$8.45 million was mainly attributable to the following:

- Purchase of plant and equipment by subsidiaries of \$1.95 million;
- Effect of change in assessment of control<sup>(1)</sup> of \$4.62 million; and
- Investment in joint venture of \$1.88 million.

**Note:-**

<sup>(1)</sup> Please refer to Note 21 for more details on the change in assessment of control of Sino-Singapore Hospital Management (Chongqing) Co., Ltd.

#### **Financing activities**

Net cash flows used in financing activities was \$24.35 million. This was attributable to the payment of final and interim dividends for FY 2019 and FY2020 respectively to shareholders of \$25.04 million in aggregate and the payment for principal portion of lease liabilities of \$1.82 million, partially offset by the proceeds of \$2.51 million from the issuance of shares to the non-controlling shareholder of a subsidiary.

#### **Net decrease in cash and cash equivalents**

The above resulted in net decrease in cash and cash equivalents of \$1.27 million. Cash and cash equivalents totalled \$79.43 million as at 31 December 2020.

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

Not applicable.

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

Notwithstanding Singapore's effective approach in controlling the COVID-19 pandemic, the evolving situations of the COVID-19 pandemic around the world including the region where our patients come from have continued to adversely affect the patient numbers of our Singapore and Hong Kong centres as cross-border flows of patients remain highly controlled.

The negative impact of COVID-19 on the cellular and gene therapy industry and stem cell industry has also led the Company and the Group to impair its investments in and loans to subsidiaries involved and the plant and equipment of CellVec respectively (please refer to Note 8 for more details).

The Company will continue to monitor the COVID-19 situation closely and the Board will provide further updates as and when any material developments arise.

**11. If a decision regarding dividend has been made, the required information has been disclosed.**

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

Yes, the Board has recommended a final dividend (the "Final Dividend") in respect of FY 2020 as follows:

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

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

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

Yes.

Name of dividend	Final dividend
Dividend type	Cash
Dividend rate	\$0.013 per ordinary share
Tax rate	Tax exempt (one-tier)

The Company had also declared an interim cash dividend (one-tier tax exempt) of \$0.01 per ordinary share, which was paid on 22 August 2019.

**(c) The date the dividend is payable**

The proposed Final Dividend, if approved by the shareholders of the Company at the Annual General Meeting to be held on 20 April 2021, will be paid on 11 May 2021.

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

**NOTICE IS HEREBY GIVEN** that, subject to the approval of the shareholders of the Company to the proposed Final Dividend at the Annual General Meeting to be held on 20 April 2021, the Share Transfer Books and Register of Member of the Company will be closed at 5:00 p.m. on 28 April 2021 for the purpose of determining entitlements of ordinary shareholders to the tax exempt (one-tier) Final Dividend of 0.75 Singapore cents per ordinary share for the financial year ended 31 December 2020.

Duly completed registrable transfers received by the Company's Share Register, B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, up to 5:00 p.m. on 28 April 2021 will be registered before entitlements to the Final Dividend are determined. Members whose securities accounts with The Central Depository (Pte) Ltd. are credited with the Company's ordinary shares as at 5:00 p.m. on 28 April 2021 will be entitled to the Final Dividend. Payment of the Final Dividend, if approved by the members at the Annual General Meeting to be held on 20 April 2021, will be made on 11 May 2021.

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

Not applicable.

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

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

14. **Interested Person Transactions**

The Company and its subsidiaries had the following Interested Persons Transactions during FY 2020.

Name of Interested Persons	Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) \$'000	Aggregate value of all IPTs during the financial year under review conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$'000
Dr. Ang Peng Tiam	150	N.A.
P.T. Ang Medical Services Pte Ltd	791	N.A.
StemCord Pte Ltd <sup>(1)</sup>	425	N.A.

**Note:-**

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

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR RESULTS ANNOUNCEMENT**

15. **Segmented revenue and results for operating segments (of the group) presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	FY 2020 \$'000	FY 2019 \$'000
<b>Revenue by segment and geographical markets</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
Oncology services		
- Singapore	60,526	72,813
- Vietnam	178	167
- China/Hong Kong	404	290
Stem cell services		
- Singapore	729	1,256
- Malaysia	150	476
- Indonesia	16	335
- Vietnam	7	55
- Others	3	48
Cellular and gene therapy services		
- Singapore	6	479
- Australia	117	-
	62,136	75,919

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

Please refer to Note 8.

17. **Breakdown of sales as follows:-**

	<b>Group</b>		
	<b>31/12/2020 \$'000</b>	<b>31/12/2019 \$'000</b>	<b>Increase/ (Decrease)</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>%</b>
Sales reported for first half year	30,675	35,466	(13.5%)
Operating profit after tax reported for first half year	9,005	14,167	(36.4%)
Sales reported for second half year	31,461	40,453	(22.2%)
Operating profit after tax reported for second half year	9,512	18,639	(49.0%)

**18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**

Please refer to Note 11 for the Final Dividend recommended in respect of FY 2020.

Dividends declared and paid to the Company's shareholders		For the year ended 31 <sup>st</sup> December	Actual payment date	FY 2020 \$'000	FY 2019 \$'000
Final dividend	One-tier tax exempt	2018	16 May 2019		13,997
		2019	11 May 2020	17,134 <sup>(1)</sup>	
1 <sup>st</sup> interim dividend	One-tier tax exempt	2019	22 Aug 2019		13,145
		2020	25 Nov 2020	7,908	
				25,042	27,142
<b>Proposed dividend to the Company's shareholders but not recognised as a liability as at</b>					
<b>31/12/2020      31/12/2019</b>					
<b>\$'000                  \$'000</b>					
Final dividend				9,885	17,134 <sup>(1)</sup>

**Note:-**

<sup>(1)</sup> The final dividend paid to shareholders and the proposed final dividend (as previously disclosed in the full year financial statement announcement and annual report for the financial year ended 31 December 2019) were \$17,134,000 and \$17,089,000 respectively. The difference of \$45,000 between the final dividend paid and the proposed final dividend to be paid to shareholders arose due to the dividends paid on the 3,465,423 ordinary shares issued on 13 March 2020. 3,465,423 ordinary shares have been allotted and issued on 13 March 2020 pursuant to the immediate vesting of performance shares awarded to Category A employees of the Group. These newly allotted ordinary shares were eligible for the final dividend which was paid on 11 May 2020.

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

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

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

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

## PART III – ADDITIONAL INFORMATION

### 21. Change in assessment of control of Sino-Singapore Hospital Management (Chongqing) Co., Ltd.

On 11 September 2019, the Group's wholly-owned subsidiary, TalkMed Chongqing Pte. Ltd. ("TMCQ"), entered into an Equity Joint Venture Contract ("Shareholders' Agreement") with Chongqing Yongchuan District People's Hospital ("YCDPH"), to establish Sino-Singapore Hospital Management (Chongqing) Co., Ltd. (中新医院管理 (重庆) 有限公司) ("SSHM"). TMCQ subscribed for a 60% interest in SSHM for a cash consideration of RMB 24,000,000 (equivalent to SGD 4,700,000). TMCQ and the Group had accounted for SSHM as a consolidated subsidiary as at 31 December 2019.

Notwithstanding the 60% shareholding and the majority board representation that the Group holds in SSHM, TMCQ has re-assessed the terms of the Shareholders' Agreement and determined that accounting for SSHM as a joint venture is more appropriate as the Shareholders' Agreement includes certain clauses which require unanimous approval of all shareholders on certain relevant matters.

Accordingly, a change in classification of SSHM to a joint venture of the Group has been made in the Group's financial statements in Q4 2020 and to equity account for the Group's share of SSHM's losses since its incorporation. No restatement has been made to the Group's financial statements for 31 December 2019 as the impact to the financial statements as a result of the change in assessment of control is not significant.

The effect of the change in assessment of control of SSHM has resulted in the following:

- An increase in share of results of joint venture of \$0.04 million in Q4 2020 and FY 2020;
- An increase in investment in joint venture of \$4.81 million as at 31 December 2020;
- An increase in net cash flows used in investing activities of \$4.62 million in Q4 2020 and FY 2020;
- An increase in net cash flows used in financing activities of \$1.25 million in Q4 2020;
- An increase in retained earnings of \$0.04 million in FY 2020; and
- An increase in non-controlling interests of \$1.83 million in FY 2020.

## BY ORDER OF THE BOARD

Ang Peng Tiam  
Chief Executive Officer  
18 February 2021

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

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